



MESSAGE FROM THE CHAIRMAN



FIMBank's performance in the year under review marks an important stage in a journey which saw its beginning two years ago. It is therefore essential to trace the developments and highlight the context in which the results outlined in this Report were achieved, and to provide an overview of the Bank's vision for the coming months.

The year 2015 was a pivotal year for the fortunes of the FIMBank Group. It was a time to weigh the effect of past decisions, and establish a way forward which would determine a positive future for FIMBank. We were steadfast in our resolve to implement a focused course of action, designed to bring the Group back to profitability and long-term growth, following the bleak performance and financial results emerging in 2014. Despite the predicament which we found ourselves in, I was confident that our resolute and timely response strategy would positively influence the outcome. We were all aware that overcoming these challenges would require good judgement, perseverance, and relentless execution.

At our last AGM in May, after nearly two years of hard work and sound strategic decision-making, the positive signs were already evident. The first months of 2016 had corroborated our expectations in terms of the financial response to a successful turnaround strategy, superbly crafted and ably delivered by FIMBank's management team, led by our CEO Murali Subramanian. In August we were pleased to announcing a profit after tax of USD 1.21 million. I must also highlight the fact that "on the back of consistent support of our controlling shareholders Fitch Ratings upgraded FIMBank to BB and its Support Rating to 3 from 5".

The end-of-year results for 2016 provide conclusive evidence of the success of that consolidation and turnaround strategy launched in 2015.

The end-of-year results for 2016 provide conclusive evidence of the success of that consolidation and turnaround strategy launched in 2015. They represent the tangible outcome of a journey of transformation. The Group Consolidated Audited Financial Statements show that for the year ended 31 December 2016, the FIMBank Group registered a profit of USD5.3 million, compared to a loss of USD7.1 million in 2015.

There is no doubt that our employees and members of management at head office and across the globe, deserve our congratulations on the achievement of this turnaround. Their dedication and expertise, not to mention their sense of loyalty and perseverance, continue to be one of our most formidable assets, and a major determinant of success. Their concerted effort has led not only to greater efficiency and profit, but has also enabled the organisation to adapt more effectively to changing market conditions.

Meanwhile, the Board of Directors will not be recommending a dividend, however, subject to the Regulator's approval, the Board will be recommending a 1 for 80 Bonus Issue of Ordinary Shares by way of capitalisation of the Share Premium Account.

Throughout these complicated times, I have often emphasised the importance we give to investor relations, and our sincere appreciation of the support we receive from all our shareholders. My colleagues on the Board and I remain extremely grateful for the show of trust and loyalty demonstrated by investors time and time again. This has also been a great source of encouragement, and boosted in no small measure our resolve to turn the situation around at FIMBank. Today, I can confidently predict that our shareholders can look forward to a continually improving performance by the Group.

Similarly, the show of support we received from our controlling shareholders, namely Burgan Bank and United Gulf Bank of the KIPCO Group, was nothing short of vital. Their practical and fundamental show of commitment in support of FIMBank's strategic plan was a keystone of the success we can report today.



MESSAĠĠ MINGĦAND IĊ-CHAIRMAN

FIMBank għas-sena taht analiżi timmarka stadju importanti fi vjaġġ li beda sentejn ilu. Għalhekk huwa essenzjali li nittraċċaw l-iżviluppi u li nixhtu dawl fuq il-kuntest li fih ġew akkwistati r-riżultati f'dan ir-Rapport u li nipprovdu ħarsa ġenerali tal-viżjoni tal-Bank għax-xhur li ġejjin.

Is-sena 2015 kienet sena ċentrali għar-rendiment tal-Grupp FIMBank. Kien żmien fejn kellu jitqies l-effett tad-deċiżjonijiet li ttieħdu fil-passat u li tiġi stabbilita t-triq 'il quddiem li kienet se tiddetermina futur pożittiv għall-FIMBank. Wara l-prestazzjoni skoraggjanti fl-2014 u r-riżultati finanzjarji li ħarġu minnha, konna sodi fid-determinazzjoni tagħna li nimplimentaw pjan ta' azzjoni ffukat magħmul biex iregġja l-Grupp lura għall-profitabilità u t-tkabbir fuq terminu twil. Minkejja s-sitwazzjoni prekarja li sibna ruħna fiha, kont kunfidenti li l-istrateġija ta' rispons risoluta u f'waqtha tagħna kienet se tinfluwenza r-riżultat b'mod pożittiv. Konna lkoll konxji li kien hemm bżonn ta' ġudizzju tajjeb, perseveranza u eżekuzzjoni kostanti sabiex negħlbu dawn l-isfidi.

Fl-aħħar Laqgħa Annwali Ġenerali tagħna f'Mejju, wara kwazi sentejn ta' xogħol iebes u teħid ta' deċiżjonijiet strateġiċi u sodi, is-sinjali pożittivi kienu diġà evidenti. L-ewwel xhur tal-2016 kienu kkonfermaw l-aspettattivi tagħna f'dak li hu rispons finanzjarju għal strateġija ta' bidla totali ta' suċċess maħduma b'mod eċċellenti u mwassla b'abbiltà mit-tim tal-manigment ta' FIMBank, immexxi mis-CEO tagħna, Murali Subramanian. Insemmi wkoll il-fatt illi "bis-saħħa tas-sapport konsistenti tal-azzjonisti prinċipali tagħna, Fitch Ratings tejbu il-grad ta FIMBank għal BB u s-Support Rating minn 5 għal 3.

Ir-riżultati tal-aħħar tas-sena tal-2016 jipprovdu evidenza konkluziva tas-suċċess ta'dik l-istrateġija ta' konsolidazzjoni u ta' bidla li ġiet immedija fl-2015.

Ir-riżultati tal-aħħar tas-sena tal-2016 jipprovdu evidenza konkluziva tas-suċċess ta' dik l-istrateġija ta' konsolidazzjoni u ta' bidla li ġiet immedija fl-2015. Dawn jirrapprezentaw ir-riżultat tanġibbli ta' vjaġġ ta' trasformazzjoni. Ir-Rapporti Finanzjarji Konsolidati Awditjati tal-Grupp juru li fis-sena li ntemmet fil-31 ta' Diċembru 2016, il-Grupp FIMBank irregistra profitt ta' USD5.3 miljun meta mqabbel ma' telf ta' USD7.1 miljun fl-2015.

Ma hemm l-ebda dubju li l-impjegati tagħna u l-membri tal-manigment fl-uffiċċju prinċipali u madwar id-dinja haqqhom l-awguri tagħna għall-kisba ta' din il-bidla. Id-dedikazzjoni u l-hila tagħhom, biex ma nsemmux ukoll is-sens ta' lealtà u perseveranza tagħhom, ikompli jkunu fost l-assi formidabbli tagħna u fattur determinanti enormi ta' suċċess. L-isforz koordinat tagħhom mhux biss wassal għal effiċjenza u profitti ikbar imma wasslu wkoll biex l-organizzazzjoni tadatta għall-kundizzjonijiet dejjem jinbidlu tas-swieq b'mod iktar effiċjenti.

Sadanittant, il-Bord tad-Diretturi mhux ser ikun qed jirrakomanda dividend. Madankollu, soġġett għall-approvazzjoni regolatorja, il-Bord ser ikun qed jirrakomanda Bonus Issue ta' Sehem Ordinarju għal kull 80 permezz ta' kapitalizzazzjoni tax-Share Premium Account.

Matul dawn iż-żminijiet ikkumplikati, ta' spiss enfasizzajt fuq l-importanza li nagħtu lir-relazzjonijiet mal-investituri, u l-apprezzament sinċier tagħna għall-appoġġ li nircievu mingħand l-azzjonisti kollha tagħna. Jiena u l-kollegi tiegħi fuq il-Bord nibqgħu grati ħafna għat-turija ta' fiduċja u lealtà murija kull darba mill-investituri. Dan kien ukoll sors kbir ta' inkoraġġiment u zied mhux ftit fid-determinazzjoni tagħna li nibdli għall-aħjar is-sitwazzjoni fil-FIMBank. Illum, b'kunfidenza nista' nbassar li l-azzjonisti tagħna jistgħu jistennew prestazzjoni li kontinwament qed titjeb mill-Grupp.

B'mod simili, it-turija ta' appoġġ li rċevajna mill-azzjonisti kontrollanti, jiġifieri, mill-Burgan Bank u mill-United Gulf Bank tal-Grupp KIPCO, kienet vitali ħafna. It-turija Prattika u fundamentali tagħhom ta' impenn fl-appoġġ tal-pjan strateġiku tal-FIMBank kien kontributur ewlieni għas-suċċess li nistgħu nirrapportaw illum.

Dr John C. Grech
Iċ-Chairman

The positive financial results registered in 2016 reflect the work accomplished by FIMBank's management and employees over a difficult period. During this time, we implemented a turnaround strategy designed to return the FIMBank Group to a state of good health, and ultimately to profitability. This was founded on the need to improve our origination strategy, harmonise our product offering whilst looking at new product opportunities, develop a market-appropriate risk appetite, and achieve cost efficiencies across the whole Group.



Murali Subramanian, FIMBank Group CEO

During 2015 and 2016 we set in motion and rigorously followed up on a series of coordinated actions, starting from the strengthening of our management team, through to the implementation of various cost control measures, as well as significant improvements to the Group governance framework. Moreover, with the active support of Burgan Bank's risk management team, we continued to extend and refine further the implementation of a common risk management framework covering our portfolio. The success of these measures means that FIMBank has been steadily stabilising its performance, growing its loan book and reversing the negative financial trend, eventually returning to profitability by end-2016.

During 2016, FIMBank acquired all the remaining shares in Egypt Factors from Commercial International Bank (CIB) and took control of this entity. This acquisition was in line with the ongoing restructuring of business units across the factoring network. This strategy will provide the basis for a steady operating performance in the coming months. Meanwhile, I am glad to state that by the end of the year, all subsidiaries showed positive operating results, with the exception of Egypt Factors, which we acquired recently with the intention of restoring to profit.

The year under review also saw shipping, which along with factoring represent two of our highest margin businesses, demonstrate renewed momentum, with significant opportunity to grow further. Meanwhile, in August we launched a new business line of lending into selected real estate in Malta. During the rest of 2016, this continued to build a solid pipeline of transactions, with early results showing significant promise for the future.

I would also like to highlight the Group's successful approach to the retail depositor market, thanks to the diversification of our funding base and a reduction in the overall cost of funding. During the year under review, we also introduced new product offerings which capitalised on existing expertise, and aimed at diversifying revenue streams.

The Group Consolidated Audited Financial Statements show that for the year ended 31 December 2016, the FIMBank Group registered a profit of USD5.3 million, compared to a loss of USD7.1 million in 2015,

and more significantly, the loss of USD45.2 million in 2014. At 31 December 2016, total Consolidated Assets stood at USD1.74 billion, a substantial increase of 21% over the USD1.44 billion reported at end 2015, while Total Consolidated Liabilities stood at USD1.57 billion, up by 24% from USD1.27 billion in 2015. Net operating income for 2016 stood at USD46.1 million, at par with 2015 levels. On the other hand, during the year in review, net interest income decreased by USD7.6 million to USD22.0 million. Operating expenses decreased by USD8.3 million, from USD47.0 million to USD38.7 million. As a result of energetic and consistent recovery efforts, for the second successive financial year net impairments saw a very significant decrease, this time by more than 70%, to stand at USD2.3 million, compared to USD10.3 million in 2015.

During the coming year, we intend to consolidate our achievements in terms of cost efficiency, governance, and risk management. We will also be pursuing business segments which are showing renewed promise, such as shipping, as well as newly-tapped sectors, including real estate, which should channel important revenue streams to the Group. In the meantime, we will continue looking for new avenues for sustainable business growth in areas where we can capitalise on our strengths in terms of knowhow, efficient delivery, and superior service levels.

The macro-economic outlook we face is encouraging, with positive prospects of global economic growth driven by a gradual recovery in commodity prices, although the fortunes of emerging markets continue to show mixed signals for the near future. We will continue monitoring closely developments in all the markets, thus allowing us to exploit opportunities and protect ourselves from potential external risks to the business. We will evaluate further avenues to diversify the target sectors wherever viable, in order to reinforce balance and rebuild or consolidate the different portfolios. Africa, Asia, as well as Europe, will retain our strategic focus, as we continue looking for stable sources of trade. Meanwhile, trading companies, commodity traders, and SMEs remain our natural partners, and we will be following trends and developments in their business environment, so as to be in a position to provide the required support, and together exploit existing and potential trade flows.

The process of restructuring of our factoring network will remain high on our agenda. We will continue to monitor closely operations throughout the network in terms of business undertakings, risk management and profitability. Our objective is to align all these operations along the Group's strategic rationale and general profitability targets. This will be effected within the context of control considerations, as well as our intention to proceed with the winding down of companies which hold little or no strategic relevance to the Group from a business or geographical perspective. These measures are intended to improve our readiness to capitalise on the impending economic recovery and global growth indicated for 2017.

We are also currently in the process of launching a digital banking platform, branded FIMBank Direct. This new platform will increase the reach of the Bank beyond the limitations of its standard banking hours and geographical presence. It will also effectively help us increase operational efficiencies, reduce transaction costs, and enable us to introduce new products to our retail customers. FIMBank Direct is equipped with state of the art authentication software compliant with future EU directives, providing the end user with peace of mind.

We are determined to stay the course we have embarked upon, and that the key pillars of the turnaround strategy which have proved vital, will remain at the heart of the Group's operations. Furthermore, together with my colleagues in the management team, we intend to ensure that FIMBank will continue to respond with agility and strategic direction to the changes in economic cycles across its international geographical presence, and to reposition itself as a growing profitable institution, through adequate returns and value creation to all its stakeholders.

Messagg minghand iċ-CEO

Murali Subramanian
Kap Eżekuttiv, FIMBank Group

Ir-riżultati finanzjarji pożittivi rreġistrati fl-2016 jirriflettu l-hidma mwettqa mill-manigment u mill-impjegati tal-FIMBank tul perjodu diffiċli. Matul dan iż-żmien, implimentajna strategija ta' bidla totali ddisinjata biex il-Grupp FIMBank ikun jista' jerga' lura għal stat b'saħħtu u fl-aħħar nett, lejn il-profitabilità. Dan kien ibbażat fuq il-htieġa li ntejbu l-istrategija tagħna tal-bidu, li narmonizzaw il-prodotti offruti minna filwaqt li nħarsu lejn opportunitajiet għal prodotti godda, niżviluppaw aptit għar-riskju marbut mas-suq u nilhqu effiċjenzi fl-ispejjeż mal-Grupp kollu.

Matul l-2015 u l-2016 bdejna u ssuktajna b'mod rigoruz fuq serje ta' azzjonijiet ikkoordinati, billi bdejna mit-tishih tat-tim tagħna tal-manigment, imxajna għall-implimentazzjoni ta' bosta miżuri ta' kontroll fuq l-ispejjeż, kif ukoll hdimna fuq titjib sinifikanti għall-qafas ta' governanza tal-Grupp. Barra minn hekk, bl-appoġġ attiv mit-tim tal-immaniġġjar tar-riskji ta' Burgan Bank, komplejna nestendu u nirfinaw l-implimentazzjoni ta' qafas komuni fl-immaniġġjar tar-riskji li jkopri l-portafoll tagħna. Is-suċċess ta' dawn il-miżuri jfisser li l-FIMBank kien qiegħed jistabbilixxi b'mod stabbli l-prestazzjoni tiegħu, iżid l-ammont ta' self li jagħti u jdawwar fid-direzzjoni l-kuntrarja x-xejra finanzjarja negattiva u b'hekk eventwalment, jirritorna lejn il-profitabilità lejn l-aħħar tal-2016.

Tul l-2016, il-FIMBank akkwista l-ishma kollha li kien għad fadal ta' Egypt Factors mill-Commercial International Bank (CIB) u ha l-kontroll ta' din l-entità. Dan l-akkwist sar fl-istess żmien tar-istrutturar kontinwu tal-unitajiet tan-negozju fin-netwerk tal-factoring. Din l-istrategija se tipprovdi l-baži għal prestazzjoni operattiva b'saħħitha fix-xhur li għejjin. Sadattant, għandi l-pjaċir ngħid illi sal-aħħar tas-sena, is-sussidjarji kollha wrew riżultati operattivi pożittivi, bl-eċċezzjoni ta' Egypt Factors, li ridentament akkwistajna bl-intenzjoni li nreġġghuh biex jerga' jrendi l-profiti.

Fis-sena taħt analiżi kellna wkoll l-aspett tat-trasport bil-baħar, li flimkien mal-factoring, jirrapprezentaw nejn min-negozji tagħna bl-ogħla marġini, juru momentum imgedded, b'opportunita sinifikanti li jkomplu javvanzaw. Sadattant, f'Awwissu nedejna settur ġdid ta' negozju ta' self f'propjetà immobbli selettiva f'Malta. Tul il-bqija tal-2016, dan is-settur baqa' jrendi sensiela soda ta' tranżazzjonijiet, b'riżultati bikrija li wrew wegħda sinifikanti għall-futur.



Nixtieq ukoll nixhet dawl fuq l-aproċċ ta' suċċess tal-Grupp lejn is-suq depożitanti fis-settur tar-retail grazzi għad-diversifikazzjoni tal-baži tagħna ta' finanzjament u tnaqqis fl-ispejjeż ġenerali fil-finanzjament. Tul is-sena taħt analiżi, introduċejna wkoll prodotti godda offruti minna li kkapitalizzaw fuq l-abbiltà eżistenti u li kellhom l-għan li jiddiversifikaw il-flussi ta' dħul.

Ir-Rapporti Finanzjarji Konsolidati Awditjati tal-Grupp juru li fis-sena li ntemmet fil-31 ta' Diċembru 2016, il-Grupp FIMBank irreġistra profit ta' USD5.3 miljun meta mqabbel ma' telf ta' USD7.1 miljun fl-2015, u b'mod iktar sinifikanti, it-telf ta' USD45.2 miljun fl-2014. Fil-31 ta' Diċembru 2016, l-Assi Konsolidati totali kienu ta' USD1.74 biljun, zieda sostanzjali ta' 21% fuq il-USD1.44 biljun li kien irrappurtat fl-aħħar tal-2015, filwaqt li l-Obbligazzjonijiet Konsolidati Totali kienu ta' USD1.57 biljun, zieda ta' 24% fuq il-USD1.27 biljun fl-2015. L-introjt tal-operat nett għall-2016 kien ta' USD46.1 miljun, bħalma kien fl-2015. Min-

naħa l-oħra, tul is-sena taħt analiżi, id-dħul nett minn imgħax naqas b'USD7.6 miljun għal USD22.0 miljun. L-ispejjeż tal-operat naqsu b'USD8.3 miljun, minn USD47.0 miljun għal USD38.7 miljun. B'riżultat ta' sforzi ta' rkupru enerġetici u kostanti, għat-tieni sena finanzjarja suċċessiva, kien hemm tnaqqis sinifikanti kbir fl-indeboliment nett, din id-darba b'aktar minn 70%, minn USD10.3 miljun fl-2015 għal USD2.3 miljun.

Matul din is-sena għandna l-intenzjoni li nikkonsolidaw il-kisbiet tagħna f'termini ta' effiċjenzi fl-ispejjeż, governanza u mmaniġġjar tar-riskji. Se nkunu qed insegu wkoll setturi tan-negozju li qed jergħu juru prospett favorevoli, bħalma huma t-trasport bil-baħar, kif ukoll setturi li bdew jiġu użati ridentament, fosthom il-propjetà immobbli, li għandhom iwasslu flussi ta' dħul importanti għall-Grupp. Sadattant se nkomplu nfttxu għal toroq godda għal tkabbir sostenibbli fin-negozju f'oqsma fejn nistgħu nikkapitalizzaw l-aqwa aspetti tagħna f'termini ta' għarfien, twassil effiċjenti u livelli superjuri ta' servizz.

Il-harsa ġenerali makroekonomika li qed niffaċċjaw hija waħda inkoraġġanti, bi prospetti pożittivi għal tkabbir ekonomiku globali mmexxi minn rkupru gradwali fi prezzijiet tal-prodott, għalkemm ir-rendiment tas-swieq emerġenti jibqgħu juru sinjali mħallta għall-futur qarib. Se nkomplu nissorveljaw mill-qrib l-iżviluppi fis-swieq kollha li għalhekk se jippermettilna nużaw opportunitajiet u se jippermettilna niproteġu lilna nfusna minn riskji esterni potenzjali għan-negozju. Se nevalwaw toroq oħra kif nistgħu niddiversifikaw is-setturi fil-mira kull fejn dawn ikunu vijabbli sabiex insaħħu l-bilanċ mill-ġdid u nibnu mill-ġdid jew nikkonsolidaw il-portafoll differenzi. L-Afrika, l-Asja kif ukoll l-Ewropa se jibqgħu l-għanijiet strateġiċi tagħna hekk kif nibqgħu nfttxu għal sorsi stabbli ta' kummerċ. Sadattant, kumpaniji fil-kummerċ, negozjanti tal-komoditajiet u l-SMEs se jibqgħu s-sieħba naturali tagħna u se nkunu qed nseguw xejriet u żviluppi fl-ambjent tan-negozju tagħhom sabiex inkunu f'pożizzjoni li niprovdu l-appoġġ meħtieġ u flimkien, nużaw flussi ta' negozju eżistenti u potenzjali.

Il-proċess tar-istrutturar tan-netwerk tal-factoring tagħna se jibq' wieħed mill-ogħla prijoritajiet tagħna. Se nibqgħu nissorveljaw mill-qrib l-operazzjonijiet fin-netwerk f'termini ta' impreti ta' negozju, l-immaniġġjar tar-riskji u l-profitabilità. L-għan tagħna huwa li nallinjaw dawn l-operati kollha tul il-baži strateġika tal-Grupp u l-miri ġenerali tal-profitabilità. Dan se jiġi effettwat fil-kuntast tal-konsiderazzjonijiet ta' kontroll, kif ukoll fl-intenzjoni tagħna li nipproċedu fl-għeluq ta' kumpaniji li għandhom f'tit jew l-ebda relevanza strateġika fi hdan il-Grupp minn perspettiva ta' kummerċ u ġeografija. Dawn il-miżuri huma mistennija li jtejbu l-hegħa tagħna li nikkapitalizzaw fuq l-irkupru ekonomiku imminenti u t-tkabbir globali indikati għall-2017.

Bħalissa qegħdin fil-proċess ukoll li nniedu pjattaforma bankarja diġitali, taħt l-isem ta' FIMBank Direct. Din il-pjattaforma l-ġdida se żżid il-kapaċità tal-Bank lil hinn mil-limitazzjonijiet tas-sigħat bankarji standard u l-preżenza ġeografika. Se tgħinna wkoll biex inżidu l-effiċjenzi tal-operat b'mod effettiv, innaqqsu mill-ispejjeż tat-tranżazzjonijiet u tippermettilna nintroduċu prodotti godda għall-klijenti kummerċjali tagħna. FIMBank Direct huwa mgħammar b'software ta' awtentifikazzjoni tal-aqwa kwalità u huwa konformi mad-direttivi futuri tal-UE li jipprovdu lill-klijent aħħari b'serħan il-moħħ.

Aħna ninsabu determinati li nippersistu f'dan il-vjaġġ li bdejna u li l-pilastru ewleni tal-istrategija ta' bidla li kienu essenzjali jibqgħu fil-qalba tal-operat tal-Grupp. Barra minn hekk, flimkien mal-kollegi tiegħi fit-tim tal-manigment, għandna l-intenzjoni li niżguraw li l-FIMBank se jkompli jaġixxi b'aġġiltà u direzzjoni strateġika għall-bidliet fiċ-ċikli ekonomiċi fil-preżenza ġeografika internazzjonali tiegħu u li jstabbilixxi ruħu mill-ġdid bħala istituzzjoni profitabbli dejjem tikber permezz ta' dħul adegwat u holqien ta' valur għall-azzjonisti kollha tiegħu.



FIMBank welcomes Fitch Ratings upgrade



Fitch Ratings has upgraded Malta-based FIMBank's Long-Term Issuer Default Rating (IDR) to 'BB', from 'BB-', and its Support Rating to '3' from '5'. In its report, the rating agency also confirms the outlook for the Bank as being 'Stable'. The agency's report highlights the fact that the upgrade takes into account the demonstrated record of capital and funding support provided to FIMBank by Kuwaiti-based Burgan Bank, and its sister bank, Bahrain-based United Gulf Bank, as well as the increased management and operational integration of FIMBank with Burgan Bank.

Commenting on the news of FIMBank's upgrade by Fitch Ratings, Group CEO Murali Subramanian explained that "Strong and demonstrated parental support as required, for the funding and capitalisation of FIMBank, is the main reason Fitch have cited for this ratings upgrade. While we welcome this decision, we believe the best is yet to come. We have unrelenting focus on delivering

the kind of performance which is expected to progressively render ever stronger returns to our shareholders. It vindicates our strategy based on a series of organisational restructuring, operational review, and cost control measures, which we have been implementing over the past 18 months". He added that "As a result of this strategy, 2016 has been a turnaround year for the Group, and this is also reflected in the improved profitability of our operations. Moreover, legacy misadventures of prior years are being dealt with firmly, and will be fully behind us in 2017".

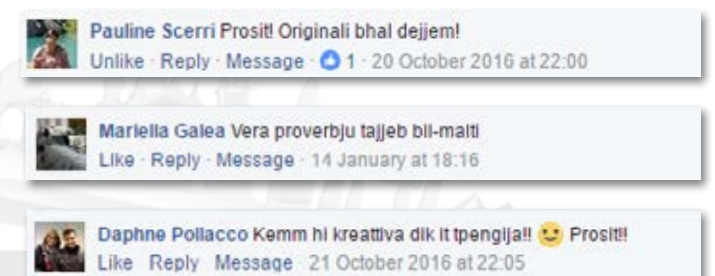
Noting the dynamic process of transformation being undertaken at FIMBank, and its anticipated positive effect on the Bank's profitability, the Fitch Ratings report concludes by stating that "a successful restructuring of FIMBank and a strong recovery in its financial metrics could result in FIMBank's VR being upgraded".

FIMBank CSR Campaign Receives Positive Feedback

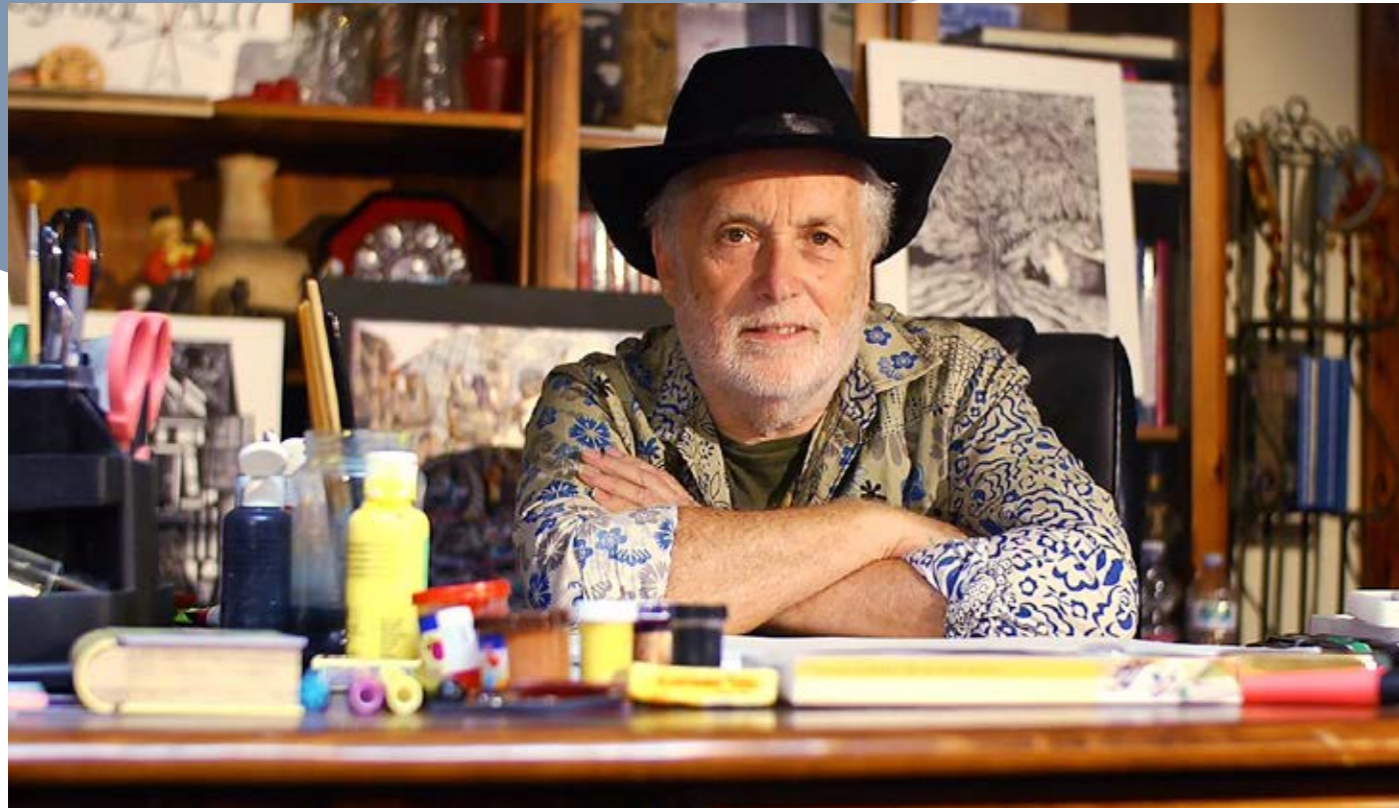
The CSR campaign "X'jghid il-Malti?" focuses on showcasing the linguistic wealth of the Maltese language with a series of video clips explaining the meaning of both popular and less renowned proverbs.

The video clips have aired on TVM, the national television station and are being shared on FIMBank's online media channels, namely Facebook and YouTube. We are pleased to highlight that we have received very positive comments and reactions for this campaign.

Like us on Facebook and let us know what you think by commenting on our video clips. Our Facebook address is [facebook.com/easisave](https://www.facebook.com/easisave)



FIMBank CSR clips on Maltese language destined for schools



Schoolchildren attending government, church and independent schools will soon have access to a series of video clips which trace the meaning of specific words in Maltese, and which focus on the origin and meaning of Maltese proverbs. These educational clips, produced by FIMBank plc as part of its Corporate Social Responsibility programme, will be distributed in all primary and secondary schools in Malta. This initiative was announced by FIMBank Group Chairman Dr John C. Grech, during a recent visit by the Minister for Education and Employment, the Hon. Evarist Bartolo at FIMBank's head office in St. Julian's.

In 2015, FIMBank plc had partnered with Public Broadcasting Services Ltd (PBS) in an initiative which saw the broadcast of a series of 30-second video-spots, focusing on Malta's linguistic heritage. The series of 100 clips, entitled 'Kelma Kuljum' (or 'A Word Everyday'), includes both Maltese words used colloquially, as well as others which are being utilised less frequently. Meanwhile, earlier this year, as a continuation of this project and as part of its CSR programme, FIMBank launched a new series of video clips which focus on Maltese proverbs and their meanings, entitled 'X'jghid il-Malti?' ('Maltese sayings'). The new series has been featured extensively on PBS and the Bank's social media channels.

Commenting on this initiative, FIMBank Chairman Dr John C. Grech stated that "As a Malta-based institution we feel we owe it to the people of Malta to help raise awareness of our Islands' rich cultural heritage. This consideration has always been a mainstay of our Corporate Social Responsibility programme. The Maltese language is recognised as being an essential part of our DNA. Its uniqueness, derived from its eclectic mix of Semitic and Romance influences, is appreciated and endorsed by linguists worldwide. We are proud to be in a position to highlight its beauty and relevance."



The Hon. Evarist Bartolo stated that he is "grateful that FIMBank is investing in the teaching of the Maltese language in our schools. Such support helps us to reach more kids in learning their language in an interesting way. We need more different programmes to reach more kids as I am not satisfied that nearly half of our fifth formers are not passing their SEC exam in Maltese. We need different programmes and different methods of assessment in Maltese to reach more students."

Jason Zammit, FIMBank's Head of Marketing and Administration, said that the video spots had proven to be quite popular with Maltese viewers. He added that "very positive and encouraging feedback had been received after the spots from both campaigns were posted on Facebook and YouTube, where they were shared extensively by users. Getting people engaged and talking about our linguistic wealth is precisely the main objective of our project. This helped us to better understand the potential of this tool for the benefit of schoolchildren and their teachers."

FIMBank's Greek and Malta operations lauded for Service Quality Improvement

FIMBank has been recognised as the 3rd Best Export Factor in Service Quality Improvement for 2015. The announcement was made at the 48th FCI Annual Council Meeting held on the 28th October, 2016. This event brings together leading industry professionals hailing from the global factoring and receivable finances spheres. FIMBank's operation in Greece, led by the CEO of the Hellenic Branch Demetris Zouzoukis, together with FIMBank's MED Factors Operations in Malta led by Nicolas Henrion, was ranked in third place for Service Quality Improvement from a total of 415 nominees, all members of FCI.

The significance of this award is highlighted by the fact that the ranking takes into consideration y-o-y Service Quality Improvement. This is regarded as a powerful indicator of how the Bank is perceived in terms of product knowledge, service provision, business application response and problem solving. The award reflects improvements resulting from the continuous investment being made by FIMBank in its Factoring teams based in Greece and in Malta, which has also led to an increase of good quality business.

Commenting on the award, Demetris Zouzoukis stated "I commend the efforts of my colleagues in Greece as well as in Malta for their exceptional professionalism and commitment to delivering a quality service, both to our esteemed clients as well as to our Correspondence Factors around the world. We remain committed towards enhancing the reputation of FIMBank through our work, and the delivery of a positive performance for the benefit of our shareholders. FIMBank's focus on offering bespoke factoring services is essential in maintaining a competitive edge, and remains an important unique selling point for the Group globally."



The annual meeting was addressed by several keynote speakers of repute, such as Nobel Prize winner F.W. De Klerk, former President of South Africa, Marc Auboin, Chief Economist at the World Trade Organization (WTO), Olivier Buyoya, Regional Head for Africa at the IFC/World Bank, and John Brechist, Director at the EU Federation for Factoring.

FIMBank acquires full ownership of Egypt Factors

FIMBank has further consolidated its Group structure through the recent acquisition from its earlier JV partner CIB, of the remaining shares in its subsidiary, Egypt Factors (EF). EF is a free zone incorporated company offering export, import and reverse factoring.

FIMBank Group CEO Murali Subramanian mentioned that "The full acquisition of Egypt Factors enables an extended degree of control and execution while not changing the successful model and existing partnerships locally. Factoring within Egypt is an important growth industry that has benefited from the Egyptian Government focus on developing the SME segment. With its unique market positioning and reputation as well as with the strong management team leading the business, we are very optimistic that EF will soon be a significant growth driver for the group."

Egypt Factors' recently appointed CEO, Ahmed Shaheen, stated that "We look forward to spearheading a new business development approach where we nurture and grow our existing ties with FIMBank to better effect."



FIMBank Direct: Easy, reliable and secure digital banking



The first quarter of this year saw the market launch of FIMBank Direct, a Digital Banking platform targeting the evolving needs of both personal and corporate business customers. This platform provides an integrated system where customers can manage their banking requirements in an easy, reliable and secure manner. The services provided through FIMBank Direct include the opening of Savings Accounts and Fixed Term Deposits, cross border and multi-currency money transfers including SEPA.

The Bank has partnered with VASCO, a recognised leader in data security, to tailor-make the FIMBank CAM application using the CRONTO patented technology, which has also been adopted by Deutsche Bank and Commerzbank. VASCO CRONTO® solutions are designed to elevate trust in online banking transactions, combating sophisticated threats while at the same time, delivering a frictionless experience for end users. FIMBank Direct enables the Bank to better adapt to the needs of today's digital consumers, who are actively seeking more convenient and secure ways to manage their finances. Further enhancements to FIMBank Direct are already being planned in subsequent phases.



One of the defining features of FIMBank Direct is a complete digital on-boarding experience for individual customers. Opening an Easisave or FIMBank Account on FIMBank Direct becomes a simple and straightforward procedure accomplished with just a few clicks without the need to visit FIMBank's premises. Moreover, these products are provided at competitive interest rates, allowing customers to make overnight returns on their savings. FIMBank Direct also features best-in-class security, including customer and transaction authentication, through a mobile software application with visual verification technology that is fully compliant with the EU Revised Payment Service Directive (PSD2), coming into force in January 2018.



FIMBank supports Qalb it-Tfal Foundation



FIMBank supported the 'Symphonic Beatles' fundraising concert, which was organised by the Qalb it-Tfal Foundation, in aid of the Neo-natal Paediatric Intensive Care Unit (NPICU). The concert, which was held on the 17th and 18th February, celebrated over 50 years of The Beatles music, and promises to be a 'spectacular orchestral

concert of pure classical interpretations'. According to the organisers, the event should "attracted both Beatles music lovers and those who appreciate the classical genre".

By means of this ambitious initiative, the Qalb it-Tfal Foundation, which is a philanthropic entity, intends to expand its operations, and be able to provide better support to the Neo-natal Paediatric Intensive Care Unit (NPICU). In fact, all the funds generated from the concert shall be used to build a Basic Life Support programme for the NPICU paediatric wards. Another objective of the Foundation is to provide counselling services to parents whose children are within the NPICU.

Commenting on FIMBank's involvement in this project, Bruno Cassar, Head of Human Resources at the Bank, said that "As an organisation, we strongly believe in reaching out to the local community, and especially to such entities, and provide them with the much needed support. The initiatives being undertaken by the Qalb it-Tfal Foundation are indeed praiseworthy. By supporting this event, we have helped the Foundation achieve its goals, while extending our solidarity to all those contributing and benefiting from these initiatives."

FIMBank sponsors exhibition at Lily Agius Art Gallery

FIMBank recently sponsored an art exhibition, hosted by the Lily Agius Art Gallery, which showcased paintings by Naoya Inose and Julien Vinet.

The exhibition, titled 'The entity of Truth' features seven figurative and abstract works of art by each of the two artists. These embrace the subjectivity of personal perceptions, while highlighting how truth is viewed differently, and is shaped by personal experiences.

Commenting on FIMBank's support of this exhibition, Jason Zammit, the Bank's Head of Marketing and Administration, said that "As a Malta-based bank, we are highly appreciative of the artistic contribution of both the artists as well as local art galleries which host their works. Through our support of such initiatives in the cultural sphere, we want to underline our commitment towards engendering artistic creativity in the local community".



FIMBank launches internal blogging platform



FIMBank has recently launched a platform to enhance employee communication through a modern interface aimed at improving two-way communication.

The FIMBank Blog is an engaging medium where employees are given the opportunity to share interesting content, and get feedback from other employees working at FIMBank as well as its subsidiaries.

The FIMBank Blog follows a style similar to those of social media platforms, where different content can be uploaded in the form of text, pictures, videos and external links. Viewers may also 'Like' and

'Comment' on the content uploaded, enhancing the communicative element between employees.

The objective of the FIMBank Blog is to reinforce employee engagement through the continuous input of employee relevant content which is communicated in an informal tone, while maintaining a degree of business value.

To further spur this initiative, employees with the most popular posts are given a prize which is distributed on a monthly basis.

FIMBank implements a Sales Pipeline Management system

Over the past months, FIMBank has rolled out a new Sales Pipeline Management system, built on Microsoft CRM Dynamics, across all its business development teams. The system aims to maximise efficiency in the management of existing relationships, whilst contributing to the generation of new ones. It will also facilitate the monitoring of proposal conversion rates and forecasting of expected revenue. The implementation of this system is essential to the Bank, and is in line with the objective of providing relationship managers with better tools to manage leads and prospects. The system can also further support RMs in reaching objectives defined in their Standard Operating Procedures.

It will ensure better client management and ownership, with optimised turn-around times between proposal stage and the actual booking of transactions. Moreover, the system will provide management real-time asset and liability forecast information through reports and dashboards. All of this further enhances liquidity planning. The new system allows the Bank to adopt a more customer-centric approach. This will require a continuous long-term investment in people, training and processes, to ensure appropriate understanding in the way customers interact with the Bank, and to align business processes accordingly. Although it is a technological solution, CRM will also be spurring a people and cultural change within the Bank.



KIPCO successfully completes ten-year US\$ 500 million bond issue

Source: Kuwait Times, 19 February, 2017.

KIPCO – the Kuwait Projects Company (Holding) – has announced that it has successfully completed the issuance of a US\$ 500 million (KD 152.5 million) bond under its US\$ 3 billion Euro Medium Term Note (EMTN) Program, with a simultaneous tender of its existing 2019 bonds. The new issue was four times oversubscribed.

The ten-year fixed rate notes, issued at a fixed rate coupon of 4.5%, set a new benchmark for the issuer. KIPCO was met with a solid reception by investors during a global roadshow – covering key centers across Hong Kong, Singapore and London – while the tender period was ongoing, and prior to the launch and issue of its ten-year bond. The success of the trade was evident in the tightening of the initial price guidance of the KIPCO bond by a significant 37.5 basis points to the final issue price, reflecting the global and regional investors' recognition of the company's credit quality among a busy period of regional MENA supply.

The bond issuance took place alongside a repurchase of its existing five-year bond maturing in 2019 that carried a fixed coupon rate of 4.8% through a simultaneous any-and-all tender process made to investors. The purchase price was set at 105.25% and 53% of holders opted to tender. KIPCO is the first-ever company to execute a liability management exercise out of Kuwait, and is the first company in the MENA region to do so this year.



Commenting on the transactions, KIPCO's Vice Chairman (Executive), Mr Faisal Al Ayyar said:

"The order book of around US\$ 2 billion is a reflection of the confidence that the global investors have in our sound business model and prudent practices. KIPCO led this journey for Kuwaiti issuers when it began to issue bonds in international markets in 2006. Since then, KIPCO has educated global investors about the fundamental strength of the Kuwait economy and how it stands out in the MENA region and the world. This decade-long effort fulfils our purpose of being a role model for the private sector in the MENA region. On his part, Mr Pinak Maitra, KIPCO's Group Chief Financial Officer said:

"The success of the 2017 bond issue, eleven years after the debut issue, confirms that global investors support regular engagement and reward issuers with fine pricing for this investor interaction. This is reflected in the tightening of the KIPCO 2023 bond by 59 basis points from December 31, 2016. Also, despite a fairly priced tender offer for the KIPCO 2019 bonds, 47% of the holders chose to hold on to their notes, demonstrating demand for KIPCO bonds across the

maturity spectrum. The two transactions result in the extension of the average life of KIPCO's debt to 5.6 years and reduce overall cost of funds."

The issue attracted 205 investors, including leading fixed income global institutions, insurance companies and pension funds. The bond order book closed at US\$ 2 billion. The bonds were allocated across a wide range of quality investors. The distribution profile was very well balanced, with European investors allocated 35% of the transaction and MENA investors allocated 34%, while Asian investors and US offshore/others accounted for 25% and 6% respectively. The notes are listed on the London Stock Exchange.

The joint lead managers on the transaction were Citi, HSBC, J.P. Morgan and KAMCO Investment Company, with HSBC being the dealer manager on the tender process.

KIPCO launched its EMTN Program in 2006. This is the seventh issuance under this flexible arrangement.



Since inception, KIPCO has raised over US\$ 3 billion in US dollars and Euros, and kept an impeccable record of payment and repayment of interest and principal.





FIMBank announces return to profitability

FIMBank announces USD 5.3 million profit for 2016

Refocused strategy yields positive results

The FIMBank Group's return to profitability is the outcome of a successful consolidation and turnaround strategy launched in 2015. This is the highlight of the Group's 2016 performance.

FIMBank's Group Consolidated Audited Financial Statements show that for the year ended 31 December 2016, the Group registered a profit of USD5.3 million, compared to a loss of USD7.1 million in 2015. At 31 December 2016, total Consolidated Assets stood at USD1.74 billion, a substantial increase of 21 per cent over the USD1.44 billion reported at end 2015, while total Consolidated Liabilities stood at USD1.57 billion, up by 24 per cent from USD1.27 billion in 2015. Operating income before net impairment for 2016 stood at USD46.1 million, at par with 2015 levels. On the other hand, during the year in review, net interest income decreased by USD7.6 million to USD22.0 million. Operating expenses decreased by USD8.3 million, from USD47.0 million to USD38.7 million. Significantly, "as a result of energetic and consistent recovery efforts", for the second year running net impairments saw a very significant decrease, this time by more than 70 per cent, to stand at USD2.3 million, compared to USD10.3 million in 2015. Meanwhile, the Board of Directors will not be recommending a dividend, however, subject to the Regulator's approval, the Board will be recommending a 1 for 80 Bonus Issue of Ordinary Shares by way of capitalisation of the Share Premium Account.

According to the FIMBank Group's Chairman, Dr John C. Grech, the 2016 financial results "are a vindication of our steadfast resolve to bring the Group back on the road to profitability following the bleak performance of 2014". He explained that "after considerable effort and sound strategic decision-making, today we are in a position to witness the financial response to a successful turnaround strategy, superbly crafted and ably delivered by FIMBank's management team, led by our CEO Murali Subramanian". Dr Grech also referred to the fact that "on the back of consistent support of our controlling shareholders Fitch Ratings upgraded FIMBank to BB and its Support Rating to 3 from 5".

Commenting on the financial results, FIMBank Group CEO Murali Subramanian stated that the pillars for the successful turnaround of the Group's fortunes post-2014, included an improved origination strategy, the harmonisation of FIMBank's product offering, exploring new product opportunities, developing a market-appropriate risk appetite, as well as the implementation of cost efficiencies across the whole Group. "These principles provided a platform from which FIMBank has, since then, been successfully stabilising

FIMBank to Launch Shareholders' Value Pack

FIMBank shall be launching a Shareholders' Value Pack which contains a suite of benefits aimed for FIM Shareholders. The different value packs will be tiered in three, Platinum, Gold and Silver. Each Shareholder will be eligible to one of these value packs depending on the amount of shares held.

its performance, growing its loan book and reversing the negative financial trend, eventually returning a full-year profit by end-2016".

Mr Subramanian identified the strengthening of FIMBank's management structure, the vigorous implementation of cost control measures, and the implementation of a common risk management framework, as key contributors to the success of the turnaround. From an operational perspective, during 2016 the re-alignment and streamlining of FIMBank's international factoring strategy "proceeded as planned", with the ongoing restructuring of business units across the factoring network. FIMBank's CEO highlighted the Bank's Shipping, Factoring as well as lending into selected Real Estate in Malta, as sectors expected to drive increasingly important revenue streams to the Group. He also mentioned the Group's "successful approach to the retail depositor market, thanks to the diversification of our funding base and a reduction in the overall cost of funding".

Referring to the immediate outlook for the Group, Mr Subramanian said that "We will evaluate further avenues to diversify the target sectors wherever viable, in order to reinforce balance, and rebuild or consolidate the different portfolios". He referred to the macro-economic outlook as encouraging, and reiterated management's intention to continue monitoring closely developments in all the markets, "thus allowing us to exploit opportunities and protect ourselves from potential external risks to the business". FIMBank's CEO stated that "The overall objective is to continue growing our business to more sustainable levels of profitability, generating greater returns to shareholders, while strengthening our balance sheet further".

For more information about FIMBank plc, please visit: www.fimbank.com

ISIN	FIM
Company	FIMBank p.l.c.
Total Shares issued	298,536,643
Currency	US Dollar
Share Price (as at 14 March 2017)	0.89

Company Secretary:	Avv Andrea Batelli
Telephone:	+356 21322100
Email:	investorhelpdesk@fimbank.com