

KAFALAT S.A.L.
STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Notes</u>	<u>December 31,</u>	
		<u>2021</u>	<u>2020</u>
		<u>LBP'000</u>	<u>LBP'000</u>
Cash and Central Bank	5	22,809,863	14,335,985
Deposits with banks and financial institutions	6	44,504,789	52,096,428
Investment securities at amortized cost	7	37,253,780	43,521,476
Regularization accounts and other receivables	8	1,223,955	1,681,470
Assets acquired in satisfaction of loans	3 (J)	587,927	587,927
Tangible assets		<u>32,374</u>	<u>37,948</u>
Total Assets		<u>106,412,688</u>	<u>112,261,234</u>
 <u>LIABILITIES</u> 			
Accrued charges and other liabilities	9	1,336,054	1,382,314
Deferred commission income	18	765,527	1,627,119
Provision for expected credit losses	11	47,955,297	47,955,297
Provision for employees' end-of-service indemnity	16	<u>1,341,733</u>	<u>585,679</u>
Total liabilities		<u>51,398,611</u>	<u>51,550,409</u>
 <u>EQUITY</u> 			
Capital	12	20,000,000	20,000,000
Legal reserve	13	9,265,176	9,265,176
Free reserve		31,445,649	35,951,233
Loss for the year		<u>(5,696,748)</u>	<u>(4,505,584)</u>
Total equity		<u>55,014,077</u>	<u>60,710,825</u>
Total Liabilities and Equity		<u>106,412,688</u>	<u>112,261,234</u>
 <u>FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK</u> 			
Commitments under financial guarantees issued:	18		
- Kafalat own account		70,103,761	129,867,929
- Co-sharing with third party funds		16,573,810	28,673,406
Net assets of managed accounts	19	23,939,596	21,889,911

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

KAFALAT S.A.L.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year Ended December 31,	
		2021 LBP'000	2020 LBP'000
Revenues:			
Commissions on issued guarantees	18	2,620,752	4,705,029
Commissions on co-guarantee funds management	19	30,416	70,433
Interest from investment securities	7,14	2,423,576	3,004,815
Interest from bank deposits	6	<u>765,468</u>	<u>2,695,672</u>
Total revenues		5,840,212	10,475,949
Write-back provision for expected credit losses(net)	5,6,7	2,059,414	-
Provision for doubtful debts (net of write-backs)	8	<u>(8,436,953)</u>	<u>(10,812,848)</u>
Revenues net of provision for doubtful debts		<u>(537,327)</u>	<u>(336,899)</u>
Expenses:			
Provision for expected credit losses(net)	5,6,7	-	(222,306)
Depreciation		(19,172)	(136,573)
Administrative and general expenses	15	(494,700)	(414,004)
Tax on revenues		-	(350,233)
Salaries and related charges	16	<u>(4,905,217)</u>	<u>(3,113,710)</u>
Total expenses		<u>(5,419,089)</u>	<u>(4,236,826)</u>
Other income - Net:			
Other expenses		(8,465)	(11,751)
Net foreign exchange (losses)/gains		(2,947)	2,507
Other income		<u>271,080</u>	<u>77,385</u>
		<u>259,668</u>	<u>68,141</u>
Loss before income tax		(5,696,748)	(4,505,584)
Income tax expense	10	-	-
Loss for the year		(5,696,748)	(4,505,584)
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(5,696,748)</u>	<u>(4,505,584)</u>

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

	<u>Capital</u> LBP'000	<u>Legal</u> <u>Reserve</u> LBP'000	<u>Free</u> <u>Reserve</u> LBP'000	<u>Loss for</u> <u>the Year</u> LBP'000	<u>Total</u> LBP'000
Balance as at January 1, 2020	20,000,000	9,265,176	67,072,184	(31,120,951)	65,216,409
Allocation of 2019 loss	-	-	(31,120,951)	31,120,951	-
Total comprehensive loss for the year 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,505,584)</u>	<u>(4,505,584)</u>
Balance as at December 31, 2020	20,000,000	9,265,176	35,951,233	(4,505,584)	60,710,825
Allocation of 2020 loss	-	-	(4,505,584)	4,505,584	-
Total comprehensive loss for the year 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,696,748)</u>	<u>(5,696,748)</u>
Balance as at December 31, 2021	<u>20,000,000</u>	<u>9,265,176</u>	<u>31,445,649</u>	<u>(5,696,748)</u>	<u>55,014,077</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

KAFALAT S.A.L.
STATEMENT OF CASH FLOWS

	<u>Notes</u>	<u>Year Ended</u> <u>December 31,</u>	
		<u>2021</u>	<u>2020</u>
		<u>LBP'000</u>	<u>LBP'000</u>
Cash flows from operating activities:			
Loss for the year		(5,696,748)	(4,505,584)
Adjustments for:			
Depreciation		19,172	136,573
Provision for doubtful debts (net of write-backs)	8	8,436,953	10,812,848
(Write-back)/provision for expected credit losses	11, 21	(2,059,414)	222,306
Interest income		(3,189,044)	(5,700,487)
Provision for employees' end-of-service indemnity		756,054	-
Accretion of interest on investment securities		(187,267)	266,759
Increase in regularization accounts and other receivables		(7,979,438)	(11,002,077)
Decrease in accrued charges and other liabilities		(46,260)	(710,697)
Decrease in deferred commission income		(861,592)	(1,189,544)
Net cash used in operating activities		<u>(10,807,584)</u>	<u>(11,669,903)</u>
Cash flows from investing activities:			
Acquisition of investment securities at amortized cost		(37,250,000)	(57,000,000)
Redemption of investment securities at amortized cost		45,126,100	55,489,000
Interest earned		3,900,135	6,551,024
Decrease in term deposits		4,888,037	12,859,424
Acquisition of tangible assets		<u>(13,598)</u>	<u>-</u>
<i>Net cash generated by investing activities</i>		<u>16,650,674</u>	<u>17,899,448</u>
Net increase in cash and cash equivalents		5,843,090	6,229,545
Cash and cash equivalents -- beginning of year	17	<u>48,185,639</u>	<u>41,956,094</u>
Cash and cash equivalents -- end of year	17	<u>54,028,729</u>	<u>48,185,639</u>

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