



CHAIRMAN'S REPORT

AbdulRahman Yusuf Fakhro



On behalf of the Board of Directors, it gives me great pleasure to present to you the Annual Report of Bahrain Commercial Facilities Company BSC (BCFC), for the financial year ended 31 December 2023.

The annual report includes the consolidated financial statements of Bahrain Commercial Facilities Company BSC and its 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.

The aftermath of the COVID-19 pandemic lingered across parts of the world with some sectors yet to recover from its macroeconomic effects. Many companies and businesses were able to recover to a large extent globally, but the Group remains cautiously alert towards the reverberations of the same.

Geopolitical tensions in Europe continue to impact international trade, especially on supply chain lines in Europe and beyond. Concerns over the heightened political tensions in the Middle East and the Red Sea coupled with fears of igniting a broader conflict casts a shadow over the region.

Economic growth was sluggish as inflation triggered unprecedented measures taken by global central banks to combat its effects, and in the wake of elevated interest rates and hawkish monetary policy, all sectors were impacted.

Oil exporting countries' economies including the Gulf Cooperation Council (GCC) will continue to be positively impacted by elevated oil prices. Although global inflationary risks remain, inflation in the GCC is expected to subside due to higher interest rates and slowing global growth. The Group continues to be prudent in its operations and maintains a robust risk framework to deal with all uncertainties.



BCFC Group remained in a healthy liquidity position and currently operates at a leverage of 1.2 multiples.

The year 2023 saw the first year of the implementation of the Board of Directors' approved strategy for the three years 2023-2025 where enhancing the customer experience remains at the core of the strategy. The Group, through collaborations with different partners, is well positioned to meet its customer needs through the launch of new financing products while continuously strengthening its risk management framework and enhancing shareholder value.

In 2023, the Group decided to take prudent provisions against expected losses arising from exposures related to customers impacted by the COVID-19 pandemic. Significant pressure on the impacted segment of the customer loan portfolio coincided with the discontinuation of the Central Bank's installment deferral program, and in line with the rest of the industry, expected delinquencies were recorded in the portfolio. This resulted in a Group registered loss of BD 30.8 million for the year ended 31 December 2023 compared to a profit of BD 3.7 million in 2022.

The basic and diluted loss per share was 153 Fils compared to a profit of 18 Fils in 2022. Despite the elevated level of provisioning, the Group's Balance Sheet remains resilient, with robust positive cash flows and a strong position in the market. In the lending activities segment, the Group made a net loss of

BD 30.7 million (2022: Net profit BD 1.6 million). During the year, the Group has invested in enhancing its digital platforms through partnerships with key local and global players to transform the customer experience. The Group through its branch network across the Kingdom is poised to gradually increase its new lending volume. Total new loans worth BD 24.1 million were advanced during the year (2022: BD 14.8 million).

National Motor Company WLL has reported a net profit of BD 2.5 million (2022: BD 2.0 million). The automotive industry continues to face a set of challenges; availability of vehicles and spare parts inventories has been major constraints with some models for considerable periods during the year. However, the company has improved its margins on the vehicles due to the demand supply gap. The company continues to focus on running its operations efficiently to optimize costs and maximize operating profits.

Tasheelat Automotive Company WLL reported a net loss of BD 448 thousand in the current year compared to a net profit of BD 107 thousand in 2022, principally due to the higher inventory levels maintained during the year. The Company's portfolio of brands is well received by customers' targeted segments due to its affordable prices and modern designs.

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Tasheelat Car Leasing Company WLL reported a net profit of BD 165 thousand (2022: BD 119 thousand). The company has a focused approach of maximizing opportunities through negotiating contracts with its customers, sale of ex-leased vehicles and expanding its local partnerships. The company is poised to expand its customer reach through various proactive initiatives.

Tasheelat Insurance Services Company WLL achieved a net profit of BD 86 thousand (2022: BD 36 thousand). The company will continue to focus on retaining its existing customer base, introduce new products, and enhance the number of policies sold.

Tasheelat Real Estate Services Company WLL has registered a net loss of BD 2,075 thousand (2022: net loss of BD 242 thousand). The company's performance was impacted due to the impairment provision of BD 2,115 thousand booked during 2023 and by the slowdown in sales from real estate inventory. Management is proactively repositioning the company's business model to enhance profitability and meet customer evolving needs in the real estate sector.

BCFC Group remained in a healthy liquidity position and currently operates at a leverage of 1.2 multiples. During the year, the Group refinanced BD 39.5 million of bank borrowings on their maturities and repaid BD 44.5 million of borrowings through utilizing the cash available within the Group.

The Board welcomed its new Directors, Shaikh Salman Bin Isa Al Khalifa, Mrs. Najla Mohammed AlShirawi, and Mr. Mishal Ali Alhellow, replacing Mr. Nader Karim Al-Maskati, Mr. Abdulla Mohamed Al-Mahmood, and Mrs. Dana Aqeel Raees, whose service is gratefully acknowledged.

As per the Company Law 2001, the aggregate amount accrued/ paid to the directors during 2023 is BD 29.1 thousand. As required by Article 188 of the Company Commercial Law, all the details in respect of fees and subsidiary Board and Committees' attendance allowance are included in the annexure with this report. The total shareholding of the directors (Elected and Nominee) in the Company is 134.09 million shares (65.7% of paid-up capital).

Finally, on behalf of the Board, I extend my deep appreciation to His Majesty King Hamad bin Isa Al Khalifa and the Crown Prince and Prime Minister His Royal Highness Prince Salman bin Hamad Al Khalifa. I also extend our gratitude to the government ministries and organizations of the Kingdom of Bahrain for their continued support and cooperation received, particularly to the Central Bank of Bahrain and the Ministry of Industry and Commerce and the Bahrain Bourse.

AbdulRahman Yusuf Fakhro

Chairman

28 February 2024

Disclosure forms for the remuneration of members of the board of directors and the executive management in the Chairman's report for the year 2023.

First: Board of directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include (expense allowance	Expenses Allowance
	Remunerations 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	-	2,400	-	-	2,400	-	-	-	-	-	-	2,400	-
2. Reyadh Yusuf Hasan Sater	-	600	-	-	600	-	-	-	-	-	-	600	-
3. Ebrahim Abdulla Buhindi	-	4,500	-	-	4,500	-	-	-	-	-	-	4,500	-
4. Yusuf Saleh Sultan Khalaf	-	3,000	-	-	3,000	-	-	-	-	-	-	3,000	-
5. Najla Mohamed Al Shirawi	-	1,200	-	-	1,200	-	-	-	-	-	-	1,200	-
6. Nader Karim Mahdi Almaskati	-	900	-	-	900	-	-	-	-	-	-	900***	-
Second: Non-Executive Directors:													
1. Sh. Salman Bin Isa Al-Khalifa	-	3,600	-	-	3,600	-	-	-	-	-	-	3,600	-
2. Mishal Ali Mohamed Al Hellow	-	1,500	-	-	1,500	-	-	-	-	-	-	1,500	-
3. Abdulla Mohamed Turki Almahmood	-	300	-	-	300	-	-	-	-	-	-	300***	-
4. Dana Aqeel Raees	-	600	-	-	600	-	-	-	-	-	-	600***	-
Third: Executive Directors:													
1. Dr. AbdulRahman Ali Saif	-	4,800	-	-	4,800	-	-	-	-	-	-	4,800****	-
2. Abdulaziz Abdulla A.Aziz Al-Ahmed	-	3,750	-	-	3,750	-	-	-	-	-	-	3,750	-
3. Mohamed Abdulla Isa	-	1,950	-	-	1,950	-	-	-	-	-	-	1,950****	-
Total	-	29,100	-	-	29,100	-	-	-	-	-	-	29,100	-

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).

*** It includes Allowance for attending meetings in 2023 Q1 paid to Ex Board Members whose term of office expired at the last OGM held on 29 March 2023.

**** It includes Allowances paid to the entity (shareholder) represented by these Board members.

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Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	810,739	126,765 *	-	937,504

Note: All amounts must be stated in Bahraini Dinars.

* Subject to the Board of Directors' approval.