



FIMBANK

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 Listing Rules 5.16 and 5.54:

Quote

The Board of Directors of FIMBank met in Malta on 10 March 2020 to approve the Consolidated Audited Financial Statements for the financial year ended 31 December 2019. A Preliminary Statement of Results for the financial year ended 31 December 2019 is attached to this Company Announcement and has been made available for public viewing on the Company’s website at www.fimbank.com.

The Board of Directors resolved that the Consolidated Audited Financial Statements be submitted for approval by the shareholders at the forthcoming Annual General Meeting to be held in Malta on 7 May 2020. At the General Meeting, the Board of Directors will not be recommending a dividend.

Unquote

Andrea Batelli
Company Secretary

11 March 2020

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Preliminary statement of annual results

For the year ended 31 December 2019

General

The Preliminary Statement of Annual Results is published in terms of Malta Financial Services Authority Listing Rules 5.16 and 5.54. Figures have been extracted from FIMBank p.l.c.'s Audited Financial Statements for the financial year ended 31 December 2019, as approved by the Board of Directors on 10 March 2020 and which have been audited by KPMG. The Financial Statements refer to the consolidated accounts of the FIMBank Group (the "Group"), comprising FIMBank p.l.c. ("FIMBank", the "Bank") and its subsidiaries London Forfaiting Company Limited ("LFC"), India Factoring and Finance Solutions Private Limited ("India Factoring"), The Egyptian Company for Factoring S.A.E. ("Egypt Factors"), FIM Holdings (Chile) S.p.A., FIMFactors B.V., FIM Business Solutions Limited and FIM Property Investment Limited. Coverage is also given to the equity-accounted investee BRASILFACTORS S.A. ("Brasilfactors").

Review of performance

During the financial year 2019, the Group continued its transformation into a strong trade finance player, proactively seeking to optimise its business fundamentals whilst also reacting to market, industry and regulatory developments in the regions in which it operates. The overall financial performance of the Group reflects the execution of a de-risking process resulting in a temporary asset reduction positively improving the risk profile of the key portfolios. Following the conclusion of this process, the Group strengthened the structures of its credit transactions, migrated to superior counterparty profiles and reduced its concentrations on product, single obligor and geographical presence. This has however led to a decrease in revenues as a result of lower new business and stock levels carried during the year. Continuing from prior years, the Group remained highly effective in the management of its asset-liability structures, driving performance in funding efficiency and costs, and generating additional revenues from favourable capital markets conditions. During the year, impairment coverage on legacy and new delinquent exposures has increased on the back of developments in the different resolution tracks. Such impairments were offset by the recovery of other long overdue exposures reflecting the ongoing actions to recoup lost value in past years. The Group continued investing in its human capital and IT infrastructure with the aim of reinforcing its core operational assets, and concurrently ensuring the best use of its resources through operational innovations and cost efficiencies.

The Bank, as the parent of the Group, maintains overall responsibility for the Group's business and development. During the year, the Bank absorbed most of the de-risking outcome in its core trade and commodity finance portfolio, with a direct impact on interest and fee revenues. The shipping portfolio also experienced volatility due to market conditions limiting financing opportunities of targeted vessels. In Malta, the real estate portfolio grew to its set targets, with the Bank aware of the industry's inherent risks and therefore executing a vigilant approach to this line of business. Treasury and cash management operations were also effective in the areas of liquidity and funding, foreign currency and capital markets, with financial institutions' relationships remaining adequate to support business across the Group. The financial results also reflect the need for higher impairment coverage on trade commodity facilities. Recoveries were slower than expected but are expected to pick up during the forthcoming year. During the year, the Bank received dividend income from a subsidiary undertaking, with no impact on the Group consolidated results.

Across the Group, LFC had another successful year and delivered strong results. With no significant need to de-risk, LFC further expanded its portfolio with a corresponding increase in trading volumes. Its robust business model, institutional expertise and a risk-balanced portfolio enable LFC to achieve consistently superior revenue margins, complemented by an efficient mix of funding from the Bank and third party institutions with a likewise lean operational cost structure. During 2019 LFC continued to recover on past overdue transactions whilst actively managing new risks and market developments as they arise. As LFC is domiciled in the United Kingdom, the Group continued to assess the impact of Brexit on the company's operations and its affiliation within the Group. The impact is considered to be minimal as LFC's appetite for diverse risks across different business sectors and geographies coupled with a global footprint, places LFC in a strong position to manage any identifiable risks associated with the United Kingdom withdrawing from the EU.

India Factoring also grew during the year, at a slower-than-planned pace, returning modest results. During 2019, the business continued pivoting away from the domestic business to an export-driven book, upgrading and diversifying the exposures to a stream of larger-scale counterparties. Notwithstanding the marginal growth, India Factoring has significantly increased its asset turnover particularly in the second half of the year, building adequate pipeline and gaining the required momentum for the months ahead. Impairments were lower than prior years as no new delinquent loans were identified during the year with recoveries partly offsetting resulting impairments on assets at different impairment stages.

Egypt Factors produced another stable performance. As the Egypt market and economic context becomes more stable, Egypt Factors faces a higher level of competition in sourcing new clients at the right level of risk. Yet, the subsidiary has successfully expanded its portfolio during the year, with a growing pipeline and asset levels at superior margins. In 2019, Egypt Factors also recovered a legacy non-performing exposure, boosting its annual profitability and contribution to the Group.

At the beginning of the year the Group implemented the IFRS 16 leasing accounting standard impacting the classification and measurement of leases, particularly where the Group is a lessee. As a result of these requirements, the Group recognised new “right-of-use assets” and related “lease liabilities”. There have been no changes to leases where the Group is a lessor. The introduction of IFRS 16 did not have an impact on the Group reserves at the beginning of the year.

Statement of profit or loss

For the year ended 31 December 2019, the Group registered a post-tax profit of USD4.5 million compared to a profit of USD10.2 million in 2018. Group earnings per share stood at US cents 0.86 (2018: US cents 2.22). The results for the year under review are summarised in the table below, which should be read in conjunction with the explanatory commentary that follows:

| | 2019 USD | Group 2018 USD | Movement USD |
|-----------------------------------------------------------------|-------------------|----------------------|--------------------|
| Net interest income | 32,321,233 | 31,198,703 | 1,122,530 |
| Net fee and commission income | 12,480,522 | 17,645,824 | (5,165,302) |
| Dividend income | 3,591,794 | 7,660,271 | (4,068,477) |
| Net results from foreign currency operations | 1,946,289 | 1,293,996 | 652,293 |
| Other operating income | 932,009 | 911,206 | 20,803 |
| Net operating income | 51,271,847 | 58,710,000 | (7,438,153) |
| Operating expenses | (37,019,821) | (37,576,677) | 556,856 |
| Net operating results | 14,252,026 | 21,133,323 | (6,881,297) |
| Net impairment losses | (13,066,172) | (13,283,010) | 216,838 |
| Net results from trading assets and other financial instruments | 6,076,270 | 5,982,890 | 93,380 |
| Share of results of equity-accounted investees | - | 238,634 | (238,634) |
| Loss upon disposal of equity-accounted investee | - | (2,062,937) | 2,062,937 |
| Fair value gain from investment property | - | 984,951 | (984,951) |
| Profit before tax | 7,262,124 | 12,993,851 | (5,731,727) |
| Taxation | (2,732,021) | (2,790,218) | 58,197 |
| Profit for the period | 4,530,103 | 10,203,633 | (5,673,530) |

For the year under review, ‘net operating results’, that is operating income less operating expenses, contracted by USD6.9 million to USD14.3 million, as the Group embarked on a de-risking process, with the aim of strengthening the quality of the portfolio, through improved transaction structures and mitigation of several risks.

The Group's 'net operating income' dropped by 13% from USD58.7 million to USD51.3 million. Net interest income, net fees and commission income and dividend income combined together decreased by 14%, from USD56.5 million to USD48.4 million. Revenues dropped due to a combination of certain measures implemented by the Group and economic conditions. As a result of a number of non-performing loans that were identified in prior years, the Group has implemented various changes to its risk frameworks, which led the Group to de-risk its main portfolios – and as a consequence the income generated from these portfolios decreased accordingly. In addition, interest and fee income on exposures that were classified as "non-performing" ceased being recognised in the income statement. Notwithstanding this, the Group optimised on its funding structure to offset the drop in revenues. The Group has implemented various asset and liability management measures to create funding efficiencies, to save on interest costs and to limit non-remunerative excess liquidity, while ensuring that sufficient liquidity remains available to meet business and regulatory requirements. The increase in 'net interest income' of USD1.1 million is evidence of this optimisation.

'Net results from foreign currency operations' increased by 50% to USD1.9 million. During the year, the Group increased the volume of foreign currency transactions with clients. In addition, as a result of stringent asset/liability management, it was also able to minimise the use of FX swaps and minimise related costs.

'Operating expenses' were contained at USD37.0 million, a marginal drop of USD0.6 million. The Group continued investing in its human resources through the attraction, retention and training of staff. Likewise significant investments were made in the IT infrastructure and systems, upgrading a number of tools in the business and regulatory spaces.

During the year, the Group recognised additional IFRS 9 "Stage 3" impairments of USD14.2 million largely on a number of non-performing exposures in FIMBank and India Factoring. As in other similar cases, uncertainty on the potential resolution and recovery still exists at the reporting date and judgement was applied in determining the appropriate level of impairment – guided by a cautious approach based on the facts and circumstances available. IFRS 9 "Stage 1" and "Stage 2" impairment allowances decreased by USD0.5 million following an improvement in the risk profile of a number of exposures, as well as stage transfers between Stage 1 or 2 and Stage 3. During the year, the Group has also made recoveries of exposures previously recognised as non-performing of USD0.7 million.

'Net results from trading assets and other financial instruments' were strong, owing to gains arising out of the trading book and opportunistic sales in the fixed-income bond book, held for liquidity purposes. During 2019, the Group has also made recoveries of exposures within the trading book of USD3.0 million.

Investment property was not revalued during the year under review, as that the market value of the property remained largely unvarying to prior year.

Financial position

At 31 December 2019, total consolidated assets stood at USD1.89 billion, up by USD24 million from end-2018. As a result of the de-risking process there has been a significant shift in portfolios. Loans and advances to banks and customers fell by USD90.6 million and financial assets held at fair value also dropped by USD56.2 million. In contrast, 'trading assets' grew by USD113 million and treasury balances increased by USD56.4 million. Other changes in consolidated assets reflect the recognition of the right-of-use assets following the implementation of IFRS 16 and the utilisation of deferred tax.

Total consolidated liabilities as at 31 December 2019 stood at USD1.61 billion, an increase of USD21.7 million over end-2018. The growth in liabilities is largely due to an increase of USD30.3 million in deposits from corporate and retail clients offset by a marginal drop of USD9.7 million from wholesale funding sources ('amounts owed to banks' and 'debt securities in issue'). Other changes in consolidated liabilities reflect the recognition of the lease liabilities following the implementation of IFRS 16.

'Total equity attributable to the equity holders of the Bank' as at financial reporting date stood at USD282.5 million, remaining relatively flat when compared to the prior period. The marginal increase of USD2.2 million reflects profits for the year and other equity adjustments.

At 31 December 2019 the Group's CET1 ratio stood at 16.9% (2018: 17.6%) and total capital ratio at 16.9% (2018: 18.0%).

Total Group 'commitments', consisting mainly of confirmed letters of credit, documentary credits, commitments to purchase forfeiting assets and factoring commitments, stood at USD166 million while 'contingent liabilities', principally consisting of outstanding guarantee obligations, stood at USD5 million.

Outlook for 2020

For 2020, the Group is expected to grow the key areas of business, building on core established strengths and applying the rigorous approach to business implemented over the past months. With a reinforced front office organisation, the Group will continue pursuing business opportunities and offering differentiated products, exploiting its expertise in the industries and geographies across the clients' supply chain. Concurrently, the Group will keep assessing the viability of its different businesses, looking for scalability and returns as the key drivers to generate consistent returns and value to the organisation. Supported by a dedicated function, recoveries of non-performing assets will remain a focus area, both from an income perspective' as well as in improving the overall portfolio quality. In a context of tighter regulation and a competitive business context, the attention to controls, operations and governance remains paramount to remain agile in preparing for the future. With a talented human capital pool, and backed by a solid shareholding base, FIMBank will progress towards its strategic objectives in a paced and effective manner.

Dividends and reserves

The Directors will not be recommending the payment of a dividend to the Annual General Meeting of shareholders.

Statements of profit or loss

For the year ended 31 December 2019

| | Group 2019 USD | 2018 USD | Bank 2019 USD | 2018 USD |
|------------------------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|
| Interest income | 50,531,699 | 56,136,377 | 30,311,233 | 35,303,561 |
| Interest expense | (18,210,466) | (24,937,674) | (14,037,860) | (19,139,771) |
| Net interest income | 32,321,233 | 31,198,703 | 16,273,373 | 16,163,790 |
| Fee and commission income | 18,426,111 | 23,002,373 | 7,753,143 | 12,849,903 |
| Fee and commission expense | (5,945,589) | (5,356,549) | (3,078,283) | (2,799,252) |
| Net fee and commission income | 12,480,522 | 17,645,824 | 4,674,860 | 10,050,651 |
| Net trading results | 5,837,243 | 7,287,784 | 922,619 | 2,643,350 |
| Net gain/(loss) from other financial instruments carried at fair value | 2,185,316 | (10,898) | 2,185,316 | (10,898) |
| Dividend income | 3,591,794 | 7,660,271 | 43,591,794 | 17,660,271 |
| Loss upon disposal of equity-accounted investee | - | (2,062,937) | - | - |
| Fair value gain on investment property | - | 984,951 | - | - |
| Other operating income | 932,009 | 911,206 | 118,904 | 125,068 |
| Operating income before net impairment | 57,348,117 | 63,614,904 | 67,766,866 | 46,632,232 |
| Net impairment charge on financial assets | (13,066,172) | (13,283,010) | (14,210,257) | (16,970,119) |
| Operating income | 44,281,945 | 50,331,894 | 53,556,609 | 29,662,113 |
| Administrative expenses | (33,756,493) | (35,586,856) | (20,305,701) | (23,787,047) |
| Depreciation and amortisation | (3,263,328) | (1,989,821) | (2,896,531) | (1,022,470) |
| Total operating expenses | (37,019,821) | (37,576,677) | (23,202,232) | (24,809,517) |
| Operating profit | 7,262,124 | 12,755,217 | 30,354,377 | 4,852,596 |
| Share of results of equity-accounted investees (net of tax) | - | 238,634 | - | - |
| Profit before tax | 7,262,124 | 12,993,851 | 30,354,377 | 4,852,596 |
| Taxation | (2,732,021) | (2,790,218) | (765,433) | (1,115,249) |
| Profit for the year | 4,530,103 | 10,203,633 | 29,588,944 | 3,737,347 |
| Profit attributable to: | | | | |
| Owners of the Bank | 4,419,145 | 10,196,095 | 29,588,944 | 3,737,347 |
| Non-controlling interests | 110,958 | 7,538 | - | - |
| | 4,530,103 | 10,203,633 | 29,588,944 | 3,737,347 |
| Earnings per share | | | | |
| Basic earnings per share (US cents) | 0.86 | 2.22 | 5.75 | 0.81 |

Statements of other comprehensive income

For the year ended 31 December 2019

| | Group 2019 USD | 2018 USD | Bank 2019 USD | 2018 USD |
|------------------------------------------------------------------------------------------------------|----------------------|-------------------|---------------------|------------------|
| Profit for the year | 4,530,103 | 10,203,633 | 29,588,944 | 3,737,347 |
| Other comprehensive income: | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Fair value reserve (property and equipment), gross of deferred tax | - | 2,119,688 | - | - |
| Movement in fair value reserve (fair value through other comprehensive income equity instruments): | | | | |
| - Equity investments at fair value through other comprehensive income - net change in fair value | - | (7,608) | - | (7,608) |
| Related tax | - | (614,933) | - | 2,662 |
| | - | 1,497,147 | - | (4,946) |
| Items that are or may be reclassified subsequently to profit or loss: | | | | |
| Movement in translation reserve: | | | | |
| - Foreign operations - foreign currency translation differences | (1,886,278) | (2,263,430) | - | - |
| Movement in fair value reserve (fair value through other comprehensive income debt instruments): | | | | |
| - Debt investments in fair value through other comprehensive income - net change in fair value | 2,004,196 | 402,903 | 2,004,196 | 402,903 |
| - Debt investments in fair value through other comprehensive income - reclassified to profit or loss | (2,130,473) | 86,049 | (2,130,473) | 86,049 |
| Related tax | (274,744) | 234,695 | (274,744) | 234,695 |
| Other comprehensive (expense)/income, net of tax | (2,287,299) | (42,636) | (401,021) | 718,701 |
| Total comprehensive income | 2,242,804 | 10,160,997 | 29,187,923 | 4,456,048 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Bank | 2,098,914 | 9,997,968 | 29,187,923 | 4,456,048 |
| Non-controlling interests | 143,890 | 163,029 | - | - |
| | 2,242,804 | 10,160,997 | 29,187,923 | 4,456,048 |

Statements of financial position

As at 31 December 2019

| | Group | | Bank | |
|-------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | USD | USD | USD | USD |
| Assets | | | | |
| Balances with the Central Bank of Malta, treasury bills and cash | 208,277,004 | 151,910,865 | 208,259,407 | 151,891,005 |
| Derivative assets held for risk management | 142,249 | 92,852 | 96,285 | 109,727 |
| Trading assets | 460,238,536 | 347,284,967 | - | - |
| Loans and advances to banks | 246,078,195 | 325,569,729 | 232,351,750 | 321,550,241 |
| Loans and advances to customers | 649,890,157 | 661,026,491 | 811,152,849 | 730,708,445 |
| Financial assets at fair value through profit or loss | 125,342,798 | 173,438,374 | 125,342,798 | 173,438,374 |
| Financial assets at fair value through other comprehensive income | 79,367,556 | 87,468,166 | 79,367,556 | 87,468,166 |
| Investments at amortised cost | 9,785,496 | 9,923,499 | 9,785,496 | 9,923,499 |
| Investments in subsidiaries | - | - | 147,948,385 | 102,595,614 |
| Property and equipment | 33,786,469 | 31,111,769 | 5,229,059 | 968,472 |
| Investment property | 17,223,820 | 17,223,820 | - | - |
| Intangible assets and goodwill | 13,107,881 | 13,290,401 | 4,647,642 | 4,669,342 |
| Current tax assets | 1,846,627 | 1,720,921 | 226,886 | - |
| Deferred tax assets | 36,773,586 | 38,694,104 | 22,011,162 | 22,599,041 |
| Other assets | 11,169,850 | 10,213,932 | 8,824,153 | 7,352,443 |
| Total assets | 1,893,030,224 | 1,868,969,890 | 1,655,243,428 | 1,613,274,369 |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Derivative liabilities held for risk management | 187,700 | 2,928,925 | 193,691 | 2,928,925 |
| Amounts owed to banks | 452,291,304 | 454,398,279 | 405,072,025 | 398,815,757 |
| Amounts owed to customers | 1,057,824,242 | 1,027,544,811 | 978,134,002 | 961,292,743 |
| Debt securities in issue | 79,550,865 | 87,096,378 | - | 14,849,948 |
| Current tax liabilities | 588,368 | 356,579 | - | - |
| Deferred tax liabilities | 4,215,075 | 4,215,075 | - | - |
| Provision for liabilities and charges | 88,435 | 269,784 | 85,159 | 269,784 |
| Other liabilities | 17,271,633 | 13,470,239 | 13,077,128 | 5,708,599 |
| Total liabilities | 1,612,017,622 | 1,590,280,070 | 1,396,562,005 | 1,383,865,756 |
| Equity | | | | |
| Share capital | 261,221,882 | 252,720,107 | 261,221,882 | 252,720,107 |
| Share premium | 858,885 | 9,275,773 | 858,885 | 9,275,773 |
| Reserve for general banking risks | 2,323,486 | 1,242,511 | 2,323,486 | 1,242,511 |
| Currency translation reserve | (7,086,044) | (5,166,834) | - | - |
| Fair value reserve | 11,311,278 | 11,712,299 | 357,233 | 758,254 |
| Other reserve | 2,916,863 | 2,837,122 | 2,681,041 | 2,681,041 |
| Retained earnings/(Accumulated losses) | 10,937,616 | 7,684,096 | (8,761,104) | (37,269,073) |
| Total equity attributable to equity holders of the Bank | 282,483,966 | 280,305,074 | 258,681,423 | 229,408,613 |
| Non-controlling interests | (1,471,364) | (1,615,254) | - | - |
| Total equity | 281,012,602 | 278,689,820 | 258,681,423 | 229,408,613 |
| Total liabilities and equity | 1,893,030,224 | 1,868,969,890 | 1,655,243,428 | 1,613,274,369 |
| Memorandum items | | | | |
| Contingent liabilities | 4,899,827 | 2,864,826 | 61,628,654 | 67,466,612 |
| Commitments | 165,939,920 | 188,606,767 | 143,026,427 | 158,386,020 |

Statements of changes in equity

For the year ended 31 December 2019

Group

| | Attributable to equity holders of the Bank | | | | | | | | | |
|------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------|------------------------------------------|-------------------------------------|---------------------------|----------------------|-------------------------------------------------|--------------------|----------------------------------|---------------------|
| | Share capital USD | Share premium USD | Reserve for general banking risks USD | Currency translation reserve USD | Fair value reserve USD | Other reserve USD | Retained earnings/ (Accumulated loss) USD | Total USD | Non-controlling interests USD | Total equity USD |
| Balance at 1 January 2019 | 252,720,107 | 9,275,773 | 1,242,511 | (5,166,834) | 11,712,299 | 2,837,122 | 7,684,096 | 280,305,074 | (1,615,254) | 278,689,820 |
| Total comprehensive income | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 4,419,145 | 4,419,145 | 110,958 | 4,530,103 |
| Other comprehensive income: | | | | | | | | | | |
| Fair value reserve (fair value through other comprehensive income debt instruments): | | | | | | | | | | |
| - Debt investments at fair value through other comprehensive income - net change in fair value | - | - | - | - | 1,729,452 | - | - | 1,729,452 | - | 1,729,452 |
| - Debt investments at fair value through other comprehensive income - reclassified to profit or loss | - | - | - | - | (2,130,473) | - | - | (2,130,473) | - | (2,130,473) |
| Translation reserve: | | | | | | | | | | |
| - Foreign operations - foreign translation difference | - | - | - | (1,919,210) | - | - | - | (1,919,210) | 32,932 | (1,886,278) |
| Total other comprehensive income | - | - | - | (1,919,210) | (401,021) | - | - | (2,320,231) | 32,932 | (2,287,299) |
| Total comprehensive income | - | - | - | (1,919,210) | (401,021) | - | 4,419,145 | 2,098,914 | 143,890 | 2,242,804 |
| Transactions with owners of the Bank | | | | | | | | | | |
| Contributions and distributions: | | | | | | | | | | |
| Issue of new shares, net of transaction costs | 75,253 | 9,634 | - | - | - | (4,909) | - | 79,978 | - | 79,978 |
| Bonus issue of shares | 8,426,522 | (8,426,522) | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Bank | 8,501,775 | (8,416,888) | - | - | - | (4,909) | - | 79,978 | - | 79,978 |
| Transfer between reserves | - | - | 1,080,975 | - | - | 84,650 | (1,165,625) | - | - | - |
| Balance at 31 December 2019 | 261,221,882 | 858,885 | 2,323,486 | (7,086,044) | 11,311,278 | 2,916,863 | 10,937,616 | 282,483,966 | (1,471,364) | 281,012,602 |

Statements of changes in equity

For the year ended 31 December 2018

Group

| | Attributable to equity holders of the Bank | | | | | | | | | Total equity USD |
|------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------|------------------------------------------|-------------------------------------|---------------------------|----------------------|-------------------------------------------------|--------------------|----------------------------------|---------------------|
| | Share capital USD | Share premium USD | Reserve for general banking risks USD | Currency translation reserve USD | Fair value reserve USD | Other reserve USD | Retained earnings/ (Accumulated loss) USD | Total USD | Non-controlling interests USD | |
| Balance at 31 December 2017 | 157,265,562 | 173,113 | 608,284 | (2,747,913) | 9,533,453 | 2,870,270 | 6,901,064 | 174,603,833 | (1,709,475) | 172,894,358 |
| Adjustment on initial application of IFRS 9, net of tax | - | - | - | - | (41,948) | - | (8,811,984) | (8,853,932) | (68,808) | (8,922,740) |
| Restated balance at 1 January 2018 | 157,265,562 | 173,113 | 608,284 | (2,747,913) | 9,491,505 | 2,870,270 | (1,910,920) | 165,749,901 | (1,778,283) | 163,971,618 |
| Total comprehensive income | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 10,196,095 | 10,196,095 | 7,538 | 10,203,633 |
| Other comprehensive income: | | | | | | | | | | |
| Fair value reserve (fair value through other comprehensive income debt instruments): | | | | | | | | | | |
| - Debt investments at fair value through other comprehensive income - net change in fair value | - | - | - | - | 651,668 | - | - | 651,668 | - | 651,668 |
| - Debt investments at fair value through other comprehensive income - reclassified to profit or loss | - | - | - | - | 71,979 | - | - | 71,979 | - | 71,979 |
| Fair value reserve (fair value through other comprehensive income equity instruments): | | | | | | | | | | |
| - Equity investments at fair value through other comprehensive income - net change in fair value | - | - | - | - | (4,946) | - | - | (4,946) | - | (4,946) |
| Fair value reserve (property and equipment): | | | | | | | | | | |
| - Property and equipment - net change in fair value | - | - | - | - | 1,502,093 | - | - | 1,502,093 | - | 1,502,093 |
| Translation reserve: | | | | | | | | | | |
| - Foreign operations - foreign translation differences | - | - | - | (2,418,921) | - | - | - | (2,418,921) | 155,491 | (2,263,430) |
| Total other comprehensive income | - | - | - | (2,418,921) | 2,220,794 | - | - | (198,127) | 155,491 | (42,636) |
| Total comprehensive income | - | - | - | (2,418,921) | 2,220,794 | - | 10,196,095 | 9,997,968 | 163,029 | 10,160,997 |
| Transactions with owners of the Bank | | | | | | | | | | |
| Contributions and distributions: | | | | | | | | | | |
| Issue of new shares, net of transaction costs | 95,454,545 | 9,102,660 | - | - | - | - | - | 104,557,205 | - | 104,557,205 |
| Total transactions with owners of the Bank | 95,454,545 | 9,102,660 | - | - | - | - | - | 104,557,205 | - | 104,557,205 |
| Transfer between reserves | - | - | 634,227 | - | - | (33,148) | (601,079) | - | - | - |
| Balance at 31 December 2018 | 252,720,107 | 9,275,773 | 1,242,511 | (5,166,834) | 11,712,299 | 2,837,122 | 7,684,096 | 280,305,074 | (1,615,254) | 278,689,820 |

Statements of changes in equity

For the year ended 31 December 2019

Bank

| | Share capital USD | Share premium USD | Reserve for general banking risks USD | Fair value reserve USD | Other reserve USD | Accumulated losses USD | Total equity USD |
|------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------------------------------|------------------------------|-------------------------|------------------------------|------------------------|
| Balance at 1 January 2019 | 252,720,107 | 9,275,773 | 1,242,511 | 758,254 | 2,681,041 | (37,269,073) | 229,408,613 |
| Total comprehensive income | | | | | | | |
| Profit for the year | - | - | - | - | - | 29,588,944 | 29,588,944 |
| Other comprehensive income: | | | | | | | |
| Fair value reserve (fair value through other comprehensive income debt instruments): | | | | | | | |
| - Debt investments at fair value through other comprehensive income - net change in fair value | - | - | - | 1,729,452 | - | - | 1,729,452 |
| - Debt investments at fair value through other comprehensive income - reclassified to profit or loss | - | - | - | (2,130,473) | - | - | (2,130,473) |
| Total other comprehensive income | - | - | - | (401,021) | - | - | (401,021) |
| Total comprehensive income | - | - | - | (401,021) | - | 29,588,944 | 29,187,923 |
| Transactions with owners of the Bank | | | | | | | |
| Contributions and distributions: | | | | | | | |
| Issue of new shares, net of transaction costs | 75,253 | 9,634 | - | - | - | - | 84,887 |
| Bonus issue of shares | 8,426,522 | (8,426,522) | - | - | - | - | - |
| Total transactions with owners of the Bank | 8,501,775 | (8,416,888) | - | - | - | - | 84,887 |
| Transfer between reserves | - | - | 1,080,975 | - | - | (1,080,975) | - |
| Balance at 31 December 2019 | 261,221,882 | 858,885 | 2,323,486 | 357,233 | 2,681,041 | (8,761,104) | 258,681,423 |

Statements of changes in equity

For the year ended 31 December 2018

Bank

| | Share capital USD | Share premium USD | Reserve for general banking risks USD | Fair value reserve USD | Other reserve USD | Accumulated losses USD | Total equity USD |
|------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------------------------------|------------------------------|-------------------------|------------------------------|------------------------|
| Balance at 31 December 2017 | 157,265,562 | 173,113 | 608,284 | 81,501 | 2,681,041 | (35,768,147) | 125,041,354 |
| Adjustment on initial application of IFRS 9, net of tax | - | - | - | (41,948) | - | (4,604,046) | (4,645,994) |
| Restated balance at 1 January 2018 | 157,265,562 | 173,113 | 608,284 | 39,553 | 2,681,041 | (40,372,193) | 120,395,360 |
| Total comprehensive income | | | | | | | |
| Profit for the year | - | - | - | - | - | 3,737,347 | 3,737,347 |
| Other comprehensive income: | | | | | | | |
| Fair value reserve (fair value through other comprehensive income debt instruments): | | | | | | | |
| - Debt investments at fair value through other comprehensive income - net change in fair value | - | - | - | 651,668 | - | - | 651,668 |
| - Debt investments at fair value through other comprehensive income - reclassified to profit or loss | - | - | - | 71,979 | - | - | 71,979 |
| Fair value reserve (fair value through other comprehensive income equity instruments): | | | | | | | |
| - Equity investments at fair value through other comprehensive income - net change in fair value | - | - | - | (4,946) | - | - | (4,946) |
| Total other comprehensive income | - | - | - | 718,701 | - | - | 718,701 |
| Total comprehensive income | - | - | - | 718,701 | - | 3,737,347 | 4,456,048 |
| Transactions with owners of the Bank | | | | | | | |
| Contributions and distributions: | | | | | | | |
| Issue of new shares, net of transaction costs | 95,454,545 | 9,102,660 | - | - | - | - | 104,557,205 |
| Total transactions with owners of the Bank | 95,454,545 | 9,102,660 | - | - | - | - | 104,557,205 |
| Transfer between reserves | - | - | 634,227 | - | - | (634,227) | - |
| Balance at 31 December 2018 | 252,720,107 | 9,275,773 | 1,242,511 | 758,254 | 2,681,041 | (37,269,073) | 229,408,613 |

Statements of cash flows

For the year ended 31 December 2019

| | Group | | Bank | |
|-------------------------------------------------------------------------------------------|-------------------|----------------------|--------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | USD | USD | USD | USD |
| Cash flows from operating activities | | | | |
| Interest and commission receipts | 71,560,049 | 78,399,722 | 36,009,502 | 47,228,220 |
| Exchange (paid)/received | (562,634) | 5,463,043 | (489,810) | 7,931,548 |
| Interest and commission payments | (25,998,371) | (30,822,738) | (18,937,449) | (22,327,367) |
| Payments to employees and suppliers | (35,414,659) | (32,986,848) | (18,718,132) | (20,946,857) |
| Operating profit/(loss) before changes in operating assets/liabilities | 9,584,385 | 20,053,179 | (2,135,889) | 11,885,544 |
| (Increase)/Decrease in operating assets: | | | | |
| - Trading assets | (111,140,231) | (92,578,189) | - | - |
| - Loans and advances to customers and banks | 71,026,220 | (84,114,645) | 88,523,168 | (61,739,013) |
| - Other assets | (1,485,134) | 5,264,549 | (1,619,293) | 3,639,490 |
| Increase/(Decrease) in operating liabilities: | | | | |
| - Amounts owed to customers and banks | 45,935,781 | (28,221,527) | 60,938,417 | 39,022,653 |
| - Other liabilities | 1,140,813 | 350,536 | 1,325,649 | 220,685 |
| - Net advances from subsidiary companies | - | - | (118,129,368) | (109,290,278) |
| Net cash generated/(absorbed by) from operating activities before income tax | 15,061,834 | (179,246,097) | 28,902,684 | (116,260,919) |
| Income tax (paid)/refunded | (1,315,725) | 829,633 | (454,818) | 907,016 |
| Net cash flows from/(used in) operating activities | 13,746,109 | (178,416,464) | 28,447,866 | (115,353,903) |
| Cash flows from investing activities | | | | |
| Payments to acquire financial assets at fair value through profit or loss | (2,469,245) | (18,092,429) | (2,469,245) | (18,092,429) |
| Proceeds to acquire financial assets at fair value through other comprehensive income | (84,984,922) | - | (84,984,922) | - |
| Payments to acquire investments at amortised cost | - | (9,881,423) | - | (9,881,423) |
| Payments to acquire shares in subsidiary companies | - | - | (5,352,772) | - |
| Payments to acquire shares in other investments | - | (35,210) | - | (35,210) |
| Payments to acquire property and equipment | (1,085,120) | (657,420) | (372,658) | (344,451) |
| Payments to acquire intangible assets | (951,219) | (2,586,155) | (951,219) | (2,543,743) |
| Proceeds on disposal of financial assets at fair value through profit or loss | 50,000,000 | - | 50,000,000 | - |
| Proceeds on disposal of financial assets at fair value through other comprehensive income | 93,035,159 | 15,000,000 | 93,035,159 | 15,000,000 |
| Proceeds on disposal of interests in equity-accounted investees | - | 2,470,007 | - | - |
| Proceeds on disposal of property and equipment | 8,966 | 846,831 | 3,551 | - |
| Receipt of dividend | 4,628,411 | 7,472,717 | 4,628,411 | 7,472,717 |
| Net cash flows from/(used in) investing activities | 58,182,030 | (5,463,082) | 53,536,305 | (8,424,539) |
| Increase/(Decrease) in cash and cash equivalents c/f | 71,928,139 | (183,879,546) | 81,984,171 | (123,778,442) |

Statements of cash flows

For the year ended 31 December 2019

| | Group | | Bank | |
|----------------------------------------------------------------|--------------------|----------------------|---------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | USD | USD | USD | USD |
| Increase/(Decrease) in cash and cash equivalents b/f | 71,928,139 | (183,879,546) | 81,984,171 | (123,778,442) |
| Cash flows from financing activities | | | | |
| - Issue of share capital | 84,887 | 54,557,207 | 84,887 | 54,557,207 |
| - Net movement in debt securities | (7,873,209) | 32,427,718 | (14,834,943) | 14,834,942 |
| - Payment of lease liabilities | (751,807) | - | (2,354,026) | - |
| Net cash flows (used in)/from financing activities | (8,540,129) | 86,984,925 | (17,104,082) | 69,392,149 |
| Increase/(Decrease) in cash and cash equivalents | 63,388,010 | (96,894,621) | 64,880,089 | (54,386,293) |
| Analysed as follows: | | | | |
| - Effect of exchange rate changes on cash and cash equivalents | (5,031,085) | (13,097,651) | (5,356,234) | (11,719,319) |
| - Net increase/(decrease) in cash and cash equivalents | 68,419,095 | (83,796,970) | 70,236,323 | (42,666,974) |
| Increase/(Decrease) in cash and cash equivalents | 63,388,010 | (96,894,621) | 64,880,089 | (54,386,293) |
| Cash and cash equivalents at beginning of year | 81,782,001 | 178,676,622 | 99,006,852 | 153,393,145 |
| Cash and cash equivalents at end of year | 145,170,011 | 81,782,001 | 163,886,941 | 99,006,852 |