Bahrain Commercial Facilities Company B.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2022

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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 September 2022 comprising of the interim consolidated statement of financial position as at 30 September 2022 and the related interim consolidated statements of profit or loss and other comprehensive income for the three and nine month periods then ended and the interim consolidated statements of changes in equity and cash flows for the nine-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.

Ernst + Young

25 October 2022
Manama, Kingdom of Bahrain

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Note	*(Reviewed)* ***30 September 2022*** ***BD '000***	*(Audited)* *31 December 2021* *BD '000*
ASSETS			
Cash and balances with banks		33,962	28,354
Loans and advances to customers	5	206,069	229,325
Trade receivables	6	3,314	3,569
Inventories	7	17,473	11,479
Investment properties		10,574	10,787
Property and equipment		24,676	24,945
Other assets	8	5,956	2,442
TOTAL ASSETS		**302,024**	310,901
LIABILTIES AND EQUITY			
LIABILITIES			
Trade and other payables		18,769	19,484
Bank term loans		145,738	156,497
TOTAL LIABILITIES		**164,507**	175,981
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		29,844	25,190
Retained earnings		52,351	54,408
TOTAL EQUITY		**137,517**	134,920
TOTAL LIABILITIES AND EQUITY		**302,024**	310,901

AbdulRahman Yusuf Fakhro	**Dr. AbdulRahman Ali Saif**	**Abdulla Abdulrazaq Bukhowa**
Chairman	Vice Chairman	Chief Executive Officer

The attached notes 1 to 13 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 nine months ended 30 September 2022

	(Reviewed)	*(Reviewed)*	***(Reviewed)***	*(Reviewed)*
	Nine months ended 30 September		*Three months ended 30 September*	
	2022 BD '000	*2021 BD '000*	***2022 BD '000***	*2021 BD '000*
Interest income	19,382	21,794	6,105	6,962
Interest expense	(5,695)	(6,775)	(2,037)	(2,086)
Net interest income	**13,687**	15,019	**4,068**	4,876
Automotive revenue	30,510	31,320	12,307	12,107
Cost of sales	(25,537)	(26,913)	(10,479)	(10,214)
Gross profit on automotive revenue	**4,973**	4,407	**1,828**	1,893
Fee and commission income	3,994	4,640	1,379	1,657
Profit from sale of real estate inventory	41	130	-	17
Rental and evaluation income	398	451	133	137
Total operating income	**23,093**	24,647	**7,408**	8,580
Other income	469	762	218	370
Salaries and related costs	(5,495)	(5,838)	(1,710)	(2,016)
Operating expenses	(8,094)	(7,436)	(2,674)	(2,611)
Profit before allowance on financial instruments	**9,973**	12,135	**3,242**	4,323
Allowance on loans and receivables, net of recoveries	(6,344)	(9,000)	(3,992)	(3,596)
Profit/ (Loss) for the period	**3,629**	3,135	**(750)**	727
Basic and diluted earnings per 100 fils share	**18 fils**	16 fils	**(4 fils)**	4 fils

AbdulRahman Yusuf Fakhro	**Dr. AbdulRahman Ali Saif**	**Abdulla Abdulrazaq Bukhowa**
Chairman	Vice Chairman	Chief Executive Officer

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2022

	(Reviewed)	*(Reviewed)*	***(Reviewed)***	*(Reviewed)*
	Nine months ended 30 September		*Three months ended 30 September*	
	2022	*2021*	***2022***	*2021*
	BD '000	*BD '000*	***BD '000***	*BD '000*
Profit / (Loss) for the period	**3,629**	3,135	**(750)**	727
Other comprehensive income:				
Items that are or may be reclassified to profit or loss				
Net change in cash flow hedge reserve	4,206	2,419	1,476	476
Total comprehensive income for the period	**7,835**	5,554	**726**	1,203

The attached notes 1 to 13 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 nine months ended 30 September 2022

	(Reviewed)								
	Share capital		***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 2022	20,419	(599)	10,210	25,292	(2,113)	303	27,000	54,408	134,920
2021 appropriations (approved by shareholders):									
- Donations approved (note 10)	-	-	-	-	-	150	-	(150)	-
- Dividend to equity holders declared and paid (note 10)	-	-	-	-	-	-	-	(5,036)	(5,036)
- Transfer to general reserve (note 10)	-	-	-	-	-	-	500	(500)	-
Balance after 2021 appropriations	**20,419**	**(599)**	**10,210**	**25,292**	**(2,113)**	**453**	**27,500**	**48,722**	**129,884**
Comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	3,629	3,629
Other comprehensive income:									
- Net change in cash flow hedge reserve	-	-	-	-	4,206	-	-	-	4,206
	20,419	(599)	10,210	25,292	2,093	453	27,500	52,351	137,719
Utilisation of donation reserve	-	-	-	-	-	(202)	-	-	(202)
At 30 September 2022	**20,419**	**(599)**	**10,210**	**25,292**	**2,093**	**251**	**27,500**	**52,351**	**137,517**

The attached notes 1 to 13 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 nine months ended 30 September 2022

	(Reviewed)								
	Share capital		*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 2021	20,419	(599)	10,210	25,292	(5,445)	529	27,000	48,227	125,633
Comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	3,135	3,135
Other comprehensive income:									
- Net change in cash flow hedge reserve	-	-	-	-	2,419	-	-	-	2,419
	20,419	(599)	10,210	25,292	(3,026)	529	27,000	51,362	131,187
Utilisation of donation reserve	-	-	-	-	-	(217)	-	-	(217)
As at 30 September 2021	20,419	(599)	10,210	25,292	(3,026)	312	27,000	51,362	130,970

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Bahrain Commercial Facilities Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2022

	(Reviewed)	*(Reviewed)*
	Nine months ended 30 September	
	2022	*2021*
	BD ’000	*BD ’000*
OPERATING ACTIVITIES		
Loan repayments, interest received and other credit related receipts	164,217	164,592
Cash receipts from automotive sales	30,741	32,638
Insurance commission received	440	573
Proceeds from sale of real estate inventory	976	1,617
Rental and evaluation income received	472	513
Loans and advances to customers	(124,295)	(118,554)
Payments to suppliers	(29,590)	(25,370)
Payments for operating expenses	(13,435)	(10,174)
Directors' remunerations paid	(330)	(219)
Interest paid	(5,516)	(6,712)
Net cash generated from operating activities	**23,680**	38,904
INVESTING ACTIVITIES		
Capital expenditure on property and equipment	(2,974)	(1,450)
Proceeds from sale of property and equipment	1,102	734
Proceeds from sale of investment properties	-	1,200
Fixed deposit held with banks	(8,500)	(6,600)
Net cash used in investing activities	**(10,372)**	(6,116)
FINANCING ACTIVITIES		
Bank term loans availed	21,007	2,000
Bank term loans paid	(31,981)	(33,486)
Dividends paid	(5,036)	(14)
Government grant received	-	347
Donations paid	(202)	(217)
Net cash used in financing activities	**(16,212)**	(31,370)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(2,904)**	1,418
Cash and cash equivalents at 1 January	28,301	25,435
CASH AND CASH EQUIVALENTS AT 30 September	**25,397**	26,853
Cash and cash equivalents comprise:		
Cash and balances with banks	33,962	33,652
Less:		
Restricted cash	(65)	(199)
Fixed deposit held with banks	(8,500)	(6,600)
	25,397	26,853

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

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 short-term, medium-term, long-term loans and issue 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 statements (the "interim condensed consolidated financial statements") of the Company and its subsidiaries (together referred to as the "Group") for the nine-month period ended 30 September 2022.

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 consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with IFRS as modified by CBB as the comparative information included in these consolidated financial statements were reported in accordance with the framework. The transition from "IFRS modified by CBB" to IAS 34 and IFRS as issued by IASB has not resulted in any material changes to the previously reported numbers in the consolidated balance sheet as of 1 January 2020, 31 December 2020 and 2021, and the consolidated income statement for the year ended 31 December 2021.

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 2021. 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 2021.

3 SIGNIFICANT 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 2021, except for adoption of new standards or certain amendments to existing standards that have become applicable to the Group effective from 1 January 2022. 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 2022, but do not have any impact on the interim condensed consolidated financial statements of the Group.

3.1.1 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3.1.1 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the interim condensed consolidated financial statements of the Group.

3.1.2 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the interim condensed consolidated financial statements of the Group.

3.1.3 Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the consolidated financial statements of the Group.

3.1.4 IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the interim condensed consolidated financial statements of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3.1.5 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group has applied the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the amendment is applied.

The amendments did 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

3.2.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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 2021. 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.

4 USE OF JUDGEMENTS AND ESTIMATES (continued)

Expected credit Losses

In relation to COVID-19, judgements and assumptions include the extent of the pandemic impact, 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 unlikeliness 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.

In accordance with the CBB relief measures, the Group has granted a total of 6 months loan deferral to its eligible customers, with fees and interest till 30 June 2022. The Group considers both qualitative and quantitative information in the assessment of significant increase in 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.

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 market 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. The Group realigned the scenario weighting to its internal policies post the cessation of the 6 months loan deferral ended 30 June 2022.

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 LOANS AND ADVANCES TO CUSTOMERS

(a) Exposure by staging

	30 September 2022 (Reviewed)			
	Stage 1 BD '000	***Stage 2 BD '000***	***Stage 3 BD '000***	***Total BD '000***
Loans and advances	149,963	44,811	45,660	240,434
Less: expected credit loss	(4,499)	(8,142)	(21,724)	(34,365)
Loans and advances	**145,464**	**36,669**	**23,936**	**206,069**

5 LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Exposure by staging (continued)

	31 December 2021 (Audited)			
	Stage 1 BD '000	*Stage 2 BD '000*	*Stage 3 BD '000*	*Total BD '000*
Loans and advances	130,236	88,248	44,631	263,115
Less: expected credit loss	(3,912)	(7,201)	(22,677)	(33,790)
Loans and advances	126,324	81,047	21,954	229,325

During the period, the Group has recorded total recoveries of BD 1,889 thousand (2021: BD 1,735 thousand) from the loans previously written off.

(b) Expected credit loss movement

			(Reviewed)		
2022	***Stage 1 BD '000***	***Stage 2 BD '000***	***Stage 3 Collectively assessed BD '000***	***Stage 3 Specifically assessed BD '000***	***Total BD '000***
Expected credit loss at 1 January 2022	3,912	7,201	18,843	3,834	**33,790**
Net transfer between stages	2,775	(3,017)	242	-	**-**
Net (reversal) / charge for the period	(2,188)	3,958	6,226	201	**8,197**
Write off during the period	-	-	(6,702)	(920)	**(7,622)**
Expected credit loss at 30 September 2022	**4,499**	**8,142**	**18,609**	**3,115**	**34,365**

			(Audited)		
2021	*Stage 1 BD '000*	*Stage 2 BD '000*	*Stage 3 Collectively assessed BD '000*	*Stage 3 Specifically assessed BD '000*	*Total BD '000*
Expected credit loss at 1 January 2021	5,668	5,522	20,404	3,103	34,697
Net transfer between stages	(1,000)	627	(176)	549	-
Net (reversal) / charge for the year	(756)	1,052	12,149	395	12,840
Write off during the year	-	-	(13,534)	(213)	(13,747)
Expected credit loss at 31 December 2021	3,912	7,201	18,843	3,834	33,790

6 TRADE RECEIVABLES

	(Reviewed) ***30 September 2022*** ***BD '000***	*(Audited)* *31 December 2021* *BD '000*
Trade receivables	5,346	5,608
Less: expected credit loss	(2,032)	(2,039)
	3,314	3,569

Expected credit loss movement

	(Reviewed) ***30 September 2022*** ***BD '000***	*(Audited)* *31 December 2021* *BD '000*
At beginning of the period / year	2,039	1,726
Charge for the period / year	36	391
Write off during the period / year	(43)	(78)
At end of the period / year	**2,032**	2,039

7 INVENTORIES

	(Reviewed) ***30 September 2022*** ***BD '000***	*(Audited)* *31 December 2021* *BD '000*
Automotive stock:		
-Vehicles	9,272	3,030
-Spare parts	6,450	5,875
Real Estate inventory	2,475	3,325
	18,197	12,230
Provision on vehicles and spare parts	(724)	(751)
	17,473	11,479

Movement on provisions (vehicles and spare parts)

	(Reviewed) ***2022*** ***BD '000***	*(Audited)* *2021* *BD '000*
At beginning of the period / year	751	1,070
Net charge for the period / year	44	123
Utilisation	(71)	(442)
At end of the period / year	**724**	751

8 OTHER ASSETS

	(Reviewed) ***30 September 2022*** ***BD '000***	*(Audited)* *31 December 2021* *BD '000*
Derivative financial instruments	2,144	-
Advance to suppliers	1,328	1,385
Prepaid expenses	1,413	679
VAT receivables	760	52
Others	311	326
	5,956	2,442

9 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise major shareholders, directors, and key management personnel of the Company 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 Company.

The Company's major shareholders are Social Insurance Organisation, Bank of Bahrain and Kuwait B.S.C. and National Bank of Bahrain B.S.C with holdings of 30.9%, 23.0% and 11.2% respectively of the Company's share capital at 30 September 2022. 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 and National Bank of Bahrain). All such transactions are in the ordinary course of business and on terms agreed between the parties.

	(Reviewed) ***30 September 2022*** ***BD '000***	*(Audited)* *31 December 2021* *BD '000*
Shareholders:		
Bank term loans	**20,099**	29,753
Bank balance	**3,925**	1,129

	(Reviewed) ***30 September 2022*** ***BD '000***	*(Reviewed)* *30 September 2021* *BD '000*
Interest expense	**775**	1,143

9 TRANSACTIONS WITH RELATED PARTIES (continued)

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, Managing Director, Chief Executive Officer, Deputy Chief Executive Officer, approved personnel by the CBB and the General Managers.

	***(Reviewed)* 30 September 2022 BD '000**	*(Reviewed) 30 September 2021 BD '000*
Salaries and short-term employee benefits	**1,207**	1,249
Directors remuneration and attendance fees	**470**	504
Sales, service and lease of vehicles	**84**	69
Purchase of material and services	**-**	6
Loan and advances*	**757**	1,075

*The Company has allowance of BD 175 thousand (2021: BD 184 thousand) for impairment losses on loans and advances with related parties.

10 APPROPRIATIONS

At the Annual General Meeting held on 29 March 2022, the appropriations were approved by the shareholders for 2021 and effected the current period. The approved appropriations include transfer to general reserve of BD 500 thousand, transfer to donations reserve of BD 150 thousand and cash dividend of BD 5,036 thousand.

11 OPERATING SEGMENT INFORMATION

	Revenue		*Profit / (loss)*	
	Nine months ended 30 September 2022 (Reviewed) BD '000	*Nine months ended 30 September 2021 (Reviewed) BD '000*	***Nine months ended 30 September 2022 (Reviewed) BD '000***	*Nine months ended 30 September 2021 (Reviewed) BD '000*
Consumer finance	22,945	25,909	2,055	2,070
Automotive	30,538	31,330	1,774	946
Insurance	403	515	6	104
Real estate	1,290	2,152	(206)	15
	55,176	59,906	**3,629**	3,135

Majority of the Group's assets and liabilities are concentrated in the lending and automotive segments. Total assets as of 30 September 2022 amounted to BD 241,947 thousand and BD 46,754 thousand (31 December 2021: BD 251,926 thousand and BD 44,233 thousand) and total liabilities amounted to BD 155,190 thousand and BD 8,915 thousand (31 December 2021: BD 168,026 thousand and BD 7,300 thousand) in the lending and automotive segments respectively.

12 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:

30 September 2022 (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	**-**	**-**	**206,069**	**206,069**	**206,069**
Bank term loans	**-**	**-**	**145,738**	**145,738**	**145,738**

31 December 2021 (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	-	-	229,325	229,325	229,325
Bank term loans	-	-	156,497	156,497	156,497

12 FAIR VALUE (continued)

(ii) Financial assets and liabilities not measured at 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 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.

13 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.