

# Mashreq and First Bahrain sign key financing accord

MASHREQ and First Bahrain Real Estate Development Company have announced the signing of a long-term agreement for a \$33 million senior secured Islamic finance facility, with an emphasis on lease rental discounting.

The alliance is set to solidify a strategic partnership aimed at supporting the robust real estate operations of First Bahrain.

Founded in Kuwait, First Bahrain has been operating in Bahrain since 2007 as a Sharia-compliant real estate developer.

Since that time, the company has built a well-diversified portfolio of income generating properties across a range of asset classes from commercial to residential and industrial.

The latest projects have been delivered in the Seef area, featuring the widely acclaimed El Balcón Mall and Jarir Bookstore, adding on to its prior successes with El Mercado Village in Janabiya and the Majaal industrial facilities complex at the Bahrain Investment Wharf.

Ahmed Dayyat, country head of Mashreq Bahrain, said, "We are delighted to embark on this journey with First Bahrain, a company that continues to set benchmarks



■ Mr Dayyat



■ Mr Al Temiemy

with its robust growth and successful projects. This partnership further underscores Mashreq's commitment to support thriving businesses and contribute to the region's socio-economic growth. Our involvement in the arrangements is not merely about offering a financial solution; it is about facilitating success and propelling growth. We are eager to leverage our innovative banking technology and offer our unwavering support as First Bahrain continues to expand its portfolio."

Omar Al Temiemy, chief executive of First Bahrain, added, "We are most pleased to have Mashreq's support for this

new chapter in First Bahrain's growth and development. Across this past year, the global costs of finance have risen dramatically. At the same time, First Bahrain has reduced its risk profile with the completion and successful leasing of its projects, including the El Balcón Mall and Jarir Bookstore. The new agreement will mitigate our risks in this environment of rising interest rates and reduce our overall cash flows. Throughout the process, we express our thanks to Mashreq for their support and professionalism through the process of negotiating and executing the agreements. We are particularly impressed with their banking technology and the new online features we will be using to manage cash flows. We are grateful to have Mashreq as our trusted partner to support our company with its future endeavour."

First Bahrain's principal shareholders include prominent Kuwaiti investors including Kamco Invest, Action Group Holdings, and Wafra International Investment Company.

This strategic partnership signifies a new era of growth and development in the real estate landscape.

## Monitoring informal markets 'is crucial'

BAHRAIN Chamber chairman Sameer Nass stressed the importance of monitoring and confronting informal markets and identifying their negative effects on the national economy.

This helps increase the economic and investment return of the regular markets, he said, expressing his deep dissatisfaction with the abuses and irregularities committed by expatriate workers in informal markets and the catastrophic problems they cause to the health and safety of citizens.

Also, such informal economic activities don't generate any financial surpluses on the national economy, he added.

Commenting on merchants' complaints about the spread of informal markets, citing violations in Ras Zuwayed area, namely bringing foods of unknown origin and selling them to consumers, trading in used clothes and tools, practising medical profession and

selling medicines in violation of public health regulations, among other negative aspects, he told our sister paper *Akhbar Al Khaleej* that the chamber, through the commercial markets committee, will prepare a detailed report during the coming period on the spread of informal markets and how to confront this issue.

The report, to be submitted to the competent authorities, includes a set of recommendations to put an end to these practices, which threaten the public health of citizens, and have negative impacts on competitiveness among merchants who are

committed to the laws and regulations related to commercial activities, he noted.

Informal markets cause a lot of harm to regular traders and consumers alike, which requires radical solutions that include taking legal actions to prevent those wrong practices that affect economic interests, he said.



■ Mr Nass

### Interim Consolidated Statement of Financial Position

As at 30 June 2023 (Reviewed)

	Reviewed 30 June 2023 US\$ 000	Audited 31 December 2022 US\$ 000	Reviewed 30 June 2022 US\$ 000
<b>ASSETS</b>			
Demand and call deposits with banks	62,819	102,969	101,806
Placements with banks	97,105	96,465	117,340
Investments carried at fair value through profit or loss	130,425	88,064	89,366
Investments carried at fair value through other comprehensive income	108,045	104,021	101,232
Investments carried at amortised cost	24,825	25,036	25,125
Loans and receivables	21,170	21,690	28,472
Other assets	42,826	46,922	53,759
Investment in associates	83,988	87,050	87,899
Investment properties	99,627	99,962	99,351
Property and equipment	15,680	15,846	14,823
Goodwill and other intangible assets	62,880	63,556	64,739
Assets held for sale	2,303	2,306	1,251
<b>TOTAL ASSETS</b>	<b>751,693</b>	<b>753,887</b>	<b>784,963</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks and other financial institutions	141,694	138,878	170,929
Deposits from customers	19,497	20,772	30,508
Long term loans	74,278	61,324	61,316
Long term bonds	190,124	190,595	130,527
Other liabilities	70,101	80,741	69,407
<b>TOTAL LIABILITIES</b>	<b>435,694</b>	<b>432,310</b>	<b>462,687</b>
<b>EQUITY</b>			
Share capital	116,132	116,132	116,132
Share premium	5,687	5,687	5,687
Statutory reserve	54,034	54,034	53,519
General reserve	33,765	33,765	33,250
Fair value reserve	(391)	(7,586)	(12,120)
Foreign currency translation reserve	(5,483)	(5,379)	(5,446)
(Accumulated deficit) retained earnings	(14,542)	(1,425)	5,009
Equity attributable to shareholders of the Parent	189,202	195,228	196,031
Perpetual Additional Tier 1 Capital	33,000	33,000	33,000
Non-controlling interests	93,797	93,349	93,245
<b>TOTAL EQUITY</b>	<b>315,999</b>	<b>321,577</b>	<b>322,276</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>751,693</b>	<b>753,887</b>	<b>784,963</b>

### Interim Consolidated Statement of Income

For the six-month period ended 30 June 2023 (Reviewed)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 US\$ 000	2022 US\$ 000	2023 US\$ 000	2022 US\$ 000
Interest income	2,582	2,046	5,263	3,772
Investment income (loss) - net	6,067	(2,012)	5,339	6,682
	8,649	34	10,602	10,454
Fees and commission income - net	10,186	19,143	21,222	35,389
Foreign exchange gain (loss) - net	347	(26)	585	(1,111)
Share of results of associates	137	(1,610)	(3,273)	6,702
<b>Total income</b>	<b>19,319</b>	<b>17,541</b>	<b>29,136</b>	<b>51,434</b>
Interest expense	(5,460)	(3,967)	(10,688)	(7,442)
<b>Operating income before expenses and expected credit losses</b>	<b>13,859</b>	<b>13,574</b>	<b>18,448</b>	<b>43,992</b>
Salaries and benefits	(9,355)	(8,282)	(17,541)	(21,814)
General and administrative expenses	(4,347)	(4,454)	(9,590)	(9,774)
<b>Operating income (loss) before expected credit losses</b>	<b>157</b>	<b>838</b>	<b>(8,683)</b>	<b>12,404</b>
Reversal of expected credit loss - net	855	419	213	121
<b>Profit (loss) before tax</b>	<b>1,012</b>	<b>1,257</b>	<b>(8,470)</b>	<b>12,525</b>
Tax expense	(44)	(13)	(125)	(16)
<b>Net profit (loss) for the period</b>	<b>968</b>	<b>1,244</b>	<b>(8,595)</b>	<b>12,509</b>
<b>Net profit attributable to non-controlling interests</b>	<b>2,174</b>	<b>1,048</b>	<b>182</b>	<b>5,771</b>
<b>Net (loss) profit attributable to shareholders of the Parent</b>	<b>(1,206)</b>	<b>196</b>	<b>(8,777)</b>	<b>6,738</b>

### Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2023 (Reviewed)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 US\$ 000	2022 US\$ 000	2023 US\$ 000	2022 US\$ 000
<b>Net profit (loss) for the period</b>	<b>968</b>	<b>1,244</b>	<b>(8,595)</b>	<b>12,509</b>
<b>Other comprehensive income (OCI)</b>				
<b>Items that may be reclassified to profit or loss in subsequent periods</b>				
Foreign currency translation changes	(265)	(1,467)	(451)	(2,186)
Net change in cashflow hedges	370	-	189	-
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>				
Fair value changes of equity investments carried at fair value through other comprehensive income	291	(434)	3,457	1,653
Share of other comprehensive income / (loss) of associates	1,885	(86)	1,081	29
<b>Other comprehensive income (loss) for the period</b>	<b>2,281</b>	<b>(1,987)</b>	<b>4,276</b>	<b>(504)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>3,249</b>	<b>(743)</b>	<b>(4,319)</b>	<b>12,005</b>
<b>Total comprehensive income (loss) attributable to:</b>				
- Shareholders of the Parent	955	(817)	(4,274)	6,983
- Non-controlling interests	2,294	74	(45)	5,022
	<b>3,249</b>	<b>(743)</b>	<b>(4,319)</b>	<b>12,005</b>

### Interim Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2023 (Reviewed)

	Six-month period ended 30 June	
	2023 US\$ 000	2022 US\$ 000
Net cash flows used in operating activities	(49,960)	(13,108)
Net cash flows from (used in) investing activities	2,469	(1,097)
Net cash flows from financing activities	11,695	38,338
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,796)</b>	<b>24,133</b>
Foreign currency translation adjustments	(2,263)	(2,080)
Cash and cash equivalents at 1 January	184,906	191,083
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>146,847</b>	<b>213,136</b>

### Interim Consolidated Statement of Changes In Equity

For the six-month period ended 30 June 2023 (Reviewed)

	Attributable to shareholders of the Parent							Perpetual Additional Tier 1 Capital	Non-controlling interests	Total equity
	Share capital US\$ 000	Share premium US\$ 000	Statutory reserve US\$ 000	General reserve US\$ 000	Fair value reserve US\$ 000	Foreign currency translation reserve US\$ 000	(Accumulated deficit) retained earnings US\$ 000	Total US\$ 000	US\$ 000	US\$ 000
<b>Balance at 1 January 2023</b>	<b>116,132</b>	<b>5,687</b>	<b>54,034</b>	<b>33,765</b>	<b>(7,586)</b>	<b>(5,379)</b>	<b>(1,425)</b>	<b>195,228</b>	<b>33,000</b>	<b>321,577</b>
Net (loss) profit for the period	-	-	-	-	-	-	(8,777)	(8,777)	182	(8,595)
Other comprehensive income (loss)	-	-	-	-	4,607	(104)	-	4,503	(227)	4,276
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,607</b>	<b>(104)</b>	<b>(8,777)</b>	<b>(4,274)</b>	<b>(45)</b>	<b>(4,319)</b>
Transfer upon disposal of equity investments carried at FVOCI	-	-	-	-	11	-	(11)	-	-	-
Movements in associates	-	-	-	-	2,577	-	(2,577)	-	-	-
Interest payment on Tier 1 Capital	-	-	-	-	-	-	(1,752)	(1,752)	-	(1,752)
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	493	493
<b>Balance at 30 June 2023</b>	<b>116,132</b>	<b>5,687</b>	<b>54,034</b>	<b>33,765</b>	<b>(391)</b>	<b>(5,483)</b>	<b>(14,542)</b>	<b>189,202</b>	<b>93,797</b>	<b>315,999</b>
<b>Balance at 1 January 2022</b>	<b>116,132</b>	<b>5,687</b>	<b>53,519</b>	<b>33,250</b>	<b>(13,477)</b>	<b>(4,572)</b>	<b>261</b>	<b>190,800</b>	<b>33,000</b>	<b>316,702</b>
Net profit for the period	-	-	-	-	-	-	6,738	6,738	-	12,509
Other comprehensive income (loss)	-	-	-	-	1,119	(874)	-	245	(749)	(504)
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,119</b>	<b>(874)</b>	<b>6,738</b>	<b>6,983</b>	<b>5,022</b>	<b>12,005</b>
Transfer upon disposal of equity investments carried at FVOCI	-	-	-	-	238	-	(238)	-	-	-
Interest payment on Tier 1 Capital	-	-	-	-	-	-	(1,752)	(1,752)	-	(1,752)
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	(4,679)	(4,679)
<b>Balance at 30 June 2022</b>	<b>116,132</b>	<b>5,687</b>	<b>53,519</b>	<b>33,250</b>	<b>(12,120)</b>	<b>(5,446)</b>	<b>5,009</b>	<b>196,031</b>	<b>93,245</b>	<b>322,276</b>

The above Interim Consolidated Statement of Financial Position, Interim Consolidated Statement of Income, Interim Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Statement of Cash Flows and Interim Consolidated Statement of Changes In Equity have been extracted from the Interim Condensed Consolidated Financial Statements of United Gulf Bank B.S.C.(c) for the six month period ended 30 June 2023 which were approved by the Board of Directors on 13 August 2023 and was reviewed by Ernst & Young, Kingdom of Bahrain.

Masaud Hayat  
Chairman

Faisal Al Ayyar  
Vice Chairman

Hussain Lalani  
Chief Executive Officer

بنك الخليج المتحد  
United Gulf Bank B.S.C. (c)