

Shareholders' Newsletter

Issue 04 - August 2016



FIMBANK

MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

It is my pleasure to welcome you to the fourth edition of FIMBank's Shareholders' Newsletter.

As you will all be aware, 2015 was a pivotal year for the fortunes of the FIMBank Group. This time last year we were set to implement a focused and determined course of action designed to bring the Group back on the track of profitability and long-term growth, following the bleak performance and financial results emerging in 2014. One year ago, I had expressed my confidence that our early acknowledgement of the problems we were facing, and our dynamic response to the situation, would influence positively the outcome of this saga. We were all aware that pulling through would require good judgement, perseverance and patience.

At our last AGM, the positive signs were already there. The first months of this year further corroborated our expectations in terms of the financial response to the turnaround strategy, superbly crafted and ably delivered by FIMBank's management team, led by our CEO Murali Subramanian. Those results were admittedly a relief, and our expectations for the next months are for more positive performance. That is why I am delighted to bring to you the financial results for the first half of this year, which show a return to profitability for the first time since June 2014. These results are evidence of the achievement of the continued and successful implementation of that consolidation and turnaround strategy which we adopted in 2015.

The Group's Consolidated Financial Statements for the period January to June 2016, show that for these 6 months, the Group registered a profit of USD1.21 million compared to a loss of USD8.64 million for the same six-month period in 2015. This translates into an improvement of around USD10 million in terms of the financial performance over the two periods.

Meanwhile, as at 30 June 2016, Total Consolidated Assets stood at USD1.6 billion, an increase of 11% over the USD1.44 billion reported at end 2015, while Total Consolidated Liabilities stood at USD1.43 billion, up by 13% from USD1.27 billion at end 2015. During the period under review, operating income rose by 34%, from USD15.88 million to USD21.24 million by end-June 2016. The Group's operating results before impairments, down by USD3.01 million, were affected by lower margins attributable to various factors.

In another milestone achievement, particularly in the context of the recovery efforts which the current management team set out to implement during 2015, the level of net impairments continued its steep descent during this period, down from USD8.56 million to USD0.19 million on the 30 June of this year. The period in review also saw a marked decrease in operating expenses of USD4.5 million, reflecting an improved cost-management discipline across the Group and the non-recurring legal, professional fees and staff related costs incurred in the comparative period.



Indicators for the second half of this year point to a further improved financial performance and continue to vindicate our turnaround strategy. We should therefore be finishing off 2016 in a far more solid and sustainable position than we are at present.

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, continues to be one of our most formidable assets, and a major determinant of our success. Their concerted effort has led not only to greater efficiency and profit, but can also enable the organisation to adapt more effectively to changing market conditions.

Throughout these challenging times, I have often emphasised our need for your support. And I remain extremely grateful for the show of trust and loyalty you have demonstrated time and time again. I can assure you that having you at our side during these past 18 months was a great source of encouragement, and boosted our resolve to turn the situation around at FIMBank. Today, I can confidently predict that as our shareholder, you can look forward to a continually improving performance by the Group.

Similarly, the show of support we received from our majority shareholders, namely Burgan Bank and United Gulf Bank of the KIPCO Group, was nothing short of vital, in terms of encouragement, advice and expertise. This support has allowed us to implement FIMBank's new business strategy, permitting us to reinforce our asset base and target higher income levels. This practical and fundamental show of commitment in support of FIMBank's strategic plan was a keystone of the success we are able to report today.

Finally, on behalf of the Board of Directors and the entire management team, we would like to thank you again for your continued support and wish you a pleasant summer.

Dr John C. Grech
FIMBank Group Chairman



MESSAĠĠ MINGĦAND IĊ-CHAIRMAN

Għażiż Azzjonist,

Huwa l-pjaċir tiegħi li nilqgħek għar-raba' edizzjoni tal-Bullettin tal-Azzjonisti ta' FIMBank.

Kif ilkoll tafu, is-sena 2015 kienet sena importanti ħafna għall-andament favorevoli tal-Grupp FIMBank. Wara l-prestazzjoni skoragganti u r-riżultati finanzjarji li ħarġu fl-2014, bħal dan iż-żmien sena ilu konna lesti li nimplimentaw kors ta' azzjoni ffukata u determinata bil-għan li jerga' qiegħed il-Grupp fit-triq tal-profitabilità u t-kabbir fit-tul. Sena ilu kont esprimjejt il-kunfidenza tiegħi li r-rikonoxximent bikri tagħna tal-problemi li konna qed niffaċċjaw, u r-reazzjoni dinamika tagħna għas-sitwazzjoni kienu se jinfluwenzaw ir-riżultat ta' din is-saga b'mod pożittiv. Ilkoll kemm aħna konna nafu li, biex dan ikun ta' suċċess kien se jirrikjedi ġudizzju tajjeb, perseveranza u paċenzja.

Is-sinjali pożittivi diġà kienu hemm fl-aħħar Laqgħa Ġenerali Annwali tagħna. L-ewwel xhur ta' din is-sena komplew jikkonfermaw l-istennijiet tagħna fir-rigward tar-rispons finanzjarju għall-istrateġija ta' bidla totali, li nholqot b'mod eċċellenti u li ġiet ipprezentata tajjeb ħafna mit-tim tal-management ta' FIMBank, immexxi mis-CEO tagħna, Murali Subramanian. Ilkollna nammettu li dawk ir-riżultati kienu ta' serħan u aħna qed nistennew prestazzjoni aktar pożittiva fix-xhur li ġejjin. Huwa għalhekk li jiena kuntent ħafna li nwasslilkom ir-riżultati finanzjarji għall-ewwel nofs ta' din is-sena, li għall-ewwel darba minn Ġunju 2014, juru ritorn għall-profitabilità. Dawn ir-riżultati huma prova tal-kisba tal-implimentazzjoni kontinwa u ta' suċċess ta' dik l-istrateġija ta' konsolidazzjoni u ta' bidla totali li adottajna fl-2015.

Ir-Rapporti Finanzjarji Konsolidati tal-Grupp għall-perjodu Jannar sa Ġunju 2016 juru li għal dawn is-sitt xhur, il-Grupp irreġistra profitt ta' USD1.21 miljun meta kkumparat ma' telf ta' USD8.64 miljun għall-istess perjodu ta' sitt xhur fl-2015. Dan ifisser li sar titjib ta' madwar USD10 miljun fir-rigward tal-prestazzjoni finanzjarja matul dawn iż-żewġ perjodi.

Sadattant, fit-30 ta' Ġunju 2016, l-Assi Konsolidati Totali kienu ta' USD1.6 biljun, zieda ta' 11% fuq il-USD1.44 biljun li kienu rrapportati fl-aħħar tal-2015, filwaqt li l-Obbligazzjonijiet Konsolidati Totali kienu ta' USD1.43 biljun, zieda ta' 13% mill-USD1.27 biljun fl-aħħar tas-sena 2015. Waqt il-perjodu taħt analiżi, id-dħul mill-operat żdied b'34%, minn USD15.88 miljun għal USD21.24 miljun sal-aħħar ta' Ġunju 2016. Ir-riżultati operattivi tal-Grupp, li niżlu b'USD3.01 miljun wara l-indeboliment, kienu affettwati minn margini iktar baxxi ta' interessi kawża ta' bosta fatturi.

F'kisba ewlenija oħra, speċjalment fil-kuntest tal-isforzi ta' rkupru li t-tim kurrenti tal-management ra li jimplementa fl-2015, il-livell ta' indebboliment nett f'dan il-perjodu kompli jaqqa' b'rata mgħaġġla, minn USD8.56 miljun għal USD0.19 miljun fit-30 ta' Ġunju ta' din is-sena.

Il-perjodu taħt analiżi ra wkoll tnaqqis kbir ta' USD4.5 miljun fl-ispejjeż tal-operat, l-aktar minħabba dixxiplina mtejba fil-ġestjoni tal-ispejjeż fuq il-firxa tal-Grupp u t-tnehhija ta' spejjeż rikorrenti fir-rigward legali, professjonali u oħrajn relatati mal-impejgati fil-perjodu komparattiv.

Indikaturi għat-tieni nofs ta' din is-sena jippuntaw lejn prestazzjoni finanzjarja oħra mtejba u jkomplu jkunu ta' prova tal-istrateġija tagħna ta' bidla totali. Għalhekk, għandna ntemmu l-2016 f'pożizzjoni ħafna aktar soda u sostenibbli milli kif qegħdin bħalissa.

Ma hemmx dubju li l-impejgati tagħna u l-membri tal-management fl-uffiċċju principali u madwar id-dinja ħaqquhom l-awguri tagħna għall-kisba ta' din il-bidla totali. Id-dedikazzjoni u l-ħiliet tagħhom, biex ma nsemmux ukoll is-sens ta' lealtà u perseveranza, ikomplu jkunu fost l-aktar assi formidabbli tagħna, u fattur maġġur determinanti tas-suċċess tagħna. L-isforz kollettiv tagħhom wassal mhux biss għal effiċjenza u profitt ikbar, imma jista' jagħti s-setgħa wkoll lill-organizzazzjoni biex tadatta għall-kundizzjonijiet dejjem jinbidlu tas-wieq b'mod iktar effettiv.

Matul dawn iż-żminijiet ta' sfida, ta' spiss enfasizzajt il-ħtieġa tagħna għall-appoġġ tagħkom. U nibqa' grat ħafna għat-turija ta' fiduċja u lealtà li dejjem urejtu, darba wara oħra. Nista' nassigurakom li l-preżenza qawwija tagħkom matul dawn l-aħħar 18-il xahar kienet sors kbir ta' inkoraġġiment, u tat spinta lid-determinazzjoni tagħna li nbiddlu s-sitwazzjoni fil-FIMBank. Illum nista' nbassar b'mod kunfidenti li, bħala azzjonisti tagħna, intom tistgħu tharsu 'l quddiem lejn prestazzjoni dejjem titjeb mill-Grupp.

B'mod simili, it-turija ta' appoġġ li rċevajna mill-ikbar azzjonisti tagħna, jiġifieri minn Burgan Bank u minn United Gulf Bank tal-Grupp KIPCO, ma kienet xejn għajr vitali f'termini ta' inkoraġġiment, pariri u ħiliet. Dan l-appoġġ ippermettiena nimplimentaw l-istrateġija l-ġdida tan-negozju ta' FIMBank u ppermettiena nsaħħu l-baži tagħna tal-assi u nimmiraw għal livelli oġġla tal-introjtu. Din it-turija Prattika u fundamentali ta' impenn f'appoġġ għall-pjan strateġiku ta' FIMBank kienet pass importanti għas-suċċess li nistgħu nirrapportaw illum.

Fl-aħħar, f'isem il-Bord tad-Diretturi u t-tim kollu tal-management, nixtiequ nerġġghu niringrazzjawk għall-appoġġ kontinwu tiegħek u nawgurawlek sajj pjaċevoli.

Dr John C. Grech
Iċ-Chairman

Interview:

*As published on the Malta Business Review, July edition
Interview with Murali Subramanian, CEO, FIMBank Group*

1. What brief were you given when you took on the job of CEO at FIMBank, and how did your experience prepare you for taking on the challenge of running FIMBank?

When I was asked to take over at FIMBank, the Bank had been going through some turbulent times. Together with the Board, we had agreed that we needed to go back to basics and bring the Bank back to a state of good health and ultimately to profitability. This would be done through a turnaround strategy which involved consolidation and a focus on the bottom line.

My background is in banking, with 28 years' experience in the industry. I spent 21 years at Citibank in senior roles across several geographies and was Managing Director and Business Head for 6 years, and I also worked at ABN Amro. At Abu Dhabi Commercial Bank I ran the Transaction Banking Group for 6 years. In each of my roles, the emphasis across all assignments has been that of 'turning around' situations, and my experience and reputation has been characterised by this trend. At CITI Bank we had a saying that we have to "to fly the plane while fixing the engine". And together with my excellent management team, and the strong backing of our board and investors, that's what we have been doing at FIMBank, and I think the results speak for themselves.

2. Can you outline some of the achievements of the turnaround strategy you have been leading at the Bank?

I suppose that the fact that we are back to making a profit within a relatively short time, despite very difficult market conditions, is the best indicator that we are achieving an improvement in performance, and that therefore we are on the right track. Since I took over the running of the Bank, we have pursued vigorously the implementation of cost control measures. We also made significant improvements to the Group governance framework, particularly in terms of the strengthening of governance procedures.

Meanwhile, we also kick-started a significant and effective process of restructuring of FIMBank's factoring network, which is also expected to show positive results in the near future. We plan to acquire full or majority control of entities already forming part of our network. In the meantime, we intend to proceed with the winding down of companies within the Group which hold little or no strategic relevance from a business and geographical perspective. We expect this positive performance to be sustained over the coming months, and we envisage a near-total completion of the turnaround process by the end of 2016.

3. How strong would you consider FIMBank's link with Malta to be?

The hub of our international network continues to be our head office, a state-of-the-art and eco-friendly building located in St. Julian's. More than 180 of our employees are Maltese, and we also have a Maltese Chairman and 1,000 local shareholders. We are proud to call this island home, and we are extremely satisfied that Malta continues to tick all the right boxes for a specialised trade finance institution such as ours. These include a robust regulatory framework, a respected tradition in banking, an extensive range of professional services, an efficient cost base, and significantly, the availability of qualified multi-lingual staff.

In return for the hospitality we have found here, at FIMBank we continue to strive to create value and widen our economic activity on the island, both by assisting in re-directing regional and international trade and finance flows through Malta, as well as by leveraging the island's strategic position to attract major financial operations. Finally, given our commitment to Malta, we are very pleased to dedicate our entire CSR programme exclusively for the benefit of the local community.



4. Can you elaborate on your CSR programme, and in particular, how this ties in with FIMBank's relationship with the island?

The Bank's CSR policy is built around our core values, and reflects the corporate commitments we make to our clients, shareholders, employees and the Maltese community. The focus of our CSR programme this year was on the Maltese language, which is recognised as being an essential part of the Maltese DNA. Our marketing team coordinated the production of 100 educational videos promoting a greater appreciation of Malta's Ancestry Heritage. The slots for the 'Kelma Kuljum' series are aired daily on the national public TV channel and have also achieved incredible popularity on YouTube and Facebook. We are proud to be in a position to highlight the beauty of the Maltese language.

5. Does the Bank plan to diversify its activities further in the near future?

We are currently in the process of implementing an internet banking system, a secure online banking service that is able to facilitate a comprehensive set of transactions and offer more convenience to FIMBank's retail and corporate customers. 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.

One other key area we are considering developing is that of real estate financing. Within the group we have a fully-owned property subsidiary that was originally responsible for the construction of the Bank's head office building in Malta. We have a lot of expertise in this sector and we also have a natural interest in servicing real estate, as well as financing selective projects. The double digit growth of the industry in Malta over the past five years is a strong indicator in this regard. There is a demand for good quality high-end real estate where we can direct our participation selectively together with reputable partners.

6. What is your opinion on the outlook for the Maltese economy?

The outlook for Malta looks very positive indeed. The EU expects Malta's economy to expand by 3.9%, the third highest rate in the EU, while the deficit is expected to drop further to 1.1% of GDP in 2016. Significantly, Malta already boasts the third lowest unemployment rate within the EU. Although Brexit will be a challenge for all member states, I am confident that Malta will be able to leverage its strong links with the UK to its advantage, and establish itself as a leading partner of the UK within the EU.

Intervista:

Ippubblikat fil-*"Malta Business Review"* Lulju 2016

Intervista ma' Murali Subramanian, CEO, Grupp FIMBank

1. X'istruzzjonijiet ingħatajt meta nħart CEO mal-FIMBank, u kif ħejjietek l-esperjenza tiegħek biex taċċetta l-isfida li tmexxi l-FIMBank?

Meta ntlabt biex nieħu f'idejja t-tmexxija tal-FIMBank, il-Bank kien għaddej minn xi żminijiet turbulenti. Flimkien mal-Bord, konna ftehemna li kellna nerġgħu lura għal dak li huwa l-baži u nerġgħu ngħibu l-Bank f'sitwazzjoni b'saħħitha u finalment, fi stat ta' profit. Dan seta' jsir permezz ta' strateġija ta' tibdil li involva l-konsolidazzjoni, u li niffukaw fuq il-punt kruċjali.

Għandi esperjenza fl-operazzjonijiet bankarji, bi 28 sena ta' ħidma fl-industrija. Għamilt 21 sena mas-Citibank f'pożizzjonijiet għoljin madwar bosta pajjiżi, u għal 6 snin kont id-Direttur Eżekuttiv u l-Kap tan-Negożju. Hdimt ukoll ma' ABN Amro. Għal 6 snin mexxejt il-Grupp Bankarju tat-Tranzazzjonijiet fil-Bank Kummerċjali ta' Abu Dhabi. F'kull wieħed mill-irwoli tiegħi, fix-xogħlijiet kollha, l-enfasi kienet fuq 'it-tibdil' ta' sitwazzjonijiet, u l-esperjenza u r-reputazzjoni tiegħi kienu kkaratterizzati minn din ix-xejra. F'CITI Bank konna ngħidu li għandna "nsuqu l-ajruplan waqt li nsewwu l-magna". U flimkien mat-tim eċċellenti tiegħi tal-management, kif ukoll bl-appoġġ qawwi tal-bord u tal-investituri tagħna, kien dan li konna qed nagħmlu fil-FIMBank, u nahseb li r-riżultati jtkellmu għalihom.



2. Tista' ssemmi xi kisbiet tal-istrateġija tat-tibdil li mexxejt fil-Bank?

Nahseb li l-aqwa sinjal li juri li qed niksibu titjib fil-prestazzjoni, u li allura, ninsabu fit-triq it-tajba huwa l-fatt li ergajna qed nagħmlu profit fi żmien relativament qasir, minkejja l-kundizzjonijiet diffiċli ħafna fis-swieq. Minn meta ħadt ir-riedni tat-tmexxija tal-Bank f'idejja, segwejna l-implimentazzjoni tal-mizuri ta' kontroll tal-ispejjeż b'mod vigoruż. Għamilna titjib sinifikanti wkoll fil-qafas tal-governanza tal-Grupp, partikolarment f'termini tat-tiżniħ ta' proċeduri ta' governanza.

Sadattant tajna bidu wkoll għal process sinifikanti u effettiv tal-istrutturar mill-ġdid tan-netwerk tal-fatturament tal-FIMBank li huwa wkoll mistenni li juri riżultati pożittivi fil-futur qarib. Qed nippjanaw li nakkwistaw kontroll totali jew kontroll tal-maġġoranza tal-entitajiet li diġà jagħmlu parti min-netwerk tagħna. Sadattant, għandna l-intenzjoni li gradwalment nagħlqu l-kumpaniji fi ħdan il-Grupp li għandhom ftit jew l-ebda relevanza strateġika minn perspettiva ta' kummerċ u ġeografija. Qed nistennew li tinzamm din il-prestazzjoni pożittiva matul ix-xhur li ġejjin, u qed nipprevedu tlestija kważi totali tal-process ta' tibdil sal-aħħar tas-sena 2016.

3. Kemm tqisha b'saħħitha r-rabta tal-FIMBank ma' Malta?

Il-punt ċentrali tan-netwerk internazzjonali tagħna jibqa' l-uffiċċju prinċipali tagħna, bini mill-aktar avvanzat u ekoloġiku li jinsab f'San Giljan. Aktar minn 180 mill-impjegati tagħna huma Maltin, kif ukoll għandna Chairman Malti u 1,000 azzjonist lokali. Aħna kburin li nsejju lil din il-gżira bħala darna, u ninsabu estremament sodisfatti li Malta tibqa' tilhaq ir-rekwiżiti t-tajbin kollha għal istituzzjoni speċjalizzata fil-finanzjament għan-negożju bħalma hi tagħna. Dawn

ir-rekwiżiti jinkludu qafas regolatorju robust, tradizzjoni rrispettata fl-operazzjonijiet bankarji, firxa estensiva ta' servizzi professjonali, bażi effiċjenti tal-ispejjeż, u b'mod sinifikattiv, id-disponibbiltà ta' staff multilingwi kkwalifikat.

Għall-ospitalità li sibna hawnhekk, fil-FIMBank se nkomplu nistinkaw biex noħolqu valur u biex inwessgħu l-attività ekonomika tagħna fuq il-gżira, kemm billi nassistu fl-indirizzar mill-ġdid fil-flussi reġjonali u internazzjonali tan-negożju u tal-finanzi minn Malta, kif ukoll billi nsaħħu l-pożizzjoni strateġika tal-gżira biex tattira operazzjonijiet finanzjarji maġġuri. Fl-aħħar nett, bl-impenn tagħna lejn Malta, niddedikaw il-programm kollu tagħna tas-CSR esklussivament għall-benefiċċju tal-komunità lokali.

4. Tista' telabora fuq il-programm tagħkom tas-CSR u, partikolarment, kif dan jorbot mar-relazzjoni tal-FIMBank mal-gżira?

Il-politika tas-CSR tal-Bank hija mibnija madwar il-valuri essenzjali tagħna u tirrifletti l-impenni korporattivi li nagħmlu għall-klijenti, azzjonisti u impjegati tagħna kif ukoll għall-komunità Maltija. Din is-sena, il-fokus tal-programm tagħna tas-CSR kien fuq il-lingwa Maltija li titqies bħala parti essenzjali mid-DNA Malti. It-tim tagħna tal-marketing ikkoordina l-produzzjoni ta' 100 vidjow edukattiv li ppromwovew apprezzament ikbar tal-wirt lingwistiku ta' Malta. Il-filmati qosra tas-serje 'Kelma Kuljum' jixxandru kuljum fuq l-istazzjon nazzjonali pubbliku tat-televiżjoni u kisbu wkoll popolarità inkredibbli fuq YouTube u Facebook. Kburin li qegħdin f'pożizzjoni fejn qed nixhtu dawl fuq is-sbuħija tal-lingwa Maltija.

5. Il-Bank għandu pjanijiet biex jibqa' jiddiversifika l-attivitajiet tiegħu fil-futur qarib?

Bħalissa qegħdin fil-process li nimplementaw sistema ta' operazzjonijiet bankarji bl-internet, servizz bankarju sikur onlajn li huwa kapaċi jiffacilita sett komprensiv ta' tranzazzjonijiet u li huwa kapaċi joffri konvenjenza ikbar lill-klijenti konsumaturi u lill-klijenti korporattivi tal-FIMBank. Din il-pjattaforma l-ġdida se tkabbar il-kapaċità tal-Bank li jilhaq lill-klijenti lil hinn mil-limitazzjonijiet tas-siġhat bankarji standard u l-preżenza ġeografika. Se tgħinna wkoll inżidu l-effiċjenzi operattivi tagħna, tnaqqas l-ispejjeż tat-tranzazzjonijiet u tippermettilna nintroduċu b'mod effettiv, prodotti godda lill-klijenti konsumaturi tagħna.

Qasam ewlieni ieħor li qed nikkunsidraw li niżviluppaw huwa dak tal-finanzjament tal-propjetà. Fi ħdan il-grupp għandna sussidjarja akkwizita totalment tal-propjetà, li originarjament kienet responsabbli għall-bini tal-uffiċċju prinċipali tal-Bank f'Malta. Għandna ħafna kompetenza f'dan il-qasam u għandna interess naturali fis-servizzi tal-propjetà, kif ukoll fil-finanzjament ta' proġetti selettivi. It-tkabir bl-għexieren fil-mija tal-industrija f'Malta matul dawn l-aħħar ħames snin huwa sinjal qawwi minn dan il-lat. Dawn domanda għal propjetà ta' kwalità u ta' klassi fejn nistgħu nimmiraw il-partecipazzjoni tagħna b'mod selettiv flimkien ma' msieħba ta' reputazzjoni.

6. X'inhil-opinjoni tiegħek dwar il-perspettiva għall-ekonomija Maltija?

Il-perspettiva għal Malta tidher li hi waħda tassew pożittiva. L-UE qed tistenna li l-ekonomija ta' Malta se tespandi bi 3.9%, it-tielet l-oghla rata fl-UE, filwaqt li fl-2016, id-defiċit huwa mistenni li jerga' jaqa' għal 1.1% tal-PGD. B'mod sinifikanti, Malta diġà għandha t-tielet rata l-iktar baxxa ta' qgħad fi ħdan l-UE. Minkejja li l-Brexit se jkun ta' sfida għall-istati membri kollha, jiena kunfidenti li Malta se tkun kapaċi tuża r-rabtiet qawwijin li għandha mar-Renju Unit għall-vantaġġ tagħha b'mod tajjeb, u li tistabbilixxi lilha nfisha bħala msieħba ewlenija fl-UE tar-Renju Unit.

FIMBank Annual General Meeting

FIMBank p.l.c. held its Annual General Meeting on the 10 May 2016 at the Intercontinental Hotel in St. Julian's. In his opening address, the Chairman of the FIMBank Group, Dr John C. Grech, explained the background to the Group's performance last year. Dr Grech described how shortly after FIMBank's last AGM in May 2015, the Group had announced the appointment of Murali Subramanian as the Group's new Chief Executive Officer. "Following the most difficult year in the Group's history", said Dr Grech, "the priorities for Murali and his strongly reinforced management team were to give stability to the business, the reinforcement of the governance and risk structures, and the gradual re-building of the portfolios to a sustainable level."

FIMBank's Chairman stated that "by pursuing a consolidation strategy aimed at turning around the core operating business, Murali and his team have managed to steer FIMBank well within sight of our goal of sustainable profitability. The Group has succeeded in overcoming the substantial impairments which marred the 2014 performance, whilst at the same time creating a revenue platform to generate value going forward." Dr Grech added that "This is reflected in the results for 2015, which indicate that the FIMBank Group is on the right track. The Group is encouraged by the positive performance registered in the second half of 2015 and the first four months of this year, during which the FIMBank Group registered a profit, a trend which we expect will be sustained throughout 2016."

The first item on the Meeting's agenda - the approval of the 2015 consolidated audited financial statements was accompanied by a presentation by Mr Subramanian, who explained that for the year ended 31 December 2015, the FIMBank Group registered a loss of USD7.1 million compared to a loss of USD45.2 million in 2014. At 31 December 2015, Total Consolidated Assets stood at USD1.44 billion, a marginal increase of 2% over the USD1.41 billion reported at end 2014, while Total Consolidated Liabilities stood at USD1.27 billion, up

by 3.5% from USD1.23 billion in 2014. FIMBank's CEO highlighted the fact that during 2015, net impairments decreased by 80%, standing at USD10.3 million, compared to USD50.7 million in 2014. "As a result of controlled impairments and marked-to-market losses", said Mr Subramanian, "the Group has improved its operating income by USD37.3 million, to USD35.7 million."

Commenting on the way forward, FIMBank's CEO stated "Together with my colleagues in the management team, we intend to ensure that FIMBank will continue to respond with agility 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."

In his concluding remarks to the AGM, Dr Grech had words of praise for the Group's institutional investors, thanking them for their unwavering support. He also thanked his fellow directors, management and staff members for their hard work, dedication and commitment, and the Malta Financial Services Authority for its guidance and support. Finally, he extended his gratitude to all of the Group's shareholders for their "understanding, and their strong demonstration of loyalty to and confidence in FIMBank."

Meanwhile, FIMBank's Board of Directors did not recommend a cash dividend. Shareholders approved resolutions to declare a 1:25 bonus share issue by capitalisation of the share premium account. The Meeting also elected the Board of Directors, which includes Majed Essa Ahmed Al-Ajeel (Chairman of Burgan Bank SAK), Masaud M. J. Hayat (Chairman of United Gulf Bank BSC), Eduardo Eguren (CEO of Burgan Bank SAK). Following the AGM, the Board of Directors confirmed Dr John C. Grech as Chairman and Mr Masaud Hayat as Vice Chairman.



Training event for Actavis



FIMBank recently hosted representatives of multinational pharmaceutical group Actavis International Limited to a training seminar which focused on document preparation and the checking of documents presented under Letters of Credit. The seminar, which took place at FIMBank's training facilities, was attended by 20 Actavis representatives from Malta, Romania, Bulgaria, India, Singapore and Iceland.

FIMBank's Head of Trade Services, David Vella, who conducted the session explained that the seminar discussed issues relating to, amongst others, Uniform Customs and Practice for Documentary Credits (UCP 600), as well as International Standard Banking Practice for the Examination of Documents (ISBP). These are the two principal standards, established by the International Chamber of Commerce, that regulate Documentary Letter of Credit business. The overall objective of the training session was to assist Actavis representatives in attaining a higher degree of compliant presentations. David Vella is an ICC Certified Documentary Credit Specialist with thirteen years working experience on Letters of Credit and structured trade finance.

"Training seminars of this nature are essential for us to build a close rapport with our customers. Furthermore, from a Bank perspective, the presentation of compliant documents increases the efficiency of the administrative process, while reducing costs for the customer, who would also be taking full advantage of the protection provided by the Letter of Credit", stated Vella.

Making Malta Great Campaign

As part of its ongoing Corporate Social Responsibility Programme, FIMBank is sponsoring the 'Making Malta Great Campaign', organised by 89.7 Bay. The initiative aims to raise awareness of the need for Maltese citizens to care for these islands, and to leave a positive legacy for future generations. Speaking on this project, Mr Kevin Decesare, on behalf of 89.7 Bay, said that the aim of this campaign is to "inspire and encourage people to do their part in better safeguarding what this country has to offer." He said that such positive action could include the proper management of waste to keep the country clean, providing a helping hand to others, as well as contributing towards the preservation of Malta's heritage sites. He explained that this campaign will be carried by means of interactive content disseminated through online media.



Commenting on FIMBank's sponsorship of this initiative, Jason Zammit, Head of Marketing & Administration referred to the Group's track record as a contributor to the local community's wellbeing, especially in relation to Malta's heritage, as highlighted by its previous CSR campaigns. He added that the 'Making Malta Great' "entails an interesting social experiment which can serve to emphasise the friendliness and hospitality of the Maltese towards visitors, while fostering a stronger sense of civic pride and responsibility of the Maltese population towards their surroundings." This campaign is being endorsed by the Ministry of Tourism and the Malta Tourism Authority.



FIMBank Group wins TFR awards

FIMBank has been declared 'Best Factoring Institution' in this year's TFR Excellence in Trade Awards, which recognises leading performers in trade services. Meanwhile, London Forfaiting Company Limited (LFC), another member of the FIMBank Group, also received the accolade of 'Best Forfaiting Institution'. Both FIMBank and LFC have been recipients of TFR awards in the past on a number of occasions.

FIMBank Group CEO Murali Subramanian greeted the news of this latest acknowledgment of the quality of FIMBank's services with great satisfaction, stating that: "FIMBank aims to be at the forefront in the introduction and development of receivable finance techniques in emerging markets, and this award reflects the industry's recognition of our achievements in the marketplace. We have built a solid reputation for providing tailor-made trade finance solutions that match our clients' liquidity and risk management needs."

LFC's Managing Director Simon Lay was equally pleased: "LFC has been engaged in export and trade finance since 1984. As one of the most experienced players in the market, LFC has always been at the forefront of developments in the forfaiting and trade finance services industry. We intend to ensure that exporting, importing and bank



clients alike continue to benefit from the experience and expertise garnered by LFC over the years."

TFR is a leading international trade finance magazine, read by and featuring the market's key banks, credit insurers, corporates, traders, law firms, brokers and consultants. TFR award winners are voted for by TFR's readers, with input from impartial members of the TFR editorial board.

FIMBank hosts Trade Finance Compliance Seminar

FIMBank recently hosted a seminar on the subject of Trade Finance Compliance at its St. Julian's Head Office. The seminar, which was run by Kim Sindberg, an internationally-recognised Trade Finance Compliance specialist, examined current issues relating to Trade Compliance and their underlying effects on business operations. Professional Trade Finance Compliance ensures the protection of cross-border business, and includes measures to avoid delayed payments and delivery, mitigating geographic and socio-economic instability, fluctuations in currency, and other unforeseen risks. Trade Finance Compliance enables financial institutions such as banks, to maintain healthy relationships with clients based on trust.

Commenting on the seminar, Charles Wallbank, Head of Banking Operations at FIMBank, stated that "The session on Trade Finance Compliance has proven to be of immense value, providing technical insights which are very important in the context of frequent developments in Trade Compliance."

Kim Sindberg is a regular speaker on Trade Finance Compliance issues and is considered an authority on the subject. He currently sits as chairman of the ICC Denmark Trade Finance Forum and is the Editor in Chief of specialist electronic newsletter Trade Services Update.





Launch of Internet Banking platform – FIMBank Direct

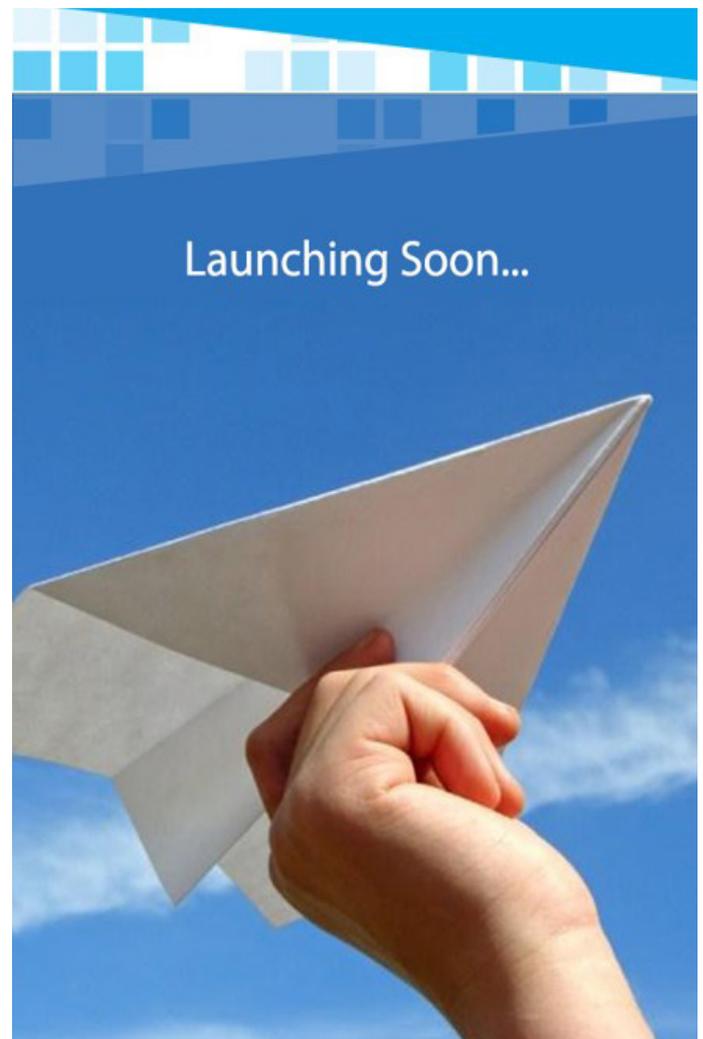
The introduction of Easisave, FIMBank’s online savings accounts, brought to the fore the benefits of a secure, user-friendly and no-frills product. The positive reaction of customers to this Internet-based solution, and the success of the Easisave range of products encouraged the Bank to invest in a customised platform, branded FIMBank Direct, which will be launched by the end of the year. Commenting on this landmark project, Chris Trapani, Head of Cash Management and Central Customer Services at FIMBank, stated that “FIMBank Direct will enhance our customers’ online experience and the level of service, by enabling them to view and manage their accounts in an efficient and user-friendly manner.”

Chris further explained that in order to ensure convenience, security, as well as ease of use, FIMBank Direct is a fully functioning platform which facilitates customer activity in a secure environment. An important feature of FIMBank Direct is a highly reliable and state of the art authentication application branded as FIMBANK CAM (Camera Authentication Matrix). FIMBANK CAM will deliver an optimal combination of usability, security and cost of ownership, by allowing users to verify and sign transactions, with no physical or wireless connection, anytime, anywhere. FIMBANK CAM will also offer strong protection against phishing, which is one of the most common online profile attacks.



“Significantly, FIMBank Direct will allow us to move away from manual processes, therefore resulting in more cost effective and efficient solutions for our customers. At the same time, it will also provide the Group with a stronger cross-selling proposition. The versatility of the FIMBank Direct platform makes it fully adaptable to future technological developments”, says Chris. “In

fact, following this preliminary phase, the Bank will be exploring alternatives aimed at increasing its product range, within the context of its strategic objectives. The scalable nature of the project will allow for a continuously evolving platform. This will enable the Bank to meet the changing needs of its customers effectively.”



Townhall Meetings for FIMBank Employees

FIMBank's CEO Murali Subramanian hosted two Townhall Meetings for all employees so as to deliver vital information with regards to the Bank's progress within previous months and its future strategy for growth.

Mr Subramanian strongly emphasised upon the fact that FIMBank has come a long way in reversing the 2015 rough patch, commenting that FIMBank is expected to highlight significant profit in 2016. An important feat considering FIMBank's downturn in 2015.

The CEO went on to discuss the Bank's future strategy, highlighting clear objectives on the way forward. He emphasised upon the importance of the Factoring business and FIMBank's key role in the international market, strongly indicating that FIMBank must maintain its position as a leading worldwide provider of such services.

Mr Subramanian commented upon FIMBank's risk appetite, focusing upon the Bank's cautious strategy in ensuring significant growth for both the short and longer term. During these Townhall Meetings the staff asked pertinent questions relating to FIMBank's strategic direction, suggesting areas of improvement and also providing ideas relating to the Bank's consolidation strategy.

Such events enhance employee engagement in which the staff is empowered to provide feedback in a formal, yet direct manner. This enhances organisational communication across the whole board. Townhall Meetings are scheduled to take place at regular intervals.



FIMBank brings Banking Careers closer to Higher Secondary Students



FIMBank recently brought banking careers closer to Maltese Higher Secondary students by means of a presentation given by Christine Coleiro, the Bank's First Vice President of Human Resources.

The invitation to FIMBank to address the Higher Secondary's students came as part of the educational institution's career week, which aims at giving students an overview of the jobs available in the different economic sectors, so that they are better equipped to make an informed decision when choosing their career paths. The Higher Secondary School prepares students for the local Malta College of Arts, Science and Technology (MCAST) and the University of Malta.

Over one hundred students attended Ms Coleiro's one hour presentation, which was followed by a Q&A session. Those present demonstrated a great interest in Banking and how their areas of study, such as Economics and Accountancy, are linked to this sector. After the session, FIMBank provided students with the possibility of job shadowing in order to enable them to further comprehend the dynamics of the banking environment.

Ms Coleiro stated that "As a financial institution based in Malta, we consider it important that local young talent in relation to banking continues to be tapped, both for the sake of the students' future, as well as in support of a burgeoning financial sector as is Malta's. FIMBank's aim is to continue helping, nurture and develop such talent, and more initiatives in this regard are lined up for 2016 and beyond."

FIMBank Launches New Website

FIMBank recently launched its new website with an ameliorated and modernised design. It aims to facilitate navigation and provide users with a comprehensive guiding tool on FIMBank's range of trade finance and banking services.

An increased focus has been given to the responsiveness of the website to ensure efficiency as users navigate from one page to the other. The selected website architecture is more adaptable to Search Engine Optimisation processes through its structure and design, improving its overall ranking and strength.

"Apart from allowing users to view the site from any device, the redesigned website has a completely new look and feel, offering visitors easier navigation and better customer experience" commented Jason Zammit, Head of Marketing and Administration.



STP Success for FIMBank



Following its consistent success in STP awards, FIMBank has now achieved ratings as high as 99.8% from Deutsche Bank and 98.13% from Commerzbank. Straight Through Processing (STP) rates are considered as the most vital indicator for quality in the field of payment transactions because they reduce manual interventions leading to higher efficiency.

FIMBank invests in continuous training to its Payment Order Team to ensure that customer payments are settled in a cost effective manner within the shortest time span possible. FIMBank's consistent

performance in this regard is highlighted by its nine year streak in winning the Deutsche Bank STP Excellence Award.

"Our commitment to providing a high level of standard is highlighted by our continued monitoring of STP ratings on a monthly basis. FIMBank will maintain its high level of quality in terms of payment transactions by further investing in the training of our employees and in the latest technology" commented Maria Said, Head of Payment Orders.

FIMBank supports Malta Association of Small Shareholders

FIMBank has signed an agreement with the Malta Association of Small Shareholders (MASS), which aims to support the latter's activities. The MASS is a non-governmental organisation run on an autonomous and voluntary basis, and is primarily dedicated to promoting Financial Literacy amongst retail investors. It does this by means of regular events which address diverse topics of interest to its members as well as the general public. It also utilises communication tools such as its newsletter and social media channels.

FIMBank has long supported the activities of the MASS, and the recent agreement formalises a long-standing relationship between the two. "FIMBank was one of the first listed companies to open its doors to the Association", stated FIMBank Group Chairman Dr John C. Grech. "We are committed to the protection of shareholders' rights and their equal treatment. We are also always looking to keep



open, extend and diversify the channels of communication with all our shareholders, as well as ensuring that the wider community of Maltese shareholders is kept abreast of developments at FIMBank", he added.

Meanwhile, Tarcisio Barbara, from the Public Relations Office of MASS, stated that "We greatly appreciate FIMBank's support towards the fulfilment of our mission in increasing financial literacy and knowledge of MSE-listed companies among local shareholders and investors. This agreement underlines and reflects the mutual respect which has developed between the two entities."

Burgan Bank Wins Four ABF Awards

Source: *Zawya*, 26 July 2016

Burgan Bank has been awarded four awards by The Asian Banking & Finance Magazine, one of the most distinguished publications that reports on a wide array of financial news across various practices. Burgan Bank was awarded 'Best Domestic Retail Bank of the Year' for the fourth consecutive year, 'Best Mobile Banking Initiative of the Year in Kuwait' for the successful development and implementation of the Bank's application on the Apple watch, 'Best Digital Banking Initiative of the Year in Kuwait' for its page on Instagram which targets and communicates to youth customers and 'Best Domestic Cash Management Bank of the Year' for the third consecutive year.

Burgan's success was recently announced at the Asian Banking and Finance 2016 Awards ceremony, organised at the Shangri-La Hotel in Singapore. Judges from global institutions highlighted Asian banks that adopt spearheading strategies and excellent levels of customer service which enhances the industry as a whole.

Commenting on this success, Mr. Raed Al Haqhaq, Burgan Bank's Chief Banking Officer said: "We are honored to be acknowledged by the Asian Banking & Finance Magazine and to receive these four prestigious awards. The awards are a reflection of our commitment to attain customers' trust through excellence and to building an innovative and customer centric bank. This year, we have won two



new awards which are the 'Best Mobile Banking Initiative of the year' and 'Best Digital Banking Initiative of the year' awards. Helping banks go Digital is at the core of our strategy and these awards will encourage us to strive even harder to make our customers successful in their Digital endeavors.

He added, "We will continue to innovate and bring to our customers superior Digital and mobile solutions built on our state-of-the-art technologies. We are proud of having set the bar for best initiative in the digital and mobile banking business and we look forward to driving similar success across the regions and globally."

Burgan Bank continues to execute its strategy and utilise best practices that are consistent with its overall growth objectives on varied fronts. The latest awards join an extensive list that Burgan Bank continues to receive. This highlights its growth story and progress of its local, regional and international operations. Moreover, Burgan Bank has one of the largest regional branch networks across Kuwait, Turkey, Algeria, Iraq, Tunisia, Lebanon and Palestine.

KIPCO announces 13% jump in Q1 net profit

Source: *Kuwaiti Times*, 26 April 2016

'Core businesses continue to grow:' CEO Investment

KIPCO – the Kuwait Projects Company – has announced a net profit of KD 13.5 million (\$ 44.7 million) for the first three months of 2016 – an increase of 13 per cent over the KD 12 million (\$ 40 million) profit reported for the same period last year. Earnings per share grew by 18 per cent to 7.45 fils (\$2.5 cents) from 6.31 fils (\$2.1 cents) per share reported for the same period last year. The company also reported a 7 per cent rise in its operating profits before provisions during the first quarter of 2016, at KD 40 million (\$ 133 million) from KD 37.5 million (\$124 million) reported for the first quarter of last year.

KIPCO's consolidated assets increased to KD 10 billion (\$33 billion) from KD 9.6 billion (\$32 billion) at year-end 2015. Tariq AbdulSalam, KIPCO's Chief Executive Officer – Investment, said the company's first quarter results reflect the revenue growth KIPCO's core companies

continue to achieve despite the difficult global economic conditions: "Our first quarter results are in line with our performance expectations, given the difficult trading conditions the world is experiencing. The revenue growth achieved by our core businesses in the first quarter of 2016 will help KIPCO achieve growth in the high single digit by the end of the year, as we forecasted in our Shafafiyah Investors' Forum in March."

The KIPCO Group is one of the biggest holding companies in the Middle East and North Africa, with consolidated assets of US\$ 33 billion as at 31 March 2016. The Group has significant ownership interests in over 60 companies operating across 24 countries. The group's main business sectors are financial services, media, real estate and manufacturing. Through its core companies, subsidiaries and affiliates, KIPCO also has interests in the education and medical sectors.

Kuwait's Burgan Bank contributes to loan backing clean fuels project

Source: *Gulf News*, 2 May 2016

Burgan Bank on Monday said its contribution towards state-owned refiner Kuwait National Petroleum Co's \$1.2 billion loan to finance its clean fuels project was 70 million dinars (\$232.8 million).

The financing will boost the profitability of the bank in the long term and diversify the bank's loan portfolio, Burgan said in a bourse statement. The tranche, provided by local banks and lasting for 10 years, worth 1.2 billion dinars (\$3.98 billion) was signed on the 28th April 2016.



FIMBank announces return to profitability

Significant milestone reached in turnaround strategy

The FIMBank Group has announced a return to profitability for the first time since June 2014, attributing this achievement to the continued and successful implementation of a consolidation strategy adopted in 2015. This emerges from the publication of the Group's Interim Financial Statements for 2016, which were published recently.

The Group's Consolidated Audited Financial Statements show that for the period ending 30 June 2016, the Group registered a profit after tax of USD1.21 million compared to a loss of USD8.64 million for the same six-month period in 2015. At 30 June 2016, Total Consolidated Assets stood at USD1.60 billion, an increase of 11% over the USD1.44 billion reported at end 2015, while Total Consolidated Liabilities stood at USD1.43 billion, up by 13% from USD1.27 billion at end 2015.

During the period under review, operating income rose by 34%, from USD15.88 million to USD21.24 million by end-June 2016. The Group's operating results before impairments, down by USD3.01 million, were affected by lower margins attributable to various factors. Meanwhile, in another milestone achievement, particularly in the context of the recovery efforts which the current management team set out to implement during 2015, the level of net impairments continued its steep descent during this period, down from USD8.56 million to USD0.19 million for the six months ended 30 June of this year. The period under review also saw a marked decrease in operating expenses of USD4.50 million, mainly reflecting an improved cost-management discipline across the Group.

Commenting on the financial results, FIMBank Group CEO Murali Subramanian stated that "The positive financial results we have announced reflect our perseverance in implementing the turnaround strategy set out in 2015. This was founded on the need to improve our origination strategy, harmonise our product offering whilst looking at new product opportunities, a market-appropriate risk appetite, and cost efficiencies across the whole Group. These principles provided a platform from which FIMBank has been successfully stabilising its performance, growing its loan book and reversing the negative financial trend by returning a half-yearly profit."

The Group CEO explained that the ongoing restructuring of a number of business units across the factoring network "will provide the basis for a steady operating performance in the months to come." Subramanian also highlighted the Group's successful approach to the retail depositor market, thanks to the diversification of its funding base and a reduction in the overall cost of funding.

Interim Financial Statements (FIM243)

The following is a Company Announcement issued by FIMBank p.l.c. ("FIMBank" or the "Bank") pursuant to Chapter 5 of the Malta Financial Services Authority Listing Rules.

Quote

The Board of Directors of FIMBank met in London on 9 August 2016, to approve the Consolidated and the Bank's Interim Financial Statements for the six months ended 30 June 2016.

The Half-Yearly Report, drawn up in terms of the Listing Rules, is attached to this Company Announcement. The Interim Financial Statements are unaudited but independently reviewed by KPMG, the Registered Auditors.

In accordance with the requirements of the Listing Rules the Half-Yearly Report is being made publicly available for viewing on the Bank's website at www.fimbank.com.

Andrea Batelli
Company Secretary
10th August 2016

He also made reference to new product offerings during the period, "which exploited existing expertise, and aimed at diversifying revenue streams geographically as well as by sector". He concluded by stating that the growth registered by the Group was supported by the "rigorous management of the Group's different portfolios through an enhanced governance structure and risk frameworks."

Commenting on the immediate outlook for the FIMBank Group, Chairman Dr John C Grech stated that the Group is "very encouraged by the profits registered during the first half of 2016, adding that "we are confident that this trend will be sustained throughout 2016." He referred to the return to profitability as "an important milestone and a tangible result, which we are confident can be sustained through the effective application of the sound business strategy we have embarked upon." Dr Grech added that with the support of a strong principal shareholder such as the KIPCO Group, and the strong impetus given by the existing performance-driven team, the core pillars of FIMBank's business, namely Trade Commodity Finance, Forfeiting, Factoring and Treasury, have the potential to grow even further in the months to come.

FIMBank's Chairman stressed that the achievements reported during this period "will serve to further reinvigorate our efforts, and focus our attention on registering further improvements across the different facets of the organisation, including asset origination, funding and capital management, risk and compliance, and ultimately, superior profitability and added value to all stakeholders."

Meanwhile, FIMBank's Board of Directors will not be recommending an interim dividend for the period under review.

ISIN	FIM
Company	FIMBank p.l.c.
Total Shares issued	298,536,643
Currency	US Dollar
Share Price (as at 19 Aug 2016)	0.98

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