

**Bahrain Commercial Facilities
Company BSC**

30 September 2020

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

Bahrain Commercial Facilities Company BSC

Condensed consolidated interim financial information for the nine months ended 30 September 2020

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2020

Bahraini Dinars Thousands

	note	30 September 2020 (reviewed)	31 December 2019 (audited)
ASSETS			
Cash and balances with banks		9,162	5,040
Loans and advances to customers	7	286,599	325,289
Trade receivables	8	4,775	7,270
Inventories	9	22,521	26,322
Investment properties		12,662	12,641
Property and equipment		28,264	29,592
Other assets		3,808	3,673
Total assets		367,791	409,827
LIABILITIES AND EQUITY			
Liabilities			
Bank overdrafts		-	1
Trade and other payables		25,156	27,301
Bank term loans		209,624	230,163
Total liabilities		234,780	257,465
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		22,448	25,221
Retained earnings		55,241	71,819
Total equity (page 5-6)		133,011	152,362
Total liabilities and equity		367,791	409,827

The condensed consolidated interim financial information has been approved by the Board of Directors on 11 November 2020 and signed on its behalf by:



Abdulrahman Yusuf Fakhro
Chairman



Dr. AbdulRahman Ali Saif
Vice Chairman



Reyadh Yusuf Hasan Sater
Managing Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

	Nine months ended		Three months ended	
	30 September 2020 (reviewed)	30 September 2019 (reviewed)	30 September 2020 (reviewed)	30 September 2019 (reviewed)
Interest income	26,862	30,356	8,349	10,412
Interest expense	(8,443)	(9,633)	(2,549)	(3,268)
Net interest income	18,419	20,723	5,800	7,144
Automotive revenue	29,411	35,360	8,892	13,608
Cost of sales	(26,195)	(30,288)	(7,923)	(11,755)
Gross profit on automotive revenue	3,216	5,072	969	1,853
Fee and commission income	4,070	8,440	801	2,810
Profit from sale of real estate inventory	115	293	15	132
Rental and evaluation income	704	627	225	219
Total operating income	26,524	35,155	7,810	12,158
Other income	700	782	622	203
Operating expenses	(14,301)	(16,582)	(4,923)	(5,652)
Profit before impairment allowance	12,923	19,355	3,509	6,709
Impairment allowance on loans and receivables, net of recoveries	(9,908)	(3,891)	(3,031)	(2,082)
Profit for the period	3,015	15,464	478	4,627
Basic and diluted earnings per 100 fils share	15 fils	77 fils	2 fils	23 fils


Abdulrahman Yusuf Fakhro
Chairman

Dr. AbdulRahman Ali Saif
Vice Chairman

Reyadh Yusuf Hasan Sater
Managing Director

The accompanying notes 1 to 14 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

	Nine months ended		Three months ended	
	30 September 2020 (reviewed)	30 September 2019 (reviewed)	30 September 2020 (reviewed)	30 September 2019 (reviewed)
Profit for the period	3,015	15,464	478	4,627
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss				
Fair value (loss) / gain on cash flow hedge reserve	(3,353)	(3,456)	424	(601)
Total comprehensive income for the period	(338)	12,008	902	4,026

The accompanying notes 1 to 14 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

	Share capital		Reserves and retained earnings					Total equity	
	Share Capital	Treasury shares	Statutory reserve	Share Premium	Other reserves				Retained earnings
					Cash flow hedge reserve	Donation reserve	General reserve		
2020 (reviewed)									
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 (Note 11)	-	-	-	-	-	-	-	(5,036)	(5,036)
- Transfer to general reserve	-	-	-	-	-	-	750	(750)	-
Balance after 2019 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	-	-	-	-	-	-	-	3,015	3,015
Other comprehensive income	-	-	-	-	(3,353)	-	-	-	(3,353)
Total comprehensive income for the period	-	-	-	-	(3,353)	-	-	3,015	(338)
Modification loss (Note 2(a) and 7)	-	-	-	-	-	-	-	(15,191)	(15,191)
Government grant (Note 2 (b))	-	-	-	-	-	-	-	1,684	1,684
Utilisation of donation reserve	-	-	-	-	-	(470)	-	-	(470)
At 30 September 2020	20,419	(599)	10,210	25,292	(5,075)	523	27,000	55,241	133,011

The accompanying notes 1 to 14 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2020 (continued)

Bahraini Dinars Thousands

	Share capital		Reserves and retained earnings					Total equity	
	Share capital	Treasury shares	Statutory reserve*	Share Premium	Other reserves				Retained earnings
					Cash flow hedge reserve	Donation reserve	General reserve		
2019 (reviewed)									
As at 1 January 2019	16,335	(599)	8,250	25,292	1,366	732	24,750	69,802	145,928
2018 appropriations (approved by shareholders):									
- Donations approved	-	-	-	-	-	300	-	(300)	-
- Dividend to equity holders	-	-	-	-	-	-	-	(7,251)	(7,251)
- Bonus share issue	4,084	-	-	-	-	-	-	(4,084)	-
- Transfer to statutory reserve	-	-	1,500	-	-	-	-	(1,500)	-
- Transfer to general reserve	-	-	-	-	-	-	1,500	(1,500)	-
Balance after 2018 appropriations	20,419	(599)	9,750	25,292	1,366	1,032	26,250	55,167	138,677
Comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	15,464	15,464
Other comprehensive income:									
- Fair value loss on cash flow hedge reserve	-	-	-	-	(3,456)	-	-	-	(3,456)
Total comprehensive income for the period	-	-	-	-	(3,456)	-	-	15,464	12,008
Utilisation of donation reserve	-	-	-	-	-	(308)	-	-	(308)
At 30 September 2019	20,419	(599)	9,750	25,292	(2,090)	724	26,250	70,631	150,377

The accompanying notes 1 to 14 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

	30 September 2020 (reviewed)	30 September 2019 (reviewed)
Operating activities		
Loan repayments, interest received and other credit related receipts	160,369	244,548
Cash receipts from automotive sales	31,247	37,612
Insurance commission received	721	1,090
Sale of land inventory	1,120	2,655
Rental and evaluation income received	675	622
Loans and advances to customers	(116,396)	(224,854)
Payments to suppliers	(26,147)	(36,123)
Payments for operating expenses	(11,936)	(14,141)
Payment for real estate inventory	(561)	(593)
Directors' fees paid	(440)	(535)
Interest paid	(8,182)	(9,453)
Net cash generated from operating activities	30,470	828
Investing activities		
Capital expenditure on property and equipment	(2,399)	(3,243)
Addition to investment properties	(257)	(4,898)
Proceeds from sale of property and equipment	944	406
Net cash used in investing activities	(1,712)	(7,735)
Financing activities		
Bank term loans availed	68,838	60,646
Bank term loans paid	(89,563)	(44,788)
Dividends paid	(5,109)	(7,199)
Government grant received	1,684	-
Donations paid	(470)	(308)
Net cash (used in) / generated from financing activities	(24,620)	8,351
Net increase in cash and cash equivalents	4,138	1,444
Cash and cash equivalents at 1 January	4,884	4,967
Cash and cash equivalents at 30 September	9,022	6,411
Cash and cash equivalents comprise:		
Cash and balances with banks	9,162	6,736
Less:		
Restricted cash	(140)	(215)
Bank overdrafts	-	(110)
	9,022	6,411

The accompanying notes 1 to 14 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

1. REPORTING ENTITY

Bahrain Commercial Facilities Company BSC (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 card. Effective 26 September 2005, the Company became licensed and regulated by the Central Bank of Bahrain ("CBB"). This financial information is the reviewed condensed consolidated interim financial information (the "condensed consolidated interim financial information") of the Company and its subsidiaries (together referred to as the "Group") for the nine-month period ended 30 September 2020.

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 condensed consolidated interim financial information to be in summarised form.

The condensed consolidated interim 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 Group had received grants totalling to BD 1,684 in the form of salary subsidy for Bahraini employees and waiver of electricity and water expenses.

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

For the purpose of these condensed consolidated interim financial information, the financial information of subsidiaries has been adjusted to align with the above framework.

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 condensed consolidated interim 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 2019. 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 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the condensed consolidated interim financial information are the same as those applied in the Group's last audited consolidated financial statements as at and for the year ended 31 December 2019 except as described in note 2 'basis of preparation' above and those arising from adoption of new standards and amendments to standards effective from 1 January 2020. Adoption of these standards and amendments did not have a material effect on the Group's condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2020**

Bahraini Dinars Thousands

4. USE OF JUDGEMENTS AND ESTIMATES

Preparation of condensed consolidated interim 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 2019. 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") as at 30 September 2020.

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, 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 and a subsequent extension of 4 months interest paying deferral to its eligible customers. Nothing has come to the Group attention that the extension of these payment holidays does not automatically trigger a significant increase in credit risk ("SICR") or a staging migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the COVID-19 outbreak to resume regular payments. At this stage, sufficient information is not available to enable the Group to individually differentiate between a borrowers' short-term liquidity constraints and a change in its lifetime credit risk.

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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2020**

Bahraini Dinars Thousands

4. Use of judgements and estimates (continued)

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 re-assessed the scenario weighting to reflect the impact of current uncertainty in measuring the estimated credit losses for the period ended 30 September 2020.

The increase in the downturn weighting of the macro economic scenario and the management overlays result in an additional ECL of BD 4,115 for the Group. The impact of such uncertain economic environment is judgmental and the Group will continue to reassess its position and the related impact on a regular basis.

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 2019 except as 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 of 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.

The Group has updated its inputs and assumptions for computation of ECL (refer note 4).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

5. *Financial risk management (continued)*

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.

The management of the Group has enhanced its monitoring of the liquidity and funding requirements. Board meetings and senior management meetings are convened more frequently in order to carry out granular assessment of funding requirements with the objective to explore available lines of funding and to drawdown the existing funding lines as and when necessary to maintain enough liquidity at a reasonable cost of funding.

The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in 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 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 30 September 2020, the Group did not have any significant issues relating to operational risks.

6. SEASONALITY OF OPERATIONS

The Group's automotive and vehicle leasing businesses are impacted due to temporary shutdown of showrooms, commercial activities and significant decline in business and leisure travel as a result of close down of Saudi Causeway and significant reduction in airline travel. These circumstances are temporary and normal business activities shall resume once the impact of COVID-19 pandemic phases away.

7. LOANS AND ADVANCES TO CUSTOMERS

(a) Exposure by staging

	30 September 2020 (reviewed)			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances	243,505	33,626	34,661	311,792
Less: expected credit loss	(6,341)	(2,789)	(16,063)	(25,193)
Net loans and advances	237,164	30,837	18,598	286,599

The initial modification loss recorded by the Group amounted to BD 16,125. Subsequently, the Company had made reversal of BD 934 to equity due to early settlements of loans and repayment of credit card balances.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

7. *Loans and advances to customers (continued)*

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 as part of its support to impacted customers.

In September 2020, the CBB issued another regulatory directive to extend the concessionary measures, ie holiday payments to customers till end of December 2020. However, customers will be charged interest during this holiday payment extension period, and hence the Group does not expect significant modification loss on loans as a result of the extension.

31 December 2019 (audited)				
	Stage 1	Stage 2	Stage 3	Total
Loans and advances	275,700	41,626	31,349	348,675
Less: expected credit loss	(3,282)	(4,923)	(15,181)	(23,386)
Net loans and advances	272,418	36,703	16,168	325,289

(b) **Expected credit loss movement**

	Stage 1	Stage 2	Stage 3 Collectively assessed	Stage 3 Specifically assessed	Total
Expected credit loss at 1 January 2020	3,282	4,923	13,197	1,984	23,386
Net transfer between stages	3,371	(1,169)	(2,662)	460	-
Charge for the period	(312)	(965)	10,473	1,589	10,785
Write off during the period	-	-	(8,252)	(726)	(8,978)
Expected credit loss at 30 September 2020	6,341	2,789	12,756	3,307	25,193

8. **TRADE RECEIVABLES**

	30 September 2020	31 December 2019
Trade receivables	6,375	8,759
Less: expected credit loss	(1,600)	(1,489)
	4,775	7,270

Expected credit loss movement

	2020	2019
At beginning of the period	1,489	1,380
Net charge for the period	112	119
Reversal for the period	(1)	(9)
Write off during the period	-	(1)
At end of the period	1,600	1,489

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

9. INVENTORIES

	30 September 2020	31 December 2019
Automotive stock:		
-Vehicles	12,118	15,122
-Spare parts	5,302	5,326
Real Estate inventory	6,192	6,529
	23,612	26,977
Provision on vehicles and spare parts	(1,091)	(655)
	22,521	26,322

Movement on provisions (vehicle and spare parts)

	2020	2019
At beginning of the period	655	568
Net charge for the period	656	355
Utilization	(220)	(268)
At end of the period	1,091	655

10. TRANSACTIONS WITH RELATED PARTIES

The Company's major shareholders are Social Insurance Organisation, BBK BSC and National Bank of Bahrain with holding of 30.9%, 23.0% and 11.2% respectively of the Company's share capital at 30 September 2020. The Company has the following transactions with these related parties:

	30 September 2020 (reviewed)	31 December 2019 (audited)
Shareholders:		
Term loans	48,045	49,617
Bank balance	1,886	1,611
	30 September 2020 (reviewed)	30 September 2019 (reviewed)
Interest Expense	1,654	1,849
	30 September 2020 (reviewed)	31 December 2019 (audited)
Directors and related affiliates:		
As at		
Loans and advances	-	1,685
For the period ended 30 September		
Income	-	160

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 Chief Executive Officer, the President, the Senior Vice Presidents and the General Managers.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

10. Transactions with related parties (continued)

	30 September 2020 (reviewed)	30 September 2019 (reviewed)
Salaries and short-term employee benefits	1,400	1,314
Directors remuneration and attendance fees	479	622
Credit card receivable	24	32
Sale, service and lease of vehicles	70	-
Purchase of furniture	17	-

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.

11. APPROPRIATIONS

At the Annual General Meeting held on 31 March 2020, the following appropriations were approved by the shareholders for 2019 and effected during the current period: transfer to general reserve of BD 750; transfer to statutory reserve of BD 460; transfer to donations reserve of BD 300 and cash dividend of BD 10,071. During the Annual General Meeting, the Company has reduced the cash dividend by 50% due to current situation of COVID-19 to BD 5,036.

12. OPERATING SEGMENT INFORMATION

	Revenue		Profit	
	Nine months ended 30 September 2020 (reviewed)	Nine months ended 30 September 2019 (reviewed)	Nine months ended 30 September 2020 (reviewed)	Nine months ended 30 September 2019 (reviewed)
Consumer finance	30,260	37,655	3,502	12,804
Automotive	29,421	35,381	(752)	1,928
Insurance	662	1,121	153	553
Real estate	1,717	3,270	112	179
	62,060	77,427	3,015	15,464

Majority of the Group's assets and liabilities are concentrated in the lending and automotive segments. Total assets as of 30 September 2020 amounted to BD 304,786 and BD 43,614 (31 December 2019: BD 339,877 and BD 50,078) and total liabilities amounted to of BD 225,873 and BD 8,423 (31 December 2019: BD 241,606 and BD 15,348) 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.

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 profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2020

Bahraini Dinars Thousands

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 September 2020
(reviewed)**

	Level 1	Level 2	Level 3	Fair value	Carrying value
Loans and advances to customers	-	-	286,599	286,599	286,599
Bank term loans	-	209,624	-	209,624	209,624

31 December 2019 (Audited)

	Level 1	Level 2	Level 3	Fair value	Carrying value
Loans and advances to customers	-	-	325,289	325,289	325,289
Bank term loans	-	230,163	-	230,163	230,163

In 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.

14. 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.

Unreviewed Supplementary Information
Impact of COVID-19

Supplementary Public Disclosure for the nine months ended 30th September 2020**Financial Impact of COVID-19**

Bahraini Dinar Thousands

As per the Central Bank of Bahrain ('the CBB') directions through their circular OG/259/2020 dated 14th July 2020 with the objective to maintain transparency amidst the current implications of Coronavirus (COVID-19), the BCFC Group is providing following additional information in relation to the financial impact of COVID-19 on its financial statements.

The COVID-19 outbreak earlier in 2020 has had multiple implications on the Group, from stressed market conditions, significant reduction in sales of its product and services, reduction in cashflows from the loan book and disruption of its normal operations due to social distancing norms and restricted commercial activities. The CBB, along with the Government of Bahrain, have adopted numerous concessionary measures. In March 2020, the CBB announced a six-month loan deferral to all qualifying Bahraini individuals and companies. Subsequently, the CBB instructed its licensees to take the present value of the shortfall in interest income (termed the "modification loss" under IFRS) arising from this deferral directly to equity, net of any government grants received. The initial modification loss recorded by the Group amounted to BD 16,125. Subsequently, the Group has made reversal of BD 934 to equity due to early settlements of loans and repayment of credit card balances. The Group had received BD 1,684 grants in the form of salary subsidy and electricity and water bill reductions.

The table below summarizes the impact of the various measures and market conditions on the Group as at 30 September 2020:

	Net Profit	Total Equity (Excluding Net Profit)	Total Assets
Estimated balances at 30 September 2020 excluding COVID-19 impact	14,962	143,503	393,000
CBB and Government Measures			
Loan deferral and modification loss	-	(15,191)	(21,094)
Government grants	-	1,684	-
	-	(13,507)	(21,094)
Impact due to Changed Market Conditions:			
Additional impairment provisions due to COVID-19	(4,115)	-	(4,115)
Lower interest income	(4,596)	-	-
Lower interest cost	591	-	-
Lower income in automotive businesses	(1,623)	-	-
Lower credit card income due to deferrals	(1,867)	-	-
Lower income in real estate business	(86)	-	-
Lower income in insurance services business	(251)	-	-
	(11,947)	-	(4,115)
Closing balances as per the financial statements	3,015	129,996	367,791

The above information is prepared based on certain assumptions and should not be considered as an indication of the results of the full year or relied upon for any other purposes. Since the unfolding of events due to COVID-19 is uncertain and is still evolving, the above impact is as of the date of preparation of this information. Circumstances may change which may result in this information to be not relevant. In addition, this information does not represent a full comprehensive assessment of COVID-19 impact on the Group. This information has not been subject to a formal review by external auditors