

Bahrain Commercial Facilities Company B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2021

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 31 March 2021 comprising of the interim consolidated statement of financial position as at 31 March 2021 and the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-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", as modified by the Central Bank of Bahrain ("the CBB"). 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, as modified by the CBB.

Other matters

The consolidated financial statements of Group for the year ended 31 December 2020 ("Consolidated Financial Statements") were audited by another auditor who expressed an unmodified audit opinion dated 28 February 2021 on those Consolidated Financial Statements. The interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows and relevant explanatory notes for the three-month period ended 31 March 2020 were neither reviewed nor audited.



28 April 2021
Manama, Kingdom of Bahrain

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	(Reviewed) 31 March 2021 BD '000	(Audited) 31 December 2020 BD '000
ASSETS		
Cash and balances with banks	30,220	25,530
Loans and advances to customers	6 253,626	264,006
Trade receivables	7 4,184	4,495
Inventories	8 19,874	18,706
Investment properties	12,492	12,563
Property and equipment	26,961	27,650
Other assets	3,736	2,504
TOTAL ASSETS	351,093	355,454
LIABILITIES AND EQUITY		
Liabilities		
Bank overdrafts	924	-
Trade and other payables	24,273	23,865
Bank term loans	197,536	205,956
Total liabilities	222,733	229,821
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	23,665	22,084
Retained earnings	49,373	48,227
Total equity	128,360	125,633
TOTAL LIABILITIES AND EQUITY	351,093	355,454


Dr. AbdulRahman Ali Saif

Chairman of the Executive
Committee


Reyadh Yusuf Hasan Sater

Vice Chairman of the
Executive Committee and
Managing Director

The attached notes 1 to 12 form part of these interim condensed financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Three months ended 31 March 2021

	(Reviewed)	<i>(Unreviewed / Unaudited)</i>
	<i>Three months ended 31 March</i>	
	2021	2020
	BD '000	BD '000
Interest income	7,450	9,707
Interest expense	(2,470)	(3,041)
Net interest income	4,980	6,666
Automotive revenue	9,859	11,631
Cost of sales	(8,581)	(10,023)
Gross profit on automotive revenue	1,278	1,608
Fee and commission income	1,452	2,552
Profit from sale of real estate inventory	97	70
Rental and evaluation income	189	243
Total operating income	7,996	11,139
Other income	62	53
Salaries and related costs	(1,924)	(2,160)
Operating expenses	(2,241)	(3,046)
Profit before allowance on financial instruments	3,893	5,986
Allowance on loans and receivables, net of recoveries	(2,747)	(3,038)
Profit for the period	1,146	2,948
Basic and diluted earnings per 100 fils share	6 fils	15 fils


Dr. AbdulRahman Ali Saif

Chairman of the Executive
Committee


Reyadh Yusuf Hasan Sater

Vice Chairman of the
Executive Committee and
Managing Director

The attached notes 1 to 12 form part of these interim condensed financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended 31 March 2021

	<i>(Unreviewed / Unaudited)</i>
(Reviewed)	
<i>Three months ended 31 March</i>	
2021	<i>2020</i>
BD '000	<i>BD '000</i>
Profit for the period	2,948
Other comprehensive income:	
Items that are or may be reclassified to profit or loss	
Net change on cash flow hedge reserve	(3,311)
Total comprehensive income / (loss) for the period	(363)

The attached notes 1 to 12 form part of these interim condensed financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2021

	Reviewed									
	<i>Share capital</i>			<i>Reserves and retained earnings</i>						<i>Total equity</i> <i>BD '000</i>
				<i>Other reserves</i>			<i>Retained earnings</i> <i>BD '000</i>			
	<i>Share Capital</i> <i>BD '000</i>	<i>Treasury shares</i> <i>BD '000</i>	<i>Statutory reserve</i> <i>BD '000</i>	<i>Share Premium</i> <i>BD '000</i>	<i>Cash flow hedge reserve</i> <i>BD '000</i>	<i>Donation reserve</i> <i>BD '000</i>		<i>General reserve</i> <i>BD '000</i>		
As at 1 January 2021	20,419	(599)	10,210	25,292	(5,445)	529		27,000	48,227	
Comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	1,146	1,146	
Other comprehensive income:										
- Net change on cash flow hedge reserve	-	-	-	-	1,581	-	-	-	1,581	
At 31 March 2021	20,419	(599)	10,210	25,292	(3,864)	529	27,000	49,373	128,360	

The attached notes 1 to 12 form part of these interim condensed financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2021

	<i>(Unreviewed / Unaudited)</i>								
	<i>Share capital</i>		<i>Reserves and retained earnings</i>						<i>Total equity</i>
			<i>Other reserves</i>						
			<i>Cash flow</i>						
<i>Share Capital</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Share Premium</i>	<i>hedge reserve</i>	<i>Donation reserve</i>	<i>General reserve</i>	<i>Retained earnings</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 2020	20,419	(599)	10,210	25,292	(1,722)	693	26,250	71,819	152,362
2019 appropriations (approved by shareholders):									
- Donations approved	-	-	-	-	-	300	-	(300)	-
- Dividend to equity holders declared	-	-	-	-	-	-	-	(5,036)	(5,036)
- Transfer to general reserve	-	-	-	-	-	-	750	(750)	-
Balance after appropriations	20,419	(599)	10,210	25,292	(1,722)	993	27,000	65,733	147,326
Comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	2,948	2,948
Other comprehensive income:									
- Net change on cash flow hedge reserve	-	-	-	-	(3,311)	-	-	-	(3,311)
	20,419	(599)	10,210	25,292	(5,033)	993	27,000	68,681	146,963
Modification loss (Note 2(a))	-	-	-	-	-	-	-	(15,853)	(15,853)
At 31 March 2020	20,419	(599)	10,210	25,292	(5,033)	993	27,000	52,828	131,110

The attached notes 1 to 12 form part of these interim condensed financial statements.

Bahrain Commercial Facilities Company B.S.C.
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended 31 March 2021

	<i>(Reviewed)</i>	<i>(Unreviewed / Unaudited)</i>
	<i>Three months ended</i>	
	<i>31 March</i>	
	2021	2020
	BD '000	BD '000
OPERATING ACTIVITIES		
Loan repayments, interest received and other credit related receipts	58,583	95,834
Cash receipts from automotive sales	10,266	11,931
Insurance commission received	163	298
Proceeds from sale of real estate inventory	1,047	520
Rental and evaluation income received	210	264
Loans and advances to customers	(42,200)	(78,537)
Payments to suppliers	(8,935)	(10,688)
Payments for operating expenses	(4,466)	(5,518)
Payment for real estate inventory	-	(527)
Interest paid	(2,220)	(3,100)
Net cash generated from operating activities	12,448	10,477
INVESTING ACTIVITIES		
Capital expenditure on property and equipment	(562)	(1,051)
Addition to investment properties	-	(167)
Proceeds from sale of property and equipment	408	369
Net cash used in investing activities	(154)	(849)
FINANCING ACTIVITIES		
Bank term loans availed	-	62,166
Bank term loans paid	(8,601)	(46,290)
Dividends paid	-	(17)
Net cash (used in) / generated from financing activities	(8,601)	15,859
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,693	25,487
Cash and cash equivalents at 1 January	25,435	4,884
CASH AND CASH EQUIVALENTS AT 31 MARCH	29,128	30,371
Cash and cash equivalents comprise:		
Cash and balances with banks	30,220	30,557
Less:		
Restricted cash	(168)	(182)
Bank overdrafts	(924)	(4)
	29,128	30,371

The attached notes 1 to 12 form part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

1 REPORTING ENTITY

Bahrain Commercial Facilities Company B.S.C. (the "Company") is a public shareholding company incorporated and registered in Kingdom of Bahrain. It provides short-term, medium-term, long-term loans and issue of credit cards. Effective 26 June 2005, the Company became licensed and regulated by the Central Bank of Bahrain ("CBB"). This financial information is the reviewed interim condensed consolidated financial information (the "interim condensed consolidated financial information") of the Company and its subsidiaries (together referred to as the "Group") for the three-month period ended 31 March 2021.

2 BASIS OF PREPARATION

The accompanying interim condensed consolidated financial information is prepared in accordance with IAS 34 - "Interim Financial Reporting" as modified by the Central Bank of Bahrain which permits the interim condensed consolidated financial information to be in summarised form.

The interim condensed consolidated financial information of the Group has 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), except for:

- a) recognition of modification losses on financial assets, arising from payment holidays provided to customers impacted by COVID-19 without charging additional interest and fees, in equity instead of the profit or loss as required by IFRS 9: Financial Instruments. Any other modification gain or loss on financial assets are recognised in accordance with the requirements of IFRS 9.
- b) recognition of financial assistance received from the government and/ or regulators in response to COVID-19 that meets the government grant requirement, in equity, instead of the profit or loss as required by the International Accounting Standard (IAS 20): Government Grant, to the extent of any modification loss recognised in equity as a result of (a) above. In case this exceeds the modification loss, the balance amount is recognized in the profit or loss. Any other financial assistance is recognised in accordance with the requirements IAS 20.

The above framework for basis of preparation of the interim condensed consolidated financial information is hereinafter referred to as 'IFRS as modified by CBB'.

The modification to accounting policies have been applied retrospectively and did not result in any change to the financial information reported for the comparative period.

The interim condensed consolidated financial information is reviewed, not audited. It does 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 2020. 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 financial statements as at and for the year ended 31 December 2020. The comparative information presented in the interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows and relevant explanatory notes for the three-month period ended 31 March 2020 were neither reviewed nor audited.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments

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 2020, except for adoption of new standards or certain amendments to existing standards that have become applicable to the Group effective from 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 New standards, interpretations and amendments (continued)

Several amendments and interpretations apply for the first time in 2021, but do not have any impact on the interim condensed consolidated financial statements of the Group.

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 2021 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 information 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 2020. However, the process of making the required estimates and assumptions involved further challenges due to the prevailing uncertainties arising from COVID-19 and required use of management judgements.

Expected credit Losses

The economic uncertainties caused by COVID-19, and the volatility in oil prices impacting the Middle East economic forecasts have required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs").

Scenario analysis has been conducted taking into consideration various expected changes as a result of COVID-19 that can impact all model parameters i.e. probability weighting of economic scenarios, macroeconomic factors, probability of default, loss given default, exposure of default, rating downgrades, staging migrations and period of exposure. Management judgement is used in determining the probability weighting assigned to each scenario. Given the fact that the client base is primarily based in Bahrain, all Government relief efforts to mitigate the impact of COVID-19 is expected to have a mitigating impact on ECL assessment. The Group has factored the impact of these efforts in the likely severity of its ongoing ECL assessment.

In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. Accordingly, the Group's ECL estimates are based on judgement and, as a result, actual results may differ from these estimates.

Significant increase in credit risk (SICR)

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 as a result of COVID-19 or longer term.

During the period, and in accordance with the CBB relief measures, the Group has granted a six-month loan deferral to its eligible customers, with fees and interest. The Group considers both qualitative and quantitative information in the assessment of significant increase in credit risk. The utilisation of a payment deferral program was considered for affected customer segments due to the pandemic as a trigger for a significant increase in credit risk ("SICR") or a staging migration for the purposes of calculating ECL.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

4 USE OF JUDGEMENTS AND ESTIMATES (continued)

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. Limited forward-looking information is currently available.

The Group has previously performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio and expert judgement has also been applied in this process. The forecasts of these economic variables are obtained externally and updated on an annual basis. Estimated changes in such variables were considered in the scenario analysis discussed earlier in this section.

Probability weights

Management Judgement is involved in determining the probability weighting of each scenario considering the risks and uncertainties surrounding the base case scenario. Considering the current uncertain economic environment, the Group has continued the scenario weighting to reflect the impact of current uncertainty in measuring the estimated credit losses for the period ended 31 March 2021.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

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 2020 with emphasis on those described below:

Credit Risk

The uncertainties due to COVID-19 and resultant economic volatility has impacted the Group's financing operations and is expected to affect most of the customers and sectors to some degree. Although it is difficult to assess at this stage the degree of impact faced by each sector, the main industries impacted are hospitality, tourism, leisure, airlines/transportation and retailers. In addition, some other industries are expected to be indirectly impacted such as contracting, real estate and wholesale trading. Furthermore, the drop in oil prices will have a significant impact on regional economies.

Considering this evolving situation, the Group has taken pre-emptive measures to mitigate credit risk by adopting more cautious approach for credit approvals thereby tightening the criteria for extending credit to impacted sectors. Payment holidays have been extended to customers, including private and SME sector, in line with the instructions of CBB. These measures may lead to lower disbursement of financing facilities, resulting in lower net financing income and decrease in other revenue.

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 COVID-19 to identify potential SICR on a qualitative basis.

Liquidity risk and capital management

The effects of COVID-19 on the liquidity and funding risk profile of the banking system are evolving and are subject to ongoing monitoring and evaluation. The CBB has announced various measures to combat the effects of COVID-19 and to ease liquidity in banking sector. The payment holidays for 6 months to eligible customers as per CBB instructions have an impact on the liquidity risk of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

5 FINANCIAL RISK MANAGEMENT (continued)**Liquidity risk and capital management (continued)**

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

In response to COVID-19 outbreak, there were various changes in the working model, interaction with customers, digital modes of payment and settlement, customer acquisition and executing contracts and carrying out transactions with and on behalf of the customers. The management of the Group has enhanced its monitoring to identify risk events arising out of the current situation and the changes in the way business is conducted. As of 31 March 2021, the Group did not have any significant issues relating to operational risks.

6 LOANS AND ADVANCES TO CUSTOMERS**(a) Exposure by staging**

	31 March 2021 <i>(reviewed)</i>			
	Stage 1	Stage 2	Stage 3	Total
	BD '000	BD '000	BD '000	BD '000
Loans and advances	169,182	72,281	47,959	289,422
Less: expected credit loss	(4,953)	(6,407)	(24,436)	(35,796)
Loans and advances	164,229	65,874	23,523	253,626
	31 December 2020 <i>(audited)</i>			
	Stage 1	Stage 2	Stage 3	Total
	BD '000	BD '000	BD '000	BD '000
Loans and advances	186,819	65,943	45,941	298,703
Less: expected credit loss	(5,668)	(5,522)	(23,507)	(34,697)
Loans and advances	181,151	60,421	22,434	264,006

During the year ended 31 December 2020, the initial modification loss recorded by the Group amounted to BD 16,125 thousand, of which BD 272 thousand was reversed to equity due to early settlements of loans and repayment of credit card balances for the period ended 31 March 2020.

The modification loss has been calculated for the loan portfolio as the difference between the net present value of the modified cash flows calculated using the original effective profit rate and the current carrying value of the financial assets on the date of modification. The modification loss for credit card is calculated as normal interest at applicable rate for the six months holiday given from repayment of credit card balances. The Group provided payment holidays on financing exposures amounting to BD 281,906 thousand as part of its support to impacted customers.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

6 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Expected credit loss movement

	Stage 1	Stage 2	Stage 3	Stage 3	Total
	BD '000	BD '000	Collectively	Specifically	BD '000
2021			assessed	assessed	
	BD '000	BD '000	BD '000	BD '000	BD '000
Expected credit loss at 1 January 2021	5,668	5,522	20,404	3,103	34,697
Net transfer between stages	(354)	(8)	362	-	-
Charge for the period	(361)	893	2,628	3	3,163
Write off during the period	-	-	(2,064)	-	(2,064)
Expected credit loss at 31 March 2021	4,953	6,407	21,330	3,106	35,796

	Stage 1	Stage 2	Stage 3	Stage 3	Total
	BD '000	BD '000	Collectively	Specifically	BD '000
2020			assessed	assessed	
	BD '000	BD '000	BD '000	BD '000	BD '000
Expected credit loss at 1 January 2020	3,282	4,923	13,197	1,984	23,386
Net transfer between stages	1,315	(36)	(3,063)	1,784	-
Charge for the period	1,071	635	19,807	46	21,559
Write off during the period	-	-	(9,537)	(711)	(10,248)
Expected credit loss at 31 December 2020	5,668	5,522	20,404	3,103	34,697

7 TRADE RECEIVABLES

	Reviewed	Audited
	31 March	31 December
	2021	2020
	BD '000	BD '000
Trade receivables	5,931	6,221
Less: expected credit loss	(1,747)	(1,726)
	4,184	4,495

Expected credit loss movement

	Reviewed	Audited
	31 March	31 December
	2021	2020
	BD '000	BD '000
At beginning of the period	1,726	1,489
Net charge for the period	22	239
Reversal for the period	(1)	(2)
At end of the period	1,747	1,726

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

8 INVENTORIES

	Reviewed 31 March 2021 BD '000	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>BD '000</i>
Automotive stock:		
-Vehicles	11,905	9,940
-Spare parts	4,792	4,641
Real Estate inventory	4,139	5,195
	20,836	19,776
Provision on vehicles and spare parts	(962)	(1,070)
	19,874	18,706

Movement on provisions (vehicles and spare parts)

	Reviewed 2021 BD '000	<i>Audited</i> <i>2020</i> <i>BD '000</i>
At beginning of the period	1,070	655
Net charge for the period	17	646
Utilization	(125)	(231)
At end of the period	962	1,070

9 TRANSACTIONS WITH RELATED PARTIES

The Company's major shareholders are Social Insurance Organisation, Bank of Bahrain and Kuwait B.S.C. and National Bank of Bahrain with holdings of 30.9%, 23.0% and 11.2% respectively of the Company's share capital at 31 March 2021. The Company has the following transactions with these related parties:

	Reviewed 31 March 2021 BD '000	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>BD '000</i>
Shareholders:		
Term loans	49,560	50,160
Bank balance	2,656	1,302
		<i>Unreviewed</i> <i>/ Unaudited</i>
	Reviewed 31 March 2021 BD '000	<i>31 March</i> <i>2020</i> <i>BD '000</i>
Interest Expense	486	638

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

9 TRANSACTIONS WITH RELATED PARTIES (continued)**Key management personnel:**

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, the Managing Director, the Ex-Chief Executive Officer, the Ex-President, the Senior Vice Presidents and the General Managers.

	Reviewed 31 March 2021 BD '000	<i>Unreviewed</i> <i>/ Unaudited</i> 31 March 2020 BD '000
Salaries and short-term employee benefits	279	396
Directors remuneration and attendance fees	117	165
Sales, service and lease of vehicles	-	31
Purchase of materials	-	3
Loan and advances	16	41

No impairment losses have been recorded against balances outstanding during the period with related parties, and no specific allowance has been made for impairment losses on balances with related parties at the period end.

10 OPERATING SEGMENT INFORMATION

	<i>Revenue</i>		<i>Profit</i>	
	Three months ended 31 March 2021 (reviewed) BD '000	<i>Three</i> <i>months</i> <i>ended 31</i> <i>March 2020</i> <i>Unreviewed /</i> <i>Unaudited</i> <i>BD '000</i>	Three months ended 31 March 2021 (reviewed) BD '000	<i>Three</i> <i>months</i> <i>ended 31</i> <i>March 2020</i> <i>Unreviewed</i> <i>/ Unaudited</i> <i>BD '000</i>
Consumer finance	6,254	8,915	904	2,431
Automotive	1,283	1,614	120	341
Insurance	173	297	33	107
Real estate	286	313	89	69
	7,996	11,139	1,146	2,948

Majority of the Group's assets and liabilities are concentrated in the lending and automotive segments. Total assets as of 31 March 2021 amounted to BD 289,025 thousand and BD 44,620 thousand (31 December 2020: BD 295,131 thousand and BD 41,948 thousand) and total liabilities amounted to BD 213,328 thousand and BD 7,983 thousand (31 December 2020: BD 222,855 thousand and BD 6,423 thousand) in the lending and automotive segments respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

11 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.

The Group's financial assets are classified and measured at amortised cost. The Group's financial liabilities are classified and measured at amortised cost except for derivatives which are classified and measured at fair value through other comprehensive income.

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:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Fair value</i>	<i>Carrying value</i>
31 March 2021 (Reviewed)	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Loans and advances					
to customers	-	-	253,626	253,626	253,626
Bank term loans	-	197,536	-	197,536	197,536
31 December 2020 (Audited)	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Loans and advances					
to customers	-	-	264,006	264,006	264,006
Bank term loans	-	205,956	-	205,956	205,956

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

11 FAIR VALUE (continued)

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.

The fair value of bank term loans and bonds issued approximate their carrying value since they are at floating interest rates. The fair values of all other financial instruments approximated their respective book values due to their short-term nature.

12 COMPARATIVES

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