



## BCFC registered net profit of BD 20.7 Million in 2017

Bahrain Commercial Facilities Company BSC has reported a net profit of BD 20.7 million for the year ended 31 December 2017 which is 4% higher than BD 19.9 million earned in 2016. Profit for the fourth quarter of 2017 was BD 6.3 million (2016: BD 5.3 million). The Board has recommended a cash dividend of 50% (2016: 50%).

On this occasion, Mr. Abdulrahman Fakhro, the Chairman of the Board observed that, "The performance of the BCFC Group in the context of current challenging environment is extremely satisfying. The Company has yet again achieved its highest net profit. The results are testament of the Company's strong business model, efficient business processes, innovative approach to product offerings and fine execution of initiatives as identified in its 3-year Strategic Plan. On behalf of the BCFC Board, I express my sincere thanks and appreciation to the Company's management and staff for this achievement."

The Company's consumer finance business, Bahrain Credit has performed remarkably well and has achieved net profits of BD 17.5 million (2016: BD 14.5 million). During 2017, the Company continued its conservative underwriting policies and advanced new loans of BD 161 million (2016: BD 158 million). The Company has undertaken various initiatives focusing on refining the business operations to better enhance customer experience and introduced new products to reach wider range of customers. The Company has remained extremely cautious with the current market realities and continue to enhance its risk management framework by observing and learning from customers payments patterns. The quality of the portfolio remains a key priority with non-performing loans stood at 3.49% of the total loans portfolio. The Company has completed its assessment and implementation of IFRS 9. The Company shall apply the new standard from the reporting period commencing 1 January 2018.

In the automotive business, National Motor Company has earned a net profit of BD 2.2 million (2016: BD 1.9 million). The results are outstanding, considering that Bahrain market has witnessed continuation of contraction in the new car sales. The reduction in sales have resulted in overall inventory built-up and erosion of margins. The Company was able to arrest this trend by taking timely decisions pertaining to inventory management. The extensive effort placed by the Company towards becoming lean and efficient has made the operations more agile and dynamic. Despite decrease in new vehicle sales volume for both General Motors and Honda, National Motor was able to retain its market share.

Tasheelat Automotive Company has successfully completed its second full year of operations and has reported net profit of BD 54 thousand for its GAC Motor business. It is pleasing to note that the seed sown two years back is developing into a full-fledged distributorship. The Company in such a short period has sold around 1000 GAC cars leading to a higher brand visibility and equity. What is of a great source of pride and encouragement is the fact that many customers switched from well-established automotive brands. This has positioned the GAC as undisputed leading brand among all the Chinese brands. GAC cars are packed with futuristic technologies, safety features, fuel efficiency and very attractive price points.

Tasheelat Insurance Services Company achieved a net profit of BD 610 thousand (2016: BD 1.1 million). The performance was severely affected due to decline in new car sales, pressure on its margins as a result of cut throat competition and increase in its cost structure. However, on the foundation of its strong brand, largest branch network amongst insurance brokers and

group synergies, the Company has maintained its leadership in the motor insurance market. During the year the Company arranged for more than 23 thousand motor insurance policies. The Company has taken prudent steps to diversify its portfolio and income streams by introducing many new innovative products.

Tasheelat Real Estate Services Company had a challenging year and registered net profit of BD 449 thousand (2016: BD 2.6 million). The Company's performance was significantly affected due to delay in regulatory approvals on one of its large real estate project which left the Company with inadequate land inventory to sell. It is pleasing to note that the Company has received all the approvals just in time before the year end. The new project has received an encouraging response from the market and the Company has liquidated 25% of the plots in a very short period of time. All the Company's investment properties for rental income are maintaining healthy occupancy rate and have generated steady and reliable.

Tasheelat Car Leasing is the youngest member in the BCFC Group. The new company commenced its operations in July 2017 to further expand and develop the Company's core competencies in the automotive business. The Company is formed to provide customers with full range of lease products. In short period of six months since its inception, the Company has established a branch network of 6 branches which is amongst the largest in the country. The Company is currently operating more than 700 cars to provide vehicles to customers on a daily, monthly and long-term lease contracts. In its first six months of operations, the company has reported a net loss of BD 80 thousand.

The Company continued to remain in a strong and healthy liquidity position. The Company has a well-defined maturity profile for its borrowings which is spread over years to avoid any concentration. During the year, the Company had successfully arranged a USD 125 million syndicated loan to repay maturing USD 55 million loan. Remaining USD 70 million from the new loan was used to fund the Company's business expansion. The transaction was oversubscribed and had received strong support from local and regional banks. The Group is currently operating at a low leverage of 1.7 which bodes well for the Company's future expansion and growth plans.

Commenting on the results, Dr. Adel Hubail, Chief Executive Officer, stated that, the performance of the BCFC Group is pleasing and an outcome of the relentless efforts of the Company to refine its services, innovate new synergies and actively reach out our business partners and customers. The financial position of the Company remains exceptionally strong and with the available strong equity. The Group will continue to look for investments opportunities that will increase shareholder's value.