

**BAHRAIN COMMERCIAL FACILITIES
COMPANY B.S.C.**

Half Yearly Quantitative Public Disclosures

At 30 June 2025

Bahrain Commercial Facilities Company B.S.C.
Half Yearly Quantitative Public Disclosures
for the period ended 30 June 2025

Introduction

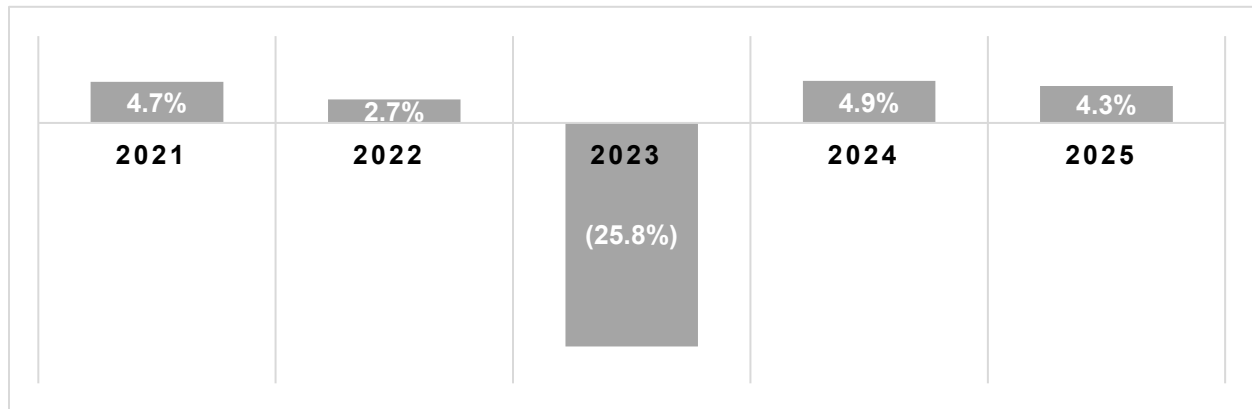
The financial information presented in this report are in addition to information presented in the condensed consolidated financial information for the six months period ended 30 June 2025 of Bahrain Commercial Facilities Company B.S.C. (the “Company”) and its subsidiaries (together the “Group”).

This financial information includes additional quantitative disclosures at 30 June 2025 in order to comply with the Public Disclosure Module of the Central Bank of Bahrain (CBB) volume 5 rulebook.

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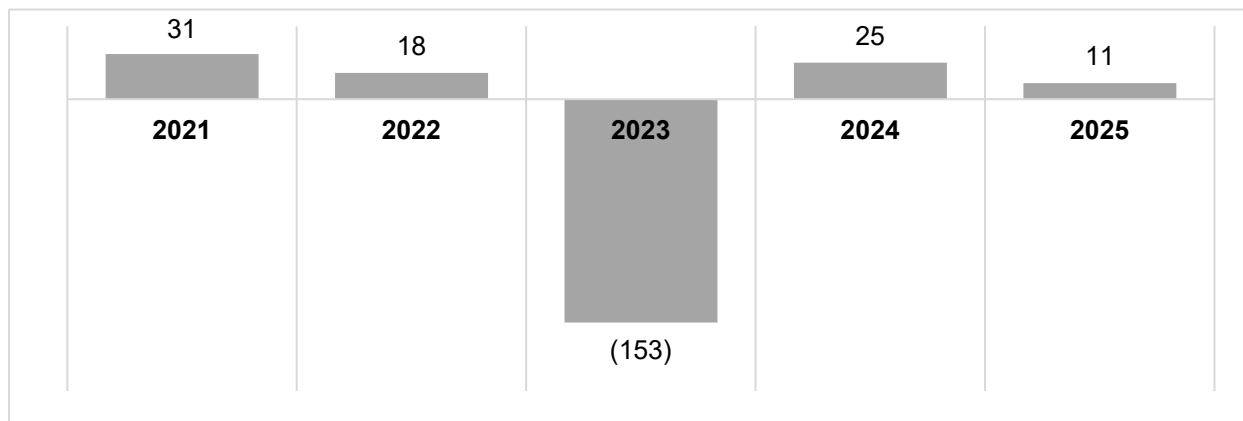
1. FINANCIAL HIGHLIGHTS

A) Return on average equity (%): *



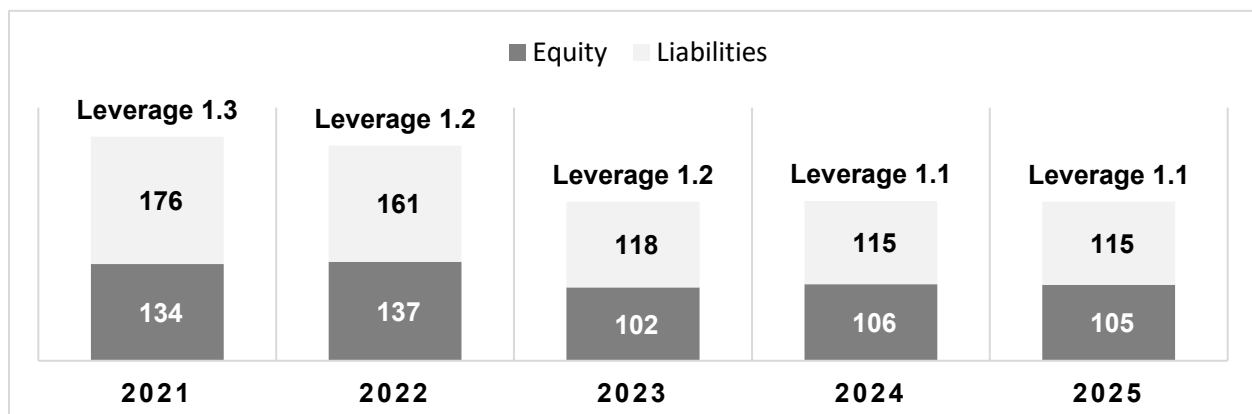
*Return on average equity for 2025 is based on the annualised net profit for the six months period ended 30 June 2025.

B) Earnings per share (Fils): **



**Earnings per share for 2025 is based on the net profit for the six months period ended 30 June 2025.

C) Liabilities/ equity (BD million)



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1. FINANCIAL HIGHLIGHTS (continued)

D) SHARE CAPITAL

Authorised share capital

500,000,000 shares of 100 Fils each

30-Jun-25 BD '000
50,000

Issued and fully paid

At 1 January (204,187,500 shares of 100 fils each)

At 30 June

Treasury shares of 2,759,029 shares

30-Jun-25 BD '000
20,419
20,419
599

Share capital

Treasury shares

Statutory reserve

Share premium

Other reserves

Retained earnings

Total Capital

30-Jun-25 BD '000
20,419
(599)
10,210
25,292
27,733
21,557
104,612

The Company's memorandum of association allows it to hold up to 10% of its own issued shares as treasury shares.

2. CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Group is principally exposed to credit risk on balances with banks, loans and advances to customers, trade receivables, and certain other assets. The maximum credit risk is the carrying value of the assets.

Management of credit risk

The Group's credit risk management framework includes:

- Credit risk policies and strategy: Defining the Group's credit risk appetite and strategies employed, and outlining the principals and standards governing the credit risk related activities within the Group;
- Define the methodologies used for assessing the credit exposures, and outlines the procedures of reviewing the credit facilities in accordance with the defined authorization structure;
- Diversification of lending activities; and

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2. CREDIT RISK (continued)

Management of credit risk (continued)

- Conducting regular independent reviews of the credit risk process, exposures and limits, ensuring effectiveness and compliance, while incorporating stress testing scenarios for preparedness against adverse market conditions.

All loans and advances are with local individuals and locally incorporated entities. The credit risk on these loans and advances is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures. The creditworthiness of each borrower is evaluated prior to lending and with a comprehensive review of information which includes the Credit Bureau report, financial position of the customer, market position, tangible security where applicable. The Group is also subject to single obligor limits as specified by the CBB.

Regular Credit review procedures are in place to identify at early-stage exposures which require more detailed monitoring and review. Appropriate remedial procedures for follow-up and recovery (including recourse to legal action) are in place to monitor the credit risk on loans and advances.

Exposure to credit risk

The Group is not exposed to any significant concentration of credit risk arising from exposures to a single debtor or debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. Regular audits of business units and the Group credit processes are undertaken by the Internal Audit department.

Exposure by staging

Stage 1, 2 and 3

Stage 1 - 12 month
 Stage 2 - lifetime - not credit impaired
 Stage 3 - lifetime - credit impaired
 Expected credit loss

30-Jun-25 BD '000
104,259
10,883
57,758
(34,355)
138,545

Net loans and advances to customers

The Group measures its exposure to credit risk by reference to the gross carrying amount of financial assets less interest suspended and impairment losses, if any. The maximum credit risk exposure of the loans and advances is the carrying value amount net of the deferred income and net of impairment allowance reported at period end.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with

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2. CREDIT RISK (continued)

Exposure to credit risk (continued)

- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Monitoring of credit risk

Generating the term structure of PD

Ageing buckets based on days past due (“Ageing buckets”) are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by ageing buckets.

The Group employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicator is oil prices. Considering the extra ordinary circumstances and the variations in the forward-looking data for this variables, the Group has used Vasicek-Merton methodology using oil prices as a factor to determine the PDs.

Based on consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts to adjust its estimates of PDs.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

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2. CREDIT RISK (continued)

Monitoring of credit *risk (continued)*

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.

The Group renegotiates loans to customers in financial difficulties (referred to as ‘forbearance activities’) to maximise collection opportunities and minimise the risk of default. Under the Group’s forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower’s financial position, where the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group has provided initially. The Group implements forbearance policy in order to maximise collection opportunities and minimise the risk of default. Under the Group’s forbearance policy, loan forbearance is granted on a selective basis in situation where the debtor is currently in default on its debt, or where there is a high risk of default, there is evidence that the debtor made all the reasonable effort to pay under the original contractual terms and it is expected to be able to meet the revised terms.

The revised terms usually include extending maturity, changing timing of interest payments and amendments to the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. During the period ended 30 June 2025, loans and advances amounting to BD 264 thousand (0.2% of total loan portfolio) were restructured for credit reasons and had no significant impact on ECL and present and future earnings for the period ended 30 June 2025.

For financial assets modified as part of the Group’s forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group’s ability to collect interest and principal and the Group’s previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower’s payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit impaired. A customer needs to demonstrate consistently good payment behaviour over a period of 3 months for natural person and 6 months for legal person before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL based on regulatory guidance.

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on economic experts and consideration of a variety of external actual and forecast information, the Group formulates a ‘base case’ view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

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2. CREDIT RISK (continued)

Monitoring of credit risk (continued)

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

Past due but not impaired loans and advances include those for which contractual interest and principal payments are past due, but the Group believes that impairment is not appropriate on the basis of level of security and collateral available and/ or in the process of collecting the amounts owed to the Group.

Aging analysis of loans and advances to customers as follows as of 30 June 2025:

	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	Total BD '000
Current	96,073	1,420	1,510	99,003
Past due:				
1-30 days	8,186	1,824	389	10,398
31-60 days	-	5,611	710	6,321
61-89 days	-	2,028	2,443	4,471
90 days – 1 year	-	-	16,913	16,913
1 year – 3 years	-	-	22,866	22,866
More than 3 years	-	-	12,927	12,927
Gross loans and advance	104,259	10,883	57,758	172,900
Expected credit loss	(897)	(1,646)	(31,812)	(34,355)
Net loans and advances	103,362	9,237	25,946	138,545

By industry or counterparty:

	Retail BD '000	CSME* BD '000	Total BD '000
Current	85,480	13,523	99,003
Past due:			
1 - 30 days	9,411	988	10,399
31 - 60 days	4,747	1,574	6,321
61 - 89 days	3,663	808	4,471
90 days - 1 year	16,040	873	16,913
1 year - 3 years	21,382	1,484	22,866
More than 3 years	8,615	4,312	12,927
Gross loans and advance	149,338	23,562	172,900
Expected credit loss	(29,946)	(4,409)	(34,355)
Net loans and advances	119,392	19,153	138,545

* Corporate and small to medium enterprises (CSME)

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2. CREDIT RISK (continued)

Monitoring of credit risk (continued)

Credit risk concentration

Credit risk concentration of loans at the reporting date represents 86% retail loans and 14% to corporate customers and trade receivables represent mainly corporate customers.

The Group has classified certain customer accounts in Stage 3 although the Group's exposure to these customers were less than 90 days at the reporting date. These exposures are related to customer accounts which are either serving their cooling off period, the customers where collateral offered at the time of original underwriting has been liquidated or customers which are having financial difficulties which may lead them to default.

At 30 June 2025, the total gross amount of accounts with days past due 90 days or more, was BD 52,706 thousand. The total stage 3 accounts were BD 57,758 thousand. In compliance with the CBB requirements, interest on stage 3 is suspended and is accounted for on a cash basis.

At the reporting date, the loans and advances to customers include 25% vehicle loans, 26% mortgage collateral backed loans, 38% personal loans and other 11% credit card lending.

All exposures and advances are geographically located in Bahrain.

During the period ended 30 June 2025, the average gross credit exposure for cash and balances with banks is BD 12,096 thousand, loans and advances to customers is BD 138,466 thousand, trade and other receivables is BD 4,343 thousand and unutilised credit limit is BD 23,355 thousand. Such amounts are calculated based on the average of last four quarters.

The below table summarises the maximum exposure to credit risk without considering collateral and other credit enhancements as of 30 June 2025.

	30-Jun-25 BD '000
Cash and balances with banks	11,191
Loans and advances to customers	138,545
Trade receivables	4,511
Other assets	2,314
Total	156,561
Unutilised credit limit	24,180

Impaired loans and advances

Impaired loans and advances are financial assets for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the agreements. The Group's exposure to credit risk from loans and trade receivables is influenced mainly by the individual characteristics of each customer. Loans which are past due 90 days are considered as non-performing.

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2. CREDIT RISK (continued)

Credit risk related to trade receivables

Credit risk related to trade receivables arises from the potential for a counterparty to default from repayment of their dues. The Group has established an appropriate authorisation structure with limits for the approval and renewal of credits.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Geographically the concentration of credit risk is in the Kingdom of Bahrain as majority of the Group's customers are based in Bahrain.

Write-off policy

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Collateral

The Group generally holds collateral against loans which may be in the form of mortgage interests over property with custody of title deeds, joint registration of vehicles and personal guarantees.

In case of vehicle lending, estimates of fair value for collaterals are based on the value of the collateral assessed at the time of borrowing, and generally are not revalued except when a loan is individually assessed as impaired.

As at 30 June 2025, mortgage loans amounting to BD 28,161 thousand were fully collateralised and mortgage loans amounting to BD 14,259 thousand were partly collateralised with a collateral value of BD 10,056 thousand. The measurement of Expected Credit Losses on mortgage loans incorporates the impact of collateral by considering the estimated recoverable amount from the mortgaged property.

Management estimates the fair value of collaterals and other security enhancements held against individually impaired loans are reasonably sufficient to cover the value of such loans at the reporting date. The Group monitors concentrations of credit risk by product.

As at 30 June 2025 the utilised credit limit for corporate customers was BD 4,186 thousand.

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counter party to honor its obligations to deliver cash, securities or other assets as contractually agreed.

Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favourable to the Group which are included in other assets. The positive market value is also referred to as the "replacement cost" since it is an estimate of what it would cost to replace transactions at prevailing market rates if a counterparty defaults. The Group's derivative contracts are entered into with other financial institutions.

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3. OPERATIONAL RISK

BCFC's Legal Department, in close collaboration with BCFC's Remedial Department, external counsel and relevant business units, maintains oversight of legal exposures arising from contractual and agreement-related activities across BCFC. Legal Department manages non-customer related disputes for BCFC, while BCFC's Remedial Department manages BCFC financing customer-related disputes and litigation.

Where certain risks cannot be fully mitigated, the relevant business units working with the Risk Management Department determine the most suitable course of action. This may include accepting the risk, scaling down related operations, transferring the risk to a third party, or discontinuing the activity entirely. The Risk Management Department supports the business units in formulating and executing agreed mitigation measures.

Ongoing legal matters are handled through a combination of Legal Department and external lawyers, depending on the complexity and significance of each case. As of the reporting date, there are no material legal proceedings pending against the Group.

4. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base. The Central Bank of Bahrain sets and monitors capital requirements for the Group. The conventional financing company license granted by the Central Bank of Bahrain limits borrowings to five times the capital and reserves (shareholders' equity) of the Company. Such rate for the Group was 1.1 as at 30 June 2025.

5. MATURITY PROFILE

The maturity profile of the Group's financial assets and liabilities based on the contractual maturities.

	Within 1 year BD '000	1 year to 5 years BD '000	5 years to 10 years BD '000	10 years to 20 years BD '000	Over 20 years BD '000	Total BD '000
ASSETS						
Cash and balances with banks	11,191	-	-	-	-	11,191
Loans and advances to customers	46,051	65,493	22,505	4,196	300	138,545
Trade receivables	4,511	-	-	-	-	4,511
Other assets	2,212	102	-	-	-	2,314
	63,965	65,595	22,505	4,196	300	156,561
LIABILITIES						
Trade and other payable	18,589	-	-	-	-	18,589
Derivative financial instruments	31	-	-	-	-	31
Lease liabilities	289	248	3	38	-	578
Bank term loans and other borrowings	15,325	78,023	-	-	-	93,348
	34,234	78,271	3	38	-	112,546

The maturity profile is monitored by the management to ensure adequate liquidity is maintained.

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6. BASIS OF CONSOLIDATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group interim condensed consolidated financial statements incorporate the interim financial statements of the Company and its subsidiaries. All intra-group transactions and balances including unrealised gains and losses on transactions between the Group companies have been eliminated on consolidation.

The following table presents income, expenses, certain asset and liability information regarding the Group's operating segments.

At 30 June 2025	Lending BD '000	Automotive BD '000	Real estate BD '000	Insurance BD '000	Total BD '000
Operating income					
Inter segment revenue	-	34	6	-	40
Inter segment expenses	(38)	(2)	-	-	(40)
Total	(38)	32	6	-	-
Assets and (liabilities)					
Intercompany balances	1,379	(826)	(61)	(492)	-