



BCFC Reports BD 5.5 Million Net Loss in the First Half of 2023

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Bahrain Commercial Facilities Company BSC (trading code: BCFC) announced its financial result for the six months and three months periods ended 30 June 2023.

Three months period ended 30 June 2023

The Group reported a net loss of BD 4.4 million compared to a net profit during the same period last year of BD 2.7 million. The basic and diluted earnings per share amounted to a loss of 22 Fils compared to profit of 13 Fils for the same period last year.

The Group registered a total comprehensive loss of BD 4.1 million compared to a total comprehensive income of BD 3.4 million for the same period last year, mainly due to the net loss registered during the current period.

The Group performance was mainly impacted by the net interest income of BD 2.5 million, 46% lower than the same period last year of BD 4.6 million, and a higher net allowance on loans and receivables charged during the current period of BD 5.3 million, 783% higher than the same period last year of BD 0.6 million. The Group has achieved a total operating income of BD 5.2 million, 31% lower than the same period last year of BD 7.5 million.

Six months period ended 30 June 2023

During the six months period ended 30 June 2023, the Group reported a net loss of BD 5.5 million compared to a net profit of BD 4.4 million achieved during the same period last year. This resulted in a basic and diluted earnings per share amounted to a loss of 27 Fils compared to profit of 22 Fils for the same period last year.

The Group registered a total comprehensive loss of BD 5.7 million compared to a total comprehensive income of BD 7.1 million for the same period last year, mainly due to the net loss registered during the current period.

The Group performance was mainly impacted by the net interest income of BD 5.5 million, 43% lower than the same period last year of BD 9.6 million, and a higher net allowance on loans and receivables charged during the half year ended 30 June 2023 of BD 8.7 million, 263% higher than the same period last year of BD 2.4 million. The Group has achieved a total operating income of BD 11 million which is 27% lower than the same period last year of BD 15 million. The net interest income has reduced mainly due to the reduction in the net loan portfolio and the higher interest expense due to the high interest rate environment. The Group continues to provide impairment allowances to safeguard the quality of its loan portfolio against expected challenges its customers may face.

Total shareholders' equity stands at BD 128 million as of 30 June 2023, 7% lower than 31 December 2022 of BD 138 million. The Group's total assets as of 30 June 2023 stand at BD 259 million, registering a decrease of 13% compared to 31 December 2022 of BD 298 million. The Group's total liabilities reached BD 131 million as of 30 June 2023, 19% lower than 31 December 2022 of BD 161 million. The decrease in total liabilities is mainly attributable to the repayments of bank term loans and borrowings of BD 62.4 million during the period which were partially settled from the excess liquidity available with the Group and partially refinanced through a syndicated loan facility of BD 31.7 million. The Group remained in a healthy liquidity position with a leverage of 1.03 multiples.

Mr. Abdulrahman Fakhro, the Chairman of Bahrain Commercial Facilities Company (BCFC), conveyed his unwavering belief in the Group's capacity to surmount the existing challenges and achieve a complete recovery from the consequences of the past three turbulent years, including the impacts of the COVID-19 pandemic and the subsequent global and local economic challenges. He also expressed his firm confidence in the Company's capability to fortify its prominent standing in the national economy, a position it has achieved over a span of more than four decades, while also playing a pivotal role in contributing to the economic growth of the Kingdom of Bahrain.

"Despite the challenges, BCFC remains steadfast in its mission, thanks to the commitment to its customer and strong financial foundation. We are fully confident in our ability to navigate the current circumstances, reiterating our unwavering dedication to serving our customers, country, and community," said Mr. Fakhro. "Despite the announced results, we are pleased with the progress made during the first half of the year in implementing BCFC's strategy for the years 2023-2025. The strategy prioritizes enhancing the customer journey, expanding financing solutions for individuals and businesses, reinforcing governance, increasing digital channels for customer service, and establishing strategic partnerships to offer a wider range of products and services."

Mr. Fakhro explained the significant challenges the Group faced over the past three years. These challenges were primarily driven by the impact of the COVID-19 pandemic, and the supply chain crisis that affected the financing portfolio. Additionally, the global rise in interest rates to unprecedented levels in over two decades further impacted the Group's net interest margins, which ultimately had an adverse effect on its financial results.

Mr. Abdulla Bukhowa, the Chief Executive Officer of Bahrain Commercial Facilities Company (BCFC), stated, "BCFC is committed to maintaining sufficient impairment provisions to safeguard against

potential challenges that may arise in the retail and SME financing activities sector, as they continue to be impacted by the pandemic even beyond the Central Bank of Bahrain's installments deferral period. In parallel, we are witnessing the stabilization of the Group's operations and growth in new lending after the volatile conditions of the past three years. We are resolutely advancing with the execution of our strategic plan and embracing digital transformation. We anticipate that these strategic initiatives will reflect positively on the Group's financial performance in the near future."

"The Group enjoys a robust liquidity base, and has implemented best practices in risk management, compliance, and corporate governance. Our highest priority remains to support our customers and continue the important role played by BCFC in offering accessible financing solutions to individuals and institutions, empowering them to pursue their personal aspirations, entrepreneurial endeavors, and commercial projects and contributing to the growth of the market, the commercial sector, and the national economy. "

The full set financial statement and the press release are available on the Bahrain Bourse's website.

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