

KAFALAT S.A.L.
INTERIM STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Notes</u>	(Unaudited)	
		<u>June 30,</u> <u>2019</u> <u>LBP'000</u>	<u>December 31,</u> <u>2018</u> <u>LBP'000</u>
Cash and Central Bank	5	22,517,627	25,789,116
Deposits with banks and financial institutions	6	41,810,623	29,033,619
Investment securities at amortized cost	7	78,505,669	87,626,755
Regularization accounts and other receivables	8	1,792,981	1,653,496
Assets acquired in satisfaction of loans		587,927	587,927
Fixed assets		243,182	289,262
Total Assets		<u>145,458,009</u>	<u>144,980,175</u>
<u>LIABILITIES</u>			
Accrued charges and other liabilities	9	1,587,724	1,652,082
Income tax payable		265,026	131,129
Deferred commission income on financial guarantees issued		3,404,565	3,995,641
Provision for contingencies and charges	10	46,413,997	42,260,470
Provision for employees' end-of-service indemnity		585,679	603,493
Total liabilities		<u>52,256,991</u>	<u>48,642,815</u>
<u>EQUITY</u>			
Capital		20,000,000	20,000,000
Legal reserve		9,264,327	9,264,327
Free reserve		67,064,543	67,064,543
Retained earnings		8,490	-
(Loss)/profit for the period/year		(3,136,342)	8,490
Total equity		<u>93,201,018</u>	<u>96,337,360</u>
Total Liabilities and Equity		<u>145,458,009</u>	<u>144,980,175</u>
<u>FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK</u>			
Commitments under financial guarantees issued:	13		
- Kafalat own account		243,997,411	285,591,214
- Co-Sharing with third party funds		53,049,333	62,463,414
Assets of managed accounts	14	17,714,443	19,740,045

SEE ACCOMPANYING NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

KAFALAT S.A.L.
INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Unaudited)

		For the Six-Month Period Ended June 30,	
	Notes	2019	2018
		LBP'000	LBP'000
Revenues:			
Commissions on issued guarantees		3,728,534	4,780,218
Commissions on co-guarantee fund management	14(a)	86,164	150,144
Interest from investment securities (net of withheld tax)		2,387,869	3,412,640
Interest from term deposits (net of withheld tax)	6	<u>1,067,414</u>	<u>358,695</u>
Total revenues		7,269,981	8,701,697
Provision for doubtful debts (net of write-backs)	8	<u>(3,675,314)</u>	<u>(5,846,618)</u>
Revenues net of provisions for doubtful debts		<u>3,594,667</u>	<u>2,855,079</u>
Expenses:			
Provision for expected credit loss	10	(4,362,787)	-
Depreciation		(65,950)	(47,894)
Administrative and general expenses		(467,728)	(372,575)
Salaries and related charges	11	<u>(1,558,145)</u>	<u>(1,728,360)</u>
Total expenses		<u>(6,454,610)</u>	<u>(2,148,829)</u>
Other (expenses)/income:			
Exchange (loss)		(13,170)	(27,820)
Other expenses		(5,450)	(5,763)
Other income		<u>7,247</u>	<u>7,418</u>
		<u>(11,373)</u>	<u>(26,165)</u>
(Loss)/profit before income tax		(2,871,316)	680,085
Income tax expense		<u>(265,026)</u>	<u>(127,090)</u>
(Loss)/profit for the period		(3,136,342)	552,995
Other comprehensive income		-	-
Total comprehensive (loss)/income		<u>(3,136,342)</u>	<u>552,995</u>

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KAFALAT S.A.L.
INTERIM STATEMENT OF CHANGES IN EQUITY

	<u>Capital</u> <u>LBP'000</u>	<u>Legal</u> <u>Reserve</u> <u>LBP'000</u>	<u>Free</u> <u>Reserve</u> <u>LBP'000</u>	<u>Retained Earnings</u> <u>LBP'000</u>	(Loss)/Profit for the Period/Year <u>LBP'000</u>	<u>Total</u> <u>LBP'000</u>
						(Unaudited)
Balance, January 1, 2019	20,000,000	9,264,327	67,064,543	-	8,490	96,337,360
Allocation of 2018 profit	-	-	-	8,490	(8,490)	-
Total comprehensive loss for the first half of 2019	-	-	-	-	(3,136,342)	(3,136,342)
Balance, June 30, 2019	<u>20,000,000</u>	<u>9,264,327</u>	<u>67,064,543</u>	<u>8,490</u>	<u>(3,136,342)</u>	<u>93,201,018</u>
Balance, January 1, 2018	20,000,000	9,205,588	72,250,383	-	587,384	102,043,355
ECL impact on free reserves	-	-	(602,859)	-	-	(602,859)
Allocation of 2017 profit	-	-	-	587,384	(587,384)	-
Total comprehensive income for the first half of 2018	-	-	-	-	552,995	552,995
Balance, June 30, 2018	<u>20,000,000</u>	<u>9,205,588</u>	<u>71,647,524</u>	<u>587,384</u>	<u>552,995</u>	<u>101,993,491</u>

SEE ACCOMPANYING NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

KAFALAT S.A.L.
INTERIM STATEMENT OF CASH FLOWS

	(Unaudited) Six-Month Period Ended June 30,	
	<u>2019</u>	<u>2018</u>
	LBP'000	LBP'000
Cash flows from operating activities:		
(Loss)/profit for the period	(3,136,342)	552,995
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation	65,950	47,894
Provision for doubtful debts (net)	3,675,314	5,846,618
Provision for income tax	265,026	127,090
Write-back of provision for employees' end-of-service indemnity	(17,814)	-
Provision for expected credit loss	4,362,787	-
Settlement of employees' end-of-service indemnity	-	(127,400)
Accretion of interest on investment securities	(132,962)	(119,645)
Income tax settlement	(131,129)	(686,375)
Increase in regularization accounts and other receivables	(4,198,949)	(6,027,665)
Decrease in accrued charges and other liabilities	(64,358)	(2,221,014)
Decrease in deferred commission for financial guarantees issued	(591,076)	(357,092)
Net cash generated by/(used in) operating activities	<u>96,447</u>	<u>(2,964,594)</u>
Cash flows from investing activities:		
Decrease in investment securities at amortized cost	9,525,972	8,984,028
Increase in term deposits	(14,590,301)	(25,853)
Acquisition of fixed assets	(19,870)	(162,743)
Net cash (used in)/generated by investing activities	<u>(5,084,199)</u>	<u>8,795,432</u>
Net (decrease)/increase in cash and cash equivalents	(4,987,752)	5,830,838
Cash and cash equivalents - Beginning of period	<u>38,876,439</u>	<u>22,598,503</u>
Cash and cash equivalents - End of period (Note 12)	<u>33,888,687</u>	<u>28,429,341</u>

SEE ACCOMPANYING NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION