

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by FIMBank p.l.c. ("FIMBank" or the "Bank") pursuant to the Malta Financial Services Authority Capital Markets Rules 5.16 et seq., in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta) as may be amended from time to time.

Quote

The Board of Directors of FIMBank met on 28 August 2024, to approve the Consolidated and the Bank's Condensed Interim Financial Statements for the six-month period ended 30 June 2024.

The Half-Yearly Report, drawn up in terms of the Capital Markets Rules, is attached to this Company Announcement. The Condensed Interim Financial Statements are independently reviewed by PricewaterhouseCoopers, the Registered Auditors, in accordance with International Standard on Review Engagements 2410 'Review of interim financial information performed by the independent auditor of the entity'.

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

Unquote



Andrea Batelli
Company Secretary

29 August 2024

FIMBANK

Condensed Interim Financial Statements 2024

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Directors' report pursuant to Capital Market Rule 5.75.2

For the six months ended 30 June 2024

The Directors ("Board" or "Directors") present their report together with the Condensed Interim Financial Statements of FIMBank p.l.c. ("the Bank"), and FIMBank Group of Companies ("the Group") for the six months ended 30 June 2024. The report is prepared in accordance with Article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta, the "Companies Act") including further provisions as set out in the Sixth Schedule of the Companies Act and in accordance with the requirements of Capital Markets Rule 5.75.2.

Results for the period

For the six months ended 30 June 2024, the FIMBank Group reported an after-tax profit of USD0.8 million, compared to an after-tax profit of USD3.9 million registered for the six months ended 30 June 2023. No reserves are currently available for distribution.

These published figures have been extracted from the FIMBank Group's Condensed Interim Financial Statements for the six months ended 30 June 2024 as approved by the Board of Directors on 28 August 2024.

Further information about the results are provided in the Condensed Interim Statements of Profit or Loss and the Condensed Interim Statements of Other Comprehensive Income on pages 11 and 12 and in the Review of Performance section within this report.

Group structure and principal activities

The Group comprises the Bank and its branch in the United Arab Emirates, as well as its wholly owned subsidiaries, namely London Forfaiting Company Limited ("LFC"), FIM Property Investment Limited ("FPI"), The Egyptian Company for Factoring S.A.E. ("Egypt Factors") and FIMFactors B.V. ("FIMFactors"). LFC and FIMFactors are themselves parents of a number of subsidiaries as set out below. The Group is supervised on a consolidated basis by the Malta Financial Services Authority ("MFSA"), whilst some of its subsidiaries and the branch are subject to authorisation and regulation of the jurisdictions in which they operate.

A brief description of the activities in the Group follows (% shareholding follows after the name):

- The Bank is a public limited company registered under the laws of Malta and listed on the Malta Stock Exchange. It is licensed as a credit institution under the Banking Act, 1994. The Bank is principally active in providing international trade finance and to act as an intermediary to other financial institutions for international settlements, real estate financing, factoring and loan syndications.

The Bank has a branch registered with the Dubai International Financial Centre, United Arab Emirates, which is regulated by the Dubai Financial Services Authority in the United Arab Emirates.

- LFC (100%) is registered in the United Kingdom as a private limited liability company. It was founded in 1984 and provides international trade finance services (with particular focus on forfaiting business) through an international network of offices. Some of these offices have distinct corporate status in the various jurisdictions where they are providing the service. LFC's activities include the trading of bills of exchange, promissory notes, loans, deferred payment letters of credit and the provision of other financial facilities to companies and banks.

On 23 May 2024, the Directors of London Forfaiting Company Limited ("LFC") resolved to reduce the issued share capital from USD115,600,000 to USD75,600,000 by cancelling and extinguishing 40,000,000 of the issued ordinary shares of USD1.00 each in the company, each of which was fully paid up.

- FPI (100%), registered in Malta, owns and manages FIMBank's Head Office building and manages other properties leased from third parties. FPI is responsible for facility management activities and the leasing of commercial and office space at Mercury Tower, The Exchange Financial & Business Centre, Elia Zammit Street, St. Julian's STJ 3155, Malta, to related parties and third-party tenants.
- Egypt Factors (100%), registered in Egypt, is active in providing factoring services to Egyptian companies;

- FIMFactors (100%), registered in the Netherlands, is the corporate vehicle for the Bank’s holdings in factoring subsidiaries and associated companies. These are:
 - a. India Factoring and Finance Solutions (Private) Limited (88.16%), incorporated in Mumbai, India, to carry out the business of factoring in India. India Factoring is regulated by the Reserve Bank of India; and
 - b. BrasilFactors S.A. (50%), an equity-accounted investee incorporated in São Paulo, Brazil, with its core business focused on factoring services, targeting small and medium-sized companies. The other shareholder in this company is China Construction Bank (50%).

Annual general meeting

The Bank convened its Annual General Meeting as per Legal Notice 288 of 2020 on 12 June 2024.

Directors

The Directors who served during the financial period ended 30 June 2024 (inclusive of any changes to the date of this report) were:

John C. Grech (Chairman)
 Masaud M. J. Hayat (Vice Chairman)
 Sheikha Dana Naser Sabah Al Ahmad Al Sabah (Subject to regulatory approval)
 Hussain Abdul Aziz Lalani
 Edmond Brincat
 Erich Schumacher (Resigned on 24 April 2024)
 Mohamed Louhab (Resigned on 1 August 2024. Refer to Note 19 – Subsequent events)
 Rabih Soukarieh
 Samer Abbouchi (Subject to regulatory approval)
 Sunny Bhatia
 Teuta Bakalli

Related Party Transactions pursuant to Capital Market Rule 5.82

The ultimate parent company of FIMBank p.l.c. is Kuwait Projects Company (Holding) K.S.C.P. (“KIPCO”) a company registered in Kuwait. The Bank has a related party relationship with its significant shareholders, subsidiaries, directors, executive officers and companies forming part of the KIPCO Group.

Related party transactions carried out by the Bank and its subsidiaries during the first semester are disclosed in Note 17 of the Condensed Interim Financial Statements 2024.

Review of performance

The Group closed the first six months with a pre-tax profit of USD4.0 million, compared to USD6.0 million in the same period of 2023. Post-tax profit was USD0.8 million, down from USD3.9 million in the first half of 2023.

Operating income before net impairment was USD27.0 million, and operating expenses amounted to USD21.0 million, both of which were fairly consistent with the same period last year (June 2023: USD27.8 million and USD21.0 million, respectively). However, net impairment losses increased by USD1.2 million to reach USD2.0 million, and taxes rose by USD1.1 million to USD3.2 million compared to the period ending June 2023.

With the support of external advisors, the Group is undergoing transformational change. This process involves reassessing and challenging its business model, portfolio allocations, and subsidiary strategies, while also reducing organisational complexity and identifying investment areas. At the same time, the Group remains focused on maintaining more diversified funding and adequate liquidity. These efforts are designed to enhance revenue generation, improve profitability, and build sustainable capital origination capabilities.

As part of this transition, the Group has initiated several measures to enhance its balance sheet structure by optimising pricing and maturities on both the asset and liability sides. Consequently, the Group has reduced its balance sheet size by 18%, with the most significant decrease observed in treasury assets and liabilities. These steps are intended to improve net interest margins, capital efficiency, and liquidity management, with anticipated positive outcomes in future periods. This strategic reduction positions the Group to rebuild its balance sheet in the foreseeable future.

LFC continued its positive trajectory from 2023, achieving a post-tax profit of USD5.2 million for the first half of 2024, compared to USD4.5 million in June 2023, marking one of its best performances to date. To effectively manage the Group's capital ratios and due to the dynamic nature of LFC's portfolio, LFC strategically reduced its forfaiting portfolio by 10% from December 2023 levels. Nonetheless, the average balance for the first half of the year was 2% higher than in the same period last year. Despite the lower portfolio balances, turnover increased significantly in the first half of the year as LFC capitalised on favourable trading opportunities. Turnover of forfaiting assets, indicating the volume of deals sold or matured, directly impacts trading income. For the first half of 2024, turnover was 25% higher than in the same period last year. While the improved market environment has facilitated increased business activity, Management remains cautious of geopolitical challenges and monetary policies in key markets. Consequently, Management has adopted a more selective approach to portfolio building.

In the first half of the year, India Factoring achieved a post-tax profit of USD2.1 million, an increase from USD1.2 million in June 2023. The entity expanded its factoring portfolio by 4% and grew its operating income by 12%, although operating expenses also rose by 13%. Additionally, the subsidiary reversed net impairment losses of USD1.9 million following the successful cash recovery of debts from legacy non-performing clients. Furthermore, India Factoring secured funding from a private sector bank in India, thereby reducing its dependency on the Group.

As Egypt navigates challenges related to inflation, currency devaluation, and socio-political uncertainty, our subsidiary, Egypt Factors, has felt the impact of these conditions in several ways. Despite facing a devaluation of assets denominated in Egyptian pounds, higher funding costs, reduced invoice turnover, and lower portfolio volumes, the entity managed to achieve a profit of USD0.3 million in the first six months. However, this represents a decline from the USD0.6 million recorded as of June 2023.

The Group has continued its efforts to align its NPL ratio with that of the European Economic Area by securing recoveries and writing off certain exposures while maintaining a stable flow of new business without generating new material NPA inflows. The Group's NPL ratio, which was 20.0% in December 2020 at the height of the pandemic, has now been reduced to 2.9%. Although the Group continues to manage a variety of credit-related risks, Management has implemented significant tightening measures by reducing country and client limits, as well as exiting weaker credits and higher-risk geographies. While these actions have had a considerable impact on the Group's balance sheet, volumes, and profitability, Management believes this groundwork is essential for positioning the Group for sustainable growth in the future.

The Group's capital position remained stable, with a Total Capital Ratio ("TCR") of 19.3%, compared to a minimum TCR requirement of 16.8%. The Group maintained a strong liquidity position throughout the period under review, with an average Liquidity Coverage Ratio (LCR) of 361%, well above the regulatory minimum requirement and the Group's internal risk appetite level.

Statements of profit or loss

The results for the period under review are summarised in the table below which should be read in conjunction with the explanatory commentary that follows:

	30 Jun 2024	Group 30 Jun 2023 <i>Restated</i>	Movement
	USD	USD	USD
Net interest income	27,444,629	28,513,436	(1,068,807)
Net fee and commission income	454,563	(479,156)	933,719
Other operating income	12,420	1,045,446	(1,033,026)
Operating results before net impairment and net trading results	27,911,612	29,079,726	(1,168,114)
Operating expenses	(20,950,485)	(21,011,573)	61,088
Income before net impairment and net trading results	6,961,127	8,068,153	(1,107,026)
Net trading loss	(946,644)	(1,280,471)	333,827
Net impairment losses	(1,995,152)	(773,962)	(1,221,190)
Profit before taxation	4,019,331	6,013,720	(1,994,389)
Taxation	(3,194,076)	(2,130,387)	(1,063,689)
Profit for the period	825,255	3,883,333	(3,058,078)

The Group reported 'Operating results before net impairment and net trading results' of USD27.9 million, reflecting a decrease of USD1.2 million (4%) year-over-year. 'Net interest income' decreased by USD1.1 million (4%) to USD27.4 million, primarily due to interest rate hikes. The rising cost of funds was not matched by an increase in interest yield, leading to a narrower net interest margin.

'Net fee and commission income' improved to USD0.5 million, a significant turnaround from the negative 'Net fee and commission income' of USD0.5 million in the six-month period ended 30 June 2023. This improvement was driven by higher fee income from forfaiting and trade finance, as well as reduced fee expenses on factoring receivables. However, 'Other operating income' declined by USD1.0 million primarily driven by a one-off fair value gain on equity investments measured at fair value through profit or loss, that was recorded in the six month period ended 30 June 2023.

'Operating expenses' remained stable at USD21.0 million, consistent with the first half of 2023, despite inflationary pressures. The Group reported a 'Net trading loss' of USD0.9 million, an improvement of USD0.3 million compared to the previous period.

The Group initiated a review of the credit risk associated with its performing assets. Although the review is still in its early stages, the Group proactively increased provisions for Stage 1 and Stage 2 performing assets by USD1.9 million, compared to a reversal of USD0.4 million recorded in June 2023.

The Group recovered USD0.8 million from previously written-off debt, up from USD0.5 million during the period ended 30 June 2023. Additionally, USD3.8 million of non-performing exposures were written off (30 June 2023: USD28.0 million), with no reasonable expectation of recovering the contractual cash flows. These write-offs had been largely provided for in previous years. The Group retains the right to enforce, sell, or transfer the credit but has not forgiven the debt.

In response to the recovery and write-off of balances, the Group reversed provisions for credit losses on legacy non-performing clients by USD6.1 million (30 June 2023: USD27.7 million). These actions, along with other measures, reduced the Non-Performing Loan (NPL) Ratio to 2.9%, well below the 5% threshold set by the MFSA in Banking Rule BR/09. However, the Group increased provisions for credit losses on other non-performing assets by USD3.3 million (30 June 2023: USD1.4 million).

Due to the increased taxable profits of the Group entities, provisions for taxation were adjusted by USD3.2 million for the six months ended 30 June 2024 (30 June 2023: USD2.1 million). The Group utilised some of its deferred tax assets and conducted an assessment to ensure their recoverability before their expiration date.

For the six months ended 30 June 2024, FIMBank Group reported a profit after tax of USD0.8 million, compared to USD3.9 million in June 2023.

Financial position

As of 30 June 2024, the Group's consolidated assets amounted to USD1.29 billion, reflecting a contraction of USD291 million (18%) compared to the end of 2023. This reduction was primarily driven by a USD215 million (36%) decrease in Treasury Assets (forming part of 'Balances with the Central Bank of Malta, treasury bills and cash' and 'Loans and advances to banks'), largely due to a USD158 million decline in balances held with the Central Bank of Malta and treasury bills. Additionally, other bank deposits (forming part of 'Loans and advances to banks') and the Group's investment in bond portfolio decreased by USD31 million and USD26 million, respectively. Loans to financial institutions (forming part of 'Loans and advances to banks'), trading assets, and the trade finance portfolio (forming part of 'Loans and advances to customers') also saw reductions of USD32 million, USD28 million, and USD25 million, respectively, while factoring balances (forming part of 'Loans and advances to customers') increased by USD11 million.

The Group reviewed its significant holdings, including investment property and recognized deferred tax assets, and determined that these are accurately represented in its Financial Statements. The Bank also reviewed its investments in subsidiaries and concluded that all were adequately recognised, except for its investment in Egypt Factors, which was impaired by USD1.5 million at the Bank level, during the financial period ended 30 June 2024 (Refer to Note 12).

Similarly, the Group's consolidated liabilities decreased by USD291 million (21%) from the end of 2023, closing the six-month period at USD1.11 billion. The Group reduced its corporate and retail deposits (forming part of 'Amounts owed to customers') by USD119 million, and lowered wholesale funding and bank deposit funding (forming part of 'Amounts owed to institutions and banks') by USD111 million and USD52 million respectively. Debt securities in issue also decreased by USD11 million.

As of the financial reporting date, the Group's total equity remained unchanged at USD179.0 million.

At the end of June 2024, the Group's CET1 and CAR ratios were both 19.3% (31 December 2023: 18.3%), approximately 250 basis points above the regulatory requirement. These ratios include the impact of additional capital charges under the SREP Pillar II and MREL requirements established by the MFSA.

Principal risks and uncertainties

FIMBank is a banking group offering a suite of trade finance products across the different geographies it operates in, mainly emerging markets. The risks associated with this business model are multiple and varied. Exposure to credit risk, liquidity risk, interest rate risk and foreign exchange risk arises in the normal course of the Group's business. As the Group is mainly engaged in cross-border trade finance transactions, the business performance is also impacted by the overall performance of the world economy, in particular to the level of cross-border trade between countries at varying stages of their economic development and which may not yet have achieved the level of stability of developed countries. This exposes the Group to risks of political and economic changes including volatilities to commodity prices, exchange control regulation and difficulties in preserving own legal rights.

Both FIMBank and its main Group entities are exposed to such risks in different degrees based on their size and complexity. FIMBank, as the parent company, ensures that all Group entities adhere to the Group's risk, governance and compliance frameworks as updated from time to time.

Further disclosures on the Group's principal risks and uncertainties are provided in Note 5 of the Annual Report and Financial Statements 2023 and the Pillar 3 Disclosures Report of FIMBank p.l.c, published on the Bank's website.

Outlook for the second semester of 2024

The Group remains committed to executing its strategy, pursuing business opportunities in alignment with the Board-established risk appetite and the principle of risk-adjusted returns. The Group's balance sheet has become more resilient due to the gradual resolution of legacy exposures while maintaining a healthy liquidity and capital profile. Following the initial interest rate cuts led by monetary policymakers in the EU and UK, we align with broader market expectations of further rate reductions in the second half of 2024.

Anticipated customer portfolio growth is expected to be modest, consistent with our customer-centric approach and within regulatory capital requirements. The Group's strategic focus remains on business lines and geographical areas that offer superior returns and present lower risks, thereby delivering consistent value. As we simplify complex structures, our business lines are being streamlined, and our presence in Malta continues to evolve and mature.

The Group remains focused on refining its strategy to pursue long-term objectives of enhancing and future-proofing shareholder value. Progress has been made on the Group's strategic transformation journey, with several initiatives already implemented and additional initiatives currently in progress.

The Group's broader ESG workstream is underway, with key focus areas including governance, business and environmental materiality assessments, the definition of a risk appetite statement, a key risk indicators framework, updated risk policies, ESG scorecards, a client engagement plan, and training programs.

Thanks to its pool of highly skilled human capital across various disciplines, ongoing investment in technology, reduced legacy balance sheet items, and the stability provided by a strong shareholder base, the Group is well-positioned to progress steadily and sustainably toward its strategic goals.

Approved by the Board on 28 August 2024 and signed on its behalf by:



John C. Grech
Chairman



Masaud M. J. Hayat
Vice Chairman

Statement pursuant to Capital Market Rule 5.75.3

We hereby confirm that to the best of our knowledge:

- the Condensed Interim Financial Statements set out on pages 9 to 56 give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2024, as well as of the financial performance and cash flows for the period then ended, fully in compliance with IAS 34, Interim Financial Reporting, adopted by the EU; and
- the Interim Directors' Report includes a fair review of the information required in terms of Capital Market Rules 5.75.2 and 5.81 to 5.84.



Simon Lay
Deputy Group Chief Executive Officer



Juraj Beno
Group Chief Financial Officer

Condensed interim statements of financial position

	Note	Group		Bank	
		30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Assets					
Balances with the Central Bank of Malta, treasury bills and cash		195,023,733	353,010,186	195,012,290	352,997,057
Derivative assets held for risk management	11	639,798	715,713	639,798	812,609
Trading assets		346,215,116	374,177,108	9,911,831	-
Loans and advances to banks		92,097,842	152,814,948	77,556,336	114,325,243
Loans and advances to customers		417,071,186	431,342,074	573,743,880	618,118,225
Financial investments at fair value through profit or loss		17,469,694	19,329,840	17,469,694	19,329,840
Financial investments at fair value through other comprehensive income		131,812,528	140,755,780	131,812,528	140,755,780
Financial investments at amortised cost		11,320,012	28,399,073	11,320,012	28,399,073
Investments in subsidiaries	12	-	-	116,182,573	157,687,573
Property and equipment		23,906,118	25,185,250	2,731,694	2,994,784
Investment property		21,564,226	22,257,617	-	-
Intangible assets		2,307,924	2,623,987	2,307,924	2,624,736
Current tax assets		2,003,159	1,910,849	-	-
Deferred tax assets		18,286,438	19,000,479	15,004,834	15,004,834
Other assets		10,068,178	9,161,060	7,505,437	7,747,110
Total assets		1,289,785,952	1,580,683,964	1,161,198,831	1,460,796,864
Liabilities and equity					
Liabilities					
Derivative liabilities held for risk management	11	696,462	626,476	717,779	626,476
Amounts owed to institutions and banks		251,270,541	412,570,931	171,793,275	333,498,402
Amounts owed to customers		817,035,250	934,738,942	818,257,004	951,166,330
Debt securities in issue	13	16,209,186	27,543,864	-	-
Current tax liabilities		1,922,357	1,631,829	-	-
Deferred tax liabilities		4,134,033	4,266,961	-	-
Provision for liabilities and charges		360,200	236,214	289,338	90,135
Other liabilities		18,386,957	19,771,615	10,557,221	10,633,538
Total liabilities		1,110,014,986	1,401,386,832	1,001,614,617	1,296,014,881
Equity					
Called up share capital		261,221,882	261,221,882	261,221,882	261,221,882
Share premium		858,885	858,885	858,885	858,885
Currency translation reserve		(14,864,093)	(14,337,472)	-	-
Fair value reserve		(4,500,572)	(4,677,868)	(17,205,154)	(17,382,450)
Other reserve		2,982,435	2,982,435	2,681,041	2,681,041
Accumulated losses		(66,694,043)	(67,269,892)	(87,972,440)	(82,597,375)
Total equity attributable to equity holders of the Group		179,004,494	178,777,970	159,584,214	164,781,983
Non-controlling interests		766,472	519,162	-	-
Total equity		179,770,966	179,297,132	159,584,214	164,781,983
Total liabilities and equity		1,289,785,952	1,580,683,964	1,161,198,831	1,460,796,864

Condensed interim statements of financial position

	Note	Group		Bank	
		30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Memorandum items					
Contingent liabilities	14	30,699,151	31,281,753	46,757,389	42,331,477
Commitments	15	119,652,654	147,803,707	114,502,042	100,220,087

These Condensed Interim Statements were approved by the Board of Directors and authorised for issue on 28 August 2024 and signed on its behalf by:



John C. Grech
Chairman



Masaud M. J. Hayat
Vice Chairman



Simon Lay
Deputy Group Chief Executive Officer



Juraj Beno
Group Chief Financial Officer

Condensed interim statements of profit or loss

For the six months ended 30 June

		Group 2024	2023 <i>Restated</i>	Bank 2024	2023 <i>Restated</i>
	Note	USD	USD	USD	USD
Interest income		51,887,669	46,091,057	29,271,268	25,477,948
Interest expense		(24,443,040)	(17,577,621)	(19,915,983)	(14,429,779)
Net interest income		27,444,629	28,513,436	9,355,285	11,048,169
Fee and commission income		3,271,486	2,462,448	2,069,130	1,626,355
Fee and commission expense		(2,816,923)	(2,941,604)	(614,859)	(666,926)
Net fee and commission income/(expense)	8	454,563	(479,156)	1,454,271	959,429
Net trading loss	9	(946,644)	(1,280,471)	(530,849)	(761,690)
Net (loss)/gain from equity investments measured at fair value through profit or loss		(287,054)	799,862	(287,054)	799,862
Dividend income	10	-	-	2,000,000	2,000,000
Other operating income		418,447	395,642	99,644	163,500
Other operating expenses		(118,973)	(150,058)	(1)	(3,714)
Operating income before net impairment		26,964,968	27,799,255	12,091,296	14,205,556
Net movement in expected credit losses and other credit impairment charges	6	(1,995,152)	(773,962)	(2,914,618)	(2,923,093)
Impairment of investments in subsidiaries	12	-	-	(1,500,000)	-
Operating income		24,969,816	27,025,293	7,676,678	11,282,463
Administrative expenses		(19,169,080)	(19,414,226)	(11,189,322)	(12,098,825)
Depreciation and amortisation		(1,781,405)	(1,597,347)	(1,402,269)	(1,420,615)
Total operating expenses		(20,950,485)	(21,011,573)	(12,591,591)	(13,519,440)
Profit/(Loss) before tax		4,019,331	6,013,720	(4,914,913)	(2,236,977)
Taxation		(3,194,076)	(2,130,387)	(460,152)	(301,822)
Profit/(Loss) for the period		825,255	3,883,333	(5,375,065)	(2,538,799)
Profit/(Loss) for the period attributable to:					
Equity holders of the Bank		575,849	3,737,884	(5,375,065)	(2,538,799)
Non-controlling interests		249,406	145,449	-	-
		825,255	3,883,333	(5,375,065)	(2,538,799)
Earnings per share					
Basic earnings per share (US cents)		0.11	0.72		

Condensed interim statements of other comprehensive income

For the six months ended 30 June

	Group 2024	2023 <i>Restated</i>	Bank 2024	2023 <i>Restated</i>
	USD	USD	USD	USD
Profit/(Loss) for the period	825,255	3,883,333	(5,375,065)	(2,538,799)
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations - foreign currency translation differences	(528,717)	(164,689)	-	-
Debt instruments at fair value through other comprehensive income:				
– Fair value gains	177,296	2,180,006	177,296	2,180,006
Other comprehensive income, net of tax	(351,421)	2,015,317	177,296	2,180,006
Total comprehensive income	473,834	5,898,650	(5,197,769)	(358,793)
Total comprehensive income attributable to:				
Equity holders of the Bank	226,524	5,748,828	(5,197,769)	(358,793)
Non-controlling interests	247,310	149,822	-	-
	473,834	5,898,650	(5,197,769)	(358,793)

Condensed interim statements of changes in equity

For the six months ended 30 June 2024

Group

	Attributable to equity holders of the Bank						Total USD	Non- controlling interests USD	Total equity USD
	Called up share capital USD	Share premium USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Accumulated losses USD			
Balance at 1 January 2024	261,221,882	858,885	(14,337,472)	(4,677,868)	2,982,435	(67,269,892)	178,777,970	519,162	179,297,132
Total comprehensive income									
Profit for the period	-	-	-	-	-	575,849	575,849	249,406	825,255
Other comprehensive income:									
Foreign operations - foreign currency translation differences	-	-	(526,621)	-	-	-	(526,621)	(2,096)	(528,717)
Debt instruments at fair value through other comprehensive income:									
– Fair value gains, net of tax	-	-	-	177,296	-	-	177,296	-	177,296
Total other comprehensive income	-	-	(526,621)	177,296	-	-	(349,325)	(2,096)	(351,421)
Total comprehensive income	-	-	(526,621)	177,296	-	575,849	226,524	247,310	473,834
Balance at 30 June 2024	261,221,882	858,885	(14,864,093)	(4,500,572)	2,982,435	(66,694,043)	179,004,494	766,472	179,770,966

Condensed interim statements of changes in equity

For the six months ended 30 June 2023

Group

	Attributable to equity holders of the Bank						Total USD	Non- controlling interests USD	Total equity USD
	Called up share capital USD	Share premium USD	Currency translation reserve USD	Fair value reserve ¹ USD	Other reserve USD	Accumulated losses USD			
Balance at 1 January 2023 (as restated)	261,221,882	858,885	(13,717,527)	(14,077,514)	2,982,435	(67,240,656)	170,027,505	482,593	170,510,098
Total comprehensive income									
Profit for the period	-	-	-	-	-	3,737,884	3,737,884	145,449	3,883,333
Other comprehensive income:									
Foreign operations - foreign currency translation differences	-	-	(169,062)	-	-	-	(169,062)	4,373	(164,689)
Debt instruments at fair value through other comprehensive income:									
– Fair value gains, net of tax	-	-	-	2,180,006	-	-	2,180,006	-	2,180,006
Total other comprehensive income	-	-	(169,062)	2,180,006	-	-	2,010,944	4,373	2,015,317
Total comprehensive income	-	-	(169,062)	2,180,006	-	3,737,884	5,748,828	149,822	5,898,650
Balance at 30 June 2023 (as restated)	261,221,882	858,885	(13,886,589)	(11,897,508)	2,982,435	(63,502,772)	175,776,333	632,415	176,408,748

¹ The fair value reserve as at 1 January 2023 has been restated to reflect the reversal of the reclassification of a portfolio of investments which was previously reported and measured at amortised cost and is now presented and measured at fair value through other comprehensive income. Refer to Note 25.2 of the Annual Report and Financial Statements 2023 of FIMBank p.l.c. for an explanation of the impact.

Condensed interim statements of changes in equity

For the six months ended 30 June 2024

Bank

	Called up share capital USD	Share premium USD	Fair value reserve USD	Other reserve USD	Accumulated losses USD	Total equity USD
Balance at 1 January 2024	261,221,882	858,885	(17,382,450)	2,681,041	(82,597,375)	164,781,983
Total comprehensive income						
Loss for the period	-	-	-	-	(5,375,065)	(5,375,065)
Other comprehensive income:						
Debt investments at fair value through other comprehensive income:						
– Fair value gains, net of tax	-	-	177,296	-	-	177,296
Total other comprehensive income	-	-	177,296	-	-	177,296
Total comprehensive income	-	-	177,296	-	(5,375,065)	(5,197,769)
Balance at 30 June 2024	261,221,882	858,885	(17,205,154)	2,681,041	(87,972,440)	159,584,214

Condensed interim statements of changes in equity

For the six months ended 30 June 2023

Bank

	Called up share capital USD	Share premium USD	Fair value reserve ² USD	Other reserve USD	Accumulated losses USD	Total equity USD
Balance at 1 January 2023 (as restated)	261,221,882	858,885	(25,501,836)	2,681,041	(85,087,523)	154,172,449
Total comprehensive income						
Loss for the period	-	-	-	-	(2,538,799)	(2,538,799)
Other comprehensive income:						
Debt investments at fair value through other comprehensive income:						
– Fair value gains, net of tax	-	-	2,180,006	-	-	2,180,006
Total other comprehensive income	-	-	2,180,006	-	-	2,180,006
Total comprehensive income	-	-	2,180,006	-	(2,538,799)	(358,793)
Balance at 30 June 2023 (as restated)	261,221,882	858,885	(23,321,830)	2,681,041	(87,626,322)	153,813,656

² The fair value reserve as at 1 January 2023 has been restated to reflect the reversal of the reclassification of a portfolio of investments which was previously reported and measured at amortised cost and is now presented and measured at fair value through other comprehensive income. Refer to Note 25.2 of the Annual Report and Financial Statements 2023 of FIMBank p.l.c. for an explanation of the impact.

Condensed interim statements of cash flows

For the six months ended 30 June

	Group 2024 USD	2023 <i>Restated</i> USD	Bank 2024 USD	2023 <i>Restated</i> USD
Cash flows from operating activities				
Interest and commission receipts	60,708,156	48,025,534	21,395,823	18,855,445
Interest and commission payments	(32,740,025)	(17,958,307)	(20,881,295)	(12,428,304)
Payments to employees and suppliers	(21,098,405)	(18,484,401)	(11,852,973)	(12,856,881)
Operating profit/(loss) before changes in operating assets/liabilities	6,869,726	11,582,826	(11,338,445)	(6,429,740)
Decrease/(Increase) in operating assets:				
– Loans and advances to customers and banks	54,377,280	121,423,347	69,392,339	166,658,880
– Other assets	(860,369)	(865,886)	103,100	(1,050,996)
(Decrease)/Increase in operating liabilities:				
– Amounts owed to customers, institutions and banks	(237,479,527)	(123,769,730)	(239,803,769)	(127,455,205)
– Other liabilities	1,343,057	10,070	1,173,647	63,085
– Net inflows/(outflows) from balances with subsidiary companies	-	-	2,550,211	(35,776,875)
Cash flows (used in)/from trading assets:				
– Payments to acquire trading assets	(504,127,673)	(392,337,751)	(9,900,000)	-
– Proceeds on settlement of trading assets	527,288,313	419,679,180	-	-
Net cash (used in)/generated from operating activities before income tax	(152,589,193)	35,722,056	(187,822,917)	(3,990,851)
Income tax paid	(2,459,052)	(707,576)	(460,152)	(301,822)
Net cash flows (used in)/from operating activities	(155,048,245)	35,014,480	(188,283,069)	(4,292,673)
Cash flows from investing activities				
Payments to acquire financial investments at amortised cost	-	(13,440,236)	-	(13,440,236)
Payments to acquire treasury bills at amortised cost	(31,587,228)	(155,459,939)	(31,587,228)	(155,459,939)
Payments to acquire property and equipment	(86,356)	(52,949)	(30,585)	(19,009)
Payments to acquire intangible assets	(151,284)	(203,774)	(151,284)	(203,774)
Proceeds on settlement of financial investments at fair value through profit or loss	993,777	-	993,777	-
Proceeds on maturity of financial investments at fair value through other comprehensive income	5,000,000	13,745,002	5,000,000	13,745,002
Proceeds on maturity of financial investments at amortised cost	17,211,727	-	17,211,727	-
Proceeds on maturity of treasury bills at amortised cost	121,354,737	153,437,106	121,354,737	153,437,106
Proceeds on redemption of shares in subsidiary companies	-	-	40,003,487	-
Proceeds on disposal of property and equipment	197	3,564	-	-
Receipt of dividends	-	-	2,000,000	2,000,000
Net cash flows from/(used in) investing activities	112,735,570	(1,971,226)	154,794,631	59,150
(Decrease)/Increase in cash and cash equivalents c/f	(42,312,675)	33,043,254	(33,488,438)	(4,233,523)

Condensed interim statements of cash flows

For the six months ended 30 June

	Group 2024	2023 <i>Restated</i>	Bank 2024	2023 <i>Restated</i>
	USD	USD	USD	USD
(Decrease)/Increase in cash and cash equivalents b/f	(42,312,675)	33,043,254	(33,488,438)	(4,233,523)
Cash flows used in financing activities				
- Proceeds on issue of debt securities in issue	21,339,307	10,737,898	-	-
- Payments to settle debt securities in issue	(31,655,888)	(20,791,949)	-	-
- Payment of lease liabilities	(665,560)	(348,577)	(976,467)	(711,883)
Net cash flows used in financing activities	(10,982,141)	(10,402,628)	(976,467)	(711,883)
Effect of realised exchange gains/(losses) arising from cash movements during the year	9,534,594	(6,721,117)	6,799,758	(2,719,900)
(Decrease)/Increase in cash and cash equivalents	(43,760,222)	15,919,509	(27,665,147)	(7,665,306)
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	(7,468,700)	1,424,220	(6,241,310)	1,785,835
- Net (decrease)/increase in cash and cash equivalents	(36,291,522)	14,495,289	(21,423,837)	(9,451,141)
(Decrease)/Increase in cash and cash equivalents	(43,760,222)	15,919,509	(27,665,147)	(7,665,306)
Cash and cash equivalents at beginning of period	113,043,444	(43,919,669)	127,729,732	9,611,898
Cash and cash equivalents at end of period	69,283,222	(28,000,160)	100,064,585	1,946,592

Notes to the condensed interim financial statements

For the six months ended 30 June 2024

1 Reporting entity

FIMBank p.l.c. (“the Bank”) is a credit institution domiciled in Malta with its registered address at Mercury Tower, The Exchange Financial and Business Centre, Elia Zammit Street, St. Julian’s, STJ3155, Malta.

The Bank and its subsidiaries, namely London Forfaiting Company Limited (“LFC”), FIMFactors B.V. (“FIMFactors”), The Egyptian Company for Factoring S.A.E. (“Egypt Factors”) and FIM Property Investment Limited, are included in the scope of consolidation as at and for the six months ended 30 June 2024 and are referred to as the “Group” in these Condensed Interim Financial Statements and individually as “Group entities”.

The Financial Statements of the Group as at, and for the year ended, 31 December 2023 are available upon request from the Bank’s registered office and are available for viewing on its website at www.fimbank.com/en/financial-information.

FIM Business Solutions Limited

On 25 January 2024, the Bank issued a Company Announcement, announcing that as part of a streamlining initiative and corporate restructuring exercise, the Bank’s Board of Directors resolved to approve a merger by acquisition between the Bank, as the acquiring company, and FIM Business Solutions Limited as the company acquired (the “Merger”).

FIM Business Solutions Limited, was a company incorporated under the Laws of Malta, bearing company registration number C 36423 and had its registered address at Mercury Tower, the Exchange Financial & Business Centre, Elia Zammit Street, San Giljan, STJ3155.

The Bank obtained regulatory approval from the Malta Financial Services Authority in relation to the Merger, which was carried out in accordance with the provisions of Part VIII, Title II of the Companies Act (Chapter 386 of the Laws of Malta). A Certificate of Registration as a Result of Amalgamation was issued by the Registrar of Companies on 24 April 2024.

Upon Merger, the Bank has succeeded to all the assets, rights, liabilities, and obligations of FIM Business Solutions Limited, which in turn, has ceased to exist. The impact of the Merger on the financial position and financial performance of the Bank was insignificant.

London Forfaiting Company

On 23 May 2024, the directors of London Forfaiting Company Limited (“LFC”) resolved to reduce the issued share capital from USD115,600,000 to USD75,600,000 by cancelling and extinguishing 40,000,000 of the issued ordinary shares of USD1.00 each in the company, each of which was fully paid up. This reduction in share capital is part of the strategic reorganisation of the Group.

2 Basis of preparation

The Condensed Interim Financial Statements have been prepared in accordance with IAS 34 - Interim Financial Reporting - as adopted by the European Union (“EU”). These include the comparative Statement of Financial Position as of 31 December 2023 and the comparative Statements of Profit or Loss, Statements of Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the six month period ended 30 June 2023. The Condensed Interim Financial Statements do not include all the information required for the publication of the Annual Reports and Financial Statements and therefore these Condensed Interim Financial Statements should be read in conjunction with the Annual Report and Financial Statements 2023 of FIMBank p.l.c.

The Board of Directors confirm that, at the time of approving these Condensed Interim Financial Statements, the Group and Bank are capable of continuing to operate as a going concern for the foreseeable future.

The Condensed Interim Financial Statements were approved by the Board of Directors on 28 August 2024.

3 Material accounting policies

The Accounting Policies applied for the preparation of these Condensed Interim Financial Statements are the same as those applied in the Annual Report and Financial Statements 2023 of FIMBank p.l.c. as at and for the year ended 31 December 2023, as described in those Financial Statements.

3.1 Standards, interpretations and amendments to published standards effective in 2024

In 2024, the Group and Bank adopted the following amendments to existing standards effective for accounting periods beginning on 1 January 2024, which amendments did not have a material effect on the Group's and Bank's financial statements:

- amendments to IAS 1 – presentation of financial statements: classification of liabilities as current or non-current;
- amendments to IAS 7 – statements of cash flows and IFRS 7 - financial instruments disclosures: supplier finance arrangements; and
- amendments to IFRS 16 – leases: lease liability in a sale and leaseback.

3.2 Standards, interpretations and amendments to published standards issued but not yet effective

Certain new standards and amendments to existing standards have been published by the date of authorisation of these Condensed Interim Financial Statements but are not yet effective for the current financial period beginning on 1 January 2024. Although earlier adoption is permitted, the Group and Bank have not early adopted any of the new or amended standards in preparing these Condensed Interim Financial Statements.

4 Use of judgements and accounting estimates

The preparation of the Condensed Interim Financial Statements in conformity with IFRSs as adopted by the EU requires Management to make judgements, estimates and assumptions that affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Group's and Bank's Management also makes judgements, apart from those involving estimations, in the process of applying the Group's Accounting Policies that may have a significant effect on the amounts recognised in the Financial Statements. In particular, the measurement of the expected credit losses in respect of financial investments measured at amortised cost and fair value through other comprehensive income ("FVOCI") is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour, requiring a number of significant judgements.

In preparing these Condensed Interim Financial Statements, the significant judgements made by Management in applying the Group's Accounting Policies and the key sources of estimation uncertainty were the same as those applied to the Financial Statements as at and for the year ended 31 December 2023.

5 Operating segments

The Group identified five significant reportable segments (trade finance, forfaiting, factoring, real estate and treasury) which are represented by different Group entities. For each of the entities, Executive Management reviews internal management reports on a monthly basis. There were no differences in the basis of segmentation or in the basis of measurement of segment profit or loss from the FIMBank Group Annual Report and Financial Statements 2023.

Information about operating segments

Group - June 2024

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
External revenue						
Interest income	5,112,864	21,738,705	13,668,729	3,473,226	7,709,784	51,703,308
Net fee and commission income/(expense)	812,391	(135,433)	(963,962)	(51,461)	1,050,604	712,139
Net trading loss	-	(622,622)	-	-	(324,022)	(946,644)
Net loss from equity investments measured at fair value through profit or loss	-	-	-	-	(287,054)	(287,054)
	5,925,255	20,980,650	12,704,767	3,421,765	8,149,312	51,181,749
Reportable segment (loss)/profit before income tax	(4,233,598)	4,447,319	1,055,714	(1,828,340)	1,126,920	568,015

Group – June 2023 (Restated)

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
External revenue						
Interest income	4,396,364	19,015,427	12,972,926	3,022,190	6,476,755	45,883,662
Net fee and commission income/(expense)	1,224,002	(252,216)	(902,148)	346,348	336,341	752,327
Net trading loss	-	(965,336)	-	-	(315,135)	(1,280,471)
Net gain from equity investments measured at fair value through profit or loss	-	-	-	-	799,862	799,862
	5,620,366	17,797,875	12,070,778	3,368,538	7,297,823	46,155,380
Reportable segment (loss)/profit before income tax	(3,668,393)	2,849,928	(1,829,092)	598,699	2,265,002	216,144

Group - June 2024

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
Reportable segment assets	144,704,087	338,843,150	264,259,914	100,872,098	370,736,648	1,219,415,897
Reportable segment liabilities	70,529,438	76,325,582	34,331,554	-	917,616,840	1,098,803,414

Group - December 2023

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
Reportable segment assets	208,133,452	376,786,416	257,987,873	79,907,966	566,602,064	1,489,417,771
Reportable segment liabilities	67,431,324	85,277,723	39,142,428	-	1,195,844,251	1,387,695,726

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**Group**

	30 Jun 2024 USD	30 Jun 2023 <i>Restated</i> USD
Revenues		
Total revenue for reportable segments	51,181,749	46,155,380
Consolidation adjustments	(73,215)	(1,024,090)
Other revenue	418,447	395,644
Consolidated revenue	51,526,981	45,526,934
Profit or loss		
Total profit for reportable segments	568,015	216,144
Other profit	3,097,794	1,013,881
	3,665,809	1,230,025
Effect of other consolidation adjustments on segment results	353,522	4,783,695
Consolidated profit before tax	4,019,331	6,013,720
Assets		
Total assets for reportable segments	1,219,415,897	1,489,417,771
Other assets	69,174,289	71,846,826
	1,288,590,186	1,561,264,597
Effect of other consolidation adjustments on segment financial position	1,195,766	19,419,367
Consolidated assets	1,289,785,952	1,580,683,964
Liabilities		
Total liabilities for reportable segments	1,098,803,414	1,387,695,726
Other liabilities	13,778,598	12,849,534
	1,112,582,012	1,400,545,260
Effect of other consolidation adjustments on segment financial position	(2,567,026)	841,572
Consolidated liabilities	1,110,014,986	1,401,386,832

6 Financial instruments

6.1 Summary of financial instruments to which the impairment requirements in IFRS 9 are applied

The risks to which the Group is exposed principally relate to the Group's and Bank's banking activities and are managed by the Board of Directors. As a result, this note presents information about the Group's and Bank's financial risk management.

6.1.1 Maximum exposure to credit risk

The Group's exposure to credit risk mainly arises from its lending activities. Credit risk is the risk that one party to a financial transaction might fail to fulfil an obligation and cause the other party to incur a financial loss. The Group finances international trade in many countries worldwide, especially emerging markets, which in turn entails an exposure to sovereign, bank and corporate credit risk. In addition, the Group's lending activities comprise the financing of real estate activities of local commercial entities.

Focusing specifically on 'Loans and advances to customers', the Group has four lending portfolios:

- the Local Corporate Lending portfolio, predominantly comprising loans to the real estate activities sector in Malta;
- the Factoring Receivables portfolio, comprising portfolios of factored receivables (both on a non-recourse and recourse basis) in Europe, India and the Middle East;
- the Trade Finance portfolio, comprising import and export finance facilities in Europe; and
- a portfolio of other facilities comprising syndicated senior secured facilities to international corporates and shipping finance facilities.

Credit risk is not only associated with loans but also with other on- and off- balance sheet exposures such as acceptances, money market products, letters of credit and guarantees.

The Group's and Bank's maximum credit risk exposure to on and off-balance sheet financial instruments, before taking account of any collateral held or other credit enhancements, is presented in the following table. For financial assets recognised in the Statement of Financial Position, the maximum exposure to credit risk is equivalent to the carrying amount. For commitments and financial guarantees, the maximum exposure to credit risk is equivalent to the full amount of the committed facilities.

	Group		Bank	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Balances with the Central Bank of Malta, treasury bills and cash	195,023,733	353,010,186	195,012,290	352,997,057
Loans and advances to banks	92,097,842	152,814,948	77,556,336	114,325,243
Loans and advances to customers	417,071,186	431,342,074	573,743,880	618,118,225
Financial investments at fair value through other comprehensive income	131,812,528	140,755,780	131,812,528	140,755,780
Financial investments at amortised cost	11,320,012	28,399,073	11,320,012	28,399,073
Other assets	5,615,191	5,007,323	4,224,159	4,457,961
Off-balance sheet:				
– Guarantees	27,201,732	28,025,274	43,259,970	39,074,998
– Commitments	119,652,654	147,803,707	114,502,042	100,220,087
	999,794,878	1,287,158,365	1,151,431,217	1,398,348,424

The following table contains an analysis of the maximum credit risk exposure from financial assets subject to credit risk but not subject to impairment (i.e. financial assets measured at fair value through profit or loss).

	Group		Bank	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Derivative assets held for risk management	639,798	715,713	639,798	812,609
Trading assets	346,215,116	374,177,108	9,911,831	-
Financial investments at fair value through profit or loss	17,469,694	19,329,840	17,469,694	19,329,840
	364,324,608	394,222,661	28,021,323	20,142,449

6.1.2 Credit quality analysis

The following table sets out information about the credit quality of assets. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts. For contingent liabilities and commitments, the amounts in the table represent the amounts committed.

Group – 30 June 2024

	12-month PD ranges	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Balances with the Central Bank of Malta, treasury bills and cash					
Grades 1 to 4- low risk	0.05% - 0.25%	186,963,370	-	-	186,963,370
Grades 5+ to 5- fair risk	0.15% - 0.29%	8,160,892	-	-	8,160,892
		195,124,262	-	-	195,124,262
Loss allowance		(100,529)	-	-	(100,529)
Carrying amount		195,023,733	-	-	195,023,733
Loans and advances to banks					
Grades 1 to 4- low risk	0.11% - 0.49%	32,924,602	2,171	-	32,926,773
Grades 5+ to 5- fair risk	0.31% - 0.84%	6,451,001	-	-	6,451,001
Grades 6+ to 7 high risk	0.67% - 5.25%	52,790,572	207,349	-	52,997,921
		92,166,175	209,520	-	92,375,695
Loss allowance		(277,743)	(110)	-	(277,853)
Carrying amount		91,888,432	209,410	-	92,097,842
Loans and advances to customers					
Grades 1 to 4- low risk	0.02% - 0.76%	23,540,665	32,905	-	23,573,570
Grades 5+ to 5- fair risk	0.33% - 4.42%	103,293,948	18,708,986	-	122,002,934
Grades 6+ to 7 high risk	0.88% - 22.50%	189,479,427	15,439,340	-	204,918,767
Grade 7- to 8- substandard	11.22% - 100%	34,369,304	35,080,252	-	69,449,556
Grade 9 to 10 doubtful/loss	100%	-	-	14,621,328	14,621,328
		350,683,344	69,261,483	14,621,328	434,566,155
Loss allowance		(2,078,867)	(4,915,748)	(10,500,354)	(17,494,969)
Carrying amount		348,604,477	64,345,735	4,120,974	417,071,186
Financial investments at fair value through other comprehensive income					
Grades 1 to 4- low risk	0.02% - 0.33%	131,812,528	-	-	131,812,528
Carrying amount at fair value		131,812,528	-	-	131,812,528
Loss allowance		(62,302)	-	-	(62,302)
Financial investments at amortised cost					
Grades 1 to 4- low risk	0.02% - 0.25%	11,321,012	-	-	11,321,012
		11,321,012	-	-	11,321,012
Loss allowance		(1,000)	-	-	(1,000)
Carrying amount		11,320,012	-	-	11,320,012
Guarantees					
Grades 1 to 4- low risk	0.35% - 0.76%	232,063	-	-	232,063
Grades 5+ to 5- fair risk	0.29% - 3.52%	21,195,919	-	-	21,195,919
Grades 6+ to 7 high risk	1.21% - 16.24%	4,078,486	41,265	-	4,119,751
Grade 7- to 8- substandard	20.30% - 21.09%	-	1,653,999	-	1,653,999
		25,506,468	1,695,264	-	27,201,732
Loss allowance		(55,510)	(154)	-	(55,664)
Commitments					
Grades 1 to 4- low risk	0.10% - 0.64%	8,607,525	-	-	8,607,525
Grades 5+ to 5- fair risk	0.49% - 3.57%	46,428,970	3,909,216	-	50,338,186
Grades 6+ to 7 high risk	1.71% - 22.50%	48,791,891	11,915,052	-	60,706,943
		103,828,386	15,824,268	-	119,652,654
Loss allowance		(179,684)	(33,748)	-	(213,432)

Group – 31 December 2023

	12-month PD ranges	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Balances with the Central Bank of Malta, treasury bills and cash					
Grades 1 to 4- low risk	0.03% - 0.44%	336,709,471	-	-	336,709,471
Grades 5+ to 5- fair risk	0.36%	16,384,741	-	-	16,384,741
		353,094,212	-	-	353,094,212
Loss allowance		(84,026)	-	-	(84,026)
Carrying amount		353,010,186	-	-	353,010,186
Loans and advances to banks					
Grades 1 to 4- low risk	0.18% - 0.71%	57,774,145	-	-	57,774,145
Grades 5+ to 5- fair risk	0.39% - 1.36%	28,897,955	-	-	28,897,955
Grades 6+ to 7 high risk	1.03% - 5.33%	61,678,406	4,373,226	-	66,051,632
Grade 7- to 8- substandard	2.45%	-	330,800	-	330,800
		148,350,506	4,704,026	-	153,054,532
Loss allowance		(229,755)	(9,829)	-	(239,584)
Carrying amount		148,120,751	4,694,197	-	152,814,948
Loans and advances to customers					
Grades 1 to 4- low risk	0.09% - 0.96%	14,877,147	8,532	-	14,885,679
Grades 5+ to 5- fair risk	0.47% - 7.58%	106,621,284	16,552,944	-	123,174,228
Grades 6+ to 7 high risk	1.34% - 19.01%	193,343,710	14,192,197	-	207,535,907
Grade 7- to 8- substandard	11.65% - 23.98%	33,480,002	44,064,180	3,667,626	81,211,808
Grade 9 to 10 doubtful/loss	100%	-	-	23,447,745	23,447,745
		348,322,143	74,817,853	27,115,371	450,255,367
Loss allowance		(1,992,933)	(3,235,201)	(13,685,159)	(18,913,293)
Carrying amount		346,329,210	71,582,652	13,430,212	431,342,074
Financial investments at fair value through other comprehensive income					
Grades 1 to 4- low risk	0.03% - 0.50%	140,755,780	-	-	140,755,780
Carrying amount at fair value		140,755,780	-	-	140,755,780
Loss allowance		(83,233)	-	-	(83,233)
Financial investments at amortised cost					
Grades 1 to 4- low risk	0.02% - 0.46%	18,758,990	-	-	18,758,990
Grades 5+ to 5- fair risk	2.25%	9,771,244	-	-	9,771,244
		28,530,234	-	-	28,530,234
Loss allowance		(131,161)	-	-	(131,161)
Carrying amount		28,399,073	-	-	28,399,073
Guarantees					
Grades 1 to 4- low risk	0.14% - 0.96%	239,527	-	-	239,527
Grades 5+ to 5- fair risk	0.42% - 2.99%	24,272,567	-	-	24,272,567
Grades 6+ to 7 high risk	1.48% - 18.65%	3,483,111	30,069	-	3,513,180
Carrying amount		27,995,205	30,069	-	28,025,274
Loss allowance		(7,501)	(50)	-	(7,551)
Commitments					
Grades 1 to 4- low risk	0.16% - 0.78%	40,457,254	-	-	40,457,254
Grades 5+ to 5- fair risk	1.16% - 3.15%	40,310,914	1,235,036	-	41,545,950
Grades 6+ to 7 high risk	1.83% - 10.76%	54,509,463	11,291,040	-	65,800,503
Carrying amount		135,277,631	12,526,076	-	147,803,707
Loss allowance		(78,764)	(3,543)	-	(82,307)

Bank – 30 June 2024

	12-month PD ranges	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Balances with the Central Bank of Malta, treasury bills and cash					
Grades 1 to 4- low risk	0.05% - 0.25%	186,951,927	-	-	186,951,927
Grades 5+ to 5- fair risk	0.15% - 0.29%	8,160,892	-	-	8,160,892
		195,112,819	-	-	195,112,819
Loss allowance		(100,529)	-	-	(100,529)
Carrying amount		195,012,290	-	-	195,012,290
Loans and advances to banks					
Grades 1 to 4- low risk	0.11% - 0.49%	31,000,713	-	-	31,000,713
Grades 5+ to 5- fair risk	0.31%	1,692,633	-	-	1,692,633
Grades 6+ to 7 high risk	0.67% - 5.52%	44,913,731	207,349	-	45,121,080
		77,607,077	207,349	-	77,814,426
Loss allowance		(257,982)	(108)	-	(258,090)
Carrying amount		77,349,095	207,241	-	77,556,336
Loans and advances to customers					
Grades 1 to 4- low risk	0.11% - 0.76%	328,772,350	-	-	328,772,350
Grades 5+ to 5- fair risk	0.33% - 3.57%	72,081,082	18,541,919	-	90,623,001
Grades 6+ to 7 high risk	1.02% - 22.50%	134,417,087	15,073,883	-	149,490,970
Grade 7- to 8- substandard	11.22% - 100%	53,358	7,008,812	-	7,062,170
Grade 9 to 10 doubtful/loss	100%	-	-	13,526,421	13,526,421
		535,323,877	40,624,614	13,526,421	589,474,912
Loss allowance		(1,857,518)	(4,178,044)	(9,695,470)	(15,731,032)
Carrying amount		533,466,359	36,446,570	3,830,951	573,743,880
Financial investments at fair value through other comprehensive income					
Grades 1 to 4- low risk	0.02% - 0.33%	131,812,528	-	-	131,812,528
Carrying amount at fair value		131,812,528	-	-	131,812,528
Loss allowance		(62,302)	-	-	(62,302)
Financial investments at amortised cost					
Grades 1 to 4- low risk	0.02% - 0.25%	11,321,012	-	-	11,321,012
		11,321,012	-	-	11,321,012
Loss allowance		(1,000)	-	-	(1,000)
Carrying amount		11,320,012	-	-	11,320,012
Guarantees					
Grades 1 to 4- low risk	0.14% - 0.96%	16,290,301	-	-	16,290,301
Grades 5+ to 5- fair risk	0.42% - 2.99%	21,195,919	-	-	21,195,919
Grades 6+ to 7 high risk	1.48% - 18.65%	4,078,486	41,265	-	4,119,751
Grade 7- to 8- substandard	1.48% - 18.65%	-	1,653,999	-	1,653,999
		41,564,706	1,695,264	-	43,259,970
Loss allowance		(75,752)	(154)	-	(75,906)
Commitments					
Grades 1 to 4- low risk	0.10% - 0.64%	13,085,595	-	-	13,085,595
Grades 5+ to 5- fair risk	0.95% - 3.57%	46,246,056	3,909,216	-	50,155,272
Grades 6+ to 7 high risk	1.71% - 22.50%	39,346,123	11,915,052	-	51,261,175
		98,677,774	15,824,268	-	114,502,042
Loss allowance		(179,684)	(33,748)	-	(213,432)

Bank – 31 December 2023

	12-month PD ranges	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Balances with the Central Bank of Malta, treasury bills and cash					
Grades 1 to 4- low risk	0.03% - 0.44%	336,696,342	-	-	336,696,342
Grades 5+ to 5- fair risk	0.36% - 0.36%	16,384,741	-	-	16,384,741
		353,081,083	-	-	353,081,083
Loss allowance		(84,026)	-	-	(84,026)
Carrying amount		352,997,057	-	-	352,997,057
Loans and advances to banks					
Grades 1 to 4- low risk	0.18% - 0.71%	34,600,459	-	-	34,600,459
Grades 5+ to 5- fair risk	0.39% - 1.36%	21,922,395	-	-	21,922,395
Grades 6+ to 7 high risk	1.16% - 5.33%	53,314,041	4,373,226	-	57,687,267
Grade 7- to 8- substandard	2.45%	-	330,800	-	330,800
		109,836,895	4,704,026	-	114,540,921
Loss allowance		(205,849)	(9,829)	-	(215,678)
Carrying amount		109,631,046	4,694,197	-	114,325,243
Loans and advances to customers					
Grades 1 to 4- low risk	0.14% - 0.96%	326,508,825	-	-	326,508,825
Grades 5+ to 5- fair risk	0.47% - 7.58%	76,001,131	15,899,916	-	91,901,047
Grades 6+ to 7 high risk	1.34% - 19.01%	171,722,482	13,149,304	-	184,871,786
Grade 7- to 8- substandard	15.00% - 21.07%	-	7,017,657	3,667,626	10,685,283
Grade 9 to 10 doubtful/loss	100%	-	-	16,938,297	16,938,297
		574,232,438	36,066,877	20,605,923	630,905,238
Loss allowance		(2,749,760)	(2,641,065)	(7,396,188)	(12,787,013)
Carrying amount		571,482,678	33,425,812	13,209,735	618,118,225
Financial investments at fair value through other comprehensive income					
Grades 1 to 4- low risk	0.03% - 0.50%	140,755,780	-	-	140,755,780
Carrying amount at fair value		140,755,780	-	-	140,755,780
Loss allowance		(83,233)	-	-	(83,233)
Financial investments at amortised cost					
Grades 1 to 4- low risk	0.02% - 0.46%	18,758,990	-	-	18,758,990
Grades 5+ to 5- fair risk	2.25%	9,771,244	-	-	9,771,244
		28,530,234	-	-	28,530,234
Loss allowance		(131,161)	-	-	(131,161)
Carrying amount		28,399,073	-	-	28,399,073
Guarantees					
Grades 1 to 4- low risk	0.39% - 0.96%	11,289,250	-	-	11,289,250
Grades 5+ to 5- fair risk	0.42% - 2.99%	24,272,567	-	-	24,272,567
Grades 6+ to 7 high risk	1.48% - 18.65%	3,483,112	30,069	-	3,513,181
Carrying amount		39,044,929	30,069	-	39,074,998
Loss allowance		(7,778)	(50)	-	(7,828)
Commitments					
Grades 1 to 4- low risk	0.16% - 0.78%	6,727,973	-	-	6,727,973
Grades 5+ to 5- fair risk	1.16% - 3.15%	40,310,914	1,235,036	-	41,545,950
Grades 6+ to 7 high risk	1.83% - 10.76%	40,655,124	11,291,040	-	51,946,164
Carrying amount		87,694,011	12,526,076	-	100,220,087
Loss allowance		(78,764)	(3,543)	-	(82,307)

6.1.3 Measurement of expected credit losses

Methodology

The recognition and measurement of expected credit losses involves the use of significant judgement and estimation. The Group's and Bank's methodology in relation to the estimation of ECLs is described in Note 5.2.1.3 of the Annual Report and Financial Statements 2023, with the Group's and Bank's methodology in relation to the adoption and generation of economic scenarios being described in detail in Note 5.2.1.7 of the Annual Report and Financial Statements 2023. There were no changes to the ECL methodology during the period ended 30 June 2024.

Incorporation of forward-looking information

The Group applies three economic scenarios to capture non-linearity across portfolios in the estimation of ECLs: a base case, which is the median scenario assigned a 40% probability of occurring, and two less likely scenarios, namely an upside and a downside scenario, each assigned a 30% probability of occurrence. Moody's Analytics regularly updates the base case forecast and alternative scenarios. The upside and downside scenario represent hypothetical events that push the economy away from the base case outlook.

Forecasted economic data in respect of each of the three scenarios are sourced from Moody's Analytics on a quarterly basis. The historical data in the Group's model reflects economic data published by national statistics offices and reputable third-party aggregators such as the World Bank and the International Monetary Fund.

There were no changes to the probability weightings assigned in respect of each of the three economic scenarios during the financial period ended 30 June 2024.

The model applies three possible scenarios covering a wide range of possible outcomes. Each scenario assumes different economic circumstances, including assumptions around global oil prices, the impact of the EU's embargo on Russian oil and tensions in the Middle East, supply chain problems, monetary and fiscal policy decisions, and growth levels. The main assumptions used in the model include different levels of:

- geopolitical tensions, growth outlook, labour market conditions, supply chain shortages;
- financial market conditions, debt sustainability, fiscal stimulus, consumer and business sentiment;
- oil prices, gas supply, surging energy costs, inflation, unemployment rates, GDP rates, input prices and demand for services; and
- deposit rates, bond yields, disposable income, interbank market rates, money and bond market sentiment.

As at 30 June 2024 and 31 December 2023, the projected macroeconomic paths in respect of the key macroeconomic variables selected for the top five geographical regions applied in the ECL calculation across the three macroeconomic scenarios and for the five-year forecasted period from the financial year ending 30 June 2025 to 2029 (31 December 2023: 31 December 2024 to 2028) are presented in the following tables. Given that the Group and Bank present information in respect of the top five geographical regions in terms of exposure amounts at each reporting date, different countries might be presented for different financial years in order to present information which is relevant for the ECL calculation at each respective reporting date.

30 June 2024

Country: Malta		2025	2026	2027	2028	2029
Equity: MSE index, year-on-year	Base	10.9%	12.1%	11.2%	8.4%	6.5%
	Upside	17.9%	13.8%	10.6%	7.6%	6.1%
	Downside	-13.7%	16.0%	18.0%	11.9%	8.5%
Real GDP growth rate	Base	3.6%	2.6%	3.7%	3.4%	3.2%
	Upside	6.7%	2.1%	3.4%	3.0%	3.1%
	Downside	-2.9%	3.2%	5.0%	3.5%	3.2%
Unemployment rate	Base	2.5%	2.9%	3.3%	3.2%	3.1%
	Upside	2.4%	2.8%	3.2%	3.1%	3.0%
	Downside	2.9%	3.4%	3.4%	3.3%	3.2%

Country: Germany		2025	2026	2027	2028	2029
Equity: DAX Index, year-on-year	Base	1.7%	3.3%	3.4%	3.2%	3.0%
	Upside	9.7%	4.2%	2.2%	1.2%	2.8%
	Downside	-34.1%	12.6%	19.8%	13.9%	5.4%
Real GDP growth rate	Base	1.2%	1.5%	1.1%	1.0%	0.9%
	Upside	3.9%	1.1%	0.9%	1.0%	0.9%
	Downside	-4.7%	2.1%	2.3%	1.1%	0.9%
Unemployment rate	Base	5.9%	5.7%	5.6%	5.6%	5.6%
	Upside	5.4%	5.3%	5.4%	5.5%	5.5%
	Downside	7.0%	7.1%	6.3%	6.0%	5.9%
Country: India		2025	2026	2027	2028	2029
Equity: Sensex Index, year-on-year	Base	5.4%	6.1%	6.7%	6.9%	6.9%
	Upside	15.1%	5.6%	4.9%	5.4%	6.3%
	Downside	-29.1%	20.5%	18.9%	11.9%	7.8%
Real GDP growth rate	Base	6.5%	6.2%	6.3%	6.7%	6.6%
	Upside	8.5%	7.4%	6.7%	6.7%	6.6%
	Downside	-2.1%	5.2%	6.8%	7.5%	7.3%
Unemployment rate	Base	6.9%	7.0%	7.0%	7.0%	7.0%
	Upside	6.5%	6.6%	6.7%	6.8%	6.9%
	Downside	9.3%	9.8%	8.3%	7.5%	7.2%
Exchange Rate, INR per USD	Base	82.23	83.76	84.83	85.56	86.23
	Upside	80.87	82.51	83.56	84.28	84.95
	Downside	86.38	88.53	89.66	90.43	91.15
Country: Egypt		2025	2026	2027	2028	2029
Equity: EGX 30 Index, year-on-year	Base	5.0%	2.6%	3.9%	2.0%	1.7%
	Upside	17.7%	-1.0%	1.4%	0.0%	1.4%
	Downside	-35.5%	23.7%	20.4%	8.3%	3.3%
Real GDP growth rate	Base	4.9%	5.3%	5.6%	5.5%	5.2%
	Upside	7.4%	5.4%	5.6%	5.5%	5.2%
	Downside	-0.3%	5.4%	6.5%	6.2%	5.7%
Unemployment rate	Base	7.2%	7.4%	7.5%	7.6%	7.7%
	Upside	6.8%	7.1%	7.3%	7.6%	7.7%
	Downside	9.1%	9.0%	8.4%	8.0%	7.9%
Country: United Arab Emirates		2025	2026	2027	2028	2029
Equity: ADX General Index, year-on-year	Base	-1.6%	0.7%	2.4%	2.7%	3.1%
	Upside	5.3%	-0.4%	1.7%	1.9%	3.0%
	Downside	-37.3%	20.0%	8.2%	6.3%	5.4%
Unemployment rate	Base	2.8%	2.6%	2.4%	2.3%	2.3%
	Upside	2.2%	2.2%	2.4%	2.3%	2.3%
	Downside	3.7%	3.0%	2.6%	2.4%	2.3%
Futures Price: NYMEX Light Sweet Crude Oil, USD per barrel	Base	76.54	71.73	71.03	71.25	71.39
	Upside	79.46	72.98	72.10	72.25	72.50
	Downside	58.56	63.98	68.91	69.13	69.72

31 December 2023

Country: Germany		2024	2025	2026	2027	2028
Equity: DAX Index, year-on-year	Base	8.4%	2.5%	3.3%	3.3%	2.3%
	Upside	14.8%	6.2%	3.8%	1.8%	1.3%
	Downside	-28.6%	28.8%	14.4%	4.6%	2.3%
Real GDP growth rate	Base	0.7%	1.9%	1.9%	1.4%	1.1%
	Upside	3.4%	1.6%	1.7%	1.4%	1.1%
	Downside	-5.2%	2.5%	3.1%	1.5%	1.1%
Unemployment rate	Base	5.9%	5.7%	5.6%	5.4%	5.3%
	Upside	5.4%	5.3%	5.4%	5.3%	5.3%
	Downside	6.9%	7.1%	6.4%	5.9%	5.6%
Country: Malta		2024	2025	2026	2027	2028
Equity: MSE index, year-on-year	Base	9.2%	12.3%	13.4%	10.6%	8.3%
	Upside	22.1%	8.9%	11.9%	8.5%	7.2%
	Downside	-22.3%	31.3%	26.1%	12.8%	8.9%
Real GDP growth rate	Base	4.0%	4.0%	3.2%	3.1%	3.2%
	Upside	7.1%	3.6%	2.8%	2.8%	3.2%
	Downside	-2.6%	4.7%	4.5%	3.3%	3.2%
Unemployment rate	Base	3.8%	3.8%	3.6%	3.6%	3.6%
	Upside	3.8%	3.7%	3.5%	3.5%	3.5%
	Downside	4.3%	4.3%	3.7%	3.7%	3.7%
Country: India		2024	2025	2026	2027	2028
Equity: Sensex Index, year-on-year	Base	10.7%	7.2%	7.0%	7.6%	7.0%
	Upside	19.0%	5.7%	7.9%	6.1%	6.5%
	Downside	-25.5%	21.8%	19.3%	12.4%	5.6%
Real GDP growth rate	Base	6.8%	6.2%	6.3%	6.2%	6.5%
	Upside	8.8%	7.4%	6.8%	6.2%	6.5%
	Downside	-1.8%	5.1%	6.9%	7.1%	7.2%
Unemployment rate	Base	7.3%	7.3%	7.2%	7.2%	7.1%
	Upside	6.9%	6.9%	6.9%	6.9%	6.9%
	Downside	9.6%	10.1%	8.6%	7.6%	7.3%
Exchange Rate, INR per USD	Base	82.49	83.12	83.34	83.59	84.14
	Upside	81.12	81.89	82.10	82.35	82.89
	Downside	86.64	87.86	88.09	88.36	88.94
Country: Egypt		2024	2025	2026	2027	2028
Equity: EGX 30 Index, year-on-year	Base	14.4%	6.5%	5.8%	4.4%	2.6%
	Upside	29.8%	3.3%	4.1%	1.2%	1.6%
	Downside	-33.5%	33.4%	24.0%	10.6%	3.9%
Real GDP growth rate	Base	4.0%	5.5%	5.0%	4.9%	4.8%
	Upside	6.5%	5.6%	5.0%	4.9%	4.8%
	Downside	-1.1%	5.6%	5.9%	5.6%	5.3%
Unemployment rate	Base	7.4%	7.4%	7.6%	7.8%	7.9%
	Upside	7.0%	7.1%	7.4%	7.8%	7.9%
	Downside	9.3%	9.0%	8.5%	8.2%	8.1%

Country: Italy		2024	2025	2026	2027	2028
Equity: FTSE MIB Index, year-on-year	Base	7.7%	8.7%	10.9%	6.2%	4.4%
	Upside	17.5%	8.6%	9.4%	4.2%	3.7%
	Downside	-28.3%	30.1%	23.1%	9.0%	4.5%
Unemployment rate	Base	8.1%	8.3%	8.4%	8.4%	8.4%
	Upside	7.8%	7.9%	8.1%	8.2%	8.3%
	Downside	10.6%	11.0%	10.3%	9.8%	9.5%
Real GDP growth rate	Base	1.2%	1.7%	1.8%	1.6%	1.4%
	Upside	3.5%	1.5%	1.6%	1.5%	1.4%
	Downside	-5.0%	2.3%	3.1%	1.7%	1.4%

Sensitivity of ECL to future economic conditions

The ECL is sensitive to judgements and assumptions made in respect of the formulation and calibration of forward-looking macroeconomic scenarios and how such scenarios are incorporated into the ECL calculation. The level of estimation uncertainty and judgement as at 30 June 2024 remains elevated as a result of the economic effects of the significant inflationary pressures and the ensuing elevated interest rate environment being currently experienced, as well as the geopolitical tensions between Russia and Ukraine and the Middle East conflict.

The tables below show the loss allowance assuming that 100% probability weights were assigned to each of the three forward-looking macroeconomic scenarios (base case, upside and downside) instead of applying a weighted average ECL across the three macroeconomic scenarios. For ease of comparison, the tables also include the probability-weighted amounts that are reflected in the Condensed Interim Financial Statements.

Group – 30 June 2024

	Upside USD	Base Case USD	Downside USD	Probability- weighted USD
Loans and advances to customers				
Gross exposure	434,566,155	434,566,155	434,566,155	434,566,155
Loss allowance	15,999,938	16,408,605	18,434,382	17,494,969

Group – 31 December 2023

	Upside USD	Base Case USD	Downside USD	Probability- weighted USD
Loans and advances to customers				
Gross exposure	450,255,367	450,255,367	450,255,367	450,255,367
Loss allowance	16,996,812	17,728,585	21,341,671	18,913,293

Bank – 30 June 2024

	Upside USD	Base Case USD	Downside USD	Probability- weighted USD
Loans and advances to customers				
Gross exposure	589,474,912	589,474,912	589,474,912	589,474,912
Loss allowance	13,967,598	14,259,063	15,944,265	15,731,032

Bank – 31 December 2023

	Upside USD	Base Case USD	Downside USD	Probability- weighted USD
Loans and advances to customers				
Gross exposure	630,905,238	630,905,238	630,905,238	630,905,238
Loss allowance	9,477,335	10,049,349	13,187,940	12,787,013

6.1.4 Reconciliation of gross carrying amounts and allowances for ECL

The following disclosure provides a reconciliation by stage of the Group's gross carrying/nominal amounts and credit loss allowances for 'Loans and advances to customers'.

Within the following tables, the line items 'New financial assets originated or purchased and further lending' and 'Financial assets that have been repaid or partially repaid' represent movements within the Group's lending portfolios in respect of gross carrying amounts and associated credit loss allowances. The former represents new lending sanctioned during the financial reporting period ended 30 June 2024. The latter reflects repayments that occurred during the financial reporting period ended 30 June 2024, which however, would only have existed on the Group's Statement of Financial Position as at 31 December 2023. Accordingly, repayments and disposals relating to loans sanctioned during the financial reporting period are netted off against new lending included within 'New financial assets originated or purchased and further lending'.

The line items showing transfers of financial instruments across stages represent the impact of stage transfers upon the gross carrying amount and associated allowance for ECL excluding the impact of remeasurement of ECL due to stage transfers. The 'Net remeasurement of loss allowance' represents the increase or decrease due to these transfers, for example, moving from a 12-month (Stage 1) to a lifetime (Stage 2) ECL measurement basis, including the movements in underlying credit risk grades attributable to the financial instruments transferring stage. Movements in ECL in respect of exposures classified within the same stage as at the beginning and end of the reporting period and arising as a result of changes to the underlying PDs and LGDs, including as a result of changes in macroeconomic scenarios, are reflected in the 'Changes in risk parameters' line item.

Group – 30 June 2024

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying amount USD	Allowance for ECL USD
	Gross carrying amount USD	Allowance for ECL USD	Gross carrying amount USD	Allowance for ECL USD	Gross carrying amount USD	Allowance for ECL USD		
Loans and advances to customers								
Balance at 1 January	348,322,143	(1,992,933)	74,817,853	(3,235,201)	27,115,371	(13,685,159)	450,255,367	(18,913,293)
Transfer to Stage 1	584,727	(3,465)	(584,727)	3,465	-	-	-	-
Transfer to Stage 2	(8,031,099)	3,029	8,031,099	(3,029)	-	-	-	-
Transfer to Stage 3	-	-	(1,150,291)	28,843	1,150,291	(28,843)	-	-
Net remeasurement of loss allowance arising from stage transfers	-	3,465	-	(128)	-	(71,157)	-	(67,820)
Changes in risk parameters	-	221,318	-	(1,654,485)	-	(3,166,801)	-	(4,599,968)
New financial assets originated or purchased and further lending	356,932,882	(936,243)	26,816,818	(95,685)	15,695	(3,579)	383,765,395	(1,035,507)
Financial assets that have been repaid or partially repaid	(337,440,687)	624,740	(35,023,046)	40,452	(9,219,680)	2,840,681	(381,683,413)	3,505,873
Write-offs	-	-	-	-	(3,798,686)	3,291,009	(3,798,686)	3,291,009
Foreign exchange and other movements	(9,684,622)	1,222	(3,646,223)	20	(641,663)	323,495	(13,972,508)	324,737
Balance at 30 June	350,683,344	(2,078,867)	69,261,483	(4,915,748)	14,621,328	(10,500,354)	434,566,155	(17,494,969)
ECL change for the period								1,418,324
Assets written off								(3,798,686)
Change in expected credit losses excluding effect of write-offs								(2,380,362)
Recoveries								792,865
Foreign exchange and other movements								(324,737)
Change in expected credit losses and other credit impairment charges								(1,912,234)

	As at 30 June 2024		Six months ended 30 June 2024
	Gross carrying/ Nominal amount USD	Allowance for ECL USD	Net movement in expected credit losses and other credit impairment charges USD
Balances with Central Bank of Malta, treasury bills and cash	195,124,262	(100,529)	(16,503)
Loans and advances to banks	92,375,695	(277,853)	(38,269)
Loans and advances to customers	434,566,155	(17,494,969)	(1,912,234)
Financial investments at amortised cost	11,321,012	(1,000)	130,161
Off-balance sheet:			
– Guarantees	27,201,732	(55,664)	(48,113)
– Commitments	119,652,654	(213,432)	(131,125)
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied in income statement	880,241,510	(18,143,447)	(2,016,083)
Financial investments at fair value through other comprehensive income	131,812,528	(62,302)	20,931
Total allowance for ECL/Total income statement ECL (charge)/release		(18,205,749)	(1,995,152)

Group – 31 December 2023

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying amount USD	Allowance for ECL USD
	Gross carrying amount USD	Allowance for ECL USD	Gross carrying amount USD	Allowance for ECL USD	Gross carrying amount USD	Allowance for ECL USD		
Loans and advances to customers								
Balance at 1 January	332,452,354	(1,807,610)	124,620,784	(3,738,804)	102,531,826	(69,530,493)	559,604,964	(75,076,907)
Transfer to Stage 1	6,971,978	(126,023)	(6,971,978)	126,023	-	-	-	-
Transfer to Stage 2	(832,499)	3	832,499	(3)	-	-	-	-
Net remeasurement of loss allowance arising from stage transfers	-	(42,479)	-	(3,462)	-	-	-	(45,941)
Changes in risk parameters	-	(190,907)	-	263,929	-	(1,113,923)	-	(1,040,901)
New financial assets originated or purchased and further lending	408,211,815	(1,489,020)	45,065,103	(209,007)	54,684	(38,406)	453,331,602	(1,736,433)
Financial assets that have been repaid or partially repaid	(403,901,641)	1,662,934	(87,356,483)	299,504	(16,812,662)	1,394,348	(508,070,786)	3,356,786
Write-offs	-	-	(65,007)	26,711	(59,663,556)	56,149,594	(59,728,563)	56,176,305
Foreign exchange and other movements	5,420,136	169	(1,307,065)	(92)	1,005,079	(546,279)	5,118,150	(546,202)
Balance at 31 December	348,322,143	(1,992,933)	74,817,853	(3,235,201)	27,115,371	(13,685,159)	450,255,367	(18,913,293)
ECL change for the period								56,163,614
Assets written off								(59,728,563)
Change in expected credit losses excluding effect of write-offs								(3,564,949)
Recoveries								639,395
Foreign exchange and other movements								546,202
Change in expected credit losses and other credit impairment charges								(2,379,352)
	As at 31 December 2023		Twelve months ended 31 December 2023					
	Gross carrying/ Nominal amount USD	Allowance for ECL USD	Net movement in expected credit losses and other credit impairment charges USD					
Balances with Central Bank of Malta, treasury bills and cash	353,094,212	(84,026)	34,021					
Loans and advances to banks	153,054,532	(239,584)	202,536					
Loans and advances to customers	450,255,367	(18,913,293)	(2,379,352)					
Financial investments at amortised cost	28,530,234	(131,161)	(91,474)					
Off-balance sheet								
- Guarantees	28,025,274	(7,551)	36,224					
- Commitments	147,803,707	(82,307)	194,813					
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied in income statement	1,160,763,326	(19,457,922)	(2,003,232)					
Financial investments at fair value through other comprehensive income	140,755,780	(83,233)	42,344					
Total allowance for ECL/Total income statement ECL (charge)/release		(19,541,155)	(1,960,888)					

Bank – 30 June 2024

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying amount USD	Allowance for ECL USD
	Gross carrying amount USD	Allowance for ECL USD	Gross carrying amount USD	Allowance for ECL USD	Gross carrying amount USD	Allowance for ECL USD		
Loans and advances to customers								
Balance at 1 January	574,232,438	(2,749,760)	36,066,877	(2,641,065)	20,605,923	(7,396,188)	630,905,238	(12,787,013)
Transfer to Stage 1	569,280	(3,465)	(569,280)	3,465	-	-	-	-
Transfer to Stage 2	(7,726,325)	-	7,726,325	-	-	-	-	-
Net remeasurement of loss allowance arising from stage transfers	-	3,465	-	-	-	-	-	3,465
Changes in risk parameters	-	1,013,021	-	(1,473,130)	-	(2,941,313)	-	(3,401,422)
New financial assets originated or purchased and further lending	262,647,329	(812,497)	18,047,982	(78,425)	3,579	(3,579)	280,698,890	(894,501)
Financial assets that have been repaid or partially repaid	(283,903,617)	691,718	(19,989,953)	11,111	(6,203,405)	570,797	(310,096,975)	1,273,626
Write-offs	-	-	-	-	(503,595)	-	(503,595)	-
Foreign exchange and other movements	(10,495,228)	-	(657,337)	-	(376,081)	74,813	(11,528,646)	74,813
Balance at 30 June	535,323,877	(1,857,518)	40,624,614	(4,178,044)	13,526,421	(9,695,470)	589,474,912	(15,731,032)
ECL change for the period								(2,944,019)
Assets written off								(503,595)
Change in expected credit losses excluding effect of write-offs								(3,447,614)
Recoveries								714,835
Foreign exchange and other movements								(74,813)
Change in expected credit losses and other credit impairment charges								(2,807,592)

	As at 30 June 2024		Six months ended 30 June 2024
	Gross carrying/ Nominal amount USD	Allowance for ECL USD	Net movement in expected credit losses and other credit impairment charges USD
Balances with Central Bank of Malta, treasury bills and cash	195,112,819	(100,529)	(16,503)
Loans and advances to banks	77,814,426	(258,090)	(42,412)
Loans and advances to customers	589,474,912	(15,731,032)	(2,807,592)
Financial investments at amortised cost	11,321,012	(1,000)	130,161
Off-balance sheet:			
- Guarantees	43,259,970	(75,906)	(68,078)
- Commitments	114,502,042	(213,432)	(131,125)
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied in income statement	1,031,485,181	(16,379,989)	(2,935,549)
Financial investments at fair value through other comprehensive income	131,812,528	(62,302)	20,931
Total allowance for ECL/Total income statement ECL (charge)/release		(16,442,291)	(2,914,618)

Bank – 31 December 2023

	Non-credit impaired				Credit impaired		Total	
	Stage 1	Allowance for ECL USD	Stage 2	Allowance for ECL USD	Stage 3	Allowance for ECL USD	Gross carrying amount USD	Allowance for ECL USD
Gross carrying amount USD	Gross carrying amount USD		Gross carrying amount USD		Gross carrying amount USD		Gross carrying amount USD	
Loans and advances to customers								
Balance at 1 January	620,988,500	(1,730,647)	72,447,468	(2,562,047)	93,835,376	(64,068,223)	787,271,344	(68,360,917)
Transfer to Stage 1	18,021	-	(18,021)	-	-	-	-	-
Transfer to Stage 2	(832,479)	3	832,479	(3)	-	-	-	-
Net remeasurement of loss allowance arising from stage transfers	-	-	-	(3,462)	-	-	-	(3,462)
Changes in risk parameters	-	(859,172)	-	(156,717)	-	121,343	-	(894,546)
New financial assets originated or purchased and further lending	337,283,426	(1,372,156)	27,933,694	(11,111)	54,684	(38,406)	365,271,804	(1,421,673)
Financial assets that have been repaid or partially repaid	(396,312,437)	1,212,212	(65,168,753)	65,564	(15,182,710)	1,280,426	(476,663,900)	2,558,202
Write-offs	-	-	(65,007)	26,711	(59,583,023)	56,069,062	(59,648,030)	56,095,773
Foreign exchange and other movements	13,087,407	-	105,017	-	1,481,596	(760,390)	14,674,020	(760,390)
Balance at 31 December	574,232,438	(2,749,760)	36,066,877	(2,641,065)	20,605,923	(7,396,188)	630,905,238	(12,787,013)
ECL change for the period								55,573,904
Assets written off								(59,648,030)
Change in expected credit losses excluding effect of write-offs								(4,074,126)
Recoveries								102,086
Foreign exchange and other movements								760,390
Change in expected credit losses and other credit impairment charges								(3,211,650)

	As at 31 December 2023		Twelve months ended 31 December 2023
	Gross carrying/ Nominal amount USD	Allowance for ECL USD	Net movement in expected credit losses and other credit impairment charges USD
Balances with Central Bank of Malta, treasury bills and cash	353,081,083	(84,026)	34,021
Loans and advances to banks	114,540,921	(215,678)	202,093
Loans and advances to customers	630,905,238	(12,787,013)	(3,211,650)
Financial investments at amortised cost	28,530,234	(131,161)	(91,474)
Off-balance sheet:			
– Guarantees	39,074,998	(7,828)	67,596
– Commitments	100,220,087	(82,307)	(36,522)
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied in income statement	1,266,352,561	(13,308,013)	(3,035,936)
Financial investments at fair value through other comprehensive income	140,755,780	(83,233)	42,344
Total allowance for ECL/total income statement ECL (charge)/release		(13,391,246)	(2,993,592)

6.2 Fair values of financial instruments

6.2.1 Valuation of financial instruments

A number of the Group's Accounting Policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This framework includes reports to the Group's Chief Financial Officer and Executive Management having overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. Market risk and related exposure to fair value movement is also a key function of the Group's Assets-Liabilities Committee and all valuations of financial instruments are reported to the Committee for review and approval. Significant valuation issues are reported to the Group's Board Audit Committee.

The Group measures fair values of an asset or liability using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets or liabilities valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all assets or liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes assets or liabilities that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps, that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt securities and exchange traded derivatives and simple over-the-counter derivatives like currency rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation, and also reduces the uncertainty associated with the determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain loans and securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of an appropriate valuation model to be used, the determination of expected future cash flows on the financial instrument being valued, the determination of probability of counterparty default and prepayments, and the selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate.

6.2.2 Financial instruments measured at fair value – fair value hierarchy

The table below analyses financial instruments measured at fair value by the level in the fair value hierarchy into which the fair value measurement is categorised.

Group - 30 June 2024

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
– foreign exchange	-	639,798	-	639,798
Trading assets	-	-	346,215,116	346,215,116
Financial investments at fair value through profit or loss	-	-	17,469,694	17,469,694
Financial investments at fair value through other comprehensive income	131,812,528	-	-	131,812,528
Liabilities				
Derivative liabilities held for risk management:				
– foreign exchange	-	696,462	-	696,462

Group - 31 December 2023

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
– foreign exchange	-	715,713	-	715,713
Trading assets	-	-	374,177,108	374,177,108
Financial investments at fair value through profit or loss	-	-	19,329,840	19,329,840
Financial investments at fair value through other comprehensive income	140,755,780	-	-	140,755,780
Liabilities				
Derivative liabilities held for risk management:				
– foreign exchange	-	626,476	-	626,476

Bank - 30 June 2024

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
– foreign exchange	-	639,798	-	639,798
Trading assets	-	-	9,911,831	9,911,831
Financial investments at fair value through profit or loss	-	-	17,469,964	17,469,694
Financial investments at fair value through other comprehensive income	131,812,528	-	-	131,812,528
Liabilities				
Derivative liabilities held for risk management:				
– foreign exchange	-	696,462	-	696,462
– interest rate	-	21,317	-	21,317

Bank - 31 December 2023

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
– foreign exchange	-	715,713	-	715,713
– interest rate	-	96,896	-	96,896
Financial investments at fair value through profit or loss	-	-	19,329,840	19,329,840
Financial investments at fair value through other comprehensive income	140,755,780	-	-	140,755,780
Liabilities				
Derivative liabilities held for risk management:				
– foreign exchange	-	626,476	-	626,476

The Bank and the Group recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. The Bank and the Group did not transfer any assets or liabilities between levels of the fair value hierarchy during the financial periods ended 30 June 2023 and 30 June 2024.

6.2.3 Level 3 fair value measurements

6.2.3.1 Reconciliation

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements classified in Level 3 of the fair value hierarchy.

Group - 30 June 2024

	Trading assets USD	Financial investments at fair value through profit or loss USD	Total USD
Balance at 1 January 2024	374,177,108	19,329,840	393,506,948
Purchases	504,127,673	-	504,127,673
Settlements/Redemptions	(527,288,313)	(993,777)	(528,282,090)
Total gains and losses recognised in profit or loss	(1,105,754)	(287,054)	(1,392,808)
Effects of movement in exchange rates	(3,695,598)	(579,315)	(4,274,913)
Balance at 30 June 2024	346,215,116	17,469,694	363,684,810

Group - 30 June 2023

	Trading assets USD	Financial investments at fair value through profit or loss USD	Total USD
Balance at 1 January 2023	444,583,661	18,179,220	462,762,881
Purchases	392,337,751	-	392,337,751
Settlements/Redemptions	(419,679,180)	-	(419,679,180)
Total gains and losses recognised in profit or loss	(1,136,631)	799,862	(336,769)
Effects of movement in exchange rates	4,025,365	322,147	4,347,512
Balance at 30 June 2023	420,130,966	19,301,229	439,432,195

Bank - 30 June 2024

	Trading assets USD	Financial investments at fair value through profit or loss USD	Total USD
Balance at 1 January 2024	-	19,329,840	19,329,840
Purchases	9,900,000	-	9,900,000
Settlements/Redemptions	-	(993,777)	(993,777)
Total gains and losses recognised in profit or loss	11,831	(287,054)	(275,223)
Effects of movement in exchange rates	-	(579,315)	(579,315)
Balance at 30 June 2024	9,911,831	17,469,694	27,381,525

Bank - 30 June 2023

	Financial investments at fair value through profit or loss USD
Balance at 1 January 2023	18,179,220
Total gains and losses recognised in profit or loss	799,862
Effects of movement in exchange rates	322,147
Balance at 30 June 2023	19,301,229

6.2.3.2 Unobservable inputs used in measuring fair value

The below sets out information about significant unobservable inputs used at 30 June 2024 and 31 December 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Trading assets

The 'Trading assets' portfolio represents forfeiting assets, that is the discounting of receivables generated from an export contract on a non-recourse basis. The assets would be evidenced by a number of different debt instruments including bills of exchange, promissory notes, letters of credit and trade or project related syndicated and bi-lateral loan (financing) agreements.

The Group and Bank establish the fair value of trading assets using a valuation technique based on the discounted expected future principal and interest cash flows. The discount rate is an estimate based on current expected credit margin spreads and interest rates at the reporting date. Inputs to the valuation technique reasonably represent market expectation and measures of risk-return factors inherent in the financial instrument.

The Group and Bank use the Risk Free Rates (RFRs) yield curve plus an adequate credit margin spread to discount cash flows from the trading assets held. At 30 June 2024, the interest rates used by the Group and Bank range between 5.53% and 1.59% (31 December 2023: between 5.20% and 14.47% for the Group). The effect of a one-percentage point increase/(decrease) in the interest rate on the fair value of trading assets at 30 June 2024 would increase/(decrease) the Group equity by approximately USD1,583,912 (31 December 2023: USD1,069,133) and Bank equity by USD20,164. There were no trading assets in the financial statements of the Bank as at 31 December 2023.

Financial investments at fair value through profit or loss

As at 30 June 2024, 'Financial investments at fair value through profit or loss' mainly represent holdings in two sub-funds, as follows:

- an unlisted sub-fund of a local collective investment scheme regulated by the MFSA, which is independently run by an investment manager licensed and regulated by the Financial Conduct Authority in the United Kingdom. The sub-fund invests in sustainable energy plants with returns generated throughout the life of each plant.

The fair value is measured by the Group and Bank based on periodical net asset valuations prepared by the scheme's independent administrator. The sub-fund's assets are marked to market value. Assets are marked at observable traded prices where that is possible. Where there is no observable price, the assets are marked in accordance with best market practice. This may involve the use of models and forward projections. Inputs and assumptions used in these models may be subjective and could include a number of highly judgemental uncertainties including the projected valuations of the individual assets and the future potential income from each asset.

The effect of a ten-percentage point increase/(decrease) in the net asset value of the sub-fund at 30 June 2024 would increase/(decrease) the Group and Bank equity by approximately USD1,623,697 (31 December 2023: USD1,694,097).

- an unlisted sub-fund of a local collective investment scheme regulated by the MFSA, which is independently run by an investment manager licensed and regulated by the Financial Conduct Authority in the United Kingdom. The sub-fund invests in a variety of investments, with relatively complex structures and limited liquidity.

The fair value is measured by the Group and Bank based on periodical net asset valuations prepared by the scheme's independent administrator. The sub-fund's assets are marked to market value. Assets are marked at observable traded prices where that is possible. Where there is no observable price, the assets are marked in accordance with best market practice. This may involve the use of models and forward projections. Inputs and assumptions used in these models may be subjective and could include a number of highly judgemental uncertainties including the projected valuations of the individual assets and the future potential income from each asset.

The effect of a ten-percentage point increase/(decrease) in the net asset value of the sub-fund at 30 June 2024 would increase/(decrease) the Group and Bank equity by approximately USD118,037 (31 December 2023: USD169,553).

At 31 December 2023, the Group's and Bank's 'Financial investments at fair value through profit or loss' also comprised an investment in other unlisted equity shares of a foreign holding company registered in Kuwait. The fair value as at 31 December 2023 is measured based on a market price quoted by a custodian. These shares were sold during the financial period ended 30 June 2024 for a consideration of USD586,224, resulting in a loss on disposal of USD55,320.

6.2.4 Financial instruments not measured at fair value

At 30 June 2024 and 31 December 2023, the fair value of the below financial assets and liabilities measured at amortised cost is approximately equal to the carrying amount. The approximate fair value is based on the following:

- **'Balances with Central Bank of Malta, treasury bills and cash'**
The majority of these assets reprice or mature in less than one hundred eighty days at 30 June 2024 and 31 December 2023. Hence their fair value is not deemed to differ materially from their carrying amount at the respective reporting dates.
- **'Loans and advances to banks' and 'Loans and advances to customers'**
Loans and advances to banks and customers are reported net of allowances to reflect the estimated recoverable amounts as at the financial reporting date. More than 80% of the Group's and Bank's loans and advances to banks and customers are all repayable within a period of less than 12 months and the interest is re-priced to take into account changes in benchmark rate. As a result, the carrying amount of loans and advances to banks and customers is a reasonable approximation of fair value.
- **'Financial investments at amortised cost'**
At 30 June 2024, 'financial investments at amortised cost' represent the Group's and Bank's debt instruments portfolio which is largely comprised of investments in bonds issued by the governments of countries in the European Union and European banks, which are held primarily for liquidity management. The fair value of financial investments at amortised cost amounted to USD11,097,891 (31 December 2023: USD28,200,233). The fair value is derived using quoted market prices under Level 1 of the fair value hierarchy at the end of the reporting period.
- **'Amounts owed to institutions and banks', 'Amounts owed to customers' and 'Debt securities in issue'**
The majority of these liabilities reprice or mature in less than one year. Hence their fair value is not deemed to differ materially from their carrying amount at the respective reporting dates.

Interest rates on the Group's 'Debt securities in issue' are disclosed in Note 13.

6.2.5 Non-financial instruments measured at fair value

The Group's freehold land and premises and improvement to premises, within 'Property and equipment', as well as the Group's 'Investment Property', are measured at fair value. All the recurring property fair value measurements use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

Land and buildings and investment properties are revalued by an independent, professionally qualified architect. Valuations of land and buildings are done using the 'investment income approach' whereby market value is derived by capitalising at an appropriate yield rate, the annual income produced, should the property be leased out to third parties. The income is based on actual rental income as per current lease agreements. To determine the reasonableness of the actual rates being used, a comparison is then drawn between the actual rates and rental rates of other properties, taking cognisance of the location, size, layout, and planning and energy performance considerations.

The land and premises and investment property were last revalued on 31 December 2023. The underlying assumptions and inputs to the derivation of the estimated fair value are disclosed in Notes 28.2 and 29.2 of the Annual Report and Financial Statements 2023. No significant changes in key assumptions and inputs, that would require a revaluation, were observed during the financial period ended 30 June 2024.

7 Classification of financial assets and liabilities

The following tables provide a reconciliation between line items in the Statements of Financial Position and categories of financial instruments.

Group - 30 June 2024

	Mandatorily at fair value through profit or loss USD	Fair value through other comprehensive income USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	195,023,733	195,023,733
Derivative assets held for risk management	639,798	-	-	639,798
Trading assets	346,215,116	-	-	346,215,116
Loans and advances to banks	-	-	92,097,842	92,097,842
Loans and advances to customers	-	-	417,071,186	417,071,186
Financial investments at fair value through profit or loss	17,469,694	-	-	17,469,694
Financial investments at fair value through other comprehensive income	-	131,812,528	-	131,812,528
Financial investments at amortised cost	-	-	11,320,012	11,320,012
Total financial assets	364,324,608	131,812,528	715,512,773	1,211,649,909
Derivative liabilities held for risk management	696,462	-	-	696,462
Amounts owed to institutions and banks	-	-	251,270,541	251,270,541
Amounts owed to customers	-	-	817,035,250	817,035,250
Debt securities in issue	-	-	16,209,186	16,209,186
Total financial liabilities	696,462	-	1,084,514,977	1,085,211,439

Group - 31 December 2023

	Mandatorily at fair value through profit or loss USD	Fair value through other comprehensive income USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	353,010,186	353,010,186
Derivative assets held for risk management	715,713	-	-	715,713
Trading assets	374,177,108	-	-	374,177,108
Loans and advances to banks	-	-	152,814,948	152,814,948
Loans and advances to customers	-	-	431,342,074	431,342,074
Financial investments at fair value through profit or loss	19,329,840	-	-	19,329,840
Financial investments at fair value through other comprehensive income	-	140,755,780	-	140,755,780
Financial investments at amortised cost	-	-	28,399,073	28,399,073
Total financial assets	394,222,661	140,755,780	965,566,281	1,500,544,722
Derivative liabilities held for risk management	626,476	-	-	626,476
Amounts owed to institutions and banks	-	-	412,570,931	412,570,931
Amounts owed to customers	-	-	934,738,942	934,738,942
Debt securities in issue	-	-	27,543,864	27,543,864
Total financial liabilities	626,476	-	1,374,853,737	1,375,480,213

Bank - 30 June 2024

	Mandatorily at fair value through profit or loss USD	Fair value through other comprehensive income USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	195,012,290	195,012,290
Derivative assets held for risk management	639,798	-	-	639,798
Trading assets	9,911,831	-	-	9,911,831
Loans and advances to banks	-	-	77,556,336	77,556,336
Loans and advances to customers	-	-	573,743,880	573,743,880
Financial investments at fair value through profit or loss	17,469,694	-	-	17,469,694
Financial investments at fair value through other comprehensive income	-	131,812,528	-	131,812,528
Financial investments at amortised cost	-	-	11,320,012	11,320,012
Total financial assets	28,021,323	131,812,528	857,632,518	1,017,466,369
Derivative liabilities held for risk management	717,779	-	-	717,779
Amounts owed to institutions and banks	-	-	171,793,275	171,793,275
Amounts owed to customers	-	-	818,257,004	818,257,004
Total financial liabilities	717,779	-	990,050,279	990,768,058

Bank - 31 December 2023

	Mandatorily at fair value through profit or loss USD	Fair value through other comprehensive income USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	352,997,057	352,997,057
Derivative assets held for risk management	812,609	-	-	812,609
Loans and advances to banks	-	-	114,325,243	114,325,243
Loans and advances to customers	-	-	618,118,225	618,118,225
Financial investments at fair value through profit or loss	19,329,840	-	-	19,329,840
Financial investments at fair value through other comprehensive income	-	140,755,780	-	140,755,780
Financial investments at amortised cost	-	-	28,399,073	28,399,073
Total financial assets	20,142,449	140,755,780	1,113,839,598	1,274,737,827
Derivative liabilities held for risk management	626,476	-	-	626,476
Amounts owed to institutions and banks	-	-	333,498,402	333,498,402
Amounts owed to customers	-	-	951,166,330	951,166,330
Total financial liabilities	626,476	-	1,284,664,732	1,285,291,208

8 Net fee and commission income/(expense)

	Group		Bank	
	30 Jun 2024	30 Jun 2023 Restated	30 Jun 2024	30 Jun 2023 Restated
	USD	USD	USD	USD
Fee and commission income				
Business introductions and other services provided to clients in respect of trading assets	1,155,925	815,688	1,427	-
Issuance and confirmation of letters of credit	1,071,572	920,331	1,078,848	920,331
Payment fees and other bank charges	497,005	456,822	432,840	381,795
Issuance of guarantees and other fees and commissions receivable in respect of trade finance lending	462,240	207,265	462,240	207,265
Fees and commissions receivable in respect of real estate lending	83,894	61,371	83,894	61,371
Administrative fees on factoring receivables	850	971	850	971
Issuance of guarantees to subsidiary companies	-	-	9,031	54,622
	3,271,486	2,462,448	2,069,130	1,626,355
Fee and commission expense				
Commissions paid to correspondent factors and insurance fees in respect of factoring receivables	1,538,137	1,765,577	422,699	508,632
Agent fees and other administrative fees in respect of trading assets	1,036,967	966,080	4,250	-
Bank charges	150,235	151,452	96,336	99,806
Issuance of guarantees and other fees payable in respect of trade finance lending	66,042	55,875	66,042	55,875
Other fees payable	24,716	2,242	24,706	2,235
Fees payable in respect of real estate lending	826	378	826	378
	2,816,923	2,941,604	614,859	666,926
Net fee and commission income/(expense)	454,563	(479,156)	1,454,271	959,429

During the financial year ended 31 December 2023, the Group and Bank reclassified amounts which were previously reported under 'Net fee and commission income/(expense)' to 'Net interest income', given that these form an integral part of the effective interest rate. Refer to Note 18 for a description of the reclassification and the disclosure of the impact on 'Net interest income' reported for the six months ended 30 June 2023.

Included in Group and Bank figures in the table above are 'Fee and commission income' receivable from and 'Fee and commission expense' payable to the parent company and other related parties (refer to analysis of amounts in Note 17).

9 Net trading results

	Group		Bank	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	USD	USD	USD	USD
Fair value movements on trading assets	(618,823)	(965,336)	3,799	-
Fair value movements on derivatives held for risk management	(1,982,784)	(961,444)	(2,292,397)	(1,513,985)
Net income from foreign exchange activities	1,654,963	646,309	1,757,749	752,295
	(946,644)	(1,280,471)	(530,849)	(761,690)

Refer to Note 17.3 for the realised and unrealised fair value movements on derivatives held for risk management with subsidiaries.

10 Dividend income

	Bank	
	30 Jun 2024 USD	30 Jun 2023 USD
Dividend income from subsidiary companies	2,000,000	2,000,000
	2,000,000	2,000,000

11 Derivatives held for risk management

	Group		Bank	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Derivative assets held for risk management				
– foreign exchange	639,798	715,713	639,798	715,713
– interest rate	-	-	-	96,896
	639,798	715,713	639,798	812,609
Derivative liabilities held for risk management				
– foreign exchange	(696,462)	(626,476)	(696,462)	(626,476)
– interest rate	-	-	(21,317)	-
	(696,462)	(626,476)	(717,779)	(626,476)

See Note 17 for derivatives with related parties.

11.1 Net investment hedge

The Bank has an exposure to Indian Rupees (“INR”) in respect of the investment in India Factoring, which had a carrying amount of USD33.7 million as at 30 June 2024 and 31 December 2023. In this respect, the Bank entered into forward foreign exchange derivative contracts to hedge its exposure to INR. As at 30 June 2024, the notional amount of these derivative contracts amounts to USD31.8 million (31 December 2023: USD30.0 million).

The Bank applies hedge accounting in respect of net investment in India Factoring to mitigate the risk of changes in spot exchange rates. Hedging is undertaken using forward foreign exchange contracts where an economic relationship exists between the hedged net investment and hedging instrument due to the foreign currency risk exposure.

	Carrying amount		Notional amount USD	Amounts recognised in OCI USD	Change in fair value during the period USD	Hedge ineffectiveness recognised in income statement USD
	Derivative assets USD	Derivative liabilities USD				
30 June 2024						
Indian rupee denominated foreign exchange	-	52,308	31,842,924	(165,193)	(170,834)	(5,641)
31 December 2023						
Indian rupee denominated foreign exchange	-	98,017	30,024,203	(370,022)	(369,918)	104

12 Investments in subsidiaries

12.1 Subsidiaries

Name of company	Country of incorporation	Nature of business	Equity interest		Bank	
			2024	2023	2024	2023
			%	%	USD	USD
FIM Business Solutions Limited	Malta	IT services provider	N/A	100	-	5,000
FIM Property Investment Limited	Malta	Property management	100	100	1,006,000	1,006,000
London Forfaiting Company Limited	United Kingdom	Forfaiting	100	100	72,966,435	112,966,435
The Egyptian Company for Factoring S.A.E.	Egypt	Factoring	100	100	8,523,448	10,023,448
FIMFactors B.V.	Netherlands	Holding company	100	100	33,686,690	33,686,690
					116,182,573	157,687,573

The carrying amount of the 'Investments in subsidiaries', amounting to USD116,182,573 as at 30 June 2024 (31 December 2023: USD157,687,573), is stated net of accumulated impairment, amounting to USD67,644,660 as at 30 June 2024 (31 December 2023: USD66,144,660). The accumulated impairment relates to FIMFactors B.V. and The Egyptian Company for Factoring S.A.E ("Egypt Factors").

On 25 January 2024, the Bank issued a Company Announcement, announcing that the Bank's Board of Directors resolved to approve a merger by acquisition between the Bank, as the acquiring company, and FIM Business Solutions Limited as the company acquired (the "Merger"). The Bank obtained regulatory approval from the Malta Financial Services Authority in relation to the Merger. Upon Merger, the Bank has succeeded to all the assets, rights, liabilities, and obligations of FIM Business Solutions Limited, which in turn, has ceased to exist. The impact of the Merger on the financial position and financial performance of the Bank was insignificant.

In addition to the above, on 23 May 2024, the directors of London Forfaiting Company Limited ("LFC") resolved to reduce the issued share capital from USD115,600,000 to USD75,600,000 by cancelling and extinguishing 40,000,000 of the issued ordinary shares of USD1.00 each in the company, each of which was fully paid up. This reduction in share capital is part of the strategic reorganisation of the Group.

Finally, during the six-month period ended 30 June 2024, the Senior Management of Egypt Factors revised the financial projections of the subsidiary for the upcoming five years downward, which was deemed to represent an impairment trigger requiring an adjustment to the key assumptions applied in the impairment assessment of Egypt Factors. In this respect, it was determined that as at 30 June 2024, the recoverable amount of this subsidiary was lower than the carrying amount, resulting in an impairment loss amounting to USD1,500,000, being recognised in the Bank's Statement of Profit or Loss. For additional details in respect of the underlying assumptions, please refer to Note 12.2 below.

12.2 Impairment assessment

At each reporting date, the Bank conducts an assessment to detect any indication of impairment in its investments in subsidiaries. If an indication of impairment is detected, the Bank performs an impairment assessment to determine whether the recoverable amount of the investment in that subsidiary is less than the carrying amount. If it is, an impairment charge would be required.

During the first semester of 2024, the Bank performed an assessment to identify any impairment triggers based on the underlying performance of each subsidiary. This involved a retrospective analysis to test the effectiveness of the assumptions and projections used in the assessment as at 31 December 2023.

Where an indication of impairment was present, the Group updated the assumptions and projections to reflect current conditions. Based on this assessment, it was determined that, as of 30 June 2024, the recoverable amount of each subsidiary was higher than the carrying amount in the financial statements, with the exception of Egypt Factors.

Egypt Factors

It was determined that, as of the reporting date, the recoverable amount of Egypt Factors was lower than the carrying amount of the investment. Consequently, an impairment loss of USD1,500,000 was recognised in the Bank's Statement of Profit or Loss during the period ended 30 June 2024, resulting in a total accumulated impairment of USD10,354,194.

Financial projections

Financial projections for a five-year period form the basis for discounted cash flow analysis used to determine 'value-in-use'. These projections are based on expectations of future outcomes based on past experience, adjusted for a revenue cumulative annual growth rate of 1.3% (31 December 2023: 3.8%). Revenue growth is projected by taking into consideration the updated business model of the entity and the estimated growth over the projection period.

Terminal value

The terminal value, or the value attributed to the CGU beyond the explicit forecast period, is estimated using a 'Gordon Growth Model'. This determination assumes a long-term growth rate of 3.0% as at 30 June 2024 (31 December 2023: 3.0%), which is considered appropriate considering the industry and economy growth estimates.

Discount rate

The 'value-in-use' estimate requires the application of an appropriate discount rate that reflects the risks of the cash flows. As the valuation discounts cash flows available to equity holders, the valuation model adopts the 'cost of equity' as the discount rate. IAS 36 requires pre-tax cash flows to be discounted using pre-tax discount rate.

As at 30 June 2024, the discount rate for the CGU is 19.89% (31 December 2023: 21.46%). The discount rate (representing the cost of equity) applied on valuation date, is based on the rate of 20-year US Government bonds (31 December 2023: 20-year US Government bonds) representing the functional currency and equity of the company, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific entity.

Valuation risks

The key assumptions described above may change as economic, political, and market conditions evolve. While the carrying amounts of the subsidiaries are in line with the recoverable amounts or have been updated to reflect the recoverable amounts, any significant adverse movement in a key assumption could lead to an impairment of the investment in a subsidiary.

13 Debt securities in issue

	Group	
	30 Jun 2024 USD	31 Dec 2023 USD
Opening balance	27,543,864	15,451,068
Drawdowns	21,339,307	38,142,327
Principal repayments	(31,655,888)	(26,893,950)
Interest repayments	(776,781)	(256,050)
Interest accruals	606,758	545,041
Effects of movement in exchange rates	(848,074)	555,428
Closing balance	16,209,186	27,543,864

'Debt securities in issue' as at 30 June 2024 and 31 December 2023 comprise of unsecured promissory notes with a tenor of up to one year. As at 30 June 2024, all three promissory notes are subject to a fixed interest rate, while as at 31 December 2023, one of the promissory notes was subject to a fixed interest rate, whereas the remaining three promissory notes were subject to a floating interest rate (linked to 3-month or 6-month Secured Overnight Financing Rate ("SOFR")). As at 30 June 2024, the effective interest rate in respect of 'Debt securities in issue' ranges between 5% and 5.903% (31 December 2023: 5.3% and 6.085%). In respect of two of the promissory notes as at 30 June 2024 and 31 December 2023, the Group has an early repayment option. However, in view of the short-term maturity horizon of the promissory notes, the potential impact of the Group exercising the option is deemed to be immaterial.

14 Contingent liabilities

	Group		Bank	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Payment commitments to the Depositor Compensation Scheme	3,065,823	2,811,005	3,065,823	2,811,005
Payment commitments to the Single Resolution Fund	431,596	445,474	431,596	445,474
Guarantees issued to banks	14,556,780	14,687,080	14,556,780	14,687,080
Guarantees issued to customers	12,644,952	13,338,194	12,644,952	13,338,194
Guarantees issued to subsidiary companies	-	-	16,058,238	11,049,724
	30,699,151	31,281,753	46,757,389	42,331,477

As at 30 June 2024, an expected credit loss allowance, determined in accordance with IFRS 9, amounting to USD55,664 (31 December 2023: USD7,551) for the Group and USD75,906 (31 December 2023: USD7,828) for the Bank, was recognised and presented within 'Provision for liabilities and charges' in respect of guarantees issued by the Group and Bank. The expected credit loss allowance in respect of guarantees issued to subsidiaries amounted to USD20,242 as at 30 June 2024 (31 December 2023: USD277).

Payment commitments to the Depositor Compensation Scheme ("DCS") and the Single Resolution Fund ("SRF") relate to possible future contributions payable to the DCS and the SRF. The DCS provides compensation, up to certain limits, to eligible customers of credit institutions that are unable, or likely to be unable, to pay claims against them. The DCS may impose a further contribution on the Group and Bank to the extent the contributions imposed to date are not sufficient to cover the compensation due to customers in any future possible collapse. The ultimate contribution to the industry as a result of a collapse cannot be estimated reliably. It is dependent on various uncertain factors including the potential recovery of assets by the DCS, changes in the level of protected products (including deposits and investments) and the population of DCS members at the time. At 30 June 2024, assets pledged in favour of the DCS comprised of cash collateral amounting to USD3,065,823 (31 December 2023: USD2,811,005). The cash collateral is classified within 'Other assets' in the Statement of Financial Position. A contingent liability for an identical amount is disclosed in the table above to reflect the possibility that this commitment becomes payable.

In addition, in accordance with article 70(3) of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, the available financial means of the SRF may include irrevocable payment commitments which are fully backed by unencumbered collateral of low-risk assets. The share of irrevocable payment commitments cannot exceed 30% of the total amount of contributions. At 30 June 2024, irrevocable payment commitments to the SRF amounted to USD431,596 (31 December 2023: USD445,474).

15 Commitments

	Group		Bank	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Commitments to purchase assets				
Undrawn credit facilities	95,229,588	72,943,304	95,229,588	72,943,304
Confirmed letters of credit	14,040,193	10,217,120	14,045,735	10,217,120
Documentary credits	5,226,719	17,059,663	5,226,719	17,059,663
Commitment to purchase assets	9,628,682	77,003,510	-	-
Commitments to sell assets				
Commitment to sell assets	(4,472,528)	(29,419,890)	-	-
	119,652,654	147,803,707	114,502,042	100,220,087

At 30 June 2024, the Group has total sanctioned limits to customers amounting to USD1,494,432,058 (31 December 2023: USD1,824,476,886). As at 30 June 2024, the Bank had USD5,542 confirmed documentary credits in favour of subsidiary companies (31 December 2023: nil). As at 30 June 2024, an expected credit loss allowance, determined in accordance with IFRS 9, amounting to USD213,432 (31 December 2023: USD82,307) for the Group and Bank, was recognised in respect of commitments and presented within 'Provision for liabilities and charges'.

In this respect, this disclosure presents information required by IFRS 7 – Financial Instruments: Disclosures in relation to credit related commitments.

16 Cash and cash equivalents

Balances of cash and cash equivalents as shown on the Statements of Financial Position are analysed as follows:

	Group		Bank	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Balances with the Central Bank of Malta, treasury bills and cash	155,141,963	221,812,510	155,130,520	221,799,380
Loans and advances to banks	32,193,248	53,246,027	19,446,000	18,200,076
Amounts owed to institutions and banks	(118,051,989)	(162,015,093)	(74,511,935)	(112,269,724)
Cash and cash equivalents at end of year	69,283,222	113,043,444	100,064,585	127,729,732
Adjustment to reflect balances with contractual maturity of more than three months	(33,432,188)	(19,789,241)	710,766	6,094,166
As per statements of financial position	35,851,034	93,254,203	100,775,351	133,823,898
Analysed as follows:				
Balances with the Central Bank of Malta, treasury bills and cash	195,023,733	353,010,186	195,012,290	352,997,057
Loans and advances to banks	92,097,842	152,814,948	77,556,336	114,325,243
Amounts owed to institutions and banks	(251,270,541)	(412,570,931)	(171,793,275)	(333,498,402)
	35,851,034	93,254,203	100,775,351	133,823,898

17 Related Parties

17.1 Identification of related parties

The ultimate parent company of FIMBank p.l.c. is Kuwait Projects Company (Holding) K.S.C.P. ("KIPCO") a company registered and headquartered in Kuwait. The registered address is KIPCO Tower, Khalid Bin Al Waleed Street, Sharq, Kuwait City.

The immediate parent company is United Gulf Holding Company B.S.C. ("UGH"), a holding company licensed by the Ministry of Industry, Commerce and Tourism in Bahrain. The registered address is PO Box 5565, Diplomatic Area, UGB Tower, Manama, Kingdom of Bahrain.

The majority shareholding of the Bank is held by UGH, a subsidiary of KIPCO. All entities which are ultimately controlled by KIPCO, together with the other minority shareholders and entities controlled by them, are considered to be related parties.

Key Management personnel of the Bank, being the Bank's Directors and Executive Officers, and close family members of Key Management personnel are also considered to be related parties. Executive Officers are the individuals who form the Executive Management team, which together with the Directors fall under the responsibility of the Board Nomination and Remuneration Committee. Among other duties, this Committee ensures that the Directors and Executive Officers possess the appropriate mix of skills, qualifications, and experience necessary to fulfil their supervisory and management responsibilities.

Related party transactions carried out by the Bank and its subsidiaries are reported to the Audit Committee which reviews them and assesses their nature.

17.2 Ultimate and immediate parent companies and their subsidiaries, shareholder having significant influence and other related companies

The aggregate values of transactions and outstanding balances related to the ultimate and immediate parent companies and subsidiaries of the parent company were as follows:

	Ultimate and immediate parent companies *		Subsidiaries of immediate parent company **	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Assets				
Loans and advances to customers	21,249,280	21,917,150	-	-
Financial investments at amortised cost	-	9,771,244	-	-
Liabilities				
Amounts owed to institutions and banks	-	-	278,840	270,647
Amounts owed to customers	30,755	30,830	-	2,433

* * * Amounts presented in these columns represent balances and transactions with KIPCO and UGH.

** * Amounts presented in these columns represent balances and transactions with subsidiary companies of UGH.

	Ultimate and immediate parent companies *		Subsidiaries of immediate parent company **	
	30 Jun 2024 USD	30 Jun 2023 USD	30 Jun 2024 USD	30 Jun 2023 USD
Statements of profit or loss				
Interest income	817,826	1,354,690	-	-
Interest expense	-	(6,250)	-	-
Fee and commission income	75	75	3,715	3,986
Fee and commission expense	-	-	(5,601)	-
Net trading results	-	-	-	25,154
Administrative expenses	-	-	(107,141)	(75,979)

'*' Amounts presented in these columns represent balances and transactions with KIPCO and UGH.

'**' Amounts presented in these columns represent balances and transactions with subsidiary companies of UGH.

The aggregate values of transactions and outstanding balances related to the shareholder having significant influence and other related companies were as follows:

	Shareholder having significant influence		Other related companies	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Assets				
Loans and advances to banks	672,339	350,071	-	-
Loans and advances to customers	-	-	-	30,000
Other assets	-	-	1,971	1,431
Liabilities				
Amounts owed to customers	-	-	44,669	22,092
Other liabilities	-	-	690	712

	Shareholder having significant influence		Other related companies	
	30 Jun 2024 USD	30 Jun 2023 USD	30 Jun 2024 USD	30 Jun 2023 USD
Statements of profit or loss				
Interest income	-	-	28,968	115,040
Fee and commission income	-	-	535	20
Fee and commission expense	-	-	(14,191)	(15,829)
Administrative expenses	-	(11,596)	-	-

17.3 Transactions with subsidiaries and associates

The aggregate values of transactions and outstanding balances related to the Banks's subsidiaries and associates were as follows:

	Subsidiaries		Associates	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Assets				
Derivative assets held for risk management	-	96,896	-	-
Loans and advances to customers	353,910,334	365,717,953	7,008,812	7,017,657
Investments in subsidiaries (Note 8)	116,182,573	157,687,573	-	-
Other assets	583,665	758,925	-	-
Liabilities				
Derivative liabilities held for risk management	21,317	-	-	-
Amounts owed to customers	2,598,551	22,015,633	2,069	2,149
Provision for liabilities and charges	20,242	277	-	-
Other liabilities	1,440,625	2,214,389	-	-
Memorandum items				
Contingent liabilities	16,058,238	11,049,724	-	-
Commitments	5,542	-	-	-
Statements of profit or loss				
	30 Jun 2024 USD	30 Jun 2023 USD	30 Jun 2024 USD	30 Jun 2023 USD
Interest income	12,097,515	10,549,253	228,497	209,049
Interest expense	(61,915)	(33,598)	-	-
Fee and commission income	51,623	54,622	-	-
Fee and commission expense	-	272	-	-
Realised/Unrealised gains on FX derivatives	-	(71,104)	-	-
Dividend income	2,000,000	2,000,000	-	-
Other operating income	87,500	163,500	-	-
Administrative expenses	(396,385)	(445,688)	-	-
Impairment of investment in subsidiaries	(1,500,000)	-	-	-

17.4 Transactions with key management personnel

	Directors		Executive officers	
	30 Jun 2024 USD	31 Dec 2023 USD	30 Jun 2024 USD	31 Dec 2023 USD
Liabilities				
Amounts owed to customers	904,305	853,071	61	49,567
Statements of profit or loss				
	30 Jun 2024 USD	30 Jun 2023 USD	30 Jun 2024 USD	30 Jun 2023 USD
Interest expense	(9,548)	(6,239)	(14)	(561)
Fee and commission income	80	120	6	-
Administrative expenses - remuneration	(152,124)	(214,167)	(1,023,362)	(735,724)
Administrative expenses - other long-term benefits	(942)	(195)	(340,413)	(254,825)
Administrative expenses - other short-term benefits	-	-	(18,486)	(5,413)
Administrative expenses - others	(1,781)	(2,709)	(5,306)	(20,847)

Directors of the Bank control less than 1 per cent of the voting shares of the Bank (31 December 2023: less than 1 per cent).

Please see the Directors' Report and Note 19 – Subsequent Events for a description of changes in the composition of the Board of Directors.

17.5 Other related party transactions

	Other related parties	
	30 Jun 2024 USD	31 Dec 2023 USD
Liabilities		
Amounts owed to customers	464,708	468,100
Statements of profit or loss		
	30 Jun 2024 USD	30 Jun 2023 USD
Interest expense	(7,314)	(3,500)

Other related party transactions relate to family members of Group Directors.

18 Comparative information

As explained in Note 25.2 of the Group's Annual Report and Financial Statements 2023, during the financial year ended 31 December 2022, the Group and Bank changed the business model for its long-term debt securities from 'hold-to-collect-and-sell' to 'hold-to-collect', leading to the reclassification of this portfolio from 'Financial investments at fair value through other comprehensive income' to 'Financial investments at amortised cost'. The reclassification was done to reflect a change in the business model for managing these long-term securities, such as sovereign bonds, corporate bonds, and Malta Government Bonds, to a 'held-to-collect' business model in terms of IFRS 9. The Group and Bank based its decision on professional advice, industry practice and information available at the time. In this respect, 'Financial investments at fair value through other comprehensive income' amounting to USD161,611,818 were reclassified to 'Investments at amortised cost' on 1 January 2022.

During the financial year ended 31 December 2023, this position was reconsidered by Management in the context of developments in market interpretations of IFRS 9 requirements in relation to reclassifications of financial instruments between different classification and measurement categories. In this respect, Management reperformed the assessment relating to the reclassification of this portfolio of financial instruments in the context of these developments. Based on this assessment, the Group and Bank concluded that the reclassification criteria emanating from IFRS 9 are no longer deemed to have been met during the financial year ended 31 December 2022. Accordingly, Management has decided to reverse the effects of the reclassification on the Group's and Bank's Statements of Financial Position. The comparative financial information presented within the Group's and Bank's Statements of Profit or Loss and Statements of Comprehensive Income has been restated to apply this reversal retrospectively. In respect of comparative balances as at 1 January 2023, the restatements have been disclosed within the FIMBank Group's Annual Report and Financial Statements 2023, specifically in Note 4 and Note 25.2.

The Group published unaudited Condensed Interim Financial Statements as at and for the period ended 30 June 2023. Following the restatements effected in the FIMBank Group's Annual Report and Financial Statements 2023, presented below are the impacts of these restatements to the balances as at and for the period ended 30 June 2023.

The effect of the reversal of the reclassification effected in 2022 on the Statements of Profit or Loss for the financial period ended 30 June 2023 is summarised below:

Group and Bank – 30 June 2023

	30 June 2023 as previously reported USD	Impact of reclassification USD	30 June 2023 as restated USD
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Statements of profit or loss for the six months ended 30 June 2023

Net movement in expected credit losses and other credit impairment charges:			
– loss allowance on debt investments measured at amortised cost	(15,882)	41,352	25,470
– loss allowance on debt investments measured at FVOCI	-	(41,352)	(41,352)

	30 June 2023 as previously reported USD	Impact of reclassification USD	30 June 2023 as restated USD
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Statements of other comprehensive income for the six months ended 30 June 2023

Items that are or may be reclassified subsequently to profit or loss:

Debt instruments at fair value through other comprehensive income:			
– fair value gains	-	2,180,006	2,180,006

The impact of reclassification recognised within the Statement of Other Comprehensive Income can be further analysed into an impact of USD2,221,358 arising due to the reversal of the reclassification of the Group's and Bank's debt investment portfolio, as explained in more detail in Note 25.2 of the FIMBank Group Annual Report and Financial Statements 2023, and an impact of USD41,352 arising due to the reclassification of loss allowances on these debt investments from the carrying amount in the Statement of Financial Position to other comprehensive income.

In addition to the above, as explained in Note 4 of the Group's Annual Report and Financial Statements 2023, during the financial year ended 31 December 2023, Management re-assessed its financial reporting practices in relation to the presentation of certain interest income and expense in accordance with the requirements emanating from IFRS 9 as well as the presentation of fee and commission income and expense in accordance with the requirements emanating from IFRS 15. In this respect, certain elements of fee and commission income and expense which were previously presented as part of the Group's 'Net fee and commission income/(expense)' in the Statement of Profit or Loss were reclassified to 'Net interest income' given that it was determined that these should be reflected as an integral part of the effective interest rate in accordance with IFRS 9. In this respect, these amounts have been reclassified to 'Net interest income' in the comparative financial information presented within the Group's and Bank's Statements of Profit or Loss and Statements of Comprehensive Income.

The impact of the restatements to the comparative information on the Statements of Profit or Loss is presented hereunder:

Group – 30 June 2023

	Note	30 June 2023 as previously reported USD	Impact of reclassification USD	30 June 2023 as restated USD
Statements of profit or loss for the six months ended 30 June 2023				
Interest income		35,760,410	10,330,647	46,091,057
Fee and commission income	8	13,135,227	(10,672,779)	2,462,448
Fee and commission expense	8	(3,430,718)	489,114	(2,941,604)
Other operating expenses		(3,076)	(146,982)	(150,058)

Bank – 30 June 2023

	Note	30 June 2023 as previously reported USD	Impact of reclassification USD	30 June 2023 as restated USD
Statements of profit or loss for the six months ended 30 June 2023				
Interest income		24,203,711	1,274,237	25,477,948
Fee and commission income	8	3,242,725	(1,616,370)	1,626,355
Fee and commission expense	8	(1,009,059)	342,133	(666,926)

19 Subsequent events

On 2 August 2024, a Company Announcement was issued, whereby the Board of Directors of FIMBank p.l.c. announced that Mr Mohamed Louhab in his capacity as Group Chief Executive Officer and Executive Director has decided to retire. The Board accepted his resignation with effect from 1 August 2024.

In his capacity as Deputy Chief Executive Officer of FIMBank p.l.c., Mr Simon Lay took over relevant responsibilities and is holding this position, subject to regulatory approval, until further notice is made by the Board of Directors.

These changes had no impact on these Condensed Interim Financial Statements.

There were no other events after the reporting date that would have a material effect on the Condensed Interim Financial Statements of the Group and Bank.



Independent auditor's review report

To the Board of Directors of FIMBank p.l.c.

Report on review of condensed interim financial information

Introduction

We have reviewed the accompanying condensed consolidated and stand-alone interim statements of financial position of FIMBank p.l.c. as at 30 June 2024 and the related condensed consolidated and stand-alone interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes ("the condensed interim financial information"). The directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Other matters

This report, including the conclusion, has been prepared for and only for FIMBank p.l.c. and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in blue ink that reads 'Fabio Axisa'.

Fabio Axisa
Principal

For and on behalf of

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

28 August 2024