

CHAIRMAN'S REPORT



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On behalf of the Board of Directors, it gives me immense pleasure to present to you the Annual Report of Bahrain Commercial Facilities Company BSC (BCFC), for the financial year ended 31 December 2021. The annual report includes the consolidated financial statements of Bahrain Credit and the Company's subsidiaries: National Motor Company WLL, Tasheelat Real Estate Services Company WLL, Tasheelat Insurance Services Company WLL, Tasheelat Automotive Company WLL, Tasheelat Car Leasing Company WLL and Tasheelat for General Trading Company WLL.

In 2021, the change in intensity of the pandemic defines the trendline of the world economy. The mutations of COVID-19 variants continue to pose challenges to the global markets and has put the economies of emerging countries on a back burner. The deadly Delta variant at the start of the year with a high mortality rate evolved into a highly infectious yet less deadly Omicron variant. With over 5.9 million recorded deaths, the pandemic has completely disrupted the global supply chains and flow of trade and commerce.

The economic activities in Bahrain that were impacted due to the pandemic have started showing early signs of recovery. The government has clinically managed the vaccination drives to contain the spread of coronavirus and won global accolades. These initiatives have gradually improved business confidence towards the year end and recovery is expected to take place in coming years.

BCFC, operating in such difficult market conditions, has performed well and registered a net profit of BD 6.2 million for the year ended 31 December 2021 (2020: net loss of BD

4.3 million). The Company as a prudent measure continues to maintain high impairment provisions against the customers expected liquidity challenges. These earnings translate into an average return on equity of 5%. Your Board recommends a cash dividend to shareholders at the rate of 25 fils per share (25 % of paid-up capital) (2020: Nil).

Bahrain Credit recorded a net profit of BD 4.4 million (2020: net loss of BD 3.6 million). The company continues to practice caution in new loan underwriting. Total new loans worth BD 18 million (2020: BD 28 million) were advanced during the year. The company has continued to accommodate customers by offering them concessionary measures including instalment deferrals and rescheduling their loan liabilities to match their current monthly income. Based on the CBB directives, the company has provided up to 12 months deferral of loan instalments in the current year to eligible customers and local businesses to overcome the negative consequences of the pandemic.

The Company continued its emphasis on reinforcing its risk management practices and further invested into areas of credit and operational risk and engaged independent consultants, added new resources and reviewed most of policies and procedures. The company continued its investments into digital technologies to enhance its customer relation touchpoints. To provide more convenience to its customers for loan and credit card repayments, the company has introduced Fawateer and Apply Pay services. The company shall continue to invest into digital technologies to address the aspirations and needs of its next generation of customers.

National Motor Company (NMC) has reported a net profit of BD 1.7 million (2020: net loss of BD 0.4 million). The profit includes government support of BD 250 thousand (2020: BD 841 thousand recorded in retained earnings). 2021 was a volatile year for the automotive industry with semi-conductor chip shortages and supply chain disruptions. From oversupply of vehicles when the pandemic struck in Q1 2020, to virtually less than two months inventory at the end of 2021 due to massive production cuts by the manufacturers, the business models of car distributors worldwide has been put to a huge

test. Thanks to strong internal controls, efficient processes and forward-looking management team, the company has achieved a strong and remarkable result. The company converted the challenges of shortage of inventory across the model spectrum to its advantage by retaining higher margins and shifting customers to its new product platforms. The company's aftersales department also continued to perform well thanks to its customer relationship centric polices and processes.

Tasheelat Automotive Company (TAC) reported a net loss of BD 197 thousand (2020: net loss of BD 587 thousand). The financial results are after government support of BD 75 thousand (2020: BD 188 thousand recorded in retained earnings). During the year the company has significantly improved its performance. With a growing customer base looking for affordable, feature rich and efficient cars, the company's offerings from Chinese OEM's have started to show positive results in the Group's long-term strategy. Overall, the market share of Chinese sourced cars in Bahrain is increasing year on year. All the Chinese brands (GAC, Haval, Great Wall and Foton) the company represents are reputable and their cars are futuristic, fuel efficient and durable. The Board shall continue to invest into this important venture to retain and improve its market share.

Tasheelat Insurance Services Company (TISCO) achieved a net profit of BD 151 thousand (2020: BD 171 thousand). The noticeable shift of customers moving towards lower value cars and increasing competition amongst the insurance companies to offer insurance cover at very competitive rates have led to contraction in the company's motor insurance commission income. The reduction in sales volume among the sister companies have also impacted the company's sale of motor polices. The company is working with insurance companies to expand its customer reach and product portfolio through its digital initiatives.

Tasheelat Real Estate Services Company (TRESKO) registered a net profit of BD 57 thousand (2020: net profit BD 93 thousand). The profit includes government support of BD 12 thousand (2020: BD 84 thousand recorded in retained

CHAIRMAN'S REPORT

earnings). The real estate market in Bahrain showed sluggish activity. The reduction in disposable income of tenants, mostly expatriate, had a detrimental impact on the occupancy and rental rates. The reduction in the occupancy and rental prices on the investment properties has affected the company's income. The management is working towards balancing the rental yield with healthy occupancy rates. During the year, the company has profitably sold one investment property and reduced its real inventory. The company is left with limited inventory of plots and apartments, which it expects to sell profitably in coming year.

Tasheelat Car Leasing Company (TCL) registered a net profit of BD 75 thousand (2020: net loss of BD 27 thousand). The profit includes government support of BD 11 thousand (2020: BD 38 thousand recorded in retained earnings). The gradual opening of Bahrain borders for visitors has slowly improved the demand for the car rentals. The company continued to work on improving effectiveness of its fleet, quality of its customer servicing and efficiency of operations. The performance achieved in a very difficult operating environment was through maximising profitable lease and rental opportunities and retaining healthy profit on disposal of ex-lease fleet units. As the market continue to recover from the corona virus impact, the expected growth in the car rental market shall take the company to new heights.

BCFC Group remained in a healthy liquidity position. Despite Bahrain Credit offering its customers 12-month loan instalment deferrals, as mandated by the CBB, the Group maintained a robust liquidity position throughout the year and currently operates at a low leverage of 1.3 multiples. The Group has early settled certain loans due to its health liquidity. During the year, the Company repaid a BD 10 million term loan, the remaining balance of BD 16.6 million from a BD 33.2 million syndicated loan, USD 27 million from USD 125 million syndicated loan and USD 10 million from an amortising USD 40 million amortizing loan. Thanks to proactive management of its borrowings and liquidity requirements, the Group has a well-defined and staggered maturity profile with no concentration of maturities.

During the year, the Board has appointed Mr. Abdulla Abdulrazaq Bukhowa as Chief Executive Officer. Mr. Bukhowa comes with a rich and extensive experience in executive management, having held many leadership positions with local and regional banks and financial institutions. The Board of Directors extends Mr. Bukhowa their best wishes for achieving success in fulfilling the Group's goals and objectives. The Board also extend its appreciation to fellow director Mr. Reyadh Sater for managing the affairs of the Company as Managing Director during the interim period.

In accordance with the requirement of Bahrain's Commercial Company Law 2001, the aggregate amount paid/accrued to directors during 2021 was BD 384 thousand. As required by Article 188 of the Company Commercial Law, all the details in respect of fees and subsidiary Board and Committees' attendance allowances are included in the annexure with this report. The total shareholding of the directors (Elected and Nominee) in the Company is 134.04 million shares (65.6% of paid-up capital).

On behalf of the Board, I express our appreciation to our customers and shareholders for their continuing loyal support and confidence and to all our employees for their commitment and hard work that would continue to drive the business towards growth in coming years.

Finally, on behalf of the Board, I extend appreciation to His Majesty the King Hamad Bin Isa Al Khalifa and His Royal Highness the Prime Minister Prince Salaman Bin Hamad Al Khalifa. I also extend thanks to the government ministries and organizations of Bahrain for the continued support and co-operation received, particularly to the Central Bank of Bahrain and the Ministry of Industry, Commerce and Tourism and the Bahrain Bourse.

Abdulrahman Yusuf Fakhro
Chairman
28 February 2022

REMUNERATION DETAILS

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remuneration of the chairman and BOD***	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: INDEPENDENT DIRECTORS													
1- AbdulRahman Yusuf Fakhro	60,000	6,000	-	-	66,000	-	-	-	-	-	-	66,000	-
2- Reyadh Yusuf Hasan Sater	30,000	4,000	200,800#	-	234,800	-	-	-	-	-	7,500##	242,300	-
3- Nader Karim Al-Maskati	30,000	8,600	-	-	38,600	-	-	-	-	-	-	38,600	-
4- Ebrahim Abdulla Buhindi	30,000	2,800	-	-	32,800	-	-	-	-	-	-	32,800	-
5- Yusuf Saleh Sultan Khalaf	30,000	2,800	-	-	22,800	-	-	-	-	-	-	32,800	-

BOARD OF DIRECTORS REMUNERATION DETAILS

Second: NON-EXECUTIVE DIRECTORS										
1. Abdulla Mohamed Al-Mahmood	30,000****	2,400	-	-	-	-	-	-	32,400	-
2. Mohamed Jehad Bukamal	30,000****	2,800	-	-	-	-	-	-	32,800	-
Third: EXECUTIVE DIRECTORS										
1. Dr. Abdul Rahman Ali Saif	30,000	8,000	-	-	-	-	-	-	38,000****	-
2. Abdulaziz Abdulla A. Aziz Al-Ahmed	30,000	7,200	-	-	-	-	-	-	37,200	-
3. Mohamed Abdulla Isa	30,000	9,600	-	-	-	-	-	-	39,600****	-
Total	330,000	54,200	200,800	-	585,000	-	-	-	7,500	592,500

Note: All amounts must be stated in Bahraini Dinars.

Other remunerations:

* It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory work (if any).

** It includes the board member's share of the profits - Granted shares (value is added if any).

As a result of the sudden resignation of the former CEO of the Company, the Board of Directors decided to assign all the responsibilities and duties of the CEO to a member of the Board of Directors as a Managing Director on a full-time basis duty with full executive powers until a new CEO is selected, in addition to his responsibilities and duties as a member of the Board of Directors. The said amount includes salaries and benefits received for carrying out this responsibility, which are in line with what the CEO receives.

***Subject to the Ordinary General Meeting's Approval on 29 March 2022.

Includes end of service indemnity payable in accordance with the Employment Contract concluded with the Company.

**** It includes Nomination/Representation Remuneration to be paid to the entity (shareholder) represented by these Board members.

***** It includes Nomination/Representation Remuneration and Allowance to be paid / paid to the entity (shareholder) represented by these Board members.

EXECUTIVE MANAGEMENT

REMUNERATION
DETAILS

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	499,099	94,250*	-	593,349

* Subject to the Board of Directors' approval.