

Bahrain Commercial Facilities Company B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2024

REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF BAHRAIN COMMERCIAL FACILITIES COMPANY B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Bahrain Commercial Facilities Company B.S.C. ("the Company") and its subsidiaries (collectively, "the Group") as at 30 June 2024 comprising of the interim consolidated statement of financial position as at 30 June 2024 and the related interim consolidated statements of profit or loss and other comprehensive income for the three and six month periods then ended and the interim consolidated statements of changes in equity and cash flows for the six-month period then ended and explanatory notes. The Board of Directors of the Group is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



31 July 2024
Manama, Kingdom of Bahrain

Bahrain Commercial Facilities Company B.S.C.


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	(Reviewed) 30 June 2024 BD '000	(Audited) 31 December 2023 BD '000
ASSETS		
Cash and balances with banks	12,207	13,244
Loans and advances to customers	6 139,356	144,044
Trade receivables	7 2,725	2,509
Inventories	8 17,718	18,959
Investment properties	9,912	9,972
Property and equipment	26,750	25,423
Other assets	9 10,371	5,712
TOTAL ASSETS	219,039	219,863
LIABILITIES AND EQUITY		
LIABILITIES		
Trade and other payables	21,987	17,863
Bank term loans and other borrowings	92,272	100,355
TOTAL LIABILITIES	114,259	118,218
EQUITY		
Share capital	20,419	20,419
Treasury shares	(599)	(599)
Statutory reserve	10,210	10,210
Share premium	25,292	25,292
Other reserves	28,687	28,777
Retained earnings	20,771	17,546
TOTAL EQUITY	104,780	101,645
TOTAL LIABILITIES AND EQUITY	219,039	219,863


AbdulRahman Yusuf Fakhro
Chairman


Dr. AbdulRahman Ali Saif
Vice Chairman


Abdulla Abdulrazaq Bukhowa
Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

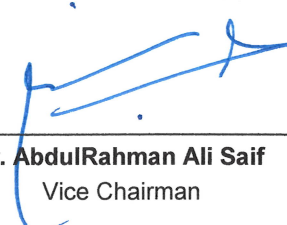
Bahrain Commercial Facilities Company B.S.C.


INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	<i>(Reviewed)</i> <i>(Reviewed)</i>		<i>(Reviewed)</i> <i>(Reviewed)</i>	
	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Interest income	8,735	10,089	4,498	4,732
Interest expense	(3,741)	(4,555)	(1,866)	(2,204)
Net interest income	4,994	5,534	2,632	2,528
Automotive revenue	22,470	19,928	11,767	10,061
Cost of sales	(18,265)	(16,528)	(9,591)	(8,438)
Gross profit on automotive revenue	4,205	3,400	2,176	1,623
Net fee and commission income	1,629	1,798	808	852
Rental and real estate income	367	280	182	138
Other income	734	967	188	297
Total operating income	11,929	11,979	5,986	5,438
Salaries and related costs	(4,136)	(3,934)	(2,031)	(1,999)
Other operating expenses	(5,145)	(4,839)	(2,646)	(2,510)
Total operating expenses	(9,281)	(8,773)	(4,677)	(4,509)
Profit before provisions, credit losses and recoveries	2,648	3,206	1,309	929
Provisions and credit losses	(530)	(9,979)	(400)	(5,877)
Recoveries from written off balances	1,207	1,257	604	554
Profit / (loss) for the period	3,325	(5,516)	1,513	(4,394)
Basic and diluted earnings / (loss) per 100 fils share	17 fils	(27) fils	8 fils	(22) fils


AbdulRahman Yusuf Fakhro
Chairman


Dr. AbdulRahman Ali Saif
Vice Chairman


Abdulla Abdulrazaq Bukhowa
Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<i>(Reviewed)</i> <i>Six months ended</i> <i>30 June</i>	<i>(Reviewed)</i> <i>2023</i> <i>BD '000</i>	<i>(Reviewed)</i> <i>Three months ended</i> <i>30 June</i>	<i>(Reviewed)</i> <i>2023</i> <i>BD '000</i>
Profit / (loss) for the period	3,325	(5,516)	1,513	(4,394)
Other comprehensive income / (loss):				
Items that are or may be reclassified to profit or loss				
Net change in cash flow hedge reserve	(87)	(145)	(170)	336
Total comprehensive income / (loss) for the period	3,238	(5,661)	1,343	(4,058)

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	<i>(Reviewed)</i>								
	<i>Reserves and retained earnings</i>								
					<i>Other reserves</i>				
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Share premium</i>	<i>Cash flow hedge reserve</i>	<i>Donation reserve</i>	<i>General reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	
As at 1 January 2024	20,419	(599)	10,210	25,292	1,244	33	27,500	17,546	101,645
2023 appropriations (approved by shareholders):									
- Donations approved	-	-	-	-	-	100	-	(100)	-
Balance after 2023 appropriations	20,419	(599)	10,210	25,292	1,244	133	27,500	17,446	101,645
Comprehensive income for the period:									
Income for the period	-	-	-	-	-	-	-	3,325	3,325
Other comprehensive income:									
- Net change in cash flow hedge reserve	-	-	-	-	(87)	-	-	-	(87)
	20,419	(599)	10,210	25,292	1,157	133	27,500	20,771	104,883
Utilisation of donation reserve	-	-	-	-	-	(103)	-	-	(103)
At 30 June 2024	20,419	(599)	10,210	25,292	1,157	30	27,500	20,771	104,780

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	(Reviewed)								
	Reserves and retained earnings								
					Other reserves				
	Share capital BD '000	Treasury shares BD '000	Statutory reserve BD '000	Share premium BD '000	Cash flow hedge reserve BD '000	Donation reserve BD '000	General reserve BD '000	Retained earnings BD '000	Total equity BD '000
As at 1 January 2023	20,419	(599)	10,210	25,292	2,182	248	27,500	52,387	137,639
2022 appropriations (approved by shareholders):									
- Dividend to equity holders declared	-	-	-	-	-	-	-	(4,029)	(4,029)
Balance after 2022 appropriations	20,419	(599)	10,210	25,292	2,182	248	27,500	48,358	133,610
Comprehensive loss for the period:									
Loss for the period	-	-	-	-	-	-	-	(5,516)	(5,516)
Other comprehensive loss:									
- Net change in cash flow hedge reserve	-	-	-	-	(145)	-	-	-	(145)
	20,419	(599)	10,210	25,292	2,037	248	27,500	42,842	127,949
Utilisation of donation reserve	-	-	-	-	-	(60)	-	-	(60)
At 30 June 2023	20,419	(599)	10,210	25,292	2,037	188	27,500	42,842	127,889

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>BD '000</i>	<i>BD '000</i>
OPERATING ACTIVITIES		
Loan repayments, interest received and other credit related receipts	99,055	100,748
Cash receipts from automotive sales	22,498	20,439
Insurance commission received	331	168
Proceeds from sale of real estate inventory	418	64
Rental and evaluation income received	252	267
Loans and advances to customers	(83,201)	(79,644)
Payments to suppliers	(13,341)	(18,209)
Payments for operating expenses	(12,049)	(6,875)
Directors' remuneration paid	-	(275)
Interest paid	(4,058)	(5,000)
Net cash generated from operating activities	9,905	11,683
INVESTING ACTIVITIES		
Capital expenditure on property and equipment	(4,689)	(2,929)
Proceeds from sale of property and equipment	1,744	1,123
Fixed deposit held with banks with maturities of more than three months	1,000	200
Net cash used in investing activities	(1,945)	(1,606)
FINANCING ACTIVITIES		
Bank loans availed	23,117	31,668
Bank term loans and other borrowings paid	(30,996)	(62,395)
Dividends paid	-	(4,029)
Donations paid	(103)	(60)
Net cash used in financing activities	(7,982)	(34,816)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(22)	(24,739)
Cash and cash equivalents at 1 January	6,214	34,325
CASH AND CASH EQUIVALENTS AT 30 JUNE	6,192	9,586
Cash and cash equivalents comprise:		
Cash and balances with banks	12,207	16,302
Less:		
Restricted cash	(194)	(92)
Bank overdrafts	(821)	(524)
Fixed deposit held with banks with maturities of more than three months	(5,000)	(6,100)
	6,192	9,586

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

1 REPORTING ENTITY

Bahrain Commercial Facilities Company B.S.C. (the "Company") is a public shareholding company incorporated and registered in the Kingdom of Bahrain. It provides term loans and issues credit cards. Effective 26 June 2005, the Company became licensed and regulated by the Central Bank of Bahrain ("the CBB"). This financial information is the reviewed interim condensed consolidated financial statements (the "interim condensed consolidated financial statements") of the Company and its subsidiaries (together referred to as the "Group") for the six-month period ended 30 June 2024.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

The interim condensed consolidated financial statements of the Group have been prepared in accordance with applicable rules and regulations issued by the Central Bank of Bahrain ("CBB"). These rules and regulations require the application of all International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The interim condensed consolidated financial statements are reviewed, not audited. They do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group's last audited consolidated financial statements for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2023.

3 MATERIAL ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for adoption of new standards or certain amendments to existing standards that have become applicable to the Group effective from 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024, but do not have any impact on the interim condensed consolidated financial statements of the Group.

3.1.1 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 New standards, interpretations and amendments adopted by the Group (continued)

3.1.2 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

3.1.3 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

3.2 New standards, interpretations and amendments issued but not yet effective

There were no new standards, interpretations and amendments that are issued as of 1 January 2024 which are applicable to the Group and not yet effective up to the date of issuance of the Group's interim condensed consolidated financial statements.

4 USE OF JUDGEMENTS AND ESTIMATES

Preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas of significant judgments 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 last audited consolidated financial statements as at and for the year ended 31 December 2023.

Significant increase in credit risk (SICR)

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporation, forward looking information into measurement of ECL and selection and approval of models used to measure ECL.

Judgement is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a financing facility, which would result in the financial asset moving from 'stage 1' to 'stage 2'. The Group continues to assess borrowers for other indicators of unlikelihood to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary or longer term.

Reasonableness of forward-looking information

Judgement is involved in determining which forward looking information variables are relevant for particular financing portfolios and for determining the sensitivity of the parameters to movements in these forward-looking variables.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

4 USE OF JUDGEMENTS AND ESTIMATES (continued)

Reasonableness of forward-looking information (continued)

Due to macro economic variables being not statistically acceptable, the Group has used Vasicek-Merton single factor model for conversion of TTC PD to PIT PD instead of the regression methodology as per the Group's approved policy. Vasicek Based Analysis method has been used to forecast the forward-looking PIT PDs by developing composite index oil price as macro-economic variables. The Oil price for base scenario has been considered.

Probability weights

Management judgement is involved in determining the probability weighting of each scenario considering the risks and uncertainties surrounding the base case scenario.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the last audited consolidated financial statements for the year ended 31 December 2023 with emphasis on those described below:

Credit Risk

The Group is performing assessments of the relevant available macro-economic information in light of the rising interest rate environment and the ongoing geopolitical tensions in Europe, and within the region. The relevant macro-economic information has been updated for the period ended 30 June 2024.

The risk management department has also enhanced its monitoring of financing portfolio by reviewing the performance of exposures to sectors expected to be directly or indirectly impacted by ongoing challenging economic environment to identify potential SICR on a qualitative basis.

Liquidity risk and capital management

The Group's approach to managing liquidity risk is to ensure that the Group secures funding significantly larger than present and future requirements. The Group continuously monitors the extent to which contractual receipts exceed contractual payments and the levels of new advances are correlated to the levels of liquidity. Liquidity risks are closely monitored by the risk management and finance departments and reported to the Assets and Liabilities Committee (ALCO) and the Board.

The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in the current extreme stress environment . As at the reporting date the liquidity and funding position of the Group remains strong and is well placed to absorb and manage the impacts of this disruption.

Operational risk management

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage, to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Group manages the operational risk through policies and procedures to identify, assess, control, manage and report risks. Additionally, prior to the implementation of new products and services, it's reviewed and assessed for operational risks. The Group's risk management division employs clear internal policies and procedures and the Risk Control Self-Assessment (RCSA) methodology to reduce the likelihood of any operational losses. Where appropriate, risk is mitigated by way of insurance.

Bahrain Commercial Facilities Company B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

6 LOANS AND ADVANCES TO CUSTOMERS

(a) Exposure by staging

	30 June 2024 <i>(Reviewed)</i>			
	Stage 1	Stage 2	Stage 3	Total
	BD '000	BD '000	BD '000	BD '000
Loans and advances	103,817	13,811	59,460	177,088
Less: expected credit loss	(992)	(1,928)	(34,812)	(37,732)
Loans and advances	102,825	11,883	24,648	139,356

	31 December 2023 <i>(Audited)</i>			
	Stage 1	Stage 2	Stage 3	Total
	BD '000	BD '000	BD '000	BD '000
Loans and advances	107,836	18,411	66,539	192,786
Less: expected credit loss	(1,088)	(2,413)	(45,241)	(48,742)
Loans and advances	106,748	15,998	21,298	144,044

During the period, the Group has recorded total recoveries of BD 1,207 thousand (2023: BD 1,257 thousand) from the loans previously written off.

(b) Expected credit loss movement

	30 June 2024 <i>(Reviewed)</i>			
	Stage 1	Stage 2	Stage 3	Total
	BD '000	BD '000	BD '000	BD '000
2024				
Expected credit loss at 1 January 2024	1,088	2,413	45,241	48,742
Net transfer between stages	(2,226)	(2,138)	4,364	-
Net charge / (reversal) for the period	2,130	1,653	(3,700)	83
Net write off during the period	-	-	(11,093)	(11,093)
Expected credit loss at 30 June 2024	992	1,928	34,812	37,732

Bahrain Commercial Facilities Company B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

6 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Expected credit loss movement (continued)

2023	31 December 2023 (Audited)			
	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	Total BD '000
Expected credit loss at 1 January 2023	1,313	7,105	27,012	35,430
Net transfer between stages	748	(2,551)	1,803	-
Net (reversal) / charge for the year	(973)	(2,141)	39,032	35,918
Net write off during the year	-	-	(22,606)	(22,606)
Expected credit loss at 31 December 2023	1,088	2,413	45,241	48,742

7 TRADE RECEIVABLES

	(Reviewed) 30 June 2024 BD '000	(Audited) 31 December 2023 BD '000
Trade receivables	4,285	4,623
Less: expected credit loss	(1,560)	(2,114)
	2,725	2,509

Expected credit loss movement

	(Reviewed) 30 June 2024 BD '000	(Audited) 31 December 2023 BD '000
At beginning of the period / year	2,114	2,072
Charge for the period / year	68	54
Write off during the period / year	(622)	(12)
At end of the period / year	1,560	2,114

Bahrain Commercial Facilities Company B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

8 INVENTORIES

	<i>(Reviewed)</i>	<i>(Audited)</i>
	30 June	31 December
	2024	2023
	BD '000	BD '000
Vehicles	10,434	10,842
Automotive spare parts	6,877	7,306
Real estate inventory	1,710	2,105
	19,021	20,253
Provision	(1,303)	(1,294)
	17,718	18,959

Provisions' movement

	<i>(Reviewed)</i>	<i>(Audited)</i>
	2024	2023
	BD '000	BD '000
At beginning of the period / year	1,294	789
Net charge for the period / year	78	508
Utilisation	(69)	(3)
At end of the period / year	1,303	1,294

9 OTHER ASSETS

	<i>(Reviewed)</i>	<i>(Audited)</i>
	30 June	31 December
	2024	2023
	BD '000	BD '000
Positive fair value derivative	1,187	1,277
Advance to suppliers and manufacturers incentive	6,175	2,181
Prepaid expenses	984	581
VAT receivables	1,272	1,272
Others	753	401
	10,371	5,712

Bahrain Commercial Facilities Company B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

10 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise major shareholders, directors, and key management personnel of the Group and entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Group.

The Group has banking relationships and obtains term borrowings and has unutilised credit facilities with certain of its shareholder banks (Bank of Bahrain and Kuwait B.S.C and National Bank of Bahrain B.S.C). All such transactions are in the ordinary course of business and on terms agreed between the parties.

	(Reviewed)	<i>(Audited)</i>
	30 June	<i>31 December</i>
	2024	<i>2023</i>
	BD '000	<i>BD '000</i>
Shareholders:		
Term loans	31,034	25,260
Bank balance	1,429	913

	(Reviewed)	<i>(Reviewed)</i>
	30 June	<i>30 June</i>
	2024	<i>2023</i>
	BD '000	<i>BD '000</i>
Interest expense	1,119	895
Sale of vehicles	-	99

Key management personnel

Transactions with related parties are transactions with key management personnel or their direct family members.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel comprise members of the Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, approved personnel by the CBB and the General Managers.

	(Reviewed)	<i>(Audited)</i>
	30 June	<i>31 December</i>
	2024	<i>2023</i>
	BD '000	<i>BD '000</i>
Loan and advances*	786	823

	(Reviewed)	<i>(Reviewed)</i>
	30 June	<i>30 June</i>
	2024	<i>2023</i>
	BD '000	<i>BD '000</i>
For the period ended		
Salaries and short-term employee benefits	907	932
Directors remuneration and attendance fees	249	229
Sales, service and lease of vehicles	10	64

Bahrain Commercial Facilities Company B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

10 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

*The Company has allowance of BD 254 thousand (2023: BD 183 thousand) for impairment losses on balances with related parties.

11 APPROPRIATIONS

At the Annual General Meeting held on 26 March 2024, the shareholders approved the appropriation of donation of BD 100 thousand (2023: appropriation of dividends of BD 4,029 thousand) from the retained earnings of the Group.

12 OPERATING SEGMENT INFORMATION

	<i>Operating income</i>		<i>Profit / (loss)</i>	
	<i>Six months ended 30 June 2024</i>	<i>Six months ended 30 June 2023</i>	<i>Six months ended 30 June 2024</i>	<i>Six months ended 30 June 2023</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Lending	6,387	7,553	1,851	(6,795)
Automotive	4,450	3,772	1,572	1,171
Insurance	425	375	45	11
Real estate	667	279	(143)	97
	11,929	11,979	3,325	(5,516)

Majority of the Group's assets and liabilities are concentrated in the lending and automotive segments. Total assets as of 30 June 2024 amounted to BD 154,992 thousand and BD 32,029 thousand (31 December 2023: BD 159,731 thousand and BD 44,364 thousand) and total liabilities amounted to BD 103,035 thousand and BD 10,778 thousand (31 December 2023: BD 109,639 thousand and BD 8,344 thousand) in the lending and automotive segments respectively.

13 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Except for derivative instruments which are classified as at fair value, all of the Group's other financial assets and liabilities are classified as at amortised cost.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

13 FAIR VALUE (continued)

Fair value hierarchy

The Group measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. ask prices) or indirectly (i.e. derived from prices). This category includes instruments 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 where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

(i) Financial assets and liabilities measured at fair value

The fair value of the derivatives, which are not exchange traded, is estimated at the amount the Group would receive or pay to terminate the contract at the reporting date taking into account current market conditions and the current credit worthiness of the counterparties. The Group's exposure to derivatives are categorised under Level 2.

(ii) Financial assets and liabilities not measured at fair value

The following tables set out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

30 June 2024 (Reviewed)	Level 1	Level 2	Level 3	Fair value	Carrying value
	BD '000	BD '000	BD '000	BD '000	BD '000
Loans and advances to customers	-	-	139,356	139,356	139,356
Bank term loans and other borrowings	-	-	92,272	92,272	92,272
	-----	-----	-----	-----	-----
31 December 2023 (Audited)	Level 1	Level 2	Level 3	Fair value	Carrying value
	BD '000	BD '000	BD '000	BD '000	BD '000
Loans and advances to customers	-	-	144,044	144,044	144,044
Bank term loans and other borrowings	-	-	100,355	100,355	100,355
	-----	-----	-----	-----	-----

In the case of loans and advances to customers, the average interest rate of the loan portfolio is in line with current market rates for similar facilities and hence after consideration of adjustment for prepayment risk and impairment charges it is expected that the carrying value would not be materially different to fair value of these assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 30 June 2024

13 FAIR VALUE (continued)

(ii) Financial assets and liabilities not measured at fair value (continued)

The fair value of bank term loans and other borrowings issued approximate their carrying value since they are at floating interest rates.

14 COMPARATIVES

Certain comparative figures have been regrouped to conform to the current period's presentation. Such regrouping did not affect previously reported profit or loss, comprehensive income for the period or total equity.