شركة البحرين للتسهيلات التجارية ش.م.ب.
BAHRAIN COMMERCIAL FACILITIES COMPANY BSC



Empowering Transformation

2024 Annual Report

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CONTACTS

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Email: bcfcinfo@bahraincredit.com.bh
www.bahraincredit.com.bh

Branches

Isa Town (HQ)	17786000
Seef Muharraq Mall	17899390
Reef Mall	17787722
Budaiya	17899388
District 2	17787226
Riffa \ Hajiyat	177899434



His Majesty
King Hamad bin Isa
Al Khalifa

The King of
the Kingdom of Bahrain



His Royal Highness
Prince Salman bin Hamad
Al Khalifa

The Crown Prince and Prime
Minister of the Kingdom of
Bahrain



CORPORATE PROFILE

Bahrain's Leader in financing services

We empower individuals and businesses to meet their essential needs through a range of financing and non-financing offerings.



Bahrain Commercial Facilities Company B.S.C. (BCFC) was established on August 29, 1983 under Bahrain's Commercial Companies Law 1975 (Legislative Decree No 28 of 1975), as a closed company with an authorized capital of BD 10,000,000 and issued capital of BD 5,000,000 with the objective of acting as a specialist finance company in Kingdom of Bahrain. In April 1993, the Company was registered as a Public Shareholding Company.

In 2003, the Company's Memorandum and Articles of Association were amended in accordance with the Commercial Companies Law (21) of 2001, and its duration became indefinite, following a resolution passed by the shareholders at the Extraordinary General Assembly Meeting on March 10, 2003.

The Company currently has an authorized capital of BD 50,000,000 and an issued capital of BD 20,418,750.

Effective 26th June 2005, the Company became licensed and regulated by the Central Bank of Bahrain to operate as a Financing Company.

VISION AND MISSION

Vision

BCFC is a social mobility enabler for the Bahraini population.

Mission

We help individuals and businesses to fulfil their essential life needs through financing and non-financing offerings.

CORPORATE VALUES

One Group

We trust in common goals and value our strength as a Group.

Entrepreneurship

We seek opportunities and develop them from inception to implementation.

Innovation

We empower our people to be creative, and inspire them to think outside the box.

Ethics

We uphold ourselves to the highest standards and strive to be fair and transparent with all stakeholders.

Driving success

Empowering local businesses

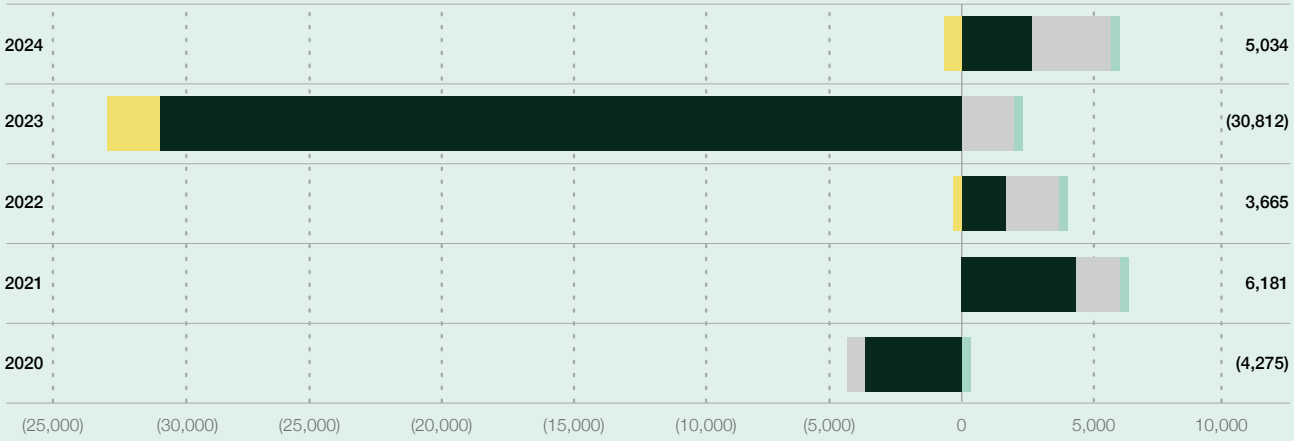


PRINCIPAL ACTIVITIES

1	FINANCING SERVICES	BCFC is the leading provider of short, medium and long-term consumer finance for residents of the Kingdom of Bahrain, including vehicle finance, personal finance, mortgage collateral backed finance, cheque discounting, Commercial and SME finance and credit cards.
2	AUTOMOTIVE	National Motor Company W.L.L. (NMC), established in 1988, is one of the leading companies in the Kingdom of Bahrain for the sale and service of vehicles. NMC has the exclusive national franchises for Honda, General Motors (Chevrolet, GMC and Cadillac) and Mack Defense. In 2013, NMC's wholly owned subsidiary Tasheelat for General Trading and Cars W.L.L. (TGTC) was established in Kurdistan, Iraq with the purpose of selling Honda vehicles in Erbil, Kurdistan, Iraq, currently undergoing liquidation. The Group established the fully owned subsidiary Tasheelat Automotive Company W.L.L. (TAC) in 2015 and has introduced GAC Motor, Haval, Great Wall, and Tank brands to the Bahraini market. The Group established the fully owned subsidiary Tasheelat Car Leasing Company W.L.L. (TCL) in 2017 to provide car leasing and rentals services.
3	INSURANCE SERVICES	Altashilat Insurance Services Co. (TISCO) was established in 1997 to offer brokerage services for a wide range of insurance products and services that include motor, home, medical, life and travel insurance.
4	REAL ESTATE	Tas'heelat Real Estate Services CO.S.P.C was established in 2002, and is actively involved in the acquisition, sales, marketing, valuation, property development, rental services of lands and properties within the Kingdom of Bahrain.

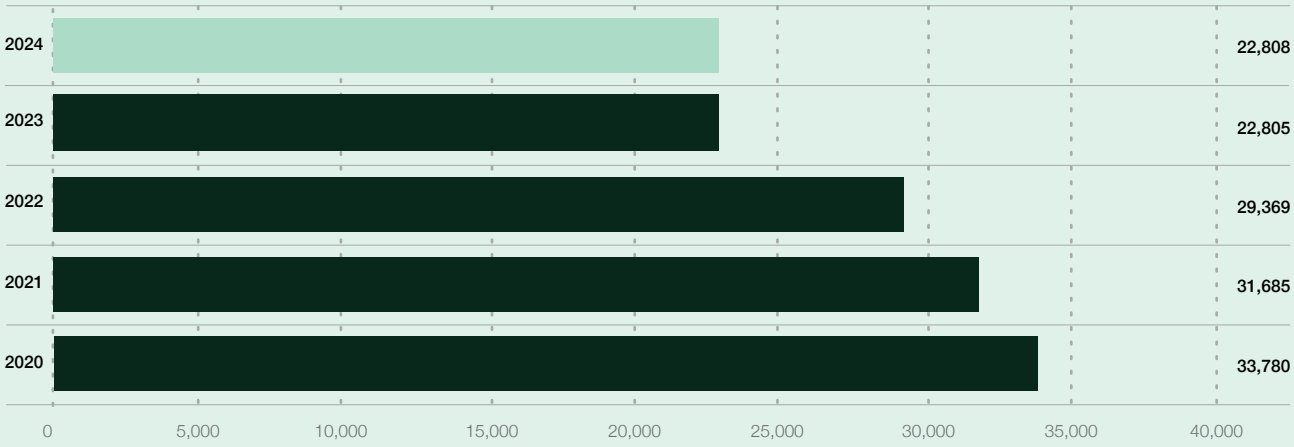
FINANCIAL HIGHLIGHTS

Net Profit/ (Loss)
(BD thousands)

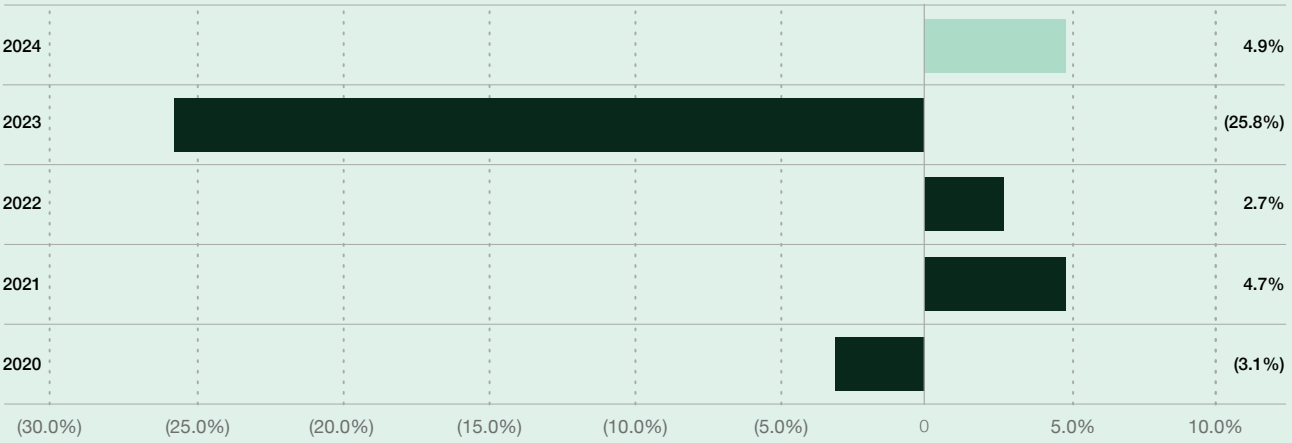


	2024	2023	2022	2021	2020
Lending	2,778	(30,733)	1,638	4,437	(3,611)
Automotive	2,824	1,910	2,233	1,536	(928)
Real Estate	(678)	(2,075)	(242)	57	93
Insurance	110	86	36	151	171
Total	5,034	(30,812)	3,665	6,181	(4,275)

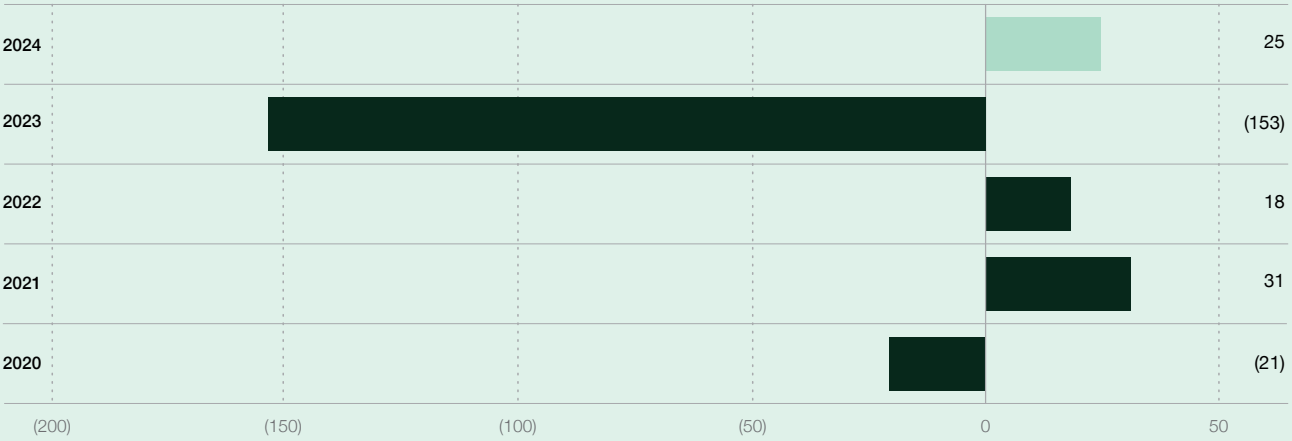
Operating Income
(BD thousands)



Return on average equity
(%)

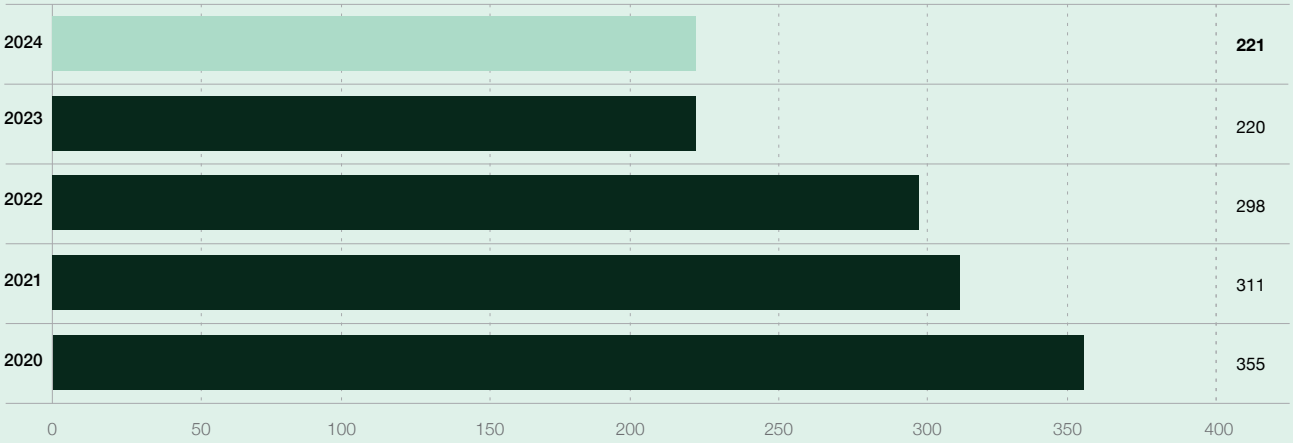


Earnings per share
(Fils)

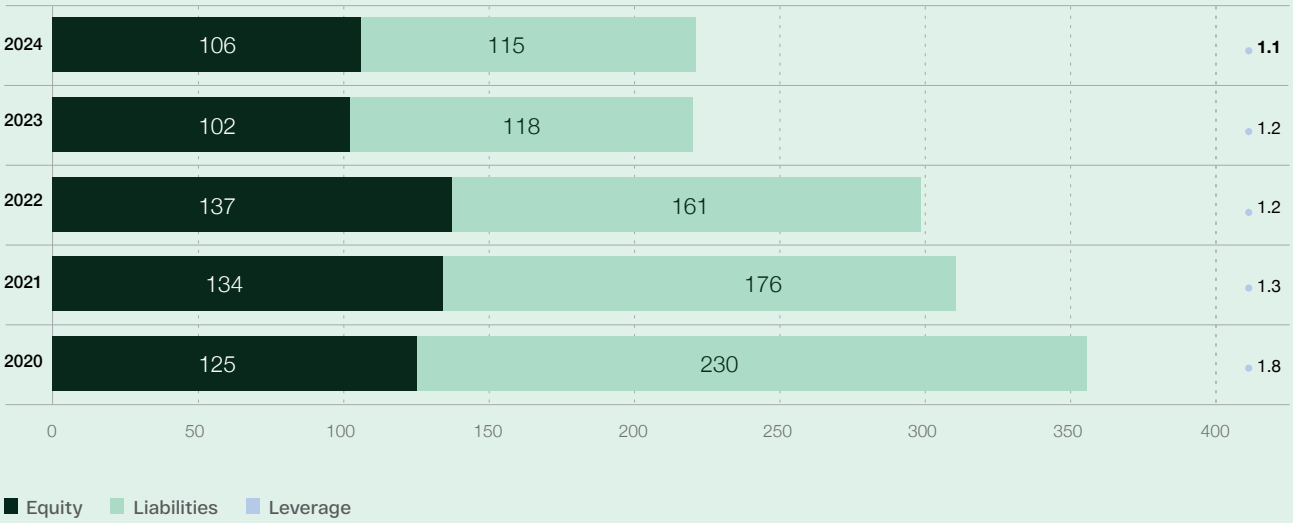


Financial Highlights (continued)

Total Assets
(BD Million)



Liabilities & Equity
(BD Million)



Bahrain Commercial Facilities Company B.S.C. has demonstrated encouraging financial performance, showcasing resilience in a challenging macroeconomic environment characterized by high interest rates. This performance not only highlights the enduring market presence of the group but also underscores its potential for sustained growth. The commitment to creating shareholder value remains a priority, with a focus on capitalizing on emerging opportunities.

OPERATIONAL ACHIEVEMENTS



BCFC new branch

Bahrain Commercial Facilities Company opened its newest branch in "District 2" May 2024, equipped with the latest technology to offer comprehensive financial services and an exceptional experience.



Digital Banking Awards

Bahrain Commercial Facilities Company (BCFC) and Codebase Technologies selected as regional winners at the esteemed IBS Intelligence Digital Banking Awards 2024.



IMTIAZ UEFA Champions

Bahrain Commercial Facilities Company and Mastercard teamed up to introduce the Mastercard UEFA Champions League credit card issued by IMTIAZ, the first of its kind in the Kingdom of Bahrain.



IMTIAZ Youth Card

In line with International Youth Day, "IMTIAZ" brand and Unipal launched the exclusive "Youth Card" for university students and young people in Bahrain.





IMTIAZ campaign

The biggest promotional campaign for the "IMTIAZ" brand in July 2024, coinciding with the fifteenth anniversary of the brand, offers customers the chance to win 64 prizes, including 8 cars and up to 8 million loyalty points.



IMTIAZ Award

"IMTIAZ", the commercial brand under Bahrain Commercial Facilities Company (BCFC), proudly received an award from Mastercard for the successful launch and outstanding performance of the Mastercard UEFA Champions League credit card issued by IMTIAZ in the Kingdom of Bahrain.



FinTech Forward Forum

Participation of Bahrain Commercial Facilities Company as an official sponsor in the second edition of the 'FinTech Forward Forum' 2024.



BCFC campaign

Bahrain Commercial Facilities Company launches its 'Get Financed and Qualify for a Chance to Win 2 Cars and Total Cash Prizes of BD 100,000" campaign in August 2024, offering customers the chance to win two cars and valuable cash prizes totaling up to BD 100,000.



CHAIRMAN'S REPORT



AbdulRahman Yusuf Fakhro
Chairman

Net Profit

BD 5 million

Total Assets

BD 220.8 million

On behalf of the Board of Directors, it gives me great pleasure to present the annual consolidated financial statement of Bahrain Commercial Facilities Company B.S.C. (BCFC), for the financial year ended 31 December 2024.

The consolidated financial statements include the financial results of Bahrain Commercial Facilities Company B.S.C. and its subsidiaries: National Motor Company W.L.L., Tasheelat Real Estate Services Company W.L.L., Tasheelat Insurance Services Company W.L.L., Tasheelat Automotive Company W.L.L., Tasheelat Car Leasing Company W.L.L. and Tasheelat for General Trading Company W.L.L..

The global economy experienced moderate growth, supported by resilient consumer spending and technological advancements, despite challenges posed by geopolitical tensions and inflationary pressures. Central banks around the world adopted a varying monetary policies, striving to balance the risks of inflation, economic stability, employment levels and encourage investment.

As BCFC completes the second year of its 3-year strategy implementation, I am pleased with the progress made to date. The first year was marked by aligning our operations with our strategic objectives, focusing on strengthening our core. In the second year of our strategy, we successfully launched innovative offerings, including residential mortgage loans and the award-winning digital platform "Sahel by BCFC." Additionally, we expanded our presence by opening a new branch in a prime location in the Kingdom of Bahrain.

At BCFC, we are committed to sustainability and responsible business practices, integrating ESG principles to ensure long-term resilience and value creation. In alignment with Bahrain Vision 2030 and global best practices.

At BCFC, we are committed to sustainability and responsible business practices, integrating ESG principles to ensure long-term resilience and value creation. In alignment with Bahrain Vision 2030 and global best practices, we continue to strengthen governance, enhance social contributions, and drive sustainable growth for a more inclusive future.

The Group takes pride in the strategic foresight of the Board of Directors and the commitment of the management team. The Group performance during 2024 reaffirms the Group resilience and potential for sustained growth. The Group achieved a net profit of BD 5 million compared to a net loss of BD 30.8 million reported last year. The basic and diluted earnings per share stood at 25 Fils, compared to a loss of 153 Fils in 2023. During the year 2023 the Group charged unprecedented credit losses resulting from the identification of non-performing accounts following the conclusion of the CBB deferral program.

The Group's financial position remains strong, with total assets of BD 220.8 million (2023: 219.8 million) and total equity of BD 105.9 million (2023: 101.6 million). BCFC maintains a healthy liquidity position, operating at a leverage ratio of 1.1 multiples. During the year, the Group refinanced BD 27.6 million in bank borrowings upon maturity and repaid BD 6.1 million utilizing the excess liquidity within the Group.

In the lending activities segment, the Group made a net profit of BD 2.8 million (2023: net loss BD 30.7 million). Throughout the year 2024, the Group unveiled new loan and credit card offerings while accelerating investments in digital platforms to cater to the evolving needs of its customers. Leveraging on its branch network across the Kingdom of Bahrain and the digital app "Sahel by BCFC", the Group is strategically positioned to expand its new lending volume. During 2024, the Group disbursed BD 35.1 million in new loans, compared to BD 24.1 million in the previous year.

During the year 2024 the Group's automotive companies segment reported a total net profit of BD 2.8 million compared to BD 1.9 million in the previous year. The automotive companies achieved significant sales growth by improving the customer experience and optimizing inventory management for enhanced efficiency. Additionally, they remain focused on streamlining operations, optimizing costs, and maximizing operating profits. The diverse portfolio of brands continues to be well-received across all targeted segments, offering a wide range of models at different price points, catering to varying customer preferences.

Tasheelat Insurance Services Company W.L.L. achieved a net profit of BD 110 thousand (2023: BD 86 thousand). This result is a testament to the strength of its business model, the dedication of the team, and the continued focus on both operational excellence and customer satisfaction. One of the primary goals for the year was to expand Tasheelat Insurance Services Company customer base, and it successfully achieved, by offering a range of innovative and comprehensive insurance solutions creating stronger relationships and ensuring a higher level of customer loyalty. Our commitment to digital transformation was another significant focus. The company introduced the Motor Insurance service through the "Sahel by BCFC" application, allowing our customers to access insurance solutions easily and seamlessly through

The Group's financial position remains strong, with total assets of BD 220.8 million (2023: 219.8 million) and total equity of BD 105.9 million (2023: 101.6 million). BCFC maintains a healthy liquidity position, operating at a leverage ratio of 1.1 multiples

their smartphones. This move not only improved the customer experience but also positioned us as a forward-thinking leader in the insurance space.

Tasheelat Real Estate Services Company W.L.L. registered a net loss of BD 678 thousand (2023: net loss of BD 2,075 thousand). The company's performance was impacted due to provisions booked during the year of BD 799 thousand (2023:BD 2.1 million). Management is proactively refining the company's business model to drive profitability and adapt to evolving customer needs in the real estate sector.

Regarding Board composition, the Board has welcomed Mr. Yasser Abduljalil Alsharifi as the representative of Bank of Bahrain and Kuwait, replacing the retiring Dr. AbdulRahman Ali Saif, whose valuable contributions are sincerely appreciated.

As per the Company Law 2001, the aggregate amount accrued / paid to the directors during 2024 is BD 363 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 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.

We express our deep appreciation for the contributions of His Excellency Mr. Rasheed Mohamed Al Meraj, the departing Governor of the Central Bank of Bahrain, for his years of dedicated leadership, initiatives, and contributions in strengthening the financial sector.

We also extend a warm welcome to His Excellency Mr. Khalid Ebrahim Humaidan, who assumed the role of Governor of the Central Bank of Bahrain in February 2024, and we wish him success in his new responsibilities.

AbdulRahman Yusuf Fakhro
Chairman
26 February 2025

Disclosure forms for the remuneration of members of the board of directors and the executive management in the report of the board of directors 2024

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	54,545	9,000	-	-	63,545	-	-	-	-	-	-	63,545	-
2- Reyadh Yusuf Hasan Sater	27,273	4,000	-	-	31,273	-	-	-	-	-	-	31,273	-
3- Ebrahim Abdulla Buhindi	27,273	8,000	-	-	35,273	-	-	-	-	-	-	35,273	-
4- Yusuf Saleh Sultan Khalaf	27,273	7,250	-	-	34,523	-	-	-	-	-	-	34,523	-
5- Najla Mohamed Al Shirawi	27,273	6,000	-	-	33,273	-	-	-	-	-	-	33,273	-
Second: Non-Executive Directors													
1- Sh. Salman Bin Isa Al-Khalifa	27,273****	7,250	-	-	34,523	-	-	-	-	-	-	34,523	-
2- Mishal Ali Mohamed Al hellow	27,273****	5,500	-	-	32,773	-	-	-	-	-	-	32,773	-
Third: Executive Directors													
1- Yaser Abduljalil AlSharifi	9,090	1,500	-	-	10,590	-	-	-	-	-	-	10,590*****	-
2- Abdulaziz Abdulla A.Aziz Al-Ahmed	27,273	5,500	-	-	32,773	-	-	-	-	-	-	32,773	-
3- Mohamed Abdulla Isa	27,273	5,500	-	-	32,773	-	-	-	-	-	-	32,773******	-
4- Dr. AbdulRahman Ali Saif	18,181	3,500	-	-	21,681	-	-	-	-	-	-	21,681*******	-
Total	**300,000**	**63,000**	**-**	**-**	**363,000**	**-**	**-**	**-**	**-**	**-**	**-**	**363,000**	**-**

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).

*** Subject to the Ordinary General Meeting's Approval on 25 March 2025.

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

***** It includes Nomination/Representation Remuneration and Allowances to be paid / paid to the entity (the shareholder) represented by the Board Member who was appointed to the Board of Directors on 29 October 2024, succeeding Dr. Abdulrahman Ali Saif upon his retirement from the Bank of Bahrain and Kuwait B.S.C.

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

******* It includes Nomination/Representation Remuneration and Allowances to be paid / paid to the entity (the shareholder) represented by the previous Board Member whose board membership ended upon his retirement from the Bank of Bahrain and Kuwait B.S.C. on 18 August 2024.

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	853,635	225,360*	-	1,078,995

Note: All amounts must be stated in Bahraini Dinars.

*** Subject to the Board of Directors' approval.**

AbdulRahman Yusuf Fakhro
Chairman

Enablers to success

A seamless digital experience



Sahel

Sahel by BCFC mobile application demonstrates our commitment to embracing innovation and the advancement of the financial solutions we offer, demonstrates our proactive stance in providing flexible and secure digital solutions for our customers by adopting modern practices and cutting-edge technologies.



A Seamless digital experience

Sahel mobile application streamlines the loan and credit card application process, offers a loyalty points feature to track and redeem rewards, and links directly to the BenefitPay app for even more convenient payments.



Enhancing customer journey

Sahel mobile application empowers customers to digitally on-board and apply for credit cards, loans, and insurance, manage loan and credit repayments, view their transaction history and statements, and conduct a range of daily financing transactions.



Convenience and protection

Sahel mobile application redefines the financing experience by seamlessly integrating functionality and security into one powerful application. By prioritizing both convenience and protection, Sahel empowers users to take control of their finances with confidence.

BOARD OF DIRECTORS



Abdulrahman Yusuf Fakhro
Chairperson of the Board

Chairperson of the Nomination, Remuneration, Sustainability and Governance Committee, the Independent Directors Committee and TISCO Board

- Chairperson of Yusif Bin Yusif Fakhro B.S.C. (c), Bahrain.
- Partner at Yusif Fakhro Technical Services W.L.L., Bahrain.
- Board Chairperson and Chairperson of the Nomination, Remuneration, Sustainability and Governance Committee and the Independent Directors Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Board Chairperson of Tasheelat Insurance Services Company W.L.L. (TISCO), Bahrain.
- Director since 12 November 1989 (Independent and Non-Executive).
- He has over 60 years of experience in business, trade, investment and insurance.



Reyadh Yusuf Hasan Sater
Vice Chairperson

Chairperson of the Automotive Board, Vice Chairperson of the TISCO Board and Member of the Independent Directors Committee

- Certificate in Executive Leadership, The Gulf Executive Development Program, University of Virginia – Darden School of Business, USA, 2003.
- Certified Internal Auditor (CIA), The Institute of Internal Auditors, USA, in 2002.
- Master's degree in Business Administration, University of Glamorgan, UK, 2001.
- Executive Management Diploma, University of Bahrain, Bahrain, 1996.
- Board Vice Chairperson and Member of the Independent Directors Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Automotive Board Chairperson of National Motor Company W.L.L. (NMC), Tasheelat Automotive Company W.L.L. (TAC) and Tasheelat Car Leasing Company W.L.L. (TCL), Bahrain.
- Board Vice Chairperson of Tasheelat Insurance Services Company W.L.L. (TISCO), Bahrain.
- Director from 18 March 2014 to 31 March 2020 (Executive, representing "BBK" at the time).
- He was subsequently elected as a Director (Non-Executive) since 31 March 2020 and later transitioned to an Independent and Non-Executive role since 01 April 2021.
- He has over 46 years of experience in banking and auditing.



Sh. Salman Bin Isa Al Khalifa
Board Member

Chairperson of the Executive Committee and Vice Chairperson of the Automotive Board - Nominee of Social Insurance Organization, Bahrain

- Master's degree in Finance Science, American University, 1999.
- Bachelor of Science in Business Administration, Finance, American University, 1997.
- Board Member and Chairperson of the Executive Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Automotive Board Vice Chairperson of National Motor Company W.L.L. (NMC), Tasheelat Automotive Company W.L.L. (TAC) and Tasheelat Car Leasing Company W.L.L. (TCL), Bahrain.
- Board Member of Singapore Gulf Bank (SGB), Bahrain.
- Director since 29 March 2023 (Non-Executive, representing Social Insurance Organization "SIO").
- He has over 31 years of experience in the public and private sectors and governmental, financial and investment bodies.



Yaser Abduljalil Alsharifi
Board Member

Vice Chairperson of the Executive Committee - Nominee of Bank of Bahrain and Kuwait B.S.C.

- Group Chief Executive of Bank of Bahrain and Kuwait B.S.C. (BBK), Bahrain.
- Bachelor of Business Administration with a concentration in Accounting (Cum Laude), University of Massachusetts at Amherst, Amherst – USA, 1994.
- Associate Diploma in Accounting, University of Bahrain, Bahrain, 1992.
- Board Member and Vice Chairperson of the Executive Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Chairperson of The Bahrain Association of Banks (BAB), Bahrain.
- Chairperson of The Bahrain Institute for Pearls and Gemstones (DANAT), Bahrain.
- Board Member of INJAZ Bahrain, Bahrain.
- Director since 29 October 2024 (Executive, representing "BBK").
- He has over 30 years of experience in banking and financial services industry.



Abdulaziz Abdulla A.Aziz Al-Ahmed
Board Member

Member of the Executive Committee and Member of the Automotive Board - Nominee of National Bank of Bahrain B.S.C.

- Chief Executive, Strategic Accounts of National Bank of Bahrain B.S.C. (NBB), Bahrain.
- Certificate in Executive Leadership, The Gulf Executive Development Program, University of Virginia – Darden School of Business, USA, 2001 – 2002.
- Attended numerous management and business-related courses held locally and internationally.
- Board Member and Member of the Executive Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Automotive Board Member of National Motor Company W.L.L. (NMC), Tasheelat Automotive Company W.L.L. (TAC) and Tasheelat Car Leasing Company W.L.L. (TCL), Bahrain.
- Board Member of Infonas W.L.L., Bahrain
- Director since 28 March 2011 (Executive, representing "NBB").
- He has 51 years of experience in Management and Banking.

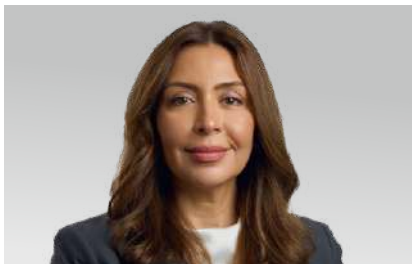


Yusuf Saleh Khalaf
Board Member

Chairperson of the Audit, Risk and Compliance Committee and Member of the Independent Directors Committee

- Member of the Association of Chartered Certified Accountants (ACCA) since 1980.
- Higher National Diploma in Business Studies, Salford College of Technology, UK.
- Board Member, Chairperson of the Audit, Risk and Compliance Committee and Member of the Independent Directors Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Director since 09 April 2018 (Independent and Non-Executive).
- He has over 44 years of experience in the banking and financial services industry.

BOARD OF DIRECTORS (continued)



Najla Mohammed Alshirawi
Board Member

Vice Chairperson of the Nomination, Remuneration, Sustainability and Governance Committee and Member of the Independent Directors Committee

- Chief Executive Officer of SICO B.S.C.(c), Bahrain.
- Master's degree in Business Administration from the American College, London, 1996.
- Bachelor's degree in Civil Engineering, University of Bahrain, Bahrain, 1994.
- INSEAD, Fontainebleau, France – Executive Management and Leadership Certificate for next line General Managers.
- Board Member, Vice Chairperson of the Nomination, Remuneration, Sustainability and Governance Committee and Member of the Independent Directors Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Board Member of The Bahrain Economic Board (EDB), Bahrain.
- Board Member of The Future Generation Reserve Fund, Bahrain
- Board Member of Eskan Bank B.S.C.(c), Bahrain.
- Board Member of The Deposit and Unrestricted Investment Accounts Protection Scheme, The Central Bank of Bahrain, Bahrain.
- Board Member of The Bahrain Institute of Banking and Finance, Bahrain.
- Board Vice Chairperson of SICO Capital, Kingdom of Saudi Arabia.
- Director since 29 March 2023 (Independent and Non-Executive).
- She has over 28 years of experience in investment banking.



Ebrahim Abdulla Buhindi
Board Member

Member of the Executive Committee, the Nomination, Remuneration, Sustainability and Governance Committee, the Audit, Risk and Compliance Committee and the Independent Directors Committee

- Master's degree in Management Consultancy, Sheffield Hallam University, UK, 1999.
- Board Member and Member of the Executive Committee, the Nomination, Remuneration, Sustainability and Governance Committee, the Audit, Risk and Compliance Committee and the Independent Directors Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Director from 15 March 1988 to July 2004 (Executive, representing "BBK" at the time). He was subsequently elected as a Director (Independent and Non-Executive) since March 2007.
- He has over 49 years of experience in banking.



Mohamed Abdulla Isa
Board Member

Member of the Audit, Risk and Compliance Committee - Nominee of Bank of Bahrain and Kuwait B.S.C.

- Group Chief Financial Officer, Financial Planning & Control, Bank of Bahrain and Kuwait B.S.C. (BBK), Bahrain.
- Certified Public Accountant (CPA), State of Delaware - USA, 2000.
- Member of American Institute of Certified Public Accountant.
- The Gulf Executive Development Program – Executive Leadership, University of Virginia – Darden, USA, 2007.
- University of Bahrain Graduate, Bahrain, 1992.
- Board Member and Member of the Audit, Risk and Compliance Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Board Member and Member of the Audit, Risk and Compliance Committee and Remuneration and Nomination Committee, SICO Bank B.S.C.(c), Bahrain.
- Board Member of The Deposit and Unrestricted Investment Accounts Protection Scheme, The Central Bank of Bahrain, Bahrain.
- Director since 31 March 2020 (Executive, representing "BBK").
- He has over 32 years of experience in finance, treasury operations, financial accounting and management accounting.



Mishal Ali Alhellow
Board Member

Vice Chairperson of the Audit, Risk and Compliance Committee - Nominee of Social Insurance Organization, Bahrain

- Chief Operating Officer - SICO Capital, Kingdom of Saudi Arabia.
- Master's degree in Business Administration, Open University of Malaysia, 2014.
- Bachelor's degree in Computer Science, University of Bahrain, Bahrain, 2000.
- Board Member and Vice Chairperson of the Audit, Risk and Compliance Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain.
- Board Member of Osool Asset Management B.S.C. (c), Bahrain.
- Board Member of Bahrain Marina Development Company W.L.L, Bahrain.
- Chairperson of Technology and Business Society, Bahrain.
- Counsel Member of IT College - University of Bahrain, Bahrain.
- Director since 29 March 2023 (Non-Executive, representing Social Insurance Organization "SIO").
- He has over 21 years of experience in the public and private sectors and governmental, financial and investment bodies.

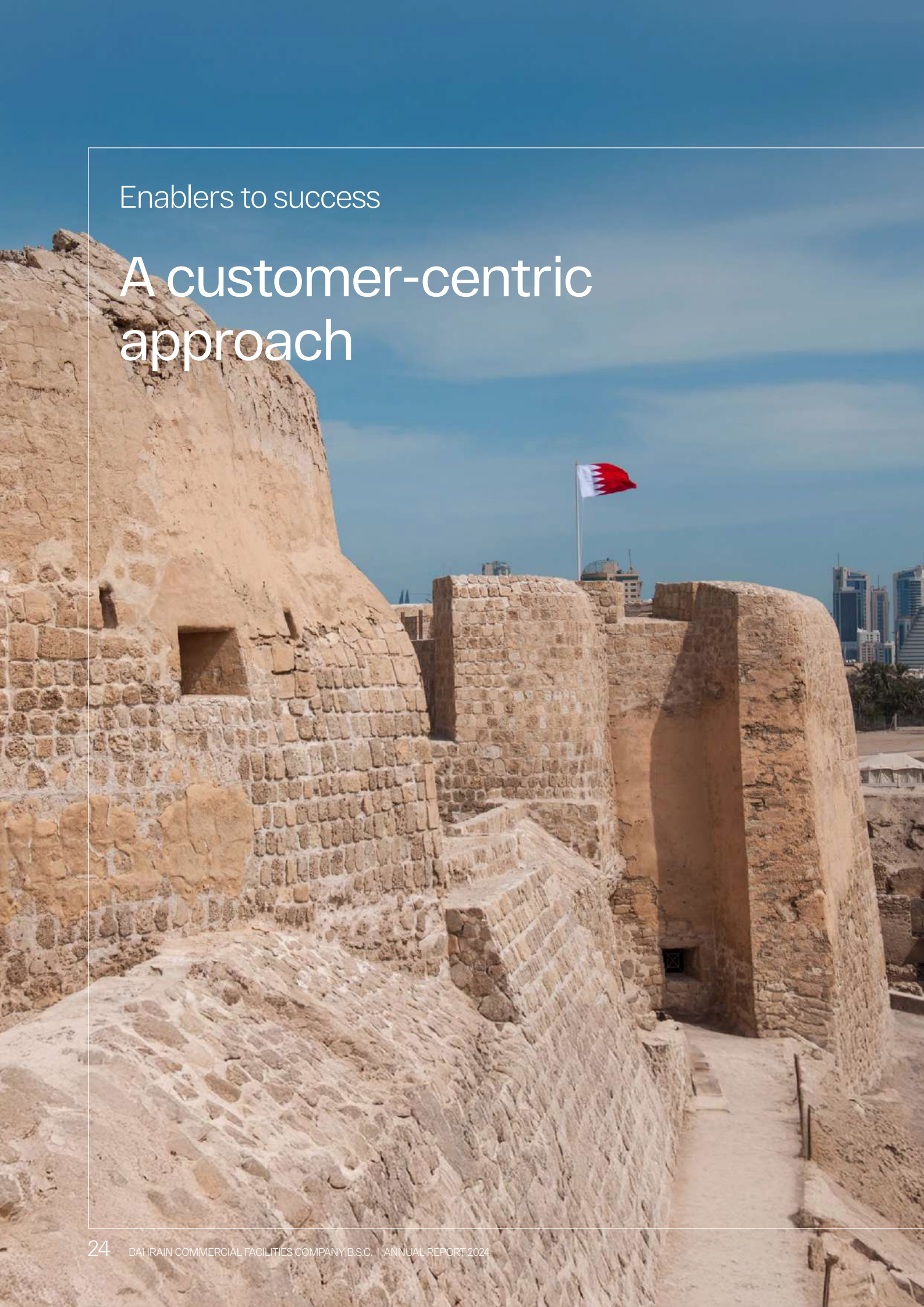


Sayed Jalal Jaafar Al-Mousawi
Vice President, Head of Group Corporate Secretariat, Group Corporate Secretary, Bahrain Commercial Facilities Company B.S.C.

- BSc in Law, Kingdom University, 2019.
- BA in English Literature and Translation, University of Bahrain, 2002.
- First Diploma in Instrumentation and Control Engineering, Bahrain Training Institute, 1997.
- Certificate in Board Secretarial Practice, Informa Connect Middle East In association with the George Washington University School of Business, 2013.
- Over 23 years of experience in Group Corporate Secretariat Leadership and Administration.
- He has rich experience in Corporate Governance, Regulatory and Board-Related Risk Management and Legal Compliance, and specialized writing and translation.
- Joined BCFC in 2007.

Enablers to success

A customer-centric approach





Our professional team is trained to deliver exceptional service, offering expert guidance at every interaction. They possess deep knowledge of our products and services while being sensitive to the individual needs of each customer, ensuring personalized support throughout their journey.

Highly skilled staff members

Our team of highly skilled staff members who are dedicated to delivering exceptional service and expert guidance. Their extensive knowledge and professionalism ensure that customers receive personalized support tailored to their unique financial needs.

Fostering trust and confidence

BCFC staff members are dedicated to fostering trust and confidence through their commitment to transparency and exceptional service. By building strong relationships with customers and providing expert guidance, they create an environment where clients feel secure and empowered in their financial decisions.

Building lasting connections

BCFC staff are committed to building lasting connections with our customers by prioritizing open communication and personalized support. Their commitment to understanding clients' needs fosters trust and loyalty, creating a supportive environment for financial growth and success.

CEO's MESSAGE



Abdulla A. Bukhowa
Chief Executive Officer

In 2024, Bahrain Commercial Facilities Company B.S.C. (BCFC) made progress in reinforcing its financial resilience, enhancing the customer journey, and driving digital transformation. BCFC introduced new products and services, upgraded its infrastructure, and strengthened its commitment to Environmental, Social, and Governance (ESG) principles. These strategic initiatives contributed to improved financial performance and the achievement of key milestones, marking another successful year for BCFC.

The performance of our business segments during the year 2024 underscores the valuable synergies within our portfolio of diversified businesses, reflecting our ability to adapt, innovate, and create value across various market verticals. These achievements reaffirm our resilience and strategic agility, positioning us for sustainable growth and long-term success. By leveraging our core strengths, operational efficiencies, and market expertise, we continue to enhance our competitive advantage and drive performance, ensuring that we remain well-prepared to seize future opportunities and navigate challenges effectively.

In 2024, our commitment to "Financial Inclusion" remained at the core of our mission, reinforcing our focus on facilitating prosperity and catering to a diverse range of customers such as individual entrepreneurs, private and public sector employees, tradesmen, and small and medium sized businesses.

This dedication was reflected in the encouraging growth of new loan originations, which achieved significant growth relative to 2023.

This progress was driven by the dedication of our team and the successful launch of innovative financial solutions, including residential mortgage loans and the award-winning digital platform "Sahel by BCFC". Additionally, our continued focus on the SME segment, supported by tailored financial solutions and strategic market engagement, has contributed to its growth. Furthermore, the opening of a new branch in a prime location in the Kingdom of Bahrain has strengthened our overall market presence, enhancing accessibility for a broader customer base.

These strategic initiatives have played a vital role in addressing the evolving financial needs of our customers, enhancing accessibility to financing, and driving sustainable business expansion, which reinforces our position as a key enabler of financial growth prosperity.

The performance of our business segments during the year 2024 underscores the valuable synergies within our portfolio of diversified businesses, reflecting our ability to adapt, innovate, and create value across various market verticals.

BCFC's automotive companies witnessed a notable sales growth, enhanced customer experience, and improved inventory management for greater operational efficiency.

Our continuous focus on streamlining operations and optimizing costs has contributed to a positive performance. Additionally, our diverse portfolio of auto brands continues to resonate with customers across various market segments, offering a wide range of models at different price points to meet diverse consumer preferences. Moving forward, we remain committed to further strengthening our market position and delivering customer-centric automotive solutions.

In the real estate segment, BCFC achieved notable progress in enhancing occupancy rates in its investment properties, advancing property sales, and providing real estate expertise to BCFC group entities and beyond. Despite market challenges, the company remains committed to strategic repositioning, exploring new opportunities, implementing innovative solutions, and optimizing its property portfolio to strengthen its market position.

In the Insurance brokerage segment BCFC strengthened its market position through digitization, enhancing customer accessibility to insurance services and streamlining brokerage operations. Integration with market-leading insurance providers improved efficiency and service delivery, while expansion in reinsurance, medical, and commercial lines broadened offerings.

We are profoundly grateful for the unwavering support and trust of our customers and business partners. Their loyalty has been instrumental to our success and inspired us to reach new heights.

We also extend our appreciation to the Central Bank of Bahrain and other regulatory authorities for their steadfast guidance and support throughout our operations in 2024.

Finally, I would like to express my deepest gratitude to our esteemed Board of Directors for their exceptional leadership and strategic vision, which have been instrumental in guiding our organization toward success. Additionally, I sincerely appreciate our dedicated management and staff, whose unwavering commitment, hard work, and professionalism form the cornerstone of our achievements.

Abdulla A. Bukhowa
Chief Executive Officer

EXECUTIVE MANAGEMENT



Abdulla Abdulrazaq Bukhowa
Chief Executive Officer

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- Bachelor of Business Administration, University of Texas, 1995.
- Investment Representative Certificate (Series 7).
- 28 years' experience in the field of financial services.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2021.



Mohamed Jehad Bukamal, CFA
Deputy Chief Executive Officer

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- BA (Honors) in International Business, Leeds Metropolitan University, 2008.
- Investment Representative Certificate (Series 7), 2011.
- Chartered Financial Analyst (CFA), 2019.
- 17 years of experience in the field of Investment Management & Corporate Finance
- Joined Bahrain Commercial Facilities Company B.S.C. in 2022.



Ali Khalaf, CPA, CIPA
Chief Financial Officer

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- Bachelor of Science in Business Management, University of Bahrain, 2002.
- Certified Public Accountant (CPA).
- Certified Islamic Professional Accountant (CIPA).
- 22 years' experience in the financial industry.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2022.



Mazen Salman Sater, MBA
Head of Consumer Finance

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- Bachelors in Business Administration, Marketing Major, St. Edward's University, USA, 1995.
- MBA in Marketing & Change Management, DePaul University, Chicago, Illinois, USA, 2007.
- 29 years' experience in Islamic and conventional banking.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2023.



Kubra Abdulrahman AghaYar, Aifs
Head of Commercial & SME Financing

Bahrain Commercial Facilities
Comapny B.S.C.

Qualifications and Experience

- BSc in Financial Services, University of Manchester, UK, 2002.
- Associateship in Chartered Institute of Banking (Aifs), Chartered Banker Institute, UK, 2003.
- 30 years' experience in the field of Credit Risk and Corporate Lending.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2022.



Ali Ebrahim Al-Marzooq, MBA
Head of Information Technology
& Operations

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- MBA in Information Technology Management, Sunderland University, UK, 2010.
- Attended executive education programs at top Business & IT universities & Institute.
- 32 years' experience in IT Management, Sales, and Digital Transformation.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2006.

EXECUTIVE MANAGEMENT (continued)

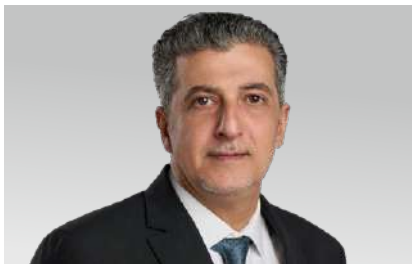


Hanan Ahmed Al Ali, CIPD
Head Human Resources

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- B.Sc. in Computer Science, University of Bahrain, 2003.
- Oracle Certified Professional (OCP) - Developer 2014.
- CIPD Level 5 Associate Diploma in People Management 2021.
- 22 years' experience in the fields of Human Resources and Information Technology.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2024.



Tariq Abdulaziz Fathalla
Head of Remedial

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- Advanced Diploma in Banking Studies, Bahrain Institute of Banking and Finance.
- 32 years' experience in the field of financial and banking services.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2021.



Huda Faisal Janahi CIPA, APRM
Group Head of Risk Management

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- B.Sc. in Accounting, University of Bahrain, 2004.
- CIPA, Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI), 2009.
- APRM, Professional Risk Manager's International Association (PRMIA), 2012.
- 20 years' experience in the field of internal audit and risk management in both Conventional and Islamic sectors.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2019.



Maryam Abdulrahman Abdulla
Head of Legal Affairs

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- Bachelor of Laws (LLB), University of Warwick, UK, 2003.
- Master of Laws (LLM) in International Economic Law, University of Warwick, UK, 2004.
- Postgraduate Diploma in Legal Practice Course (LPC), College of Law, London, UK, 2005.
- 19 years' experience in law firms and as in-house general counsel in various sectors and disciplines, including corporate and commercial legal advisory, real estate, governance, compliance, and banking.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2023.



Ali Aburwais, MBA, ICA
Group Head of Compliance and MLRO

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- B.Sc. in Accounting and Business Administration University of Bahrain, 2001.
- Master of Business Administration (MBA), Strathclyde University, UK, 2006.
- International Diploma in Compliance (ICA), International Compliance Association, 2014.
- 33 years' experience in the field of Finance, Risk Management, Compliance and Anti-Money Laundering.
- Joined Bahrain Commercial Facilities Company B.S.C. in 1995.



Mohamed Ahmed Al-Mutawa, MBA, CIA, CPA, CMA, CISA
Chief Internal Auditor

Bahrain Commercial Facilities
Company B.S.C.

Qualifications and Experience

- BCs (Honors) in Accounting, University of Bahrain, 2008.
- MBA, (Honors) Colorado State University, USA, with Honor Degree 2016.
- Certified Internal Auditor (CIA).
- Certified Public Accountant (CPA).
- Certified Management Accountant (CMA).
- Certified Information System Auditor (CISA).
- Certificate in Organizational Leadership, Harvard Business School, USA.
- 17 years' experience in Internal and External Audit in Banking, Finance, Investments, Insurance, Real Estates and Automotive.
- Joined Bahrain Commercial Facilities Company B.S.C. in 2018.

EXECUTIVE MANAGEMENT (continued)



Mohamed Shehabi
General Manager

Altashilat Insurance Services Co.

Qualifications and Experience

- Bachelor of Science in Business Administration, New York Institute of Technology, 2008.
- Advanced Diploma in Insurance (ACII), Chartered Insurance Institute, 2024.
- 13 years' experience in the field of insurance.
- Joined Altashilat Insurance Services Co. "TISCO" in 2023.



Fadi Al-Shaikh
General Manager

Tas'heelat Real Estate Services Co.S.P.C

Qualifications and Experience

- Bachelor of Science in Civil Engineering, University of Bahrain, 1999.
- M.Sc. in Engineering Management, The George Washington University, 2015.
- Certified Arbitrator (Real Estate & FIDIC).
- Certified Property Manager (RERA).
- Certified Broker (RERA).
- Certified Grade "A" (CRPEP).
- Certified Expert in the Courts.
- More than 25 years' experience in real estate development and investment.
- Joined Tas'heelat Real Estate Company W.L.L.in 2023.



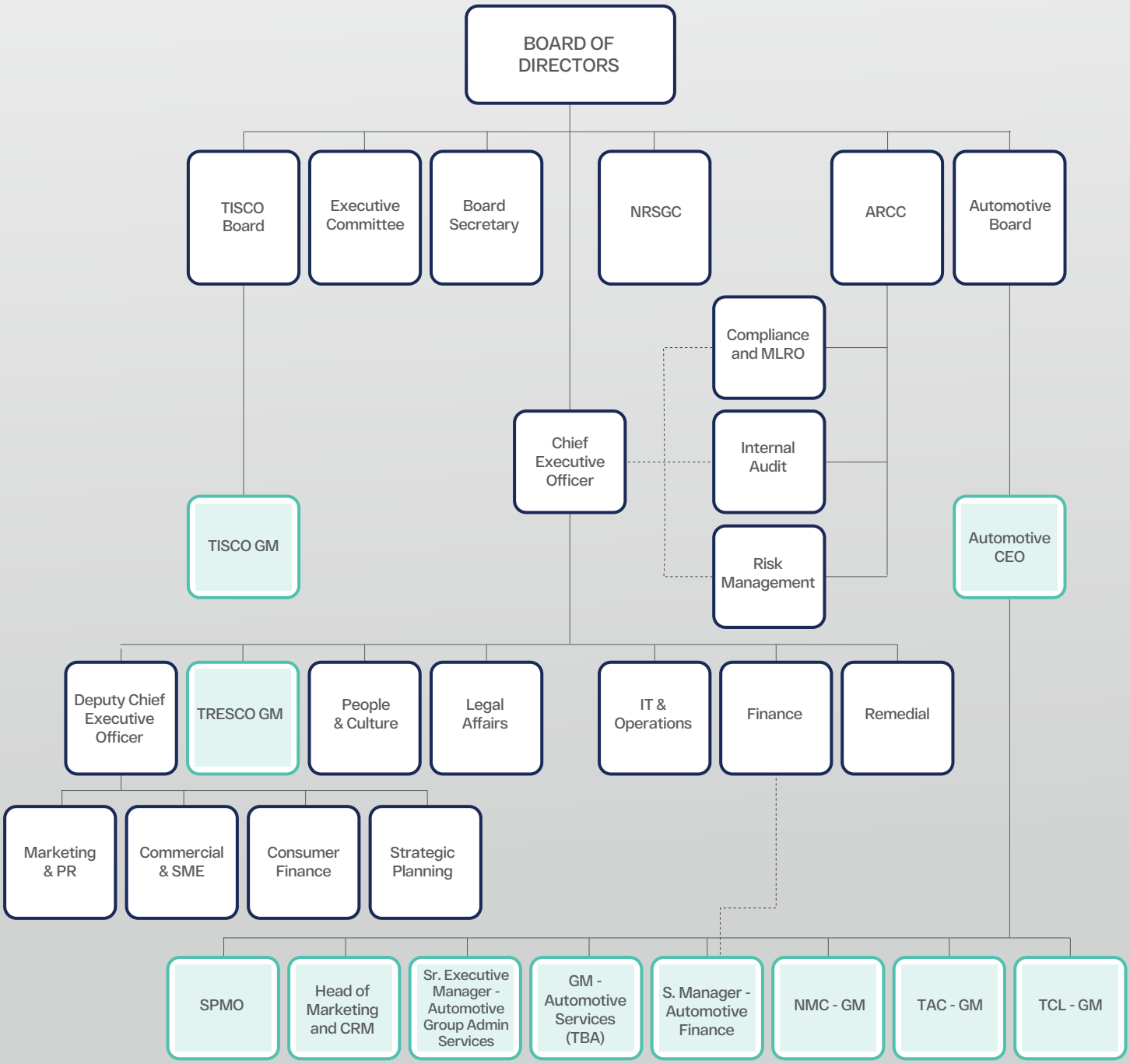
Abdelmohsen Ahmed Kassem
Chief Executive Officer

Automotive Group

Qualifications and Experience

- Bachelor's degree in commerce , Alexandria University , Egypt, 1998
- More than 25 years of Automotive Management Experience in GCC
- Joined the Automotive Group in 2024

ORGANIZATION CHART



CORPORATE GOVERNANCE

Bahrain Commercial Facilities Company B.S.C. (BCFC) is licensed by the Central Bank of Bahrain (CBB) as a 'Financing Company' regulated under Rulebook Volume 5 'Specialized Licensees' category. BCFC is also a listed company on Bahrain Bourse and the provisions of Rulebook Volume 6 apply to it as a capital market participant. The corporate governance provisions relate to the High-Level Controls (Module HC) of the respective Rulebook Volumes.

BCFC is committed to the best practices of corporate governance in line with the legal and regulatory requirements. Maintenance of high standards in corporate governance is an intrinsic part of the Company's pursuit of its business activities and its subsidiaries. To uphold its commitment to the highest standards of corporate governance, BCFC has formulated comprehensive policies designed to ensure compliance with applicable legal and regulatory requirements. These Policies highlight the areas the Company and its employees have to comply with in relation to the corporate governance and disclosure requirements, particularly with reference to Corporate Governance Code of the Ministry of Industry and Commerce (MOIC), applicable regulatory requirements under HC Modules of Rulebook Volumes 5 and 6 (whichever applies) and any other rules, regulations and Directives issued on this matter and the Memorandum and Articles of association of the Company.

A. Shareholder Information

Details of the Company's capital, shareholders and distribution of equity shares are disclosed under Note 18 to the Consolidated Financial Statements for the year ended 31 December 2024.

The Company has only one class of equity shares, and the holders of these shares have equal voting rights. Out of the total shareholders, 98% (2023: 98%) are Bahraini individuals or corporates and 2% (2023: 2%) are other nationalities.

B. Board of Directors

The Board is constituted of ten directors, divided into independent, non-executive and executive members. The members are appointed and elected for a three-year term unless terminated earlier in accordance with applicable laws or as per the Company's Memorandum and Articles of Association or the Board of Directors Charter. Additionally, as per the High-Level Controls Module (Module HC) of the CBB Rulebook, which requires disclosure of the percentage of women's representation on the board of directors of listed companies in 2024, the BCFC Board of Directors is comprised of one female Board member who represents 10% of the overall Board composition and the Board fosters this direction to promote diversity in the future. Furthermore, the independent Directors represent 50% of the Board composition. The Board represents a mix of high-caliber professional skills and expertise. Any newly appointed/elected director undergoes a comprehensive, formal, and tailored induction to ensure the director's fiduciary responsibilities are well understood and appreciated. In this regard, it is worth mentioning that training of the Board Members, as approved persons holding controlled functions in the Company, has always been at the forefront of the responsibilities of the Company, which ensures proper Continuous Professional Development (CPD) Training is extended to all Directors as per the CBB Training and Competency Module (Module TC). In this respect, the majority of the Board members (80%) fulfilled their training and competency requirements for the year ended 31 December 2024, in accordance with the regulatory directive. The reasons for not fulfilling the requirements were attributed to illnesses. To fulfill some of its responsibilities, the Board has in place an Executive Committee, a Nomination, Remuneration, Sustainability and Governance Committee ("NRSG"), Audit, Risk and Compliance Committee ("ARCC") and Board-Independent Directors Committee whose compositions consist of members with adequate professional background and experience. The Board annually reviews its own composition and Charter and conducts a comprehensive evaluation of its performance, the performances, and contributions of all Committees vis-à-vis their respective charters and the performance, effectiveness, and contribution of each board member. The performance evaluations employ a robust methodology that includes both qualitative and quantitative measures. Qualitative measures involve self-assessments and peer reviews and feedback, while quantitative measures include performance metrics and benchmarks. These evaluations are conducted through written forms or reports made at the last scheduled meeting of the calendar year. The final performance appraisal report is then reviewed and recommended by the Nomination, Remuneration, Sustainability and Governance Committee for the approval of the Board. The BCFC Board of Directors gives the final approval at the first meeting of the calendar year where the Company's year-end results are approved for publication. This rigorous evaluation process not only ensures accountability but also enhances governance practices by identifying areas for improvement and fostering a culture of continuous development and excellence. The overall rating of the Board, Board Committees and Boards of the portfolio companies was 3.95 out 4.

The Board is responsible for the preparation and fair representation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for establishing such internal controls as the Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors of Bahrain Commercial Facilities Company B.S.C. are under an obligation to exercise their individual and collective business judgment objectively, transparently and in good faith in what they reasonably believe to be in the best interest of the Company, its shareholders, and stakeholders. The Board of Directors oversees the process of disclosure and communications to internal and external stakeholders. The Board of Directors ensures that disclosures are fair, transparent, and comprehensive; and reflect the character of the Company and the nature and complexity of risks inherent in the business activities of the Company. The Board of Directors and Senior Management oversee and ensure that Information and Cyber Security controls are periodically evaluated for adequacy.

In compliance with the local statutory and regulatory requirements, the Board of Directors oversees the exercise of corporate powers and ensures that the Company's business and affairs are well managed to meet its stated goals and objectives. Maintenance of the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards, receives considerable attention by the Board of Directors.

The types of material transactions that require the Board of Directors' approval cover a wide area ranging from strategic plans, investment decisions, major expenditures, policy approvals, credit limits, donations to governance matters.

The Company strives to promote the highest standard of professional ethical norms and values towards its stakeholders (including without limitation, its customers, employees, regulators and the community). The Board has approved a Code of Conduct (the Code) that applies to the Directors and another one dedicated for the Executive Management and staff. It is in the best interest of the company and shareholders to bind all the concerned to the highest standards of professionalism and due diligence in discharging their duties. The code includes areas pertaining to the "whistle blowing" procedure, conflict of interest, related parties' transactions, obligations of integrity and loyalty, confidentiality and the responsibilities of all those concerned to adhere to best practices and high standards in ethical norms and values.

Furthermore, directors as approved persons abide by their fiduciary duties of care and owe loyalty not to use property of the Company for their personal needs as though it was their own property, not to disclose confidential information or use it for their personal profit, not to take business opportunities for themselves that constitute direct and material conflicts of interest, not to compete directly or indirectly in business with the Company; and to declare their conflict and abstain from participating in any deliberation in or voting on any transaction contemplated between the Company and a company in which they have personal interests.

In compliance with the regulatory requirements, below are the numbers of shares held by the Company's directors, in their capacity as approved persons, and the connected persons as at 31st December 2024 as follows:

Directors *	Type of Shares	31 December 2024	31 December 2023
Mr. AbdulRahman Yusuf Fakhro, Chairperson	Ordinary	1,071,718	991,718
Mr. Reyadh Yusuf Hasan Sater, Vice Chairperson	Ordinary	Nil	Nil
Sh. Salman Bin Isa Al-Khalifa, Director	Ordinary	Nil	Nil
Mr. Yaser Abduljalil Alsharifi, Director	Ordinary	Nil	Nil
Mr. AbdulAziz Abdulla Al-Ahmed, Director	Ordinary	Nil	Nil
Mr. Yusuf Saleh Khalaf, Director	Ordinary	Nil	Nil
Mrs. Najla Mohamed Al Shirawi, Director	Ordinary	Nil	Nil
Mr. Ebrahim Abdulla Buhindi, Director	Ordinary	Nil	Nil
Mr. Mohamed Abdulla Isa, Director	Ordinary	Nil	Nil
Mr. Mishal Ali Mohamed Alhellow, Director	Ordinary	Nil	Nil

** The Board of Directors and their connected persons, with the exception of Mr. AbdulRahman Yusuf Fakhro, did not trade in the shares of the Company during the financial year ending 31st December 2024.*

B. Board of Directors (continued)

Annual confirmations as well as an on-going obligation update regarding the profiles, directorships, conflicts and personal interests of the Board of Directors are sought from the Board of Directors. The process of declaration of interests takes place on an annual basis and as part of the public disclosure requirements in the Company's Annual Report. The Board Secretary writes to all the Directors, requesting them to confirm and/or update their existing directorships and profiles. Upon receiving their responses, profiles, directorships, conflicts and personal interests of the Board of Directors are disclosed in the annual report at the end of each financial year. Similar confirmations and declarations are also applied at the time of election and nomination or appointment of a new Board of Director, when candidates fill in and submit the CBB forms together with their declarations of interest in other enterprises and these declarations are refreshed thereafter with necessary information on an annual and regular basis to fully adhere to the applicable CBB Rulebook provisions.

The Board of Directors meets at least four times in each financial year upon the summons of the Chairperson of the Board or his Deputy (in case of absence or disability) or at least two of its members. A quorum shall be attained if one half plus one of the members are present. In 2024, the Board of Directors convened six ordinary meetings. The meetings were attended as follows:

Board of Directors	29 Jan.	28 Feb. ‹4›	12 May. ‹5›	31 Jul.	30 Oct.	12 Dec.	Total	Attendance Percentage
Mr. AbdulRahman Yusuf Fakhro, Chairperson	✓	✓	✓	✓	✓	✓	6	100%
Mr. Reyadh Yusuf Hasan Sater, Vice Chairperson ‹1›	✓	✓	Virtual	✓	Virtual	Virtual	6	100%
Sh. Salman Bin Isa Al-Khalifa, Director	✓	✓	✓	✓	✓	✓	6	100%
Dr. AbdulRahman Ali Saif, Vice Chairperson ‹2›	✓	✓	✓	✓			4	100%
Mr. Yaser Abduljalil Alsharifi, Director ‹3›					✓	✓	2	100%
Mr. AbdulAziz Abdulla Al-Ahmed, Director	✓	✓	✓	✓	✓	Virtual	6	100%
Mr. Yusuf Saleh Khalaf, Director	✓	✓	✓	✓	✓	✓	6	100%
Mrs. Najla Mohamed Al Shirawi, Director	✓	✓	✓	✓	Virtual	✓	6	100%
Mr. Ebrahim Abdulla Buhindi, Director	✓	✓	✓	✓	✓	Absent	5	83.3%
Mr. Mohamed Abdulla Isa, Director	✓	✓	✓	✓	✓	✓	6	100%
Mr. Mishal Ali Mohamed Alhellow, Director	✓	✓	✓	✓	✓	✓	6	100%

1. Appointed as Vice Chairperson of the Board at the BCFC Board meeting on 30 October 2024.
2. Retired from his position as Group Chief Executive of Bank of Bahrain and Kuwait B.S.C. ("BBK") on 18 August 2024.
3. Appointed as a Director on 29 October 2024, succeeding Dr. AbdulRahman Saif upon his retirement from the Bank of Bahrain and Kuwait B.S.C. ("BBK").
4. A senior management member informed the Board of a potential commercial partnership between the company and another well-renowned organization. Due to a perceived conflict of interest, the conflicted senior management member, who serves as a Board Member in that organization, absented themselves from the discussion and approval process. After discussions, the Board authorized the partnership to be in accordance with legal and regulatory requirements at arms' length basis on commercial terms.
5. Several Board Members declared a conflict of interest regarding an agenda item. They absented themselves from the discussion and decision-making process on this matter.

Additionally, where there is a potential for conflict of interest, or there is a need for impartiality in relation to a subject or proposed transaction where a conflict of interest exists, the Board shall form ad hoc Board sub-committees, comprising of a sufficient number of non-banking and non-conflicted Board members capable of exercising independent, objective judgment. This is to ensure that the Board members discharge their duties with a high degree of integrity and loyalty, taking into account applicable laws, codes and regulations. In this regard, the Board disclosed the areas that featured discussions and decision-making where potential conflicts of interest might engage, and where the respective members absented themselves to avoid conflict of interest. In 2024, the Board formed two Board ad hoc Sub-committees to review and approve the refinancing proposals for the loan maturities in 2024. The Board ad hoc sub-committee convened and the meetings were attended as follows:

Board Sub-Committee Meetings	09 Apr.	22 Dec.
Mr. AbdulRahman Yusuf Fakhro, Chairperson	✓	Virtual
Mr. Reyadh Yusuf Hasan Sater, Vice Chairperson	✓	Virtual
Sh. Salman Bin Isa Al-Khalifa, Member	✓	Virtual
Mrs. Najla Mohamed Al Shirawi, Member	Virtual	Virtual

C. Key Persons Dealing Policy

The Company has in place a Key Persons Dealing Policy to ensure that insiders are fully aware of the regulatory requirements regarding dealing with BCFC shares, with the objective of preventing abuse of inside information. A Key Person is defined as a natural person or a juristic person that possesses or has access to price-sensitive information, from time to time, by nature of their duties performed. Key persons are Board of Directors, senior management and other persons or third parties as decided by the Company's Board. The Group's Head of Compliance maintains at all times an updated Register of Key Persons and makes immediate notification to Bahrain Bourse of their dealings in the Company's shares.

D. Board of Directors Committees

1. Executive Committee

In accordance with Article (19) and (20) of the Company's Articles of Association and Article (1.6) Paragraph (1) of the Board of Directors Charter, the Executive Committee is delegated with a defined scope of duties and authorities in relation to BCFC, TRESCO and TISCO and to review and make recommendations to the whole Board in respect of the aforementioned scope of duties and authorities as per the Executive Committee Charter.

The Executive Committee is comprised of a minimum of three members, who are not members of the ARCC, appointed by the Board of Directors and at least one member shall be independent. Currently and as disclosed last year, the Committee has in place four members, one of whom is an independent member [who is already a member of the ARCC] and is not in line with the Company's policy. This internal requirement for an independent member within the Committee composition was substantiated as necessary to ensure independence. This was communicated with the relevant department and obtained CBB approval. In accordance with its charter, the Executive Committee has the role of reviewing reports and activities, taking decisions on issues within its defined authorities and recommending to the Board of Directors on other issues that are above its authorities, where applicable. These responsibilities and authorities cover a wide area ranging from credit approvals, write-offs, strategy, business planning, donations, signing and investment authorities.

D. Board of Directors Committees (continued)

1. Executive Committee (continued)

To ensure full discharge of duties, the Executive Committee shall convene its meetings regularly as required, but with a minimum of four meetings per annum. In 2024, the Executive Committee held four ordinary meetings and one unscheduled meeting. The meetings were attended as follows:

Committee Member	21 Apr.	08 May. ‹1›	09 Jul.	02 Oct.	27 Nov.	Total	Attendance Percentage
Sh. Salman Bin Isa Al-Khalifa, Chairperson	✓	✓	✓	✓	✓	5	100%
Dr. AbdulRahman Ali Saif, Vice Chairperson ‹2›	✓	Virtual	✓			3	100%
Mr. Yaser Abduljalil Alsharifi, Vice Chairperson ‹3›					✓	1	100%
Mr. AbdulAziz Abdulla Al-Ahmed, Member	✓	Virtual	✓	✓	Virtual	5	100%
Mr. Ebrahim Abdulla Buhindi, Member	Absent	✓	✓	✓	✓	4	80%

1. An unscheduled meeting was held to discuss a few agenda items including one that required the Committee's attention and decision before making a final recommendation to the Board.
2. Retired from his position as Group Chief Executive of Bank of Bahrain and Kuwait B.S.C. ("BBK") on 18 August 2024.
3. Appointed as a Director on 29 October 2024, succeeding Dr. Abdulrahman Saif upon his retirement from Bank of Bahrain and Kuwait B.S.C. ("BBK") and appointed as a Vice Chairperson of the Executive Committee at the Executive Committee meeting held on 27 November 2024.

2. Audit, Risk and Compliance Committee ("ARCC")

In accordance with Article (19) and (20) of the Company's Articles of Association, and with the objective of assisting the Board of Directors (the Board) in fulfilling its responsibilities and duties, the Audit, Risk and Compliance Committee is delegated with defined scope of roles and authorities related to Company's Audit, Risk Management and Compliance matters, in accordance with the relevant rules and regulations.

The Committee must have at least three directors of which the majority must be independent and have no conflict of interest with any other duties they have and must be appointed by the Board of Director for a three-year term. The Committee will elect a Chairperson and Vice Chairperson. The Chairperson of the Committee must be an independent director under the criteria stated in the Corporate Governance Code. However, and as disclosed last year, the Committee composition was not in line with the requirements, since the majority of the committee members were not independent directors, this was communicated with the relevant department and obtained CBB approval. The CEO and other Senior Management of the Company must not be members of the Committee.

The Board Audit, Risk and Compliance Committee ("ARCC") assists the Board of Directors, in overseeing the responsibilities for the financial reporting process, the system of internal control and the audit process, monitoring compliances with the Company's policies and procedures and overall risks related to the Group's operations and matters pertaining to anti-money laundering relevant to regulatory requirements. Consistent with this function, the Committee encourages continuous improvement of, and fosters adherence to, the Company's policies, procedures, and sound practices at all levels.

The Committee must receive internal and external audit, risk management and compliance reports and ensure that Senior Management is taking necessary corrective actions in a timely manner to address any control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by external auditors, the Chief Internal Audit, Head of Risk Management, and Head of Compliance and other control functions.

The Committee directs the role and assesses the performance of the Internal Audit, Risk Management, Compliance and Anti-Money Laundering Departments. The Committee is also responsible for developing and recommending to the Board risk related policies and the Company's risk management framework reviewing those policies at least once a year in compliance with the regulatory requirements, additionally reviewing and recommending to the Board all policies related to the operations of the Company. The Committee reviews and recommends any amendments to the Company's Memorandum and Articles of Associations in consultation with a legal counsel. The Committee reviews and challenges where necessary, the actions and judgment of management, in relation to the interim and annual financial statements before submission to the Board.

Additionally, the Chief Executive Officer and Chief Financial Officer shall certify in writing to the ARCC Committee and the Board as a whole the Company's interim and annual financial information / statements.

The Committee is authorized by the Board to seek appropriate professional advice inside and outside of the Company as and when it considers this necessary at the Company's expense. To ensure full discharge of duties, the Committee shall convene its meetings regularly as required, but with a minimum of four meetings per annum. In 2024, the Audit, Risk and Compliance Committee held five ordinary meetings. The meetings were attended as follows:

Committee Member	20 Feb.	05 May.	24 Jul.	23 Oct.	08 Dec.	Total	Attendance Percentage
Mr. Yusuf Saleh Khalaf, Chairperson	✓	✓	✓	✓	✓	5	100%
Mr. Mishal Ali Mohamed Alhellow, Vice Chairperson	✓	✓	✓	✓	Virtual	5	100%
Mr. Ebrahim Abdulla Buhindi, Member	✓	✓	Absent ‹1›	✓	Absent ‹1›	3	60%
Mr. Mohamed Abdulla Isa, Member	✓	✓	Virtual	Virtual	Virtual	5	100%

1. Apology for absence was received due to illness.

3.Nomination, Remuneration, Sustainability and Governance Committee ("NRSG")

The Nomination, Remuneration, Sustainability and Governance Committee is comprised of at least three directors, appointed by the Board. The Nomination, Remuneration, Sustainability and Governance Committee provides advice and makes recommendations to the Board on matters related to the nomination and appointment of Directors, memberships to all Committees of the Board, Directors to the Boards and memberships of Executive Committees of the Company's subsidiaries, the Chief Executive Officer or his delegate and controlled functions under Bahrain Credit, the General Managers or his Delegate of all the subsidiaries of the Group and the Secretary to the Board.

The Nomination, Remuneration, Sustainability and Governance Committee reviews and makes recommendations to the Board on all matters of remuneration and compensation of Directors and the remuneration of the Chief Executive Officer, General Managers or their delegates of the subsidiaries and the Secretary to the Board, the bonus, share option, redundancy, and termination payment policies of the Company. The Committee assesses the roles of the Chief Executive Officer or his delegates, all the General Managers or their delegates of the subsidiaries, and Secretary to the Board. Moreover, the Committee reviews and approves the salary and bonus payments for the CEO's direct reports. The Committee also ensures that failure is not rewarded and that the duty to mitigate loss is fully recognized. Additionally, the Committee determines the policy for the disclosure of Directors and Executive Management's remuneration for approval of the Board of BCFC.

The Committee evaluates and recommends Corporate Governance policies, practices, and guidelines applicable to the Board and the Company. The Committee also reviews and makes recommendations to the Board on all matters relevant to Corporate Governance to coordinate and integrate the implementation of the governance policy framework. In addition, the Board of Directors delegates their responsibilities towards Environmental, Social and Governance (ESG) as outlined in the Group's ESG policy.

The Board of Directors also appoints the role of the Group's Corporate Governance Officer in order to assist the NRSG Committee in fulfilling its responsibilities and duties pertaining to the process of reviewing on an annual basis the Corporate Governance disclosure guidelines in the Company's annual report to ensure that the scope of the disclosure is in line with the Corporate Governance Code, High Level Control Module, Public Disclosure Module, and other Corporate Governance matters., He/she also assesses the Board and the Committee's composition and carries out an annual test of directors' independence and subsequently reports the results to the NRSG Committee. In addition, the Group's Corporate Governance Officer provides support in the process of evaluating and recommending Corporate Governance policies, practices, and guidelines applicable to the Board and the Company.

D. Board of Directors Committees (continued)

3.Nomination, Remuneration, Sustainability and Governance Committee ("NRSG") (continued)

The Committee shall meet as necessary to ensure full discharge of duties based upon a request of the Chairperson, Vice Chairperson or the Chief Executive Officer. The Committee shall convene not less than two meetings each year. In 2024, the Nomination, Remuneration, Sustainability and Governance Committee convened two ordinary meetings and two unscheduled meetings. The meetings were attended as follows:

Committee Member	28 Jan.	14 Feb. ‹1›	10 Jun. ‹1›.	11 Dec.	Total	Attendance Percentage
Mr. AbdulRahman Yusuf Fakhro, Chairperson	✓	✓	✓	✓	4	100%
Mrs. Najla Mohamed Al Shirawi, Vice Chairperson	✓	✓	Virtual	Virtual	4	100%
Mr. Ebrahim Abdulla Buhindi, Member	✓	✓	Absent	✓	3	75%

1. Unscheduled meetings were held to discuss various agenda items that required the Committee's attention and decisions before making final recommendations to the Board.

4. BCFC Board-Independent Directors Committee

The Committee shall comprise of three or more independent directors selected by the Board (after nomination by the Nomination, Remuneration, sustainability and Governance (NRSG) Committee, who should be free from any responsibility or relationship that, in the opinion of the Board would interfere with the exercise of his/her independent judgment as a member of this Committee. The Chairperson of the Committee shall be an Independent Director and the appointed Secretary or the Secretary to the Board or Assistant Secretary to the Board shall serve as Secretary to the Committee.

The primary objective of the Committee is to assist the Board of Directors in managing potential conflicts of interest between the strategy and interests of controlling shareholders and the Company, ensuring impartiality in all cases. The Committee also ensures that majority shareholders consider the needs of minority shareholders and other stakeholders. Additionally, if there are multiple controlling shareholders (more than 10%) who can act together, the Committee is responsible for safeguarding the interests of all shareholders and key stakeholders.

The Committee shall meet annually or more frequently as circumstances warrant to address various matters. These include reviewing and recommending items referred by the Board that may involve conflicts of interest, identifying controlling shareholders at the start of the year to pinpoint significant transactions or investments for discussion, and conducting an annual review of key transactions or activities approved by the Board to ensure they benefit all stakeholders, not just majority shareholders. Additionally, the Committee is responsible for protecting the interests of minority shareholders, allowing individual members to propose discussion items if any actions or approvals potentially infringe on minority shareholders' rights.

The Committee is authorized by the Board to conduct or authorize investigations and reviews within its scope of responsibility. It can seek information from any officer or employee of the Company or its subsidiaries, as well as from external parties, and may obtain outside legal or independent advice at the Company's expense. The Committee is entitled to review the workings of the Management Committees of both the Parent and Subsidiary companies. It makes recommendations to the Board for approval or final decision but has no executive powers regarding its findings. The independence of each Independent Board Member shall be reviewed annually by the Board, based on disclosed interests, and each Independent Member must provide the Board with necessary and updated information for this purpose.

To ensure full discharge of duties, the BCFC Board-Independent Directors Committee held two unscheduled meetings in 2024. The meetings were attended as follows:

Committee Member	12 May.	06 Oct.	Total	Attendance Percentage
Mr. AbdulRahman Yusuf Fakhro, Chairperson	✓	✓	2	100%
Mr. Reyadh Yusuf Hasan Sater, Member	✓	✓	2	100%
Mr. Yusuf Saleh Khalaf, Member	✓	✓	2	100%
Mrs. Najla Mohamed Al Shirawi, Member	✓	✓	2	100%
Mr. Ebrahim Abdulla Buhindi, Member	✓	✓	2	100%

E. Risk Management

BCFC is committed to uphold the highest standards of risk management in alignment with the international best practices on risk management as reflected by the regulatory requirements of the Central Bank of Bahrain, recognizing the critical importance of risk management in maintaining its financial stability and supporting its strategic objectives. The ultimate responsibility for Risk Management in the Group remains with the Board of Directors. The Board approves appropriate credit, liquidity, market, and operational and any other risk policies based on the advice and recommendations of the Board Audit, Risk and Compliance Committee. These policies are designed to ensure that the Group effectively identifies, assesses, and mitigates risks while remaining agile in a dynamic market environment.

The Company has a Head of Risk Management which is independent of business lines and the day-to-day running of the various business areas and is separate from the Internal Audit and Compliance function, ensuring a clear segregation of duties and enhancing the integrity of the risk management framework. In addition, the Head of the Risk Management Department reports directly to the Board Audit, Risk and Compliance Committee, has full access to the Board of Directors, and administratively to the Chief Executive Officer.

The Group's risk management policies are in place to identify and analyze risks, define risk tolerance, establish appropriate limits and controls, and monitor risk and compliance. Risk management policies are reviewed on a regular basis to ensure they remain relevant in light of changing market conditions, regulatory requirements and the Group's strategic direction.

The Group's risk management framework is promoting a proactive and responsible risk culture across the Group. Employees are equipped with the necessary knowledge through comprehensive training programs, enabling them to understand their roles and responsibilities within the risk management framework. By embedding risk awareness into the corporate culture, creating a resilient control environment that supports sustainable growth and long-term value creation for stakeholders.

F. Compliance and Anti-Money Laundering

BCFC is fully aware of its responsibilities in observing all regulatory provisions and best international practices in relation to its functioning. It is committed to complying with international best practices on compliance and anti-money laundering as reflected by the regulatory requirements of the Central Bank of Bahrain.

The Company has a Head of Compliance and Money Laundering Reporting Officer (MLRO). These functions are independent of business lines and the day-to-day running of the various business areas and are separate from the Internal Audit function. In addition, the Head of Compliance and Money Laundering Reporting Officer reports directly to the ARCC Committee and has full access to the Board of Directors and administratively to the Chief Executive Officer.

The Company has in place clear strategies, frameworks, and risk-based plan for compliance to identify, monitor and test compliance and money laundering risks, and put right controls on a regular and in an ongoing basis. The Company also retains an approved Compliance and Anti-Money Laundering Policies, which are reviewed annually and when required, if there is any change or update in the regulations, reviewed by the ARCC and are approved the Board. These policies contain Customer Due Diligence measures, procedures for identifying and reporting suspicious transactions, an annual awareness programme for staff training, record keeping requirements and documentation.

The Group's Compliance and MLRO ensures implementation of applicable regulatory requirements on a group-wide level to the subsidiaries and branches. The AML is subject to annual independent review and examination by External Audit/Independent Third Party, and Internal Audit.

G. Environmental, Social and Governance / Sustainability

The Group's Risk Management Strategy is a cornerstone of our corporate governance, ensuring the prudent and effective handling of financial and non-financial risks that could impact our operations, including Environmental, Social, and Governance (ESG) factors. Guided by BCFC's Board of Directors, and in alignment with the Central Bank of Bahrain's requirements, the strategy incorporates a robust framework for risk identification, evaluation, and mitigation, supported by continuous monitoring and a proactive approach to the evolving risk landscape. Through ESG materiality assessments, measurable goals, and a cross-functional ESG taskforce, the Group integrates sustainability into its risk processes, promotion a disciplined control environment and empowering employees to contribute to long-term resilience and value creation for stakeholders.

H. Corporate Governance

The Group Head of Compliance also assumes the responsibilities of the Group Corporate Governance Officer and in this context, he supports the NRSG Committee in the process of reviewing on an annual basis the Corporate Governance disclosure guidelines in the Company's annual report to ensure that the scope of the disclosure is in line with the Corporate Governance Code, High Level Control Module, Public Disclosure (PD) Module, and other Corporate Governance matters. He also assesses the board and the committees composition and carries out an annual test of directors' independence and then reports the results to the NRSG Committee. In addition, he supports the process of evaluating and recommending Corporate Governance policies, practices, and guidelines applicable to the Board and the Company. The appointment of the Group Governance Officer is subject to the approval of the NRSG Committee.

I. Internal Audit

BCFC is committed to maintaining the highest standards of internal audit practices in alignment with its corporate governance framework, international standards, and the regulations of the Central Bank of Bahrain. The Internal Audit Department operates as an independent assurance function, reporting functionally to the Board Audit, Risk, and Compliance Committee and administratively to the Chief Executive Officer.

The Internal Audit Department plays a vital role in evaluating the effectiveness of governance, operations, and internal controls across the Group. Guided by a risk-based audit plan, the department prioritizes regulatory compliance and operational efficiency to support the Group's strategic objectives. Audit findings and progress updates are regularly presented to senior management and the Board of Directors, reinforcing a culture of accountability and transparency.

The Internal Audit Department undergoes regular external quality assurance reviews to ensure alignment with best practices and continuous improvement.

J. Management Committees

The Group has established a comprehensive governance framework through its management committees, designed to oversee critical areas of the Group's operations and ensure alignment with its strategic objectives. The committees play an essential role in driving effective decision-making, enhancing operational oversight, and ensuring adherence to regulatory requirements, industry standards, and best practices.

These management committees are chaired by the Chief Executive Officer (CEO), with a well-defined term of reference for each committee, outlining its specific responsibilities and decision authority. Collectively, these committees ensure robust oversight of the Group's financial and non-financial performance and address the dynamic requirements ensuring effective integration of corporate governance. The management committees meet regularly to discuss and approve critical decisions, monitor performance, and address emerging challenges.

a. Assets and Liabilities Committee ("ALCO").

b. Credit Committee.

c. Risk Management Committee.

d. Impairment and Provisioning Committee.

e. Senior Human Resources Committee.

f. Cyber and Information Security Committee.

g. Investment Committee.

h. Write off Committee.

i. Marketing Committee.

j. Other Committees – Established to oversee specific aspects of the Group's operations, ensuring comprehensive governance and control across all areas.

K. Remuneration Policy

a. Board Remuneration

The Company's remuneration practices are aligned with the guidelines and rules of the CBB High-Level Controls, HC-5 Remuneration of Approved Person and Material Risk Takers duly prescribed under Volume 1: Conventional Banks.

The Company has in place policies and guidelines for the attendance and sitting fees payable to all the Directors in consideration of attending one or more of Board and Committee meetings in a financial year. This Policy reflects the Company's commitment to best practices of corporate governance in line with the legal and regulatory requirements and is intended to remunerate its Board and Committee members fairly and responsibly. The Policy ensures that the remuneration of Board and Committee members is sufficient to attract, retain and motivate persons of quality and desired competencies needed to run the Company successfully. The Remuneration Policy of the Company applies to all the Boards of Directors of the Parent Company, its Committees, the Boards of its Subsidiaries, and any other Committee of a subsidiary formed from time to time.

The structure and level of the compensation for the Board and Committee Members are as follows:

(a) A fixed amount representing an annual remuneration fee approved by the Shareholders at the AGM; and

(b) Attendance fees payable to members attending different Board-related committees' meetings.

b. CEO and Management Remuneration

The performance and remuneration of the CEO is reviewed by the Nomination, Remuneration, Sustainability and Governance Committee and approved by the Board. The remuneration of the Chief Executive Officer's direct reports is reviewed and approved by the Nomination, Remuneration, Sustainability and Governance Committee. Furthermore, the Board takes into consideration the following dimensions to remunerate the CEO:

1. The bonus is discretionary and decided by the board depending on the profitability of the Company, i.e. the bottom line not the top line.
2. The strength of internal controls and risk management practices.
3. Lending growth in each product.
4. Meeting all the funding requirements needed to ensure the growth of the Company.
5. Quality of loan portfolio and levels of non-performing loans.
6. Meeting agreed upon strategic objectives both financial objectives and non-financial objectives.

K. Remuneration Policy (continued)

c. Directors Remuneration

Every director shall be entitled to receive gross remuneration as Director Sitting Fees, when approved by the Annual General Meeting per annum. The Directors' remuneration shall not exceed 10% of the net profits after deducting the statutory and general reserves and distributing dividends of no less than 5% of the Company's paid-up capital to the shareholders:

a) As per the Attendance Fees and Remuneration Policy, a director shall be also paid quarterly in arrears for his services during the term of his appointment attendance fees in consideration of attending one or more of the Board Committees;
b) A 50% of the attendance fees shall be paid to the members of the executive management occupying memberships of the automotive companies' executive committees and TISCO Board of Directors;
c) A 100% of the attendance fees shall be paid to the independent and non-executive directors in order attract and retain talents for the best interest of the Company;
d) The Board shall ensure disclosure of all remuneration and benefits received by the directors during the financial year in the company's annual reports and make it available at shareholders' meetings; and
e) The nominating shareholder shall be entitled to the amounts due to be paid to its representative on the company's Board of Directors of any kind whatsoever. The Chairperson of the Board shall pay such amounts to the treasury of the said shareholder within one week from their due date. The latter shall be empowered to fix the remuneration and salaries to be paid to such a representative.

L. Related Party Policy

The Company has in place a policy which is set out to define the related parties, related transactions and how the Company discloses information related to conflict of interest, loans, and credit facilities. The policy applies to the Directors, Key Management Personnel, Approved Persons, Senior Management and Staff, including transactions between the Company and its Subsidiaries. It also covers within its scope credit facilities granted to, purchases made from, joint ventures and business agreements.

M. Communication Strategy/Policy:

The Company has a clear policy in relation to communication with its stakeholders, shareholders, and employees, customers, Government bodies, Regulator and society and has approved Corporate Communication Policy Guidelines. Shareholders are invited by the Chairperson of the Board to attend the Annual General Meeting in the presence of the Chairperson and other directors including the Executive Committee Chairperson, the Nomination, Remuneration, Sustainability and Governance Chairperson, Audit, Risk and Compliance Committee Chairperson, the Chairpersons of subsidiaries' boards and the External Auditors, who are available to answer any questions raised by shareholders or media representatives with regard to the operations and performance of the Company. Additionally, the Company is cognizant and fully aware of its regulatory and statutory obligations regarding dissemination of information to its stakeholders. Without prejudice to the disclosure standards, guidelines on key persons and other requirements of the relevant statutory bodies, financial and non-financial corporate information is provided by the Company on all events that merit announcement, either on its website: www.bahraincredit.com.bh or through local newspapers, Bahrain Bourse website or other means of communication. The company's annual report and three year's financials; the Charters of the Board and its Committees are made available on the Company's website. The website features a specific section that is related to investors' and shareholders' relations in general and describes shareholders' rights to participate and vote at each shareholders' meeting that include documents relating to meetings with full text of notices and minutes. Internally, electronic mail and departmental portals are used for communicating with the Company's staff on general matters and sharing information of common interest and concern. At board level, there is an easy-to-use electronic web-based portal that is aimed at automating all board works and providing Board Members with secure, real-time access to the Board's and Committees' materials and archives.

N. Approved Persons Policy

a. Controlled Functions

The Company adheres to all the CBB requirements regarding the "approved persons" "fit and proper" conditions Approval of the CBB is obtained prior to the appointment for controlled functions. Controlled functions (i.e., Approved Person) are those of:

1. Board Member
2. Chief Executive Officer or General Manager;
3. Deputy CEO;
4. Head of Function;
5. Compliance Officer; and
6. Money Laundering Reporting Officer.

N. Approved Persons Policy (continued)

b. Key Functions

Each approved person must inform the entire board of (potential) conflicts of interest in their activities with, and commitments to other organisations as they arise. Board members must abstain from voting on the matter in accordance with the relevant provisions of the Company's Law (The Commercial Companies Law). This disclosure must include all material facts in the case of a contract or transaction involving the approved person. The approved persons must understand that any approval of a conflicted transaction is effective only if all material facts are known to the authorising persons and the conflicted person did not participate in the decision. In any case, all approved persons must declare in writing all of their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of the Company, a manager, or other form of significant participation) to the Board (or the Nominations or ARCC Committees) on an annual basis.

O. Employment of Relatives Policy

The Company has in place a board approved policy on the employment of relatives of approved persons that are embedded in various policies. The Chief Executive Officer/ General Manager of the Company shall disclose to the Board of Directors, on an annual basis, relatives of any approved persons occupying controlled functions within the Company, if any.

P. Code of Conduct

BCFC strives to promote the highest standard of professional ethical norms and values towards its stakeholders (i.e. customers, employees, regulators and the community) including 10 Principles of Business detailed in Volume 5 of CBB Rule book and other ethical values as per the following:

a) Principles 1 to 8 apply to approved persons in respect of the controlled function for which they have been approved.

b) Principles 1 to 8 do not apply to behaviour by an approved person with respect to any other functions or activities they may undertake. However, behaviour unconnected to their controlled function duties may nonetheless be relevant to an assessment of that person's fitness and propriety.

1. Principle 1 – Integrity

The Company must observe high standards of integrity and fair dealing. It must be honest and straightforward in their dealings with customers and provide full disclosure of all relevant information to customers, as required by CBB's and regulatory bodies' regulations and directives.

2. Principle 2 – Conflicts of Interest

The Company must take all reasonable steps to identify, and prevent or manage, conflicts of interest that could harm the interests of the customer.

3. Principle 3 – Due Skill, Care and Diligence

The Company must act with due skill, care, and diligence.

4. Principle 4 – Confidentiality

The Company must observe in full any obligations of confidentiality, including with respect to client information. This should not override lawful disclosures.

5. Principle 5 – Market Conduct

The Company must observe proper standards of Market Conduct and avoid action that would generally be viewed as improper.

6. Principle 6 – Customer Assets

The Company must take reasonable care to safeguard the Assets of Customers for which they are responsible.

7. Principle 7 – Customer Interests

The Company must pay due regard to the legitimate Interests and Information needs of its customers and communicate with them in a fair and transparent manner and, when dealing with customers who are entitled to rely on advice or discretionary decisions, must take reasonable care to ensure the suitability of such advice or decisions.

8. Principle 8 – Relations with Regulators/Supervisors

The Company must act in an open and cooperative relationship with the CBB and other regulatory/supervisory bodies whose authority they come under. It must take reasonable care to ensure that activities comply with all applicable laws and regulations.

9. Principle 9 – Adequate Resources

The Company must maintain adequate resources, whether human, financial or otherwise, sufficient to run the business in an orderly manner.

10. Principle 10 – Management, Systems & Controls

The Company must take reasonable care to ensure that affairs are managed effectively and responsibly, with appropriate Management, Systems and Controls in relation to the size and complexity of operations. The Company's systems and controls, as far as is reasonably practical, must be sufficient to manage the level of risk inherent in their business and ensure compliance with the CBB requirements.

11. For the protection of all parties with whom the Company deals with, written contracts and agreements should be provided to all parties involved.

12. The Company is committed to creating openness and transparency in the Company's operations.

13. The Company is committed to achieving customer excellence. Complaint handling procedures are in place and the results are continuously reviewed.

14. The Company should ensure that all approved persons submit their conflict of interest declarations on an annual basis. Further, the annual declarations by the approved person pertaining to conflict of interest other than dealing in shares must be updated in the Code of Conduct.

Q. Whistleblowing Policy

a) This Whistle Blowing Policy is in furtherance of the desire of the Board of Directors of Bahrain Commercial Facilities Company (BCFC) and its subsidiaries to strengthen the company's system of integrity and the fight against corruption and related offences.

b) Whistle blowing encourages and enables employees to raise serious concerns within the Company rather than overlooking a problem or 'blowing the whistle' outside.

c) Employees are often the first to realize and detect a potential wrongdoing that may affect the company financially or from a reputational risk perspective.

R. General Guidelines

a) Business Plans

The strategic planning exercise for the Company is conducted every three years. Operating plans are created on an annual basis. The strategic plan is approved by the BCFC Board and the operating plans are reviewed by the Executive Committee/subsidiary Boards and approved by the BCFC Board. The strategy to be reviewed by the Board on an annual basis.

b) Board Members

The Board and its members shall continually educate themselves as to the Company's business and corporate governance. At a minimum, they individually and collectively should:

1. Act with honesty, integrity and in good faith, with due diligence and care, with a view to the best interest of the Company and its shareholders and other stakeholders;
2. Act within the scope of their responsibilities and not participate in the day-to-day management of the Company;
3. Have a proper understanding of, and competence to deal with the affairs and products of the Company and devote sufficient time to their responsibilities; and
4. To independently assess and question the policies, processes and procedures of the Company, with the intent to identify and initiate management action on issues requiring improvement. (i.e. to act as checks and balances on management).

c) Maintenance of The Policies

The Board shall annually review, approve and amend, if it sees necessary as part of the regulatory requirements, its Corporate Governance Policies at the first scheduled meeting of the new calendar year.

d) Controllers

The Company shall obtain prior approval from the CBB in respect of any changes in the Company's controllers as defined by the CBB's guidelines or otherwise comply with the notification of the CBB following the resignation/ termination/retirement of a controller, as applicable.

e) Financial Penalties

Any financial penalty resulted from violating any of the CBB rules and regulations or as part of the rulebook shall be duly disclosed in the annual report in line with the regulatory requirements. No penalties were levied against BCFC during the year 2024.

f) Disclosure of Write off

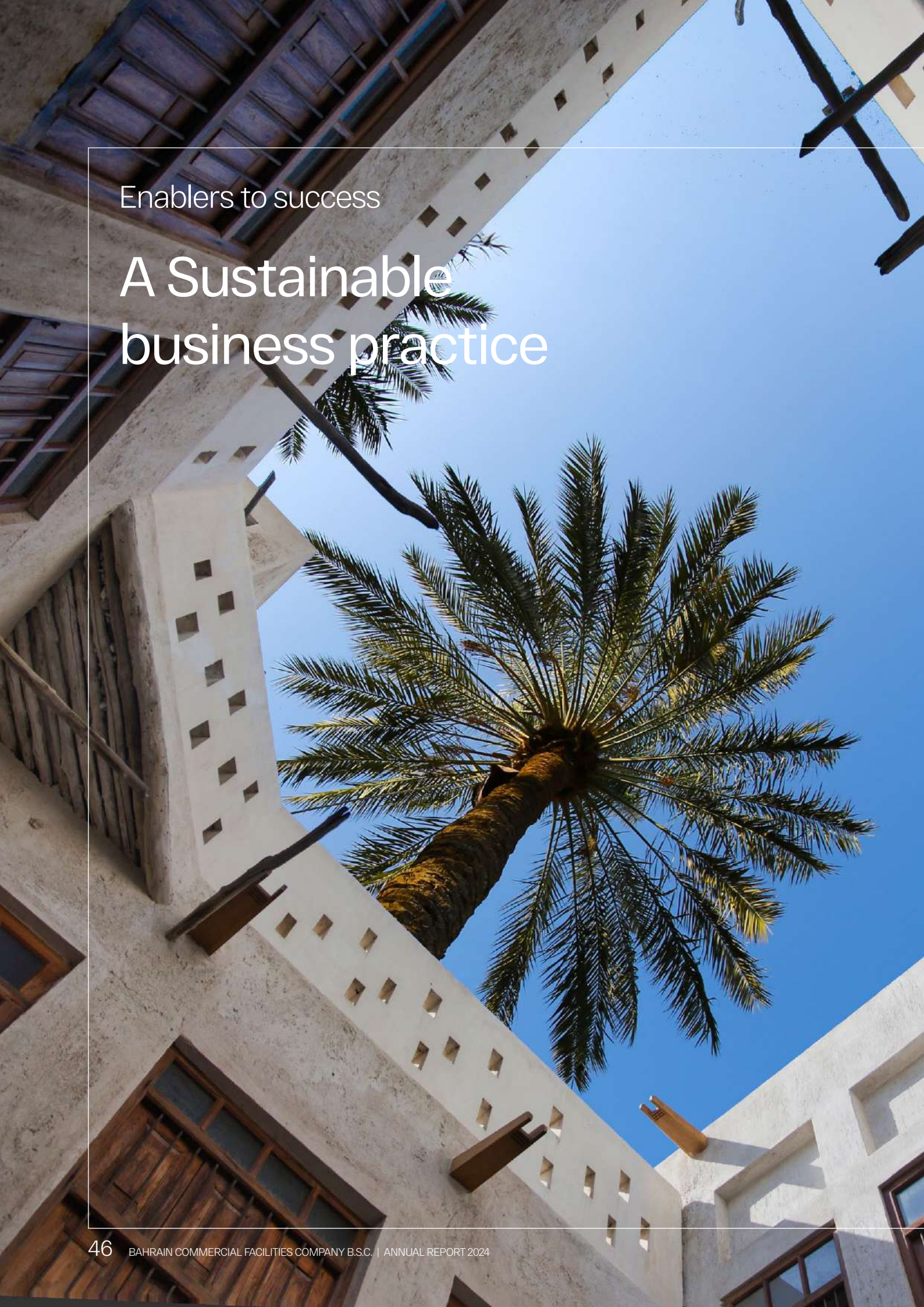
Any written-off exposures equal to or in excess of BHD 100,000 should be notified to the CBB as per the specified rules and regulations.

g) Remuneration of Board Members, Senior Management and Fees Paid to External Auditor

The detailed remuneration paid to the Board Members individually and aggregate remuneration paid to top six senior management personnel are disclosed in the Chairperson's Report which is also published on the website of Bahrain Bourse. Ernst & Young are the Group's external auditors for the financial year ended 31 December 2024. The Group total audit and quarterly review services fees for the year ended 31 December 2024 amount to BHD 70,400/-. Other attestation services fees amount to BHD 21,787.5/- which include CBB related mandatory review requirements under the Agreed Upon Procedures engagement. Given the performance achieved by the External Auditor, BCFC will re-appoint Ernst & Young are the Group's external auditors for 2025.

h) Others

1. Besides fulfilling the compliance/licensing requirements, the Company strives to adopt related best practice standards issued by the Central Bank of Bahrain, Bahrain Bourse, local and/or international organizations.
2. A summary of the Corporate Governance Policies shall be produced by the Board and incorporated in the Company's annual report.



Enablers to success

A Sustainable business practice



We are committed to sustainable progress in line with Bahrain's vision 2030. Through innovation and social responsibility, we empower communities, creating a positive impact on society and the environment. By collaboration, integrity, and customer focus, we advance towards a sustainable future.

Enforcing responsible lending and borrowing

We are committed to enforcing responsible lending and borrowing practices by prioritizing transparency and informed decision-making for our customers. We provide comprehensive financial education and tailored solutions to ensure that clients fully understand their options and can manage their obligations effectively.

Driving conventional, and SME finance

We are actively driving conventional and SME finance by offering tailored financial solutions that meet the diverse needs of businesses. Our dedicated support for small and medium enterprises ensures they have access to the resources necessary for growth and sustainability in a competitive market.

Serving all members of our community

We are dedicated to serving all members of our community by providing inclusive financial solutions that cater to diverse needs. Our commitment to accessibility ensures that individuals and businesses alike can benefit from our services, fostering economic growth and empowerment for everyone.

SUSTAINABILITY REPORT

"A Legacy of Responsibility, A Future of Sustainability"

Our Sustainability Strategy Statement is centered on innovation, social responsibility, and ethical conduct, making a positive impact on society and the environment.



For decades, Bahrain Commercial Facilities Company (BCFC) has been committed to sustainability, evolving from a financial institution into a driver of positive environmental, social, and governance impact. We have shaped a legacy built on trust, responsibility, and contribution to Bahrain's economic and social development. "From the earliest days of our operations, our impact has extended beyond financial services, reaching the heart of the communities we serve. "

What began as a commitment to empowering individuals and businesses has naturally evolved into a broader responsibility—one that acknowledges the interconnection between financial success, social well-being, and environmental sustainability. Even before formally integrating ESG into our business strategy, our core values have always emphasized integrity, responsible growth, and creating a positive impact.

As the global and regional financial landscapes evolve, so do the expectations placed on businesses. Sustainability is no longer a choice—it is a necessity. With increasing emphasis on Environmental, Social, and Governance (ESG) standards, organizations must go beyond financial performance to demonstrate their contributions to a more sustainable future. For BCFC, this shift is not just about compliance—it is about leading by example.

Our enhanced focus on sustainability aligns with the Kingdom of Bahrain's Vision 2030, the 2035 national emissions targets, and the Net-Zero 2060 Strategy, as well as the introduction of the ESG Module by the Central Bank of Bahrain (CBB). These initiatives mark a defining moment for sustainability within the financial sector, and BCFC is committed to integrating ESG principles into our governance, operations, and corporate culture.

This report serves as a testament to our ESG journey, capturing the progress made in 2024, the challenges we are addressing, and the ambitions we are setting for the future. As you navigate through the sections ahead, you will discover how BCFC is embedding ESG into its governance framework, strategic objectives, and operational initiatives—ensuring a more responsible, resilient, and sustainable future for all.

> *"With a firm commitment to sustainability guiding our way, we now turn to the foundation of our ESG journey—governance. A strong governance framework ensures that sustainability is embedded in our decision-making, strategy, and corporate culture."*

Sustainability Governance

At BCFC, strong governance is the foundation of our sustainability journey, ensuring accountability, transparency, and long-term value creation. Our governance structure is designed to integrate Environmental, Social, and Governance (ESG) considerations and Corporate Social Responsibility (CSR) commitments into corporate decision-making, aligning with regulatory requirements, industry best practices, and BCFC's strategic vision.

Our Sustainability Strategy provides a structured roadmap that ensures ESG principles and CSR initiatives are embedded across our operations. It establishes a governance framework that drives compliance, accountability, and strategic ESG decision-making at all levels, reinforcing BCFC's commitment to ethical business practices and positive societal impact.

Our approach to governance:

- Align with the Kingdom of Bahrain's Vision 2030 and international sustainability frameworks.
- Ensure compliance with the Central Bank of Bahrain (CBB) ESG regulations.
- Drive impactful ESG decision-making through structured committees and clear oversight.

Through a comprehensive governance structure, dedicated committees, and clear accountability mechanisms, BCFC ensures sustainability is not just an aspiration but a core pillar of our business model.

Our Vision, Mission, Value

At BCFC, our Vision, Mission, and Values serve as the guiding principles that shape our business strategy and sustainability journey. They define our commitment to ethical business practices, responsible financial services, and long-term value creation for all stakeholders.

Vision

Our aim is to be a leading national organization that drive positive change, empower communities, and creates a sustainable future, leveraging Bahrain economic vision 2030.

Mission

Our mission is to provide innovative solutions and exceptional services to our customers while prioritizing sustainability, social responsibility, and ethical business practices. Through collaboration, integrity, and continuous improvement, we aim to make a positive impact on society and contribute to the well-being of our employees, customers, and communities.

Value

We are committed to sustainable progress in line with Bahrain's vision 2030. Through innovation and social responsibility, we empower communities, creating a positive impact on society and the environment. Collaboration, integrity, and customer focus drive our journey towards a sustainable future.

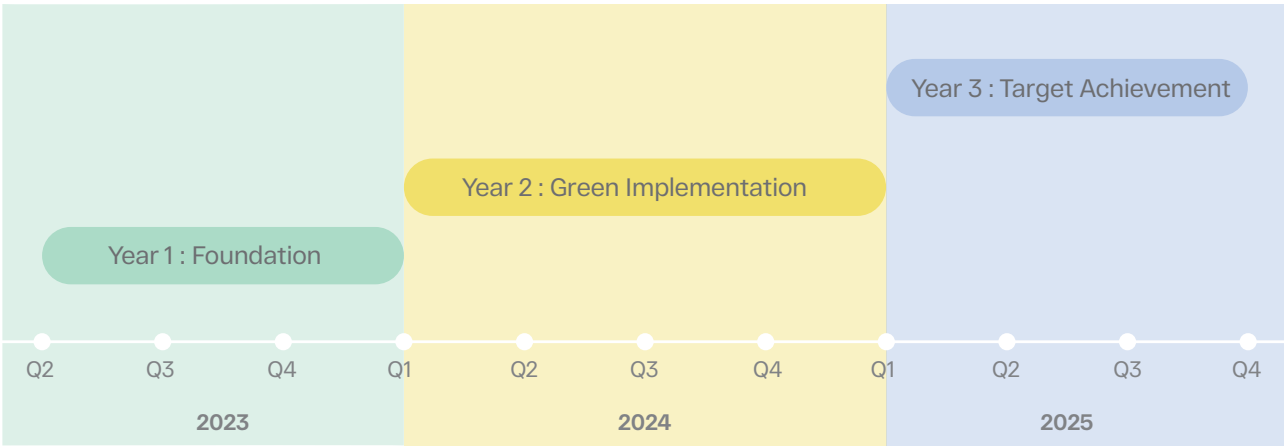
Sustainability Strategy

BCFC's sustainability strategy is designed to embed ESG principles into every aspect of our operations, aligning with both local and global sustainability frameworks. Our approach ensures that sustainability is not just a goal, but a fundamental pillar of our business growth and risk management.

BCFC's Strategy Statement:

BCFC is deeply committed to sustainability in its business practices, aligning with Bahrain's vision 2030, government action plans, and the United Nations' Sustainable Development Goals. Our strategy is centered on innovation, social responsibility, and ethical conduct, making a positive impact on society and the environment. This commitment underscores our core values of collaboration, integrity, and customer focus, driving our journey toward a sustainable future across diverse sectors within the Group's portfolio.

BCFC's Strategic 3-Year Sustainability Roadmap



At BCFC, our three-year sustainability strategy reflects our commitment to integrating ESG principles into our operations. This roadmap is designed to transition from foundation-building to full-scale implementation and continuous enhancement.

BCFC's sustainability roadmap is designed to transform commitment into action by progressing through distinct phases:

1. **Year 1: Foundation (2023)** Establishing governance, policies, and compliance frameworks.
2. **Year 2: Green Implementation (2024)** - Embedding ESG initiatives into operations, governance, and digital transformation.
3. **Year 3: Target Achievement (2025)** - Measuring and enhancing ESG outcomes, compliance, and long-term sustainability performance.

This structured approach ensures a clear and measurable progression towards full ESG integration, reinforcing BCFC's commitment to responsible and sustainable business practices.

BCFC's sustainability journey has been marked by strategic milestones, transitioning from foundational governance to full-scale ESG integration. Our structured approach ensures measurable progress, reinforcing our commitment to a responsible and sustainable future.

Year 1: Foundation - 2023

BCFC laid the groundwork for ESG integration in 2023, establishing a structured sustainability governance framework and aligning its strategic direction with Bahrain Vision 2030 and international best practices. This foundational year focused on policy development, governance structuring, and ensuring compliance readiness.

Key Achievements:

- Approval and adoption of the Group ESG Policy.
- Creation of BCFC's Sustainability Strategy and 3-Year Roadmap.
- Establishment of dedicated Sustainability and ESG-related Committees.
- Development of a comprehensive Sustainability Governance Structure.
- Execution of BCFC's first Materiality Assessment.
- Development of a bespoke Sustainability Framework.

Year 2: Green Implementation – 2024

With a strong foundation in place, 2024 focused on execution and integration, driving measurable ESG progress. BCFC fully operationalized sustainability governance, advanced digital transformation, and strengthened ESG performance tracking—all executed internally, reinforcing BCFC's commitment to self-sufficiency and resourcefulness.

Key Achievements:

Governance & ESG Integration	Digitalization & Sustainable Innovation	Performance & Compliance
• Fully operationalized the Sustainability function. • Launched the Sustainability Champions Program. • Implemented a structured ESG initiatives system. • Defined BCFC's 2024 Material Topics.	• Advanced digital transformation. • Enhanced paperless operations. • Strengthened cybersecurity and data privacy measures.	• Embedded ESG performance measurement across departments. • Conducted awareness campaigns on sustainability. • Completed a gap analysis for CBB-mandated ESG KPIs, ensuring compliance readiness • Empowered internal expertise by executing ESG governance and compliance initiatives in-house.

Year 3: Target Achievement – 2025

Having established governance structures and executed key ESG initiatives, we are now entering the final phase of its 3-year sustainability roadmap: Target Achievement (2025). This stage is focused on delivering measurable ESG outcomes, enhancing ESG data collection, and ensuring long-term sustainability performance.

Future Focus Areas:

- Enhancing ESG data collection & reporting, strengthening compliance and transparency
- Expanding climate risk assessments, ensuring resilience in a changing regulatory landscape
- Continuing digital transformation, fostering innovation and efficiency
- Strengthening employee engagement in sustainability, fostering a culture of responsibility

BCFC remains committed to achieving its sustainability targets, ensuring that our ESG strategy delivers a measurable and long-lasting impact.

Sustainability Goals

At Bahrain Commercial Financial Company (BCFC), our focus on Environmental, Social, and Governance (ESG) principles shapes our sustainability goals. These goals reflect our commitment to integrating ESG into the heart of our operations, driving positive change and fostering a sustainable future.



United Nation Sustainability Development Goals (UN SDGs) Integration

At BCFC, sustainability is not just a concept—it is embedded within our operations, decision-making, and strategic direction. Recognizing the global significance of the United Nations Sustainable Development Goals (UN SDGs), BCFC actively integrates these goals into its ESG initiatives, reporting frameworks, and financial operations, ensuring alignment with global sustainability priorities.

Our approach ensures that all sustainability initiatives are mapped to relevant SDGs, reinforcing a structured and impactful contribution to sustainable development. This mapping is facilitated through BCFC's initiative tracking system, ensuring that all ESG efforts are aligned with international sustainability standards.

Additionally, BCFC has embedded UN SDG alignment into its lending processes, allowing all loan purposes to be linked with their respective SDGs. This integration serves to:

- Strengthen responsible financing practices.
- Enhance transparency in sustainable lending.
- Promote SDG-aligned financial solutions for long-term impact.

2024 Focused SDGs

While BCFC contributes to multiple SDGs through its operations, a strategic emphasis is placed on the following three goals, as they closely align with the company's business model, sustainability objectives, and economic impact:

SDG 8: Decent Work & Economic Growth



BCFC fosters financial inclusion by supporting Individuals, Commercials, and SMEs, driving economic growth, and enhancing job creation through responsible financial products and services.

SDG 9: Industry, Innovation & Infrastructure



By investing in digital transformation and innovative financial solutions, BCFC strengthens operational efficiency and enhances customer experience through technological advancements.

SDG 12: Responsible Consumption & Production



BCFC is committed to resource efficiency, minimizing waste, and promoting paperless operations, aligning with responsible business practices that reduce environmental impact.

While these SDGs are core to BCFC's sustainability mission, the company's commitment extends beyond them, ensuring a broader contribution across multiple SDGs. Later sections of this report will highlight the specific SDGs impacted by each material topic, reinforcing BCFC's holistic ESG approach.



Group ESG Policy

At BCFC, our commitment to sustainability and responsible governance is embedded within our Group ESG Policy, which serves as the foundation for integrating Environmental, Social, and Governance (ESG) principles into our business practices. This policy ensures that BCFC operates in a transparent, ethical, and responsible manner, aligning with global best practices, regulatory requirements, and stakeholder expectations.

The Group ESG Policy is structured to:

- Establish a clear governance framework for sustainability.
- Align ESG commitments with corporate strategy, risk management, and regulatory mandates.
- Strengthen stakeholder trust by reinforcing ethical business conduct and responsible operations.

Since its adoption in 2023, the ESG policy has been operationalized, guiding BCFC's governance structure and ensuring sustainability considerations are embedded across the company's decision-making processes.

BCFC's Sustainability Core Objectives

BCFC's ESG policy is built on five core sustainability objectives, which guide all ESG-related initiatives and governance practices:



Strategic Integration of Sustainability within Risk Management

In 2023, BCFC embedded sustainability into its Risk Management Department, ensuring that ESG considerations are aligned with the company's broader risk strategy. The Sustainability function, operating under the Head of Risk Management, plays a pivotal role in:

I. Enhancing compliance with CBB ESG regulations, global frameworks (GRI, UN SDGs), and internal ESG policies.

II. Facilitating ESG reporting by aligning data collection and disclosures with international best practices.

III. Supporting regulatory audits & disclosures, ensuring BCFC's ESG compliance remains transparent and accountable.

IV. Laying the groundwork for ESG risk assessment, with plans to formally integrate ESG risk management into BCFC's risk framework in 2025.

Our approach ensures sustainability is systematically incorporated into business continuity, regulatory adherence, and decision-making.

Sustainability Framework

At BCFC, sustainability is not just commitment, it is a structured approach embedded into our governance and operational model. Our Sustainability Framework provides a clear pathway to integrate Environmental, Social, and Governance (ESG) principles into our business strategy. Designed to align with global sustainability standards, regulatory requirements, and Bahrain's Vision 2030, the framework ensures that BCFC's ESG efforts are systematic, measurable, and impactful.

A key driver of our framework's success is BCFC's investment in ESG expertise, demonstrated through sponsorship of professional ESG certifications and knowledge-building programs for employees. This proactive approach empowers our workforce, equipping them with the necessary skills and knowledge to integrate ESG principles into their daily responsibilities. By fostering a culture of ownership and accountability, BCFC ensures that ESG considerations go beyond compliance requirements, becoming a core aspect of decision-making across all levels of the organization, driving long-term impact and sustainable business growth.

To ensure continuous progress, our framework follows a structured cycle based on the Plan-Do-Check-Act (PDCA) model, where ESG goals are planned, executed, monitored, and refined in a continuous improvement loop. This model allows us to remain agile and responsive to evolving sustainability.

Our Sustainability Pillars

Our sustainability approach is structured around eight core pillars that guide BCFC's ESG efforts and align with our business strategy:



Responsible Services

Committed to ethical business practices that prioritize the well-being and satisfaction of our customers.



Customer Centricity

Placing customer needs and ESG considerations at the heart of our product and service offerings.



Workforce Well-being and Development

Ensuring a supportive and inclusive work environment that fosters employee growth.



Positive Social Impact

Engaging in community initiatives that create lasting value and social impact.



Technology and Innovation

Leveraging technology to enhance sustainability performance and deliver innovative solutions.



Corporate Governance

Upholding strong governance practices that ensure transparency, accountability, and ethical behavior.



Stakeholder Engagement

Connecting with stakeholders and actively incorporating their feedback into our sustainability efforts.



Environmental Responsibility

Implementing initiatives aimed at reducing environmental impact and promoting sustainability.

Our ESG Execution Model

BCFC's sustainability execution follows a structured framework, ensuring a systematic approach to ESG integration. Our model is designed to facilitate clear implementation, governance, risk management, stakeholder engagement, and continuous improvement, allowing for long-term ESG impact.

Our framework operates through distinct stages:

Initiation & Planning	Defining sustainability objectives, setting ESG targets, and aligning with regulatory requirements.
Implementation & Governance	Executing sustainability initiatives and embedding ESG considerations across business functions.
Risk Management & Compliance	Ensuring sustainability risks are identified, assessed, and managed within BCFC's risk framework.
Stakeholder Engagement & Reporting	Engaging stakeholders, gathering insights, and maintaining transparent ESG disclosures.
Monitoring & Continuous Improvement	Evaluating ESG performance, refining strategies, and driving enhancements year over year.

This structured model enables us to integrate ESG principles seamlessly into business operations while maintaining governance and compliance with local regulations and international standards.

ESG Initiatives Process

We understand the importance of having a structured process for reporting ESG initiatives, ensuring data collection standardization, accuracy, and alignment with sustainability goals. Therefore, BCFC has implemented a systematic initiative process that enhances governance, compliance, and transparency, allowing us to effectively track progress and measure impact. Each initiative follows a defined workflow from identification to validation and impact assessment, ensuring alignment with global ESG frameworks and CBB regulatory requirements. Furthermore, initiatives are mapped to relevant GRI Standards, BCFC Material Topics, Sustainability Objectives, and UN SDGs, reinforcing a data-driven and strategic approach to sustainability.



Sustainability Reporting – a Commitment to Transparency & Accountability

At BCFC, we are committed to transparent and accountable sustainability reporting, ensuring our disclosures reflect both regulatory requirements and global best practices. Our approach integrates a variety of internationally recognized ESG frameworks, ensuring a comprehensive and dynamic sustainability reporting structure.

BCFC's sustainability disclosures are aligned with the Central Bank of Bahrain (CBB) Rulebook (Common Volume - ESG Requirements Module), ensuring compliance with the Kingdom's evolving ESG regulatory landscape. Additionally, our reporting is in reference to the Global Reporting Initiative (GRI) Standards, supporting consistency, comparability, and stakeholder relevance.

Beyond these core frameworks, BCFC also integrates elements of other globally recognized standards, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Climate Disclosure Standards Board (CDSB), where relevant, to enhance climate-related disclosures and risk management reporting. This multi-framework approach ensures that our reporting remains adaptable and aligned with evolving sustainability expectations at both the regional and international levels.

Sustainability Roles & Responsibilities – A Unified Approach

Board of Directors:

The Board of Directors sets the strategic direction for sustainability, integrating ESG principles into governance and oversight.

Head of Risk Management:

Leading the development and oversight of the ESG strategy, the Head of Risk Management ensures compliance, accurate ESG reporting, and stakeholder engagement.

Senior Management:

Senior Management translates the Board's ESG strategic vision into operational reality, embedding sustainability into daily operations and decision-making.

ESG Team:

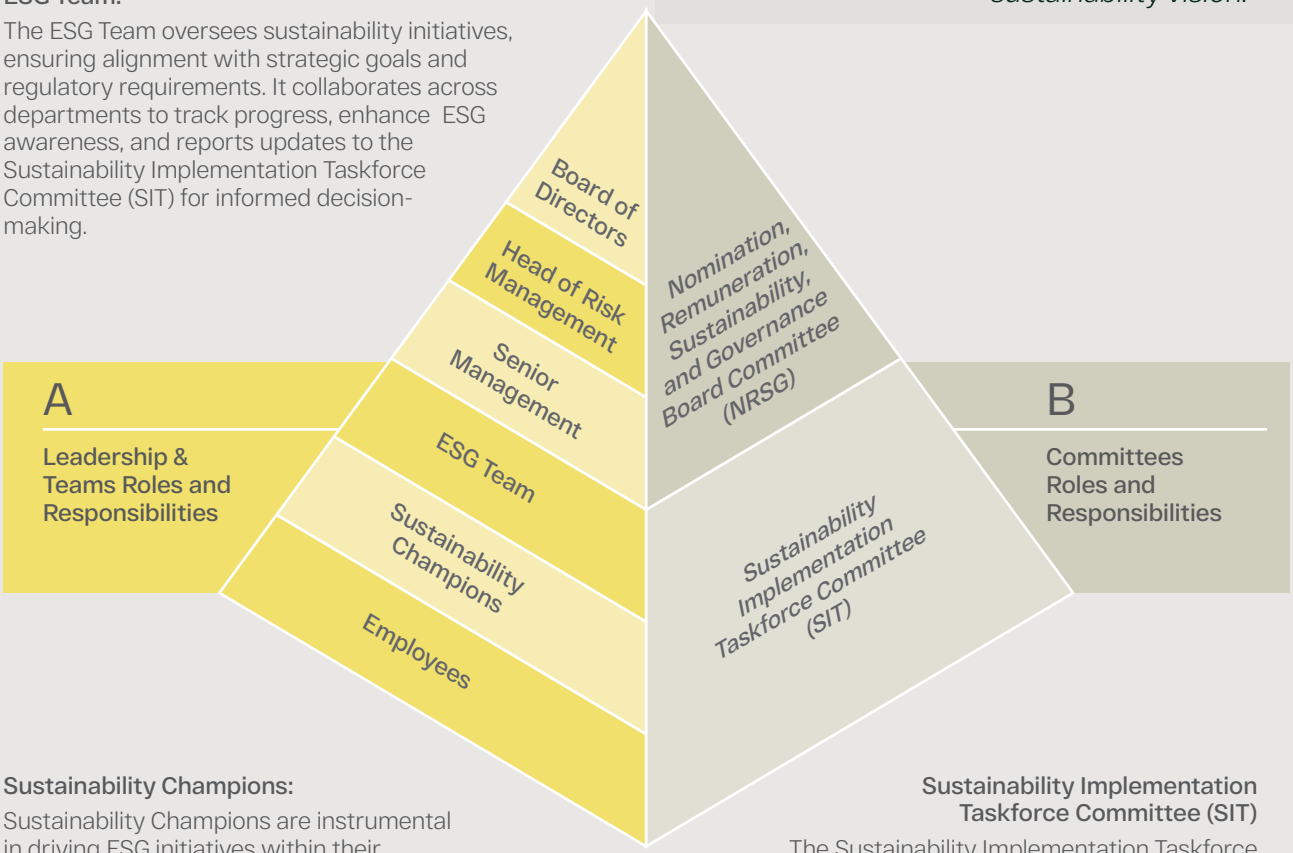
The ESG Team oversees sustainability initiatives, ensuring alignment with strategic goals and regulatory requirements. It collaborates across departments to track progress, enhance ESG awareness, and reports updates to the Sustainability Implementation Taskforce Committee (SIT) for informed decision-making.

Sustainability Champions:

Sustainability Champions are instrumental in driving ESG initiatives within their departments. They manage data collection for reporting, identify and mitigate ESG risks, and monitor sustainability performance, fostering a culture of responsibility and collaboration across the organization.

Employees:

encouraged to integrate sustainability into their work practices, comply with organizational policies, and conserve resources.



Nomination, Remuneration, Sustainability, and Governance Board Committee (NRSG)

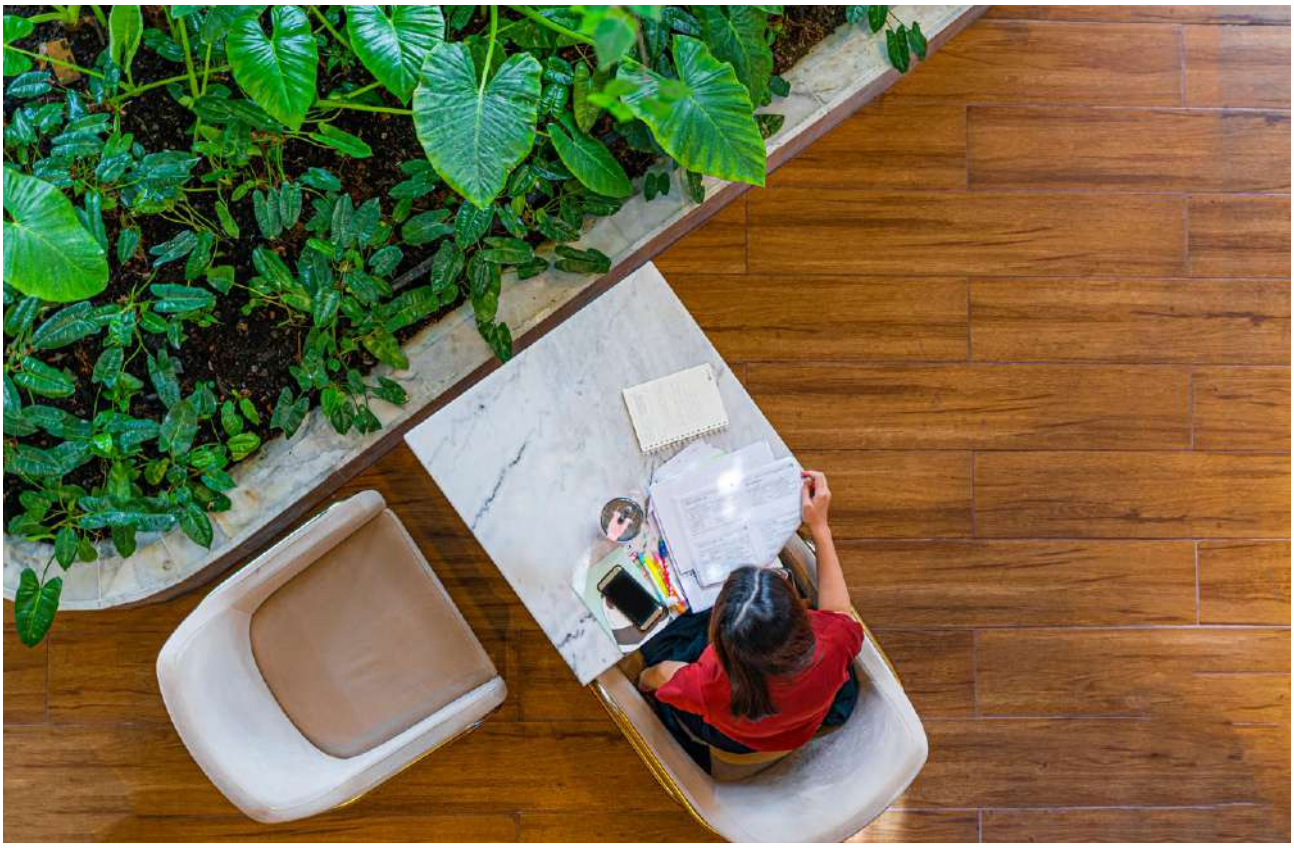
The Nomination, Remuneration, Sustainability, and Governance Committee (NRSG) plays a crucial role at BCFC, shaping our sustainability efforts at the board level. This committee ensures robust, transparent governance and ESG integration, driving BCFC to meet high ESG standards and share sustainability achievements with stakeholders, highlighting our dedication to operational and regulatory excellence in sustainability.

"In 2024, the NRSG Committee met twice to provide strategic oversight on ESG matters, including ensuring alignment with regulatory requirements and BCFC's long-term sustainability vision."

Sustainability Implementation Taskforce Committee (SIT)

The Sustainability Implementation Taskforce Committee (SIT) brings BCFC's sustainability vision to life, embedding ESG principles deeply within our operations. It ensures sustainability becomes a practical aspect of our organizational culture

"In 2024, the SIT Committee also convened twice to oversee the implementation of ESG initiatives, monitor progress, and ensure BCFC's readiness in meeting CBB's ESG requirements."



Sustainability Integration in Corporate Governance

At BCFC, sustainability is deeply embedded within our corporate governance framework, ensuring that ESG considerations are integrated into decision-making at all levels. Our governance structure aligns with international best practices and regulatory expectations, reinforcing accountability, transparency, and ethical business conduct.

To strengthen ESG integration within corporate governance, BCFC has established structured oversight mechanisms, including:

- **Board-Level Governance:** The NRSG Committee provides strategic ESG direction, ensuring sustainability remains a core component of BCFC's long-term vision.
- **Management Oversight:** The SIT Committee actively monitors the execution of ESG initiatives, driving alignment with corporate objectives and regulatory requirements.
- **Cross-Functional Collaboration:** The ESG Team works closely with all departments through the sustainability champions, facilitating the implementation of ESG initiatives and ensuring compliance with sustainability frameworks.
- **Regulatory Compliance:** ESG requirements set forth by the CBB, including mandated disclosures and governance expectations, are systematically embedded into BCFC's operational and reporting structures.

> *"With a solid governance framework guiding our sustainability efforts, identifying the most material ESG issues is essential to ensuring our strategy aligns with stakeholder expectations. The next section explores BCFC's materiality assessment process, stakeholder engagement approach, and the key sustainability topics shaping our ESG agenda for long-term impact."*

Materiality Assessment

At BCFC, identifying and prioritizing key ESG topics is essential to ensuring that our sustainability strategy aligns with business objectives, stakeholder expectations, and regulatory requirements. Our materiality assessment is a structured process that determines the most significant environmental, social, and governance (ESG) factors affecting BCFC's operations, long-term value creation, and stakeholder interests.

The materiality assessment is conducted every three years to ensure continued relevance and alignment with BCFC's strategic direction, regulatory obligations, and global sustainability standards. However, an annual review is performed to assess the need for updates based on evolving stakeholder expectations, regulatory developments, emerging risks, market trends, and BCFC's own sustainability progress. This ensures that material topics continue to reflect both external sustainability shifts and BCFC's internal advancements in ESG practices.

Our approach to materiality is designed to:

- Align with the Central Bank of Bahrain (CBB) ESG Module and international best practices (GRI, ISSB, and TCFD).
- Driving ESG strategy and decision-making, ensuring sustainability is embedded into BCFC's governance and operations.
- Ensure a stakeholder-driven approach, where material topics reflect the concerns and priorities of BCFC's key stakeholder groups.
- Prioritize ESG issues based on their significance to BCFC's operations and impact on stakeholders.

Materiality Assessment Process

At BCFC, we follow a structured and data-driven approach to materiality assessment, ensuring that our ESG priorities reflect the most significant impacts on our business, stakeholders, and the broader sustainability landscape. Our process have been designed to be aligned with the CBB ESG requirements and the GRI 3: Material Topics 2021 Standard, ensuring regulatory compliance and adherence to global best practices.

To determine the ESG material topics, BCFC conducts a systematic nine-step assessment, integrating stakeholder insights, regulatory expectations, risk analysis, and sustainability trends into the decision-making process. The steps are outlined below:

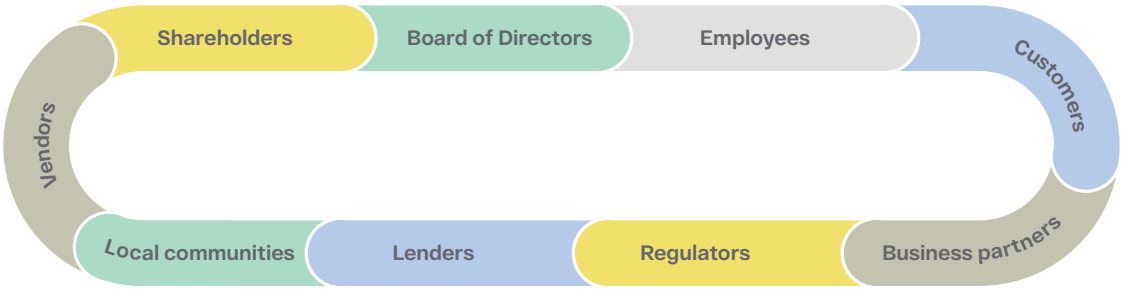
BCFC's 9-Step Materiality Assessment Process

1	Understanding the Context	Defining the scope, including BCFC's activities, business relationships, and sustainability context.
2	Impacts Identification	Identifying initial actual and potential ESG impacts through a thorough process of peer benchmarking, market research, risk analysis, internal interviews, regulatory analysis, and best practice considerations.
3	Stakeholder Engagement	Engaging stakeholders via surveys and interviews to capture diverse perspectives on ESG priorities.
4	Survey Results	Reviewing and analyzing stakeholder input to ensure a comprehensive understanding of key ESG concerns.
5	Assessing Significance of Impacts	Evaluating the positive and negative effects of identified ESG impacts based on business and stakeholder relevance.
6	Prioritizing Impacts	Ranking ESG impacts by significance, ensuring that the most critical topics receive focused attention.
7	Material Topics Definition	Setting the materiality threshold to determine which ESG topics qualify as material for BCFC.
8	Final Approval	Seeking formal approval from the Board of Directors (BOD) on the finalized material ESG topics.
9	Reporting & Disclosures	Integrating material topics into sustainability reporting, ensuring transparency and alignment with regulatory frameworks.

Materiality Assessment (continued)

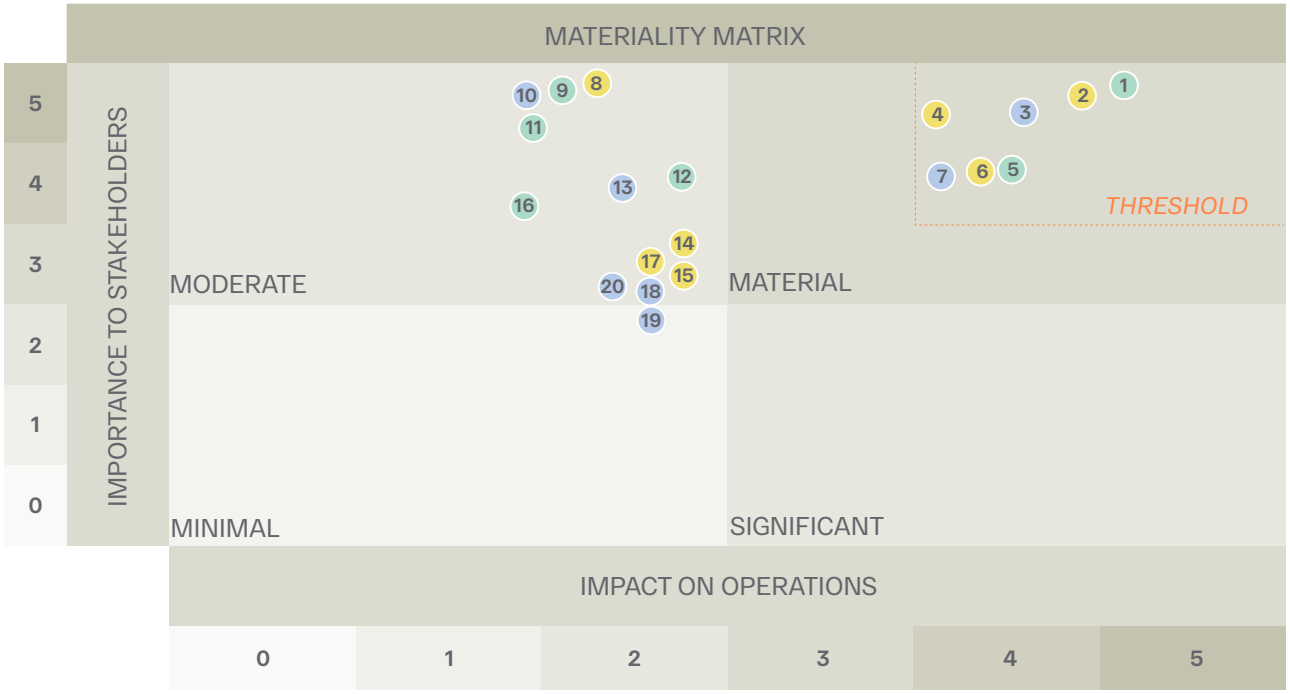
Stakeholder Engagement:

BCFC engaged a diverse range of **15 stakeholder categories**, ensuring a holistic representation of perspectives from internal and external stakeholders, including:



Through structured surveys and direct engagements, BCFC gathered **75 comprehensive responses**, providing valuable insights into the ESG topics most relevant to our stakeholders. This engagement serves as a critical input in prioritizing ESG issues within our materiality matrix.

Materiality Matrix:



Sr	Topics
1	Product and Service Innovation
5	Climate Change and Environmental Impact
9	Water usage, discharge/pollution
11	Energy Management
12	GHG (Greenhouse gases) emissions
16	Biodiversity and habitat

Sr	Topics
2	Customer Relations and Satisfaction
4	Employee Well-being and Development
6	Community Engagement and Philanthropy
8	Labor standards & working conditions
14	Diversity, Equity, and Inclusion
15	Responsible Investment and Lending
17	Social enterprise partnering

Sr	Topics
3	Data protection & privacy
7	Financial Performance
10	Governance and Ethics
13	Corporate Transparency and Accountability
18	Board composition
19	Supplier and Vendor Relations
20	Work diversity

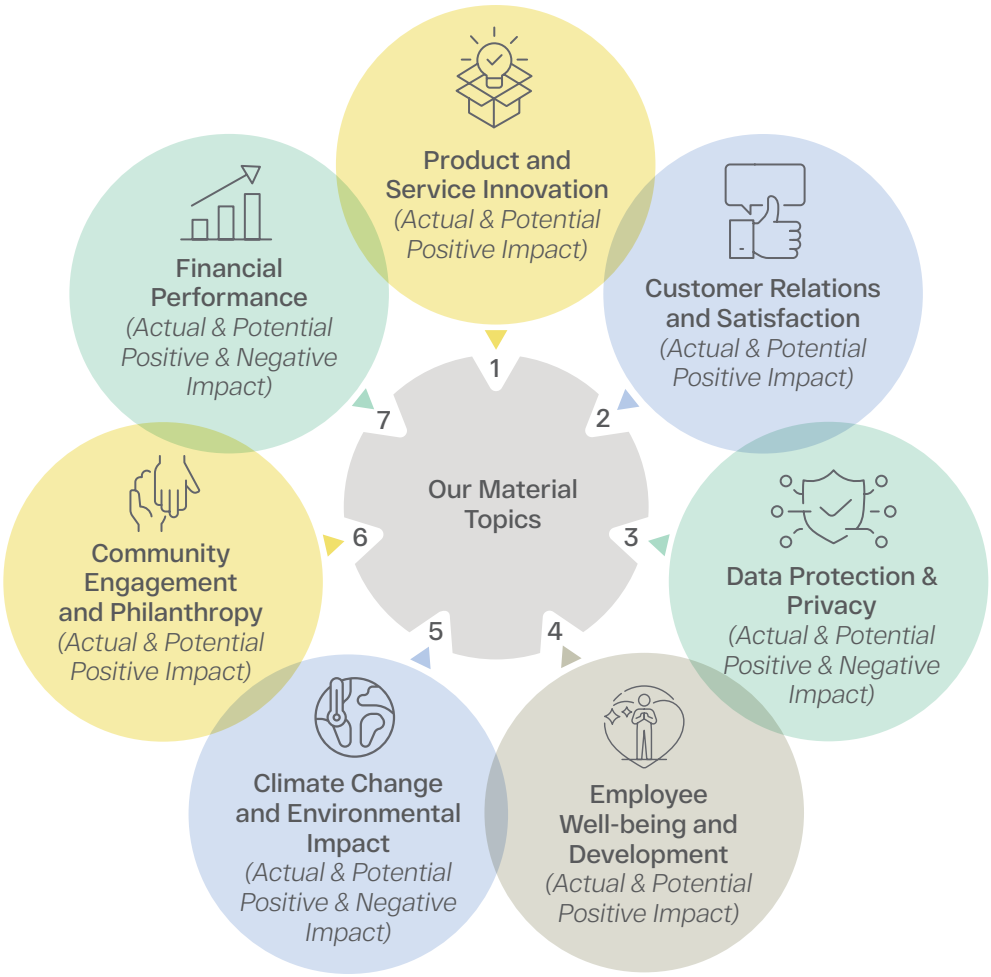
Our materiality Matrix visually represents how ESG topics are evaluated based on:

- **Importance to Stakeholders** – The level of concern and expectation from stakeholders regarding the topic.
- **Impact on Operations**– The level of influence the topic has on our operations, governance, and long-term strategy.

" Topics within the designated threshold area in the materiality matrix represent BCFC's material topics, all of which have met or exceeded the defined threshold score of 4, forming the foundation of our ESG strategy and disclosures."

Our Material Topics

BCFC's material topics represent the most significant Environmental, Social, and Governance (ESG) factors influencing our business and stakeholders. These topics shape our strategic priorities and sustainability initiatives, ensuring that BCFC drives meaningful impact while aligning with regulatory and global best practices.



" Defining our material topics provides a strategic foundation for BCFC's sustainability journey, ensuring that our ESG efforts are targeted, impactful, and aligned with long-term commitments. In the next section, we translate these priorities into concrete sustainability objectives and measurable initiatives, demonstrating how BCFC is actively driving ESG progress across its operations.

Our ESG Journey: From Strategy to Impact

Following the identification of BCFC's 2024 Material Topics, sustainability objectives were developed to enhance practices, address stakeholder priorities, and ensure regulatory alignment. Each objective is tied to specific key performance indicators, ensuring measurable progress while embedding ESG considerations into operational decision-making.

BCFC's approach follows the GRI 3-3 Management of Material Topics principle, ensuring that material topics are systematically addressed through:

- Defined sustainability objectives that directly address key ESG priorities.
- SMART key performance indicators (KPIs) assigned to relevant departments to ensure accountability.
- Regular monitoring & progress reviews to track performance against ESG commitments.

We aim to drive tangible ESG progress while ensuring long-term business resilience by aligning our objectives with BCFC's sustainability vision and regulatory expectations.

2024 Sustainability Objectives & Performance Outcomes

SR	Material Topic	Objective	Results
1	Product & Service Innovation	Enhance service efficiency and accessibility through digital innovation	- Achieving 39,520 customers registered in Sahel App, progressing toward the 50,000 target. - Achieved 4.65/5 average app rating, exceeding the 4/5 target.
2	Customer Relations & Satisfaction	Enhance customer experience, feedback, and resolution	- 8 initiatives implemented across digitalization, customer service enhancements, feedback collection, and survey-driven improvements, strengthening the overall customer experience. - Achieved 2.08-day complaint resolution time, surpassing the 5-day target
3	Data Protection & Privacy	Enhance BCFC's data protection framework	- Successful implementation of the Data Privacy & Protection Program, improving BCFC's alignment with Bahrain's PDPL requirements. - 239 total training hours provided on data protection and privacy, exceeding the 200-hour target.
4	Employee Well-being & Development	Strengthen employee development and workplace engagement	- Achieved an average of 15 training courses per employee, surpassing the 6-course target. - Employee engagement survey participation reached 89%, exceeding the 70% target.
5	Climate Change and Environmental Impact	Reduce emissions and enhance resource efficiency	- BCFC's total GHG emissions increased by 1.43% in 2024 compared to the previous year. - BCFC's total water usage increased by 19.00% in 2024 compared to 2023. Note: The increase in emissions and water consumption was primarily due to major Building Renovation, and Water Leakages
6	Community Engagement & Philanthropy	Enhance community engagement and philanthropic impact	- 96% adherence to the Annual Donation Plan.
7	Financial Performance	Strengthen BCFC's financial resilience and stability	- BCFC strengthened its financial performance in 2024, achieving profitability and reinforcing business stability.

Our Progress Across Key ESG Areas

In 2024, BCFC advanced its ESG journey through digital transformation, stakeholder engagement, and structured sustainability execution. A key milestone was the enhancement of the Sahel application, streamlining services, improving accessibility, and reducing environmental impact through digitalization. This transformation enhanced customer experience while simultaneously advancing our broader sustainability objectives, driving efficiency, inclusivity, and responsible resource consumption.

Our sustainability approach in 2024 was strategically focused on enhancing our broader sustainability practices, particularly those related to our material topics, ensuring that every initiative contributed to strengthening ESG performance and addressing stakeholder expectations and priorities.

BCFC's ESG initiatives have been strategically aligned with our material topics, ensuring that each action contributes to our broader sustainability commitments. These initiatives are mapped to our sustainability pillars, UN SDGs, and GRI Standards, providing a structured and transparent approach to measuring impact. The following section presents our progress, demonstrating how each material topic is addressed through targeted initiatives that drive meaningful and measurable ESG advancements.

Material Topic

1. Product & Service Innovation

Objective

Enhance service efficiency and accessibility through digital innovation

Number of Initiatives

19

BCFC Pillars

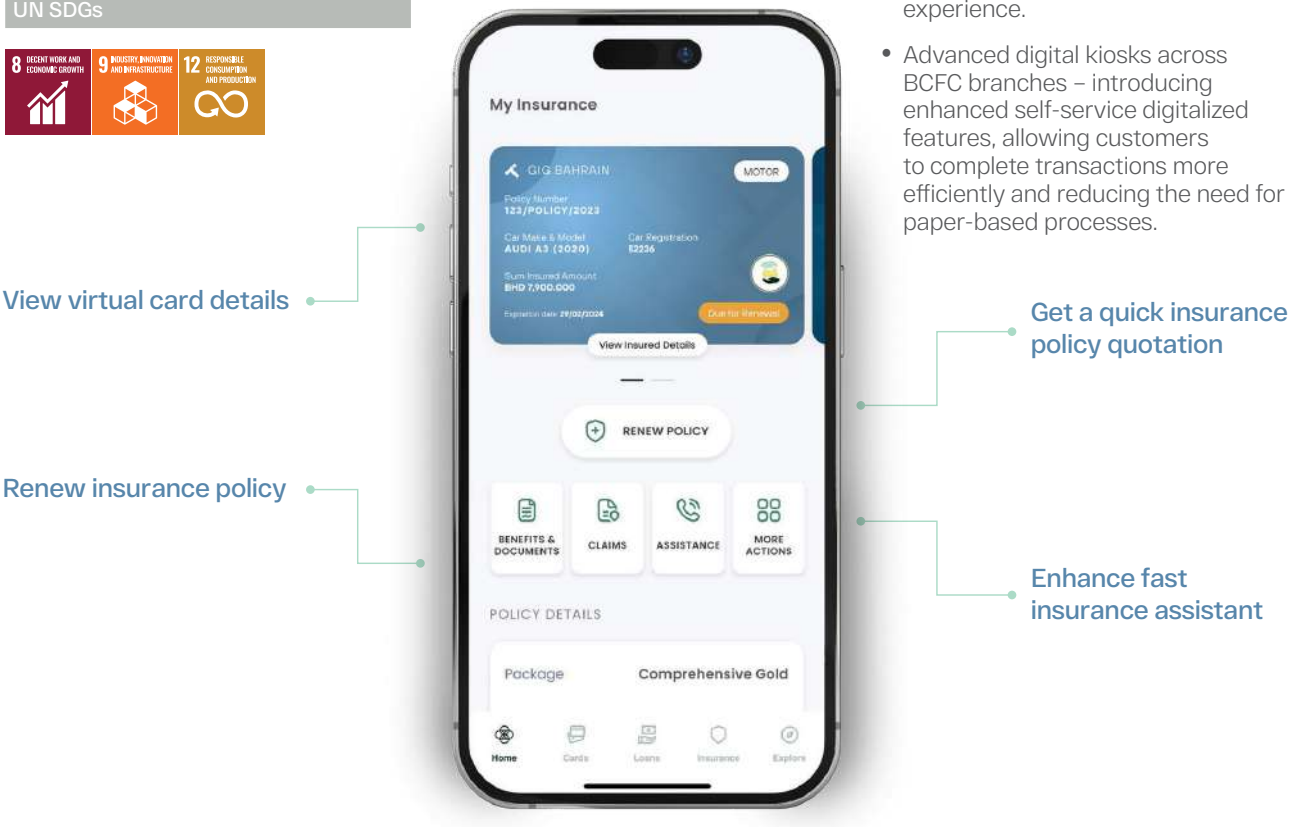
UN SDGs

In 2024, BCFC advanced its digital transformation, enhancing accessibility, efficiency, and responsible financial solutions. By integrating innovation into our business model, we streamline processes, improve customer experience, and embed sustainability in financial services—ensuring a more accessible, efficient, and environmentally responsible future.

Key Progress & Impact:

Enhancing Digital Access & Customer Convenience:

- Digital Insurance Services on Sahel App – BCFC became the first broker house in the Kingdom of Bahrain to introduce fully digital insurance comparisons, enhancing transparency, accessibility, and efficiency, while significantly reducing paperwork.
- Q-Matic Integration with Sahel App – Customers can now secure queue tickets remotely, reducing branch congestion and improving customer experience.
- Advanced digital kiosks across BCFC branches – introducing enhanced self-service digitalized features, allowing customers to complete transactions more efficiently and reducing the need for paper-based processes.



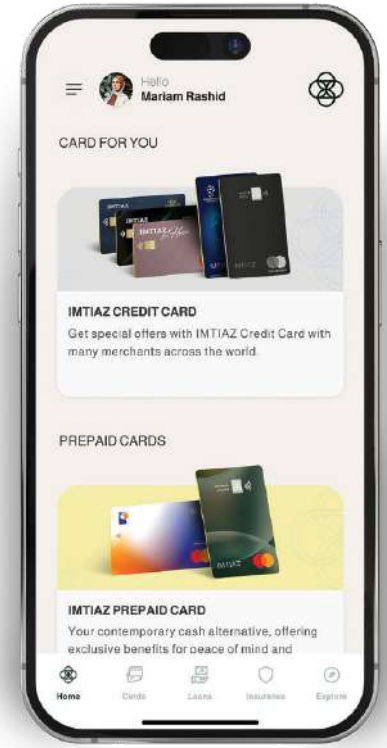
Our ESG Journey: From Strategy to Impact (continued)



Participation of Bahrain Commercial Facilities Company as an official sponsor in the second edition of the "FinTech Forward Forum" 2024.

Sustainable Digitalization & Operational Efficiency:

- UEFA Digital Banking Activation – Promoted Sahel App usage, encouraging paperless banking transactions and reducing resource consumption
- Fintech Forward 2024 Participation – Showcased BCFC's leadership in digital banking innovation, promoting sector-wide fintech adoption.
- Open Banking Integration (Tarabut Gateway) with Sahel App – Streamlined bank statement retrieval and salary validation, enhancing efficiency and financial accessibility.



Technology-Driven Efficiency for Internal Operations:

- AI-Driven Enhancements – Leveraged AI-powered tools to enhance automation, optimize processes, and increase efficiency.
- Workflow Optimization – Digital solutions streamlined operations, reducing inefficiencies and improving service delivery
- Infrastructure Innovation – Upgraded digital infrastructure to enhance mobility, agility, and seamless connectivity.



Material Topic

2. Customer Relations & Satisfaction

Objective

Enhance customer experience, feedback, and resolution

Number of Initiatives

31

BCFC Pillars

UN SDGs

Strengthening customer relationships and enhancing satisfaction remain central to BCFC's service excellence strategy. In 2024, BCFC implemented key initiatives to improve accessibility, engagement, and personalized customer experiences.

Key Progress & Impact:

Customer Engagement & Experience

- Multi-Channel Customer Surveys – Implemented across phone, email, and call centers, gathering real-time feedback to refine services and assess Net Promoter Score (NPS).
- VIP Call Center Priority Line – Launched a dedicated service for priority customers, ensuring faster response times and a more personalized support experience.
- Outbound Customer Support Team – Expanded scope to handle proactive marketing campaigns, surveys, and customer follow-ups, enhancing engagement.

Promotions & Loyalty-Driven Initiatives

- Reward-Based Programs & Exclusive Offers – Launched seasonal promotions (5X Winter, 3X Summer, Jewelry Arabia, and Anniversary Campaigns), providing customers with cashback rewards, loyalty points, and financial incentives for responsible spending.
- Customer Awareness & Financial Education – Conducted social media campaigns to educate customers on Imtiaz card fees, interest structures, and financial literacy, ensuring informed financial decision-making.
- Exclusive Customer Engagement Programs – Celebrated Bahraini Women's Day with the Imtiaz for Her Recognition Initiative, rewarding top female cardholders while supporting local women entrepreneurs.
- Sahel Apply & Win Campaign – Encouraged digital adoption by rewarding customers applying for financial products via the Sahel App, driving paperless transactions.

Our ESG Journey: From Strategy to Impact (continued)

Material Topic

3. Data Protection & Privacy

Objective

Enhance BCFC's data protection framework

Number of Initiatives

5

BCFC Pillars

UN SDGs

In an era of increasing cybersecurity risks and regulatory expectations, BCFC remains committed to safeguarding personal and organizational data. In 2024, BCFC reinforced its data security, privacy, and compliance measures by implementing advanced cloud-based solutions, strengthening security frameworks, and aligning with global data protection standards.

Key Progress & Impact:

Strengthening Compliance & Security Standards

BCFC advanced its regulatory compliance framework to adopt stringent data protection measures to safeguard sensitive information:

- Achieved PCI DSS v4.0 Certification – Successfully upgraded to the latest Payment Card Industry Data Security Standard (PCI DSS 4.0), reinforcing BCFC's commitment to safeguarding electronic payment data.
- Implemented advanced safeguards to ensure compliance with Bahrain's Personal Data Protection Law (PDPL) and international best practices.

Enhancing Data Security & Resilience

- Strengthened business continuity and operational resilience by upgrading disaster recovery infrastructure, ensuring secure, scalable, and efficient data management and availability.
- Improved data accessibility and protection through advanced data management.

Building a Security-First Culture

- Conducted targeted data protection training, focusing on risk mitigation, secure data handling, and adherence to privacy regulations.
- Enhanced awareness programs to ensure employees at all levels are equipped with best practices for data privacy, classification, and security measures.



Material Topic

4. Employee well-being & development

Objective

Strengthen employee development and workplace engagement

Number of Initiatives

17

BCFC Pillars

UN SDGs

BCFC is committed to fostering a workplace culture that prioritizes employee well-being, engagement, and professional growth. In 2024, we enhanced our employee experience through targeted initiatives that promoted work-life balance, health awareness, inclusivity, and personal development.

Key Progress & Impact:

Workplace Well-being & Employee Engagement:

- Organized awareness sessions on breast cancer (Think Pink) and men's health (Movember), promoting early detection and preventive healthcare.
- Launched the Annual Employee Engagement Survey to gather insights on workplace satisfaction, ensuring a feedback-driven approach to continuous improvement.
- Established a Social Committee to oversee internal engagement activities, environmental & social activities, and company-wide events.

Professional Development:

- Sponsored professional certifications for employees across various fields, fostering skill development, career growth, and expertise enhancement to support BCFC's long-term success.
- Provided specialized training programs to upskill employees, including compliance training to enhance customer service standards.



Our ESG Journey: From Strategy to Impact (continued)

Material Topic

5. Climate Change and Environmental Impact

Objective

reduce emissions and enhance resource efficiency

Number of Initiatives

8

BCFC Pillars

UN SDGs

BCFC continued to integrate environmental responsibility into its operations by reducing resource consumption, promoting sustainable awareness, and optimizing digital processes to lower its environmental footprint.

Key Progress & Impact

Promoting Environmental Awareness & Employee Engagement

- Launched the Sustainability Champions Program – embedding ESG ambassadors across departments to drive eco-friendly initiatives, monitor ESG performance, and raise awareness.
- Delivered ESG awareness sessions & communications – providing guidance on energy conservation, GHG emission reduction, and responsible resource consumption.

Operational Sustainability & Waste Management

- Introduced waste management enhancements – streamlining waste collection processes and establishing a baseline for improved resource efficiency in future sustainability initiatives.
- Migration to cloud-based solutions – reducing hardware dependency, energy consumption, and long-term environmental impact.
- Implemented automated digital payment receipts (enhanced digital processes to minimize paper use) – reducing reliance on printed receipts and minimizing paper waste, while enhancing customer convenience and transparency.



Material Topic

6. Community Engagement & Philanthropy

Objective

Enhance community engagement and philanthropic impact

Number of Initiatives

14

BCFC Pillars

UN SDGs

BCFC has long been committed to corporate social responsibility (CSR), embedding it into its core values and community-driven initiatives for decades. Our CSR approach focuses on fostering long-term social impact through charitable contributions, social welfare programs, and financial inclusion efforts. By prioritizing initiatives that promote public health, youth empowerment, and financial accessibility, we ensure that our contributions create lasting societal value. In 2024, we strengthened this commitment by advancing targeted programs that drive meaningful engagement and sustainable community development.

Key Progress & Impact

Advancing Public Health & Well-being

- Sponsored the MOH Breast Cancer Awareness Video, educating the public on the breast screening process across Bahrain's health centers.
- Renewed annual support for Bahrain Cancer Society, reinforcing BCFC's commitment to cancer awareness and treatment initiatives.
- Partnered with Al Malaki Specialist Hospital, offering exclusive healthcare benefits to BCFC cardholders, improving access to medical services.
- Supported Royal Humanitarian Foundation's Diabetes Day Marathon, contributing to insulin funding and encouraging community participation in health awareness activities.

Empowering Communities & Financial Inclusion

- Donated a Haval car to Abdullah bin Khalid Centre for Parental Care, supporting elderly care services.
- Provided financial support to the Zakat & Charity Fund, extending assistance to underprivileged communities.
- Sponsored His Highness Shaikh Khalid bin Hamad Al Khalifa's MicroShabab Forum, empowering Bahraini youth with career development opportunities.

Driving Social Impact Through Strategic Giving

- Implemented quarterly donations to charitable organizations, ensuring consistent financial support to key community initiatives.
- Facilitated digital charitable contributions through the 'Donate 1 BD' platform, enhancing ease of giving across BCFC branches.



Our ESG Journey: From Strategy to Impact (continued)

Material Topic

7. Financial Performance

Objective

Strengthen BCFC's financial resilience and stability

Number of Initiatives

18

BCFC Pillars

UN SDGs

In 2024, BCFC reinforced its financial resilience by implementing strategic initiatives that enhanced responsible lending, optimized customer engagement, and expanded digital financial solutions. By focusing on financial inclusion, customer-centric innovations, and operational efficiency, BCFC successfully strengthened its market position and restored profitability, ensuring long-term sustainable growth.

Key Progress & Impact

Enhancing Financial Accessibility & Inclusion

- Expanded responsible lending through mortgage and personal loan schemes, offering competitive rates.
- Strengthened digital accessibility by promoting products applications via the Sahel App, streamlining processes, and reducing paperwork.

Driving Customer Engagement & Responsible Spending

- Launched multiple rewards and loyalty programs, including cashback offers and point-based incentives, fostering customer retention and responsible financial behavior.
- Introduced the Unipal Youth Card, supporting university students with tailored financial solutions, promoting financial literacy and inclusion.

Optimizing Sustainable & Digital Finance

- Integrated UN SDG mapping into the lending system, aligning loan purposes with sustainable development objectives.
- Encouraged paperless banking through digital finance campaigns, reducing environmental impact while enhancing service efficiency.



Driving sustainability requires not only implementing strategic initiatives but also measuring their impact to ensure accountability and continuous progress. In the next section, we present BCFC's ESG Key Performance Indicators (KPIs), aligning our disclosures with the CBB's ESG reporting framework, reinforcing our commitment to transparency, compliance, and measurable ESG performance.

ESG Key Performance Indicators (KPIs) – CBB Disclosures

BCFC is committed to fulfilling the regulatory requirements set by the Central Bank of Bahrain (CBB). In line with the CBB's ESG Module, BCFC discloses 31 ESG Key Performance Indicators (KPIs) as outlined in Appendix A of the module.

These disclosures provide quantifiable insights into BCFC's environmental, social, and governance performance, ensuring compliance with the CBB's ESG reporting framework and reinforcing transparency in our sustainability efforts.

The ESG disclosures presented in this section pertain exclusively to BCFC and TISCO, the entities within our group that are licensed by the Central Bank of Bahrain (CBB) and are required to report in accordance with the CBB ESG Module under the Common Volume. These disclosures reflect the ESG performance and initiatives undertaken by these entities, ensuring compliance with regulatory requirements and transparency in our sustainability reporting.

Environmental KPIs:

E.1 Environmental Oversight

1. Environmental Oversight and Governance

BCFC addresses its environmental impact through a structured governance framework:

- Board-Level Oversight: The NRSG Committee is responsible for overseeing environmental strategies, ensuring compliance with regulations, and integrating environmental considerations into BCFC's long-term planning.
- Management-Level Execution: The Sustainability Implementation Committee (SIT) monitors the implementation of environmental initiatives and tracks the environmental performance.
- ESG Team: Ensures an effective implementation of the environmental strategies and initiatives.

2. Board/Management Purpose and Approach to Environmental Matters

BCFC is committed to reducing its environmental footprint through governance-driven action. The NRSG Committee provides strategic oversight on environmental matters, while the SIT Committee ensures that environmental targets are implemented effectively through implementing of various initiatives monitored by the ESG Team.

3. Environmental Management Framework

3.1 Policies

BCFC's Group ESG Policy serves as the foundation for environmental governance, governing the integration of environmental initiatives into company operations. The policy outlines BCFC's Framework for environmental implementations.

3.2 Commitments

- Strategic Alignment: BCFC aligns its environmental goals with Bahrain's Economic Vision 2030 and the Government Plan (2023-2026) 'From Recovery to Sustainable Development', reinforcing its commitment to sustainable resource management.

Environmental Commitments: Key focus areas include reducing electricity and water consumption, transitioning to digital operations, and minimizing waste generation.

3.3 Goals and Targets

- Annual environmental targets are established to track progress in energy and water.
- SIT Committee monitors environmental KPIs and reports progress to the NRSG Committee at the board level.
- Quantitative tracking ensures ongoing assessment and refinement of BCFC's environmental impact reduction strategy.

3.4 Responsibilities

- NRSG Committee (Board Level): Sets strategic direction for environmental governance.
- SIT Committee (Management Level): Ensures execution and performance tracking of environmental initiatives.
- ESG Team: Implement environmental policies, initiatives, and monitoring activities.

3.5 Key Environmental Initiatives and Oversight Actions

- Electricity and water consumption tracking (2023 vs. 2024) to identify reduction opportunities.
- Advancing digital transformation to optimize resource efficiency and reduce environmental impact.
- Conducting internal awareness campaigns on climate impact and responsible environmental practices.

Our ESG Journey: From Strategy to Impact (continued)

E.2 Energy Consumption:

1. 2024 Energy Consumption (GJ)

1.1 Indirect Energy

Source	Consumption	Total (GJ)
Electricity Consumption (Non-Renewable)	9,495.87	**9,495.87**

1.2 Direct Energy

Source	Consumption (GJ)	Total (GJ)
Petrol Consumption (Non-Renewable)	1,598.94	**1,598.94**

2024 Total Energy Consumption (GJ)

Energy Sources	Consumption (GJ)
Total Indirect Energy Consumption (Non-Renewable)	9,495.87
Total Direct Energy Consumption (Non-Renewable)	1,598.94
Total Energy Consumption (Non Renewable)	**11,094.81**

2. Standards, Techniques, Assumptions, and Calculation Methodology

- Petrol Consumption calculations were based on money spent, then converted to consumption using the Tariffs imposed in the Kingdom of Bahrain on the type of Gasoline Consumed for each vehicle owned (Gasoline 91 or 95). The Tariffs rate for Gasoline 91 is 0.140 BHD, and for Gasoline 95 is 0.200 BHD.
- The electricity conversion factor used as per DEFRA's 2024 conversion rates is 0.0036 GJ per kWh
- The petrol conversion factor used is 44.627 GJ per cubic meter (equivalent to 0.044627 GJ per liter) for petrol, as per DEFRA's 2024 conversion factors

Notes:

- Electricity consumption data was sourced from EWA (Electricity & Water Authority) utility bills for all BCFC locations.

E.3 Energy Intensity

1. Energy Intensity per Revenue

BCFC Energy Intensity per Revenue	0.0449 GWh per Million BHD

2. Standards, Techniques, Assumptions, and Calculation Methodology

Energy conversion factors used:

- Electricity: 0.0036 GJ per kWh (DEFRA 2023).
- Petrol: 0.044627 GJ per liter (DEFRA 2023).
- GJ to GWh: 1 GWh = 3,600 GJ.

E.4 Energy Mix

1. 2024 Energy Percentage by Source

Energy Sources	%	Consumption
Indirect Energy Consumption	85.59	9,495.87
Direct Energy Consumption	14.41	1,598.94
Total Energy Consumption	**100.00**	**11,094.81**

2. 2024 Energy Percentage by Type

Energy Type	%
Non-Renewable Energy	100%
Renewable Energy	0%

E.5 Green House Gas (GHG) Emissions

1. Total GHG Emissions Breakdown (MTCO2)

Scope	Item	Emissions (MTCO2)
Scope 1	Fuel consumption of owned vehicles	82.76
Scope 2	Electricity purchased	1252.66
Scope 3	Non-hazardous waste	0.006
Total Emissions (Scope 1,2,3)		**1335.43**

2. Standards, Techniques, Assumptions, and Calculation Methodology

- (MTCo2) refers to Metric Tons of CO2
- BCFC follows the GHG Protocol methodology for emissions calculation:
  - GHG Emissions = Activity Data × Emission Factor
- Emission factors were used based on:
  - Country-specific factors (when available)
  - Intergovernmental Panel on Climate Change (IPCC) default emission factors
- Source of Information:
  - Electricity consumption is based on EWA utility bills.
  - Fuel consumption is based on company-owned vehicle fuel usage records.
  - Waste emissions are calculated based on reported non-hazardous waste disposal.

Future Enhancements (2025 Plan):

BCFC is committed to enhancing its Scope 3 emissions reporting in 2025. Currently, only waste-related emissions are included, with plans to expand the assessment.

E.6 Emission Intensity

1. Emissions Intensity

Item	Emission Intensity
Emission Intensity per Size	0.18 Metric Tons of CO2 per Square Meter
Emission Intensity per Employee	4.86 Metric Tons per Employee
Emission Intensity per Revenue	19.47 Metric Tons of CO2 per Million BHD

2. Standards, Techniques, Assumptions, and Calculation Methodology

- Emission intensity is calculated by dividing total GHG emissions (Scope 1, Scope 2, and Scope 3) by selected scaling factors (square meters, employee headcount, and revenue).

E.7 Climate Risk Mitigation

1. Climate-Related Risk Identification, Assessment & Management

BCFC integrates climate-related risk considerations within its broader risk management framework under the oversight of the ARCC & NRSG Board Committees where applicable. Climate risk identification is currently embedded within sustainability initiatives, with plans to formally incorporate it into BCFC's Organizational Risk Management Framework in 2025. This integration will establish a structured process for identifying both physical risks (e.g., extreme weather, resource availability) and transition risks (e.g., regulatory shifts, market changes).

Our ESG Journey: From Strategy to Impact (continued)

Currently, BCFC assesses climate risks on an ad-hoc basis when relevant to its operations. By 2025, BCFC aims to enhance climate risk assessments through a structured approach that integrates quantitative evaluations into its risk framework.

Management of climate-related risks is driven by sustainability initiatives and compliance measures, ensuring alignment with evolving regulatory requirements. BCFC implements resource efficiency measures, digital transformation efforts, and operational improvements to mitigate climate risks while maintaining long-term resilience.

2. Investment in Climate-Related Initiatives

In 2024, BCFC invested BHD 317,047.22 in climate-related initiatives aimed at enhancing sustainability across operations. These investments were strategically directed toward:

- Sustainable Building Renovations – Upgrading facilities with sustainable materials and energy-efficient infrastructure to reduce environmental impact.
- Digitalization & Paperless Operations – Expanding digital services and automated processes to minimize paper usage and enhance operational efficiency.
- Product & Service Innovations – Investing in technology-driven solutions that improve accessibility, efficiency, and responsible financial services.

E.8 Water Usage

1. Total Water Usage

Item	Usage (M^3)
Water Consumed	N/A
Water Withdrawn	3972
Water Recycled/Reclaimed	N/A
Total Water Usage	**3972**

E.9 Waste Generation

1. Total Waste Generated

- Total waste generated in 2024 is 12.3 metric tons (all non-hazardous waste).

2. Waste Disposal Methods

- BCFC disposes of waste through municipal waste collection systems in compliance with Bahrain's waste management regulations.

2.1 Sustainable Waste Management Practices

- BCFC continuously works to reduce waste generation and raise awareness among employees on sustainable waste practices.
- In 2025, BCFC plans to implement a recycling process aimed at recycling waste generated within company premises, contributing to broader sustainability goals.

3. Standards, Techniques, and Calculation Methods

- BCFC calculates total waste generated by weighing waste daily across five locations since August 2024.
- The total figure was derived by taking the monthly median waste per staff per location, averaging it across locations, and extrapolating it for the full workforce.
- In 2025, BCFC plans to expand the waste measurement process to cover all company locations, ensuring a more comprehensive assessment of total waste generation.

E.10 Emission Targets

1. Approach to Managing Total Emissions

BCFC is committed to reducing its environmental footprint by setting emission reduction targets and implementing resource efficiency initiatives. In 2024, BCFC established a baseline for total greenhouse gas (GHG) emissions during 2023 and set a 3% reduction target for 2024 through energy efficiency, water conservation, and waste reduction measures.

Emission reduction efforts include digital transformation initiatives and operational improvements aimed at optimizing resource consumption

2. Board & Management Approach to Emissions

BCFC's Board and Senior Management recognize the importance of addressing climate-related risks and aligning emission reduction efforts with Bahrain's 2030 sustainability goals. The NRSG Board Committee provides strategic oversight, while the Sustainability Implementation Taskforce (SIT) ensures continuous monitoring and integration of emission reduction strategies into BCFC's operations.

SIT committee oversees emissions tracking, reviews progress quarterly and ensures that climate-related risks and opportunities are factored into decision-making processes.

3. Policies, Commitments, Goals and Targets, Responsibilities, Key Actions & Oversight:

3.1 Policies

BCFC's ESG Policy outlines its commitment to environmental responsibility, integrating emissions reduction into operational and strategic decision-making.

3.2 Commitments

BCFC is committed to continuously reducing emissions, aligning its efforts with Bahrain's 2030 sustainability vision and broader environmental policies.

3.3 Goals and Targets

2024 Emission Target: 3% reduction in total GHG emissions compared to the 2023 baseline.

Results: BCFC's total GHG emissions increased by 1.43% in 2024 compared to 2023.

The 2024 emission reduction target wasn't achieved due to Building Renovation, and Water Leakages

Oversight: SIT Committee monitors progress, with updates reported to the NRSG Board committee

3.4 Responsibilities

- NRSG Board Committee – Provides strategic oversight and ensures alignment with national sustainability goals.
- SIT Committee – Leads emission reduction initiatives and ensures performance tracking.
- ESG Team – Implements operational actions to support BCFC's emission reduction goals.

3.5 Key Actions & Oversight

BCFC employs a range of processes, projects, and initiatives to drive emission reductions, including:

- Energy & water efficiency campaigns to optimize resource use.
- Waste reduction initiatives to minimize environmental impact.
- Digitalization projects to cut paper consumption and streamline operations.

Our ESG Journey: From Strategy to Impact (continued)

Social KPIs:

S.1 Total Workforce by sex, age-group, and employment type

1. Total Workforce Composition

As of the reporting year, BCFC's total workforce consists of 275 employees.

1.1 Workforce by Sex

Gender	Count	%
Male	193	70%
Female	82	30%
Total	**275**	**100%**

1.2 Workforce by Age Group

Age Group	Count	%
Under 30 years old	42	15%
30-50	218	79%
50-Over	15	5%
Total	**275**	**100%**

1.3 Workforce by Employment Type

Contract Type	Count	%
Full Time	275	95%
Intern	9	3%
Outsource	5	2%
Total	**289**	**100%**

S.2 Child and Forced Labour

1. Statement on Prohibition of Child and Forced Labour

Bahrain Commercial Facilities Company (BCFC) is committed to maintaining the highest ethical and legal standards in its employment practices. The company strictly adheres to Bahrain Labour Law, which explicitly prohibits child labour and forced labour in any form. BCFC ensures that all recruitment and employment processes align with this legal framework, safeguarding the rights and dignity of all employees.

2. Board and Management Approach

BCFC's Board of Directors provides strategic oversight to ensure full compliance with Bahrain's labour regulations and ethical employment practices. Management actively enforces this commitment through strict hiring policies, due diligence in employment contracts, and ethical workforce practices. The Board is informed about employment-related matters as part of its governance and compliance monitoring responsibilities.

3. Policies, Commitments, and Actions

As BCFC operates within a regulated financial sector, no incidents of child or forced labour have been identified within its operations. The company integrates labour law compliance into its HR policies, processes, projects, and initiatives to uphold fair and ethical employment practices.

(Note: Since "where applicable" applies to goals, targets, and responsibilities, these are not disclosed as they are not relevant to BCFC.

S.3 Employee Turnover

1. Total Annual Employee Turnover Rate

The total employee turnover rate for BCFC in the reporting year is 10.3%.

1.1 Employee Turnover by Sex

Gender	Count	%
Male	21	75%
Female	7	25%
Total	**28**	**100%**

1.2 Employee Turnover by Age Group

Age Group	Count	%
Under 30 years old	6	21%
30-50	22	79%
50-Over	0	0%
Total	**28**	**100%**

S.4 Gender Pay Ratio

1. Median Total Compensation for Women to Men

Ratio	1:1

S.5 Health and Safety

1. Total Number of Injuries and Fatalities

BCFC monitors and reports workplace injuries to ensure a safe working environment. The following table provides the number of injuries and fatalities that occurred over the past three years, including the reporting year:

Year	Number of Injuries	Date of Injury	Number of Fatalities
2024	1	29-Jul-24	0
2023	0	N/A	0
2022	0	N/A	0

2. Lost Days Due to Work Injury

The table below presents the total number of lost workdays due to workplace injuries in each of the past three years:

Year	Lost Days Due to Injury
2024	14 days
2023	N/A
2022	N/A

Our ESG Journey: From Strategy to Impact (continued)

3. Occupational Health and Safety Measures:

BCFC adopts a comprehensive approach to occupational health and safety, ensuring a secure work environment through structured policies, training programs, and continuous monitoring.

The company has implemented the following key measures:

- Medical Insurance Policy – Ensures all employees have access to healthcare services.
- Life Insurance Policy – Provides financial security for employees' families in case of unforeseen events.
- Safety and Security Policy – Establishes workplace safety protocols and hazard prevention measures.
- Annual Safety & Security Control Training – Employees undergo mandatory training on risk mitigation and emergency preparedness.
- Annual Fire Drills – Simulated exercises to enhance evacuation and emergency response readiness.
- Annual First Aid Training – Hands-on training in life-saving techniques such as CPR and wound care.

The measures are implemented & measured through:

- Regular safety audits to ensure compliance with workplace safety regulations.
- Employee feedback during training sessions to refine safety programs.
- Incident report analysis to detect risks and improve preventive measures.
- Management reviews of emergency response procedures to enhance effectiveness.

S.6 Non-Discrimination

1. BCFC Approach to Address Harassment and Discrimination Matters

Bahrain Commercial Facilities Company (BCFC) actively addresses harassment and discrimination by complying with Bahrain Labour Law and implementing its Equal Employment Opportunity Policy, which ensures a workplace free from unlawful discrimination.

Additionally, BCFC enforces a Sexual and Other Unlawful Harassment Policy that outlines reporting mechanisms and procedures for addressing incidents of harassment, ensuring that all employees are treated with respect and dignity.

2. BCFC Board & Management Approach:

- BCFC's Board of Directors ensures that all employment policies comply with Bahrain Labour Law and reflect the company's commitment to workplace equality.
- The management team enforces compliance by integrating these policies into HR processes, workplace training, and employee engagement initiatives.

A disciplinary process is in place to address violations related to harassment and discrimination, ensuring that any incidents are properly investigated, and corrective actions are taken as necessary.

S.7 Nationalisation

1. Board Approach to Nationalisation

The Board of Directors at Bahrain Commercial Facilities Company (BCFC) recognizes nationalisation as a key strategic priority that strengthens Bahrain's workforce and contributes to the country's economic development. BCFC's Equal Employment Opportunity Policy ensures that recruitment and career progression are aligned with Bahrain's labour regulations, prioritizing employment opportunities for Bahraini nationals while fostering a diverse and inclusive workplace.

2. Number and Percentage of National Employees

As of the reporting year, the composition of BCFC's workforce is as follows:

Employee Category	Number of Employees	Percentage of Workforce
Bahraini Employees	267	97%
Non-Bahraini Employees	8	3%
Total Workforce	275	100%

S.8 Community Investment

1. Community Investment as a Percentage of Revenue

BCFC invested 1.72% of its total revenue in community initiatives during the reporting year.

2. Scope and Impact of Community Investment Initiatives

In 2024, BCFC executed its Annual Donations Plan, aiming to support 69 charity organizations. The company successfully provided donations to 66 organizations, with three excluded due to regulatory licensing requirements.

Additionally, BCFC fulfilled commitments to 33 philanthropic organizations, reinforcing its role in supporting community well-being.

Community investment covered various focus areas, including:

- General donations
- Support for individuals with disabilities
- Specialty-related contributions
- Elderly care initiatives
- Heritage preservation
- Orphanage support
- Broader social responsibility programs

S.9 Human Rights

1. BCFC Approach to Addresses Human Rights

Bahrain Commercial Facilities Company (BCFC) is committed to upholding human rights principles in line with Bahraini Labour Law, ensuring a workplace that is fair, inclusive, and free from discrimination or harassment. The company integrates human rights considerations into its employment practices, policies, and employee rights frameworks to safeguard the well-being of all employees.

2. Board and Management Approach

- BCFC's Board of Directors ensures that human rights are embedded in corporate policies and workplace practices, fully aligned with Bahraini Labour Law and industry regulations.
- The management team is responsible for implementing these policies, ensuring compliance with legal standards and fostering a respectful and inclusive work environment.

3. Human Rights Commitments and Policies

3.1 Policies:

BCFC's commitment to human rights is reflected in the following policies:

- Equal Employment Opportunity Policy – Ensures fair treatment of all employees, regardless of sex, ethnicity, language, religion, or belief.
- Code of Conduct – Reinforces ethical behavior and non-discriminatory practices.
- Anti-Harassment Policy – Provides clear procedures for reporting discrimination or harassment.

3.2 Commitments

Compliance with Bahraini Labour Law, including:

- Article 2 bis – Prohibits workplace discrimination.
- Article 19 – Ensures all employees receive written contracts in Arabic with clearly defined rights and obligations.
- Article 192 bis – Addresses sexual harassment prevention and strict handling of complaints.

3.3 goals and targets

N\A

(Note: Since "where applicable" applies to goals and targets, these are not disclosed as they are not relevant to BCFC.)

3.4 Responsibilities

The HR Department is responsible for enforcing human rights policies and providing employees with awareness materials, including the Employee Handbook, which educates staff on their rights under Bahraini law.

Our ESG Journey: From Strategy to Impact (continued)

S.10 Management Composition/Diversity

1. Management Composition Breakdown

Gender	Entry-Level	Mid-Level	Senior/Executive level positions	Grand Total
Female	13.50%	13.80%	2.50%	82
Male	35.60%	26.90%	7.60%	193
Total Workforce				275

S.11 Development and Training

1. Average Hours of Training by Categories

1.1 By Sex

Gender	Average Training Hours
Male	45 hours
Female	43 hours

1.2 By Employment Category

Employment Type	Average Training Hours
Full-Time	89 hours
Part-Time	NA
Interns	1 hour

Governance KPIs:

G.1 Board Composition

The composition of BCFC's Board of Directors is detailed in the Corporate Governance Section of this report.

G.2 Collective Bargaining

1. Enterprise Headcount Covered by Collective Bargaining Agreements

BCFC does not have collective bargaining agreements as Bahraini Labour Law does not mandate or recognize collective bargaining for financial institutions.

2. Process for Employee Contract Negotiation & Engagement

While BCFC does not engage in collective bargaining, the company ensures that employees have structured mechanisms to negotiate and address employment-related matters through the following:

- All employee contracts are individual agreements aligned with Bahraini Labour Law.
- Employee rights, benefits, and workplace policies are governed through standardized HR policies.
- Open communication channels ensure employee concerns are addressed without the need for collective bargaining structures.
- Employees have formal channels to raise concerns, which are reviewed and addressed through structured HR processes to ensure fair resolution.
- HR conducts regular benchmarking assessments of employee benefits and policies, ensuring alignment with industry standards and evolving workforce needs.
- A Senior HR committee in place to evaluate special cases requiring additional considerations, ensuring consistency and fairness in employment practices.
- BCFC fosters open dialogue and employee participation through established engagement and feedback platforms, enabling staff to contribute to workplace improvements.

G.3 Whistleblowing

1. Internal and External Mechanisms for Reporting Concerns

BCFC has established internal and external whistleblowing mechanisms to ensure a transparent and accountable corporate environment.

A. Internal Reporting Procedures:

- Employees are encouraged to report concerns to immediate supervisors or higher management levels if necessary.
- For sensitive cases, employees can escalate concerns to:
  - o Chief Internal Auditor
  - o Audit, Risk, and Compliance Committee (ARCC)
  - o Chairman of the Board

B. External Reporting Options:

If internal channels are insufficient, employees can seek guidance from external regulatory bodies or whistleblower protection organizations.

Confidentiality & Protection:

Whistleblowers are assured confidentiality and protection from retaliation, ensuring they can report concerns without fear of consequences.

2. Awareness Initiatives on Whistleblowing

- BCFC promotes whistleblowing awareness through its Employee Handbook, which details reporting procedures.
- The handbook is accessible via the HR system, ensuring all employees are aware of their rights and responsibilities.

G.4 Data Privacy

1. Data Privacy Policy

BCFC has Privacy Guidelines in place to govern data handling and protection practices. In 2025, BCFC plans to implement a formal Data Privacy Policy to enhance compliance with Bahrain's PDPL requirements.

2. Steps Taken to Comply with Personal Data Protection Law (PDPL) rules.

To ensure compliance with Bahrain's PDPL, BCFC has implemented the following measures:

- Privacy Guidelines to provide guidance on data handling practices.
- Improved data accessibility and protection through advanced data management.
- Planned implementation of a formal Data Privacy Policy in 2025 to enhance compliance with PDPL regulations.
- Enhancement of transparency in customer data processing and handling practices to strengthen data protection measures.
- Improvement of channels for receiving and addressing data privacy-related requests to improve responsiveness and compliance.

G.5 Disclosure Practices

1. Sustainability Data Reporting to Supporting Organizations

BCFC has been a member of the GRI Community since April 2024 and is committed to enhancing transparency in sustainability disclosures. The company reports in reference to the GRI Standards and will share its 2024 Sustainability Report with the Global Reporting Initiative (GRI) Secretariat upon publication.

2. Focus on UN Sustainable Development Goals (SDGs)

BCFC integrates the UN Sustainable Development Goals (SDGs) into its operations and sustainability initiatives, ensuring that its ESG efforts contribute to global sustainability priorities. While the company's approach is holistic and considers multiple SDGs, greater emphasis is placed on SDG 8 (Decent Work & Economic Growth), SDG 9 (Industry, Innovation & Infrastructure), and SDG 12 (Responsible Consumption & Production), as these are most closely aligned with BCFC's business model and sustainability objectives. BCFC remains open to contributing to other SDGs where relevant and applicable.

Our ESG Journey: From Strategy to Impact (continued)

3. Sustainability Reporting & Data Integration

For 2024, BCFC is publishing a comprehensive sustainability report as a dedicated section within its annual report. Sustainability data is integrated into corporate disclosures through:

- Alignment with CBB's ESG reporting framework to ensure compliance with regulatory expectations.
- GRI-referenced reporting to maintain international best practices in transparency and accountability.
- Internal validation processes to ensure the accuracy and consistency of ESG data before publication.
- Continuous engagement with relevant departments to track ESG initiatives and performance across business functions.

G.6 Conflict of interest

1. Conflicts of Interest to Stakeholders:

1.1 Cross-board Membership

The company discloses the membership of all Board members in the various Boards and Committees they serve on within the annual Corporate Governance report which is included in the annual report. Additionally, this information is shared and published with the relevant authorities in accordance with regulatory requirements, such as the Bahrain Bourse, the Ministry of Industry and Commerce, and the Central Bank of Bahrain (CBB). This is also disclosed in the Directors Profiles together with other directorships and memberships (as other membership/directorships) as well as in the letter of disclosure signed by each director upon appointment. This disclosure ensures the proper allocation of memberships across the Board, mitigating any potential conflicts of interest due to competing interests or influence, particularly with entities that may have business dealings or interests in the company. Additionally, at the start of each and every meeting across the Group there is a fixed agenda item that is: "Conflict of Interest Disclosure" in which directors should disclose any potential conflict of interest before proceeding with meetings' agendas. Finally, any incident of conflict of interest with any further action taken is referred to briefly in the Corporate Governance Report.

1.2 Cross-shareholding with Suppliers and Other Stakeholders

The company discloses, on a regular basis, the number of shares owned by its directors in the company within the same annual Corporate Governance report. This disclosure is made to ensure transparency and to avoid potential Cross-shareholding conflicts of interest that could influence decision-making or lead to biased business relationships. The Disclosure is also embedded in the Disclosure of Declaration of Interest produced by the director after each election or nomination or appointment.

1.3 Existence of controlling shareholders

As noted in the previous bullet point, the company discloses any controlling interests held by its directors, if applicable, by providing information on the number of shares and voting powers owned by its directors that could potentially influence the company's decisions. A list of shares held by the directors is disclosed in the Corporate Governance Report and the controlling shareholders are also listed in the annual report as part of the year end financials.

1.4 Related parties, their relationships, nature, transactions, and outstanding balances

Details of related party transactions are disclosed by the Directors or senior management during meetings, as the Related Party Transaction Notification, along with conflict-of-interest disclosures, are fixed agenda items in Board and Committee meetings of the Group. Additionally, such transactions are reported to the relevant department every quarter and a brief summary is mentioned in the Annual Report as part of the financials and details of such transactions for transparency are in the custody of the Accounts and Finance.

These disclosures are typically found in the company's governance or financial reports to regularly update stakeholders on any potential conflicts of interest to maintain trust and ensure ethical practices.

G.7 Supplier Code of Conduct

BCFC has not yet established a Supplier Code of Conduct. However, a plan is in place to develop and implement the code in 2025 to set clear expectations for responsible business practices among suppliers. Currently, 0% of suppliers are assessed for compliance, with a formal assessment mechanism to be introduced alongside the code's implementation.

G.8 Incentivised Pay

1. Executive Incentives for Sustainability

No formal sustainability-related incentives are currently in place for executives. However, BCFC is in the process of integrating sustainability into its 2025 performance metrics, which will establish clear objectives and measurable outcomes for future incentive structures.

2. Percentage of Executive Compensation Tied to ESG Performance Metrics

Sustainability-linked compensation is under development for 2025.

3. Other Links Between Executive Performance and Sustainability Performance

Future performance metrics will incorporate sustainability-driven targets as part of BCFC's long-term strategy.

G.9 Ethics & Anti-corruption

1. Ethics and Anti-Corruption Policy

BCFC follows an Ethics and Anti-Corruption policy, ensuring integrity and ethical business conduct across all operations.

1.1 Employee Compliance Certification

Certification Type	Percentage of Workforce Certified
Employee Code of Conduct	100%
AML & Compliance Training	100%
Fraud Awareness Training	90%

All employees are required to formally certify compliance with BCFC's ethical policies through mandatory training and acknowledgment of the Code of Conduct

2. BCFC's Commitment to Ethics & Anti-Corruption

BCFC is committed to maintaining the highest standards of ethics and integrity in all business operations. Ethical conduct is a fundamental principle for building trust with clients, stakeholders, and the wider community. To reinforce this, BCFC mandates annual AML & Compliance and Fraud Awareness training for all employees and requires them to sign and adhere to the Employee Code of Conduct.

The Board of Directors oversees corporate governance, ensuring compliance with local laws, regulations, and ethical business standards. By embedding these principles into its policies and governance structure, BCFC fosters a culture of transparency, accountability, and responsible business conduct.

G.10 Assurance

1. Process for Assuring and Validating Sustainability Disclosures

BCFC conducts internal validation of its sustainability disclosures through a two-layer review process to ensure accuracy and reliability:

A. ESG Team Review – Initial validation is conducted by the ESG team upon receiving disclosure's data.

B. Management Validation – The disclosures undergo a second level of review and approval at the management level before external reporting.

1.1 External Assurance or Validation

BCFC does not currently engage an independent third party for external assurance of sustainability disclosures.

> *"Sustainability is a shared responsibility, and BCFC remains committed to continuously improv the quality and depth of its ESG disclosures in line with the evolving regulatory requirements and global best practices, as we continue our journey by aiming to drive meaningful impact, build resilience, and contribute to a more sustainable future.*

Reflecting on Our ESG Journey

BCFC's sustainability journey has been one of transformation, resilience, and commitment to responsible business practices. Throughout 2024, we have embedded ESG principles into our operations, strengthened governance, advanced digitalization, and enhanced stakeholder engagement—ensuring sustainability is not just a vision but a lived reality. Our progress reflects a shift from standalone initiatives to an integrated ESG strategy that drives value for our business, customers, employees, and the wider community.

This year has been a testament to learning, adapting, and evolving—whether through enhancing financial inclusion, promoting environmental responsibility, fostering a culture of innovation, or strengthening corporate social responsibility. As we move forward, we remain committed to reinforcing the link between business growth and sustainable impact, ensuring BCFC remains a responsible and future-ready financial institution.

Looking Ahead: Our Commitment to the Future

Sustainability is not a destination but a continuous journey. BCFC remains dedicated to enhancing ESG disclosures, deepening stakeholder engagement, and aligning with evolving global and regulatory frameworks. BCFC will always be committed to integrate technological advancements, sustainable finance practices, and responsible corporate governance to drive positive change.

A Shared Responsibility: Join Us in This Journey

Sustainability is a collective responsibility—one that requires the participation of all stakeholders. Whether as employees, customers, investors, or community members, each of us has a role to play in shaping a more sustainable future. At BCFC, we invite you to collaborate, engage, and contribute to this ongoing journey.

Together, we can drive meaningful changes, build a resilient, inclusive, and sustainable future, and continue making a positive impact for generations to come.

Our ESG journey continues, and we look forward to shaping the future together.



MANAGEMENT'S REVIEW OF OPERATIONS

In 2024, the Group achieved a net profit of BD 5 million compared to net loss of BD 30.8 million in previous year, supported by an improvements in operations and a growing customer base. This recovery reflects our resilience and ability to rebound.

Net Profit

BD 5.0 million

Total Assets

BD 220.8 million

The IMF forecasts global growth at 3.3% in 2025 and 2026, below the 2000-2019 average of 3.7%, with U.S. gains offsetting declines elsewhere. Inflation is expected to fall to 4.2% in 2025 and 3.5% in 2026, reaching targets sooner in advanced economies.

The GCC economies showed strong non-oil sector growth in 2024, despite a contraction in oil activities due to OPEC+ imposed supply cuts. Growth is expected to accelerate from 1.8% in 2024 to 4.2% in 2025, driven by increased oil production and economic diversification. Saudi Arabia and the UAE are projected to lead with growth rates of 4.4% and 4.5%, respectively.

In 2024, the Group achieved a net profit of BD 5 million compared to net loss of BD 30.8 million in previous year, supported by an improvements in operations and a growing customer base. This recovery reflects our resilience and ability to rebound. During 2023 the Group recorded unprecedented credit losses that resulted from the identification of non-performing accounts following the conclusion of the CBB deferral program.

The strategic initiatives implemented since the first year of the strategy cycle, focusing on enhancing operational efficiencies, expanding market share, introducing new loan and credit card offerings, and strengthening digital platforms, have effectively positioned the Group to meet evolving customer demands. Additionally, our branch network and the "Sahel by BCFC" digital app have contributed to increased lending volumes.

The Group's financial position remains robust, with total assets of BD 220.8 million and equity of BD 106 million. Strong cash flows and a solid market position reflect the Group's ongoing commitment to operational excellence and innovation. We are optimistic about continuing this positive trajectory and further strengthening our market presence in the future.

Lending Activity

In 2024, the Group achieved a profit of BD 2.8 million in its lending activity, a turnaround from the net loss of BD 30.7 million reported in 2023. This positive outcome reflects the successful implementation of our strategic initiatives and the resilience of our operations.



Building on our financial strength, we continued to make provisions against distressed customer accounts, ensuring a clear and sustainable path forward. Our focus on enhancing processes and improving the quality of applications has paid off, for a healthy lending portfolio and a more robust customer base.

Throughout the year, we introduced innovative products, including a new credit card program and a mortgage loan product tailored for retail customers. The launch of the "Sahel by BCFC" application has positively contributed to our approach to digital loans and credit cards, allowing us to meet the evolving needs of our clients effectively. Targeted campaigns, such as Ramadan offers and promotional draws, further boosted engagement and lending activity.

In the cards business, our strategic focus on acquiring new customers and enhancing card activation has yielded positive results. The introduction of the Imtiaz Mastercard World Elite program catered to high net worth individuals, UEFA Champions League and Unipal Youth cards, positioning our cards prominently in customers' wallets through appealing offers and pioneering campaigns across different market segments.

The Corporate and Small-Medium Enterprises (CSME) unit has played a key role in driving lending segment growth, offering tailored financial solutions such as Business Loans, Credit Lines, and Corporate Credit Cards to meet the unique needs of this vital sector.

Additionally, our focused efforts on improving the recovery of non-performing and written off accounts have yielded positive results. We remain committed to strengthening recovery strategies while maintaining steady progress in managing non-performing loans.

As of 31 December 2024, the Group's loans and advances to customers totaled BD 137,320 thousand, with BD 132,006 thousand maturing before 10 years, BD 4,951 thousand maturing between 10 and 20 years, and BD 363 thousand maturing after 20 years.

During the year ended 31 December 2024, loans and advances totaling BD 2,145 thousand (1.2% of the total portfolio) were restructured, with no significant impact on ECL or earnings.



Management's Review of Operations (continued)



National Motor Company W.L.L.

National Motor Company (NMC) achieved a net profit of BD 2.5 million for 2024 compared with a net profit of BD 2.5 million in 2023. Throughout the year 2024 NMC focused on streamlining operations and optimizing costs, to maximize operating profits effectively. The diverse portfolio of brands continues to resonate well with customers across all targeted segments, offering a wide range of models at various price points to meet different preferences.

Tasheelat Automotive Company W.L.L.

In 2024, Tasheelat Automotive Company (TAC) reported a net loss of BD 135 thousand, following a loss of BD 448 thousand in the previous year. Throughout the year, the company focused on enhancing inventory management and optimizing operational costs to improve efficiency.

Additionally, TAC expanded its presence in the affordable brand sector, where modern designs have resonated well with customers, driving sales growth and strengthening brand acceptance and customer loyalty. The growth in after-sales revenue has positively impacted financial performance, and management continues to implement improvements to enhance service offerings and further strengthen business performance.

Tasheelat Car Leasing Company W.L.L.

In 2024, Tasheelat Car Leasing Company recorded a net profit of BD 108 thousand, demonstrating continued operational efficiency, compared to BD 165 thousand in 2023.

Throughout the year, the company intensified efforts in negotiating favorable contracts with clients and leveraging the sales of ex-leased vehicles, both of which contributed to profitability.

Additionally, a strong focus on optimizing human resource deployment and cost control across all business areas played a crucial role in sustaining financial performance.



Tasheelat Real Estate Services Company W.L.L.

Tasheelat Real Estate Services Company (TRESCO), in 2024 recorded a net loss of BD 678 thousand, an improvement from the net loss of BD 2,075 thousand in 2023. The results for both years were impacted by impairment provisions charged.

During the year, TRESCO improved the occupancy rate of its investment properties and gained momentum in selling select real estate inventories. Additionally, the company provided real estate expertise to other Group entities, contributing to their strategic objectives.

Despite the difficult real estate market, TRESCO remains committed to a strategic repositioning aimed at revitalizing its business model and enhancing operational efficiency. Management is focused on identifying new market opportunities, adopting innovative solutions to attract buyers, and optimizing the property portfolio to align with industry trends.

Tasheelat Insurance Services Comapny W.L.L.

In 2024, Tasheelat Insurance Services Company (TISCO) achieved a net profit of BD 110 thousand, from BD 86 thousand in 2023. This improvement underscores the ongoing commitment to customer retention and the expansion of the insurance policy portfolio.

Throughout the year, TISCO focused on the digitalization of the insurance products, enhancing customer accessibility and streamlining the brokerage process. The efforts in integrating TISCO systems with various insurance providers have also contributed to improved operational efficiency and service delivery.

Additionally, TISCO made strides in expanding the reinsurance business and enhancing the offerings in medical and commercial lines. The targeted marketing strategies have successfully attracted new customers while strengthening relationships with existing ones.

In 2024, we continued to strengthen the risk management culture across the Group. Key initiatives included overhauling cybersecurity measures, refining scoring methodologies, and establishing our Environmental, Social, and Governance (ESG) unit to align with Bahrain's Vision 2030. These efforts have not only improved our risk management practices but have also positioned us well for sustainable growth in the future.

Overall, our achievements this year underscore the effectiveness of our strategic focus and operational improvements, laying a solid foundation for continued success in all sectors we operate in.

CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bahrain Commercial Facilities Company B.S.C.

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C.R. No. 29977-1

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bahrain Commercial Facilities Company B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Impairment of loans and advances	
Refer to notes 4, 5 & 10	
Key audit matter / risk	**How the key audit matter was addressed in the audit**
The process for estimating Expected Credit Loss ("ECL") on credit risk associated with loans and advances in accordance with IFRS 9 – Financial Instruments ("IFRS 9") is a significant and complex area. IFRS 9 requires use of the ECL model for the purposes of calculating loss allowances. The key areas of judgement applied by the management in the determination of the ECL include: • Determining whether the risk of default on a customer has increased significantly due to increase in credit risk; • Choosing appropriate models and assumptions for the measurement of ECL, including the changes in forward-looking macroeconomic variables; and • Qualitative adjustments (overlays) made to the ECL results to address model limitations or emerging risks and trends in the underlying portfolio which are inherently judgmental.	Our approach included understanding the relevant processes for estimating the ECL and performing audit procedures on such estimates. We assessed the Group's IFRS 9 based ECL policy including the Group's determination of the significant increase in credit risk and its impact on the staging criteria with the requirements of IFRS 9. We assessed the basis of determination of the management overlays against the requirements of the Group's ECL policy. For a sample of exposures, we checked the appropriateness of the Group's staging. For Probability of Default ("PD") used in the ECL calculations we checked the Through the Cycle ("TTC") PDs with internal historical data and checked the appropriateness of conversion of the TTC PDs to Point in Time PDs. We checked the appropriateness of the Loss Given Default used by the Group's management in the ECL calculations.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bahrain Commercial Facilities Company B.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

1. Impairment of loans and advances (continued)	
Refer to notes 4, 5 & 10	
Key audit matter / risk	**How the key audit matter was addressed in the audit**
Due to the complexity of the requirements under IFRS 9, the significance of judgments and estimations applied in the ECL calculations, and the Group's exposure to loans and advances, which account for 62% of the Group's total assets, the audit of ECL for loans and advances is a key area of focus. As at 31 December 2024, the Group's gross loans and advances amounted to BD 176.9 million and the related ECL amounted to BD 39.6 million, comprising BD 3 million of ECL against Stage 1 and 2 exposures and BD 36.6 million against exposures classified under Stage 3.	For a sample of exposures, we checked the appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations. We checked the completeness of loans and advances to customers and credit related contingent items included in the ECL calculations as of 31 December 2024. We involved Financial Services Risk Management specialists to verify the appropriateness of the model. We evaluated the key management assumptions related to the determination of the future macroeconomic scenarios including forward looking information and assigning probability weights, incorporating management overlays. We considered the adequacy of the disclosures in the consolidated financial statements in relation to ECL on loans and advances as per the applicable financial reporting standards.

Other information included in the Group's 2024 annual report

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditor's report, we obtained the Chairman's Statement which will form part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bahrain Commercial Facilities Company B.S.C.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law and the Central Bank of Bahrain (CBB) Rule Book (Volume 5), we report that:

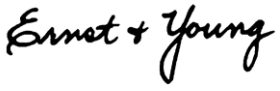
a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;

b) the financial information contained in the Chairman's Statement consistent with the consolidated financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 5 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association having occurred during the year ended 31 December 2024 that might have had a material adverse effect on the business of the Company or on its financial position; and

d) satisfactory explanations and information have been provided to us by management in response to all our requests.

The partner in charge of the audit resulting in this independent auditor's report is Essa Al-Jowder.



Auditor's Registration No: 45

26 February 2025

Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	31 December 2024 BD '000	31 December 2023 BD '000
ASSETS			
Cash and balances with banks		15,232	13,244
Loans and advances to customers	10	137,320	144,044
Trade receivables	11	3,927	2,509
Inventories	12	18,900	18,959
Investment properties	13	9,849	9,972
Property and equipment	14	28,613	25,423
Other assets	15	6,963	5,712
TOTAL ASSETS		**220,804**	219,863
LIABILTIES AND EQUITY			
LIABILITIES			
Trade and other payables	16	21,197	17,863
Bank term loans and other borrowings	17	93,731	100,355
TOTAL LIABILITIES		**114,928**	118,218
EQUITY			
Share capital	18	20,419	20,419
Treasury shares	18	(599)	(599)
Statutory reserve		10,210	10,210
Share premium		25,292	25,292
Other reserves		28,074	28,777
Retained earnings		22,480	17,546
TOTAL EQUITY		**105,876**	101,645
TOTAL LIABILITIES AND EQUITY		**220,804**	219,863

AbdulRahman Yusuf Fakhro
Chairman

Reyadh Yusuf Sater
Vice Chairman

Abdulla Abdulrazaq Bukhowa
Chief Executive Officer

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Note	2024 BD '000	2023 BD '000
Interest income		17,187	19,307
Interest expense		(7,115)	(8,752)
Net interest income		**10,072**	10,555
Automotive revenue	19	45,615	39,995
Cost of sales		(37,764)	(33,698)
Gross profit on automotive revenue		**7,851**	6,297
Net fee and commission income	20	2,631	3,363
Rental and real estate income	21	768	554
Other income	22	1,486	2,036
Total operating income		**22,808**	22,805
Salaries and related costs		(8,519)	(8,266)
Other operating expenses	23	(10,302)	(9,314)
Total operating expenses		**(18,821)**	(17,580)
Profit before net provisions, credit losses and recoveries		**3,987**	5,225
Provisions and credit losses	24	(2,226)	(38,467)
Recoveries from written off balances	24	3,273	2,430
Profit / (loss) for the year		**5,034**	(30,812)
Basic and diluted earnings / (loss) per 100 fils share	30	**25 fils**	(153 fils)
Proposed cash dividend per 100 fils share		**15 fils**	-

AbdulRahman Yusuf Fakhro
Chairman

Reyadh Yusuf Sater
Vice Chairman

Abdulla Abdulrazaq Bukhowa
Chief Executive Officer

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 BD '000	2023 BD '000
Profit / (loss) for the year	**5,034**	(30,812)
Other comprehensive loss:		
Items that are or may be reclassified to profit or loss		
Net change in cash flow hedge reserve	(685)	(938)
Total comprehensive income / (loss) for the year	**4,349**	(31,750)

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	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 2024	20,419	(599)	10,210	25,292	1,244	33	27,500	17,546	**101,645**
2023 appropriations (approved by shareholders):									
- Donation	-	-	-	-	-	100	-	(100)	**-**
Balance after 2023 appropriations	20,419	(599)	10,210	25,292	1,244	133	27,500	17,446	**101,645**
Comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	5,034	**5,034**
Other comprehensive loss:									
- Net change in cash flow hedge reserve	-	-	-	-	(685)	-	-	-	**(685)**
	20,419	(599)	10,210	25,292	559	133	27,500	22,480	**105,994**
Utilisation of donation reserve	-	-	-	-	-	(118)	-	-	**(118)**
At 31 December 2024	**20,419**	**(599)**	**10,210**	**25,292**	**559**	**15**	**27,500**	**22,480**	**105,876**

	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 2023	20,419	(599)	10,210	25,292	2,182	248	27,500	52,387	137,639
2022 appropriations (approved by shareholders):									
- Dividend to equity holders declared and paid	-	-	-	-	-	-	-	(4,029)	(4,029)
Balance after 2022 appropriations	20,419	(599)	10,210	25,292	2,182	248	27,500	48,358	133,610
Comprehensive loss for the year:									
Loss for the year	-	-	-	-	-	-	-	(30,812)	(30,812)
Other comprehensive loss:									
- Net change in cash flow hedge reserve	-	-	-	-	(938)	-	-	-	(938)
	20,419	(599)	10,210	25,292	1,244	248	27,500	17,546	101,860
Utilisation of donation reserve	-	-	-	-	-	(215)	-	-	(215)
At 31 December 2023	20,419	(599)	10,210	25,292	1,244	33	27,500	17,546	101,645

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 BD '000	2023 BD '000
OPERATING ACTIVITIES		
Loan repayments, interest received and other credit related receipts	206,100	202,451
Cash receipts from automotive sales	45,478	41,293
Insurance commission received	674	583
Proceeds from sale of real estate inventory	1,051	240
Rental and evaluation income received	1,380	501
Loans and advances to customers	(178,243)	(162,010)
Payments to suppliers	(38,434)	(36,489)
Payments for operating expenses	(15,406)	(12,810)
Payment for real estate inventory	(22)	-
Directors' fees paid	-	(275)
Interest paid	(7,337)	(9,120)
Net cash generated from operating activities	**15,241**	24,364
INVESTING ACTIVITIES		
Capital expenditure on property and equipment	(10,281)	(5,863)
Addition to investment properties	(61)	(2)
Proceeds from sale of property and equipment	3,761	1,846
Fixed deposit held with banks with maturities of more than three months	2,000	300
Net cash used In investing activities	**(4,581)**	(3,719)
FINANCING ACTIVITIES		
Bank term loans and other borrowings availed	27,617	39,455
Bank term loans and other borrowings paid	(33,716)	(83,966)
Dividends paid	-	(4,029)
Donations paid	(118)	(215)
Net cash used in financing activities	**(6,217)**	(48,755)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**4,443**	(28,110)
Cash and cash equivalents at 1 January	6,215	34,325
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**10,658**	6,215
Cash and cash equivalents comprise:		
Cash and balances with banks	15,232	13,244
Less:		
Restricted cash	(179)	(69)
Bank overdrafts	(395)	(960)
Fixed deposit held with banks with maturities more than three months	(4,000)	(6,000)
	10,658	6,215

The attached notes 1 to 34 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

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 term loans and issues credit cards. Since 26 June 2005, the Company has been licensed and regulated by the Central Bank of Bahrain ("the CBB"). The consolidated financial statements of the Group as at and for the year ended 31 December 2024 comprise the Company, its subsidiaries and its branches (together referred to as "the Group").

The consolidated financial statements of the Group comprise the results of the Company and its subsidiaries. Significant subsidiaries are set out below:

Name of subsidiary	Country of incorporation	% Holding by Group	Principal activities
National Motor Company WLL	Bahrain	100%	Distributor for General Motors (GMC, Chevrolet and Cadillac) and Honda vehicles and represents Mack Defence in the Kingdom of Bahrain
Tasheelat Real Estate Company WLL	Bahrain	100%	Real estate related services
Tasheelat Insurance Services Company WLL	Bahrain	100%	Insurance brokerage services
Tasheelat for General Trading Company WLL	Kurdistan, Iraq	100%	Established through NMC, currently under liquidation
Tasheelat Automotive Company WLL	Bahrain	100%	Distributor for GAC, Haval and Great Wall vehicles in the Kingdom of Bahrain
Tasheelat Car Leasing Company WLL	Bahrain	100%	Car rentals, long and short term leasing services

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with the relevant provisions of the Bahrain Commercial Companies Law, directives, regulations and associated resolutions, rules and procedures of the Central Bank of Bahrain ("CBB"), which require the preparation of financial statements under International Financial Reporting Standards ("IFRS"). The consolidated financial statements of the Group for the years ending 31 December 2023 and 31 December 2024 were prepared in accordance with International Financial Reporting Standards.

For the purpose of these consolidated financial statements, the financial statements of subsidiaries have been adjusted to align with the above framework.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are carried at fair value.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Bahraini Dinars ("BD"), which is also the Group's functional currency. All financial information presented in BD has been rounded to the nearest thousand, except when otherwise indicated.

2.4 New standards, interpretations and amendments

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year, except for the adoption of the following new and amended standards and interpretation applicable to the Group, which are effective for annual periods beginning on or after 1 January 2024. The adoption of below new and amended standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

2.4.1 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

2.4.2 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

2. BASIS OF PREPARATION (continued)

2.4 New standards, interpretations and amendments (continued)

2.4.3 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The above amendments had no impact on the Group's consolidated financial statements.

2.5 New standards, interpretations and amendments issued but not yet effective

Standards, interpretations and amendments to existing standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group reasonably expects these issued standards, interpretations and amendments to existing standards to be applicable at a future date. The Group intends to adopt these standards, interpretations and amendments to existing standards, if applicable, when they become effective:

2.5.1 IFRS 19 - Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

2.5.2 Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

2.5.3 IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the Primary Financial Statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

2.5.4 Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

On 30th May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments; and
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The amendments are effective for annual periods starting on or after 1st January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the amendments.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Group is currently performing an assessment of all material electronic payment systems utilised in the various jurisdictions it operates, in order to assess whether the amendments will result in a material change with respect to current practices and whether it meets the conditions to apply the accounting policy option to derecognise such financial liabilities before the settlement date. Moreover, the Group is reviewing all its other payment systems (such as cheques, credit cards, debit cards) to ensure that the corresponding financial assets are derecognised when the right to cash flows are extinguished and that the corresponding financial liabilities are derecognised on settlement date.

In addition, the Group is assessing the impact of the amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the initial assessment performed, the amendments in these areas are not expected to have a material impact on the Group's consolidated financial statements, however, the assessment is yet to be concluded.

2.5.5 International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') apply to multinational enterprise (MNE) groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the Group for fiscal years commencing on or after 1 January 2025.

As per the Group's assessment, it has concluded that it is not in scope for the Bahrain DMTT law or the GloBE rules as:

- it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

Accordingly, it does not expect to be subject to the Bahrain DMTT law and GloBE rules for the next fiscal year.

The above amendments are not expected to have a material impact on the Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These have been consistently applied by the Group to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation

3.1.1 Subsidiaries:

'Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

3.1.2 Loss of control:

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.3 Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Revenue recognition

3.2.1 Interest income and expense

Interest income and expense is recognised in the statement of profit or loss, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not Expected Credit loss ("ECL").

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

3.2.2 Income from sale of goods and provision of services

Revenue from sale of goods (motor vehicles and spare parts) is recognised at a point in time when the control of the goods is transferred to the customer, i.e. when the goods have been delivered to and accepted by the customer.

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises revenue from car maintenance and repair and warranty services. Revenue is recognised over time as the services are rendered, provided pervasive evidence of an arrangement exists, tariff / rates are fixed or are determinable and collectability is reasonably certain.

Revenue from investment property and cars leased out under an operating lease are recognised over the tenure of the lease / service agreement on a straight line basis over the term of the lease, except where the rentals are structured to increase in line with expected general inflation, and except where there is uncertainty of ultimate collection.

Specific criteria for each of the Group's activities are as follows:

a) Income from sales of motor vehicles and spare parts is recognised when an invoice is raised, and the customer becomes entitled to take possession of the goods.

b) Income from maintenance and repair services is recognised when the service is rendered.

c) Revenue from warranty claims is recognised when these services have been rendered to the customers under warranty obligations.

d) Rental income from car hire is recognised on a straight-line basis over the lease term.

e) Income from sale of land inventory is recognised when the customer becomes entitled to take possession of the land which is normally when the title deed passes to him; and

f) Rental income from investment property is recognised as revenue on a straight-line basis over the rental agreement term.

3.2.3 Income from maintenance and repairs

Revenue from car maintenance and repair and warranty services is recognised over time as the services are rendered, provided pervasive evidence of an arrangement exists, tariff / rates are fixed or are determinable and collectability is reasonably certain.

3.2.4 Fee and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and income is recognised when such services are performed.

Insurance commission income is recognised when the insurance cover is issued, and the customer becomes entitled to the insurance policy.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to Bahraini Dinars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are retranslated to Bahraini Dinars at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on retranslation are recognised in the statement of profit or loss.

3.4 Financial instruments

3.4.1 Recognition and initial measurement

The financial instruments of the Group consist primarily of cash and balances with banks, loans and advances to customers, trade receivables, derivative financial instruments, trade and other payables, and bank term loans and other borrowings. The Group initially recognises loans and advances and trade receivables on the date on which they are originated. All other financial instruments are initially recognised on the trade date, which is the date when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

3.4.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt security; FVOCI – equity security; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual interest rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Modifications of financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in the statement of profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.

3.4.3 De-recognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

3.4.4 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position, when and only when, the Group currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.4.5 Impairment

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs, unless there has been no SICR since origination in which case the allowance is based on 12 months ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, 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 informed credit assessment including forward-looking information.

The Group has assumed that the credit risk on a financial asset has increased significantly if it is more than 30 days past due for the loan portfolio.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

3.4.5 Impairment (continued)

Measurement of ECLs- Loans and advances

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

Measurement of ECLs- Trade receivables (simplified approach)

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate (Net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures based on the customer's common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and group view of economic conditions over the expected lives of the receivables. The forward looking adjustment of the loss rates is based on a qualitative score card which factors the management's view on the future economic and business conditions.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is considered 'credit-impaired' when one or more events, that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties; and
- Liquidation of collaterals.

Stage 1, 2 and 3 - Collectively assessed loans

The Group applies a three-stage approach to measure expected credit losses (ECL) on financial assets carried at amortised cost. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- Stage 1: 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date;
- Stage 2 lifetime ECLs - not credit impaired: these are ECLs that result from all possible default events over the expected life of a financial instrument. Includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment; and
- Stage 3 lifetime ECLs - credit impaired: these are ECLs that result from all possible default events over the expected life of a financial instrument. Includes financial instruments that have objective evidence of impairment at the reporting date.

Stage 3 – Specifically assessed loans

- The Group considers evidence of impairment for all individually significant loans and advances which are assessed for impairment on a specific basis.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

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.

During the year 2024, the Group revised its write-off policy. This revision resulted in a net write-back of gross exposure and its corresponding ECL of BD 6.2 million. This adjustment had no impact on the Group's consolidated statement of profit or loss, nor on the Group's net loans and advances to customers in the Group's consolidated statement of financial position.

3.5 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less expected credit loss.

3.6 Inventories

Vehicle inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis for spare parts and on a specific identification basis for motor vehicles. Cost includes purchase price, freight, customs duty and other incidental expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Land and property inventory is stated at the lower of cost and net realisable value. A property is subsequently reclassified from inventory to investment property if there is an actual change in use and reclassified from inventory to property and equipment upon change in use or vice versa.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.7 Property, equipment and right of use assets

Recognition

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its residual amount if the carrying amount of the asset is greater than its estimated recoverable amount.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

Depreciation

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful life of items of property and equipment. No depreciation is charged on freehold land. The estimated useful life are as follows:

Buildings	15 to 35 years
Furniture, fixture and equipment	3 to 6 years
Owned Vehicles	4 to 6 years
Leased Vehicles	4 to 6 years
Right of Use	Over lease period

3.8 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment if any.

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

Depreciation

Depreciation on investment property is charged to the statement of profit or loss on a straight-line basis over the estimated useful life of property. The land component is not depreciated. The estimated useful life of the investment is as follows:

Buildings	35 years
Furniture, fixture and equipment	4 years

3.9 Borrowing costs

Borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset is capitalised. Other borrowing cost is recognised in the statement of profit or loss in the year in which it arises.

3.10 Dividends

Dividends and other proposed appropriations are recognised as a liability in the period in which they are approved by the shareholders.

3.11 Statutory reserve

In accordance with the Company's Articles of Association and in compliance with the Commercial Companies Law, a minimum of 10% of the net profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital (excluding share premium). This reserve is not normally distributable except in circumstances stipulated in the law.

3.12 General reserve

In accordance with the Company's Articles of Association and the recommendations of the Board of Directors, specific amounts are transferred to the general reserve. The reserve carries no restriction on its distribution.

The appropriations are subject to the approval of the shareholders at the Annual General Meeting.

3.13 Donations reserve

Based on the recommendations of the Board of Directors, an amount is transferred from the profit for the year to this reserve. The reserve represents the uncommitted amount of the donations and charities approved by the Shareholders.

3.14 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Treasury shares

Where the Company purchases its own equity share capital, the consideration paid, including any attributable transaction costs, are deducted from total equity and recorded as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any gain or loss is included in equity.

3.15 Cash flow hedges

The Group uses interest rate swaps and foreign exchange forward contracts to hedge its exposures to the variability of future cash flows. Derivative financial instruments are contracts, the value of which, are derived from one or more underlying financial instruments or indices, and include foreign exchange contracts, forwards and swaps in the interest rate and foreign exchange markets. All derivative financial instruments are initially recognised at cost, being the fair value at contract date, and are subsequently re-measured at their fair values. Changes in the fair value of the derivative financial instruments that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to the hedged risk are recognised in other comprehensive income and presented in a hedge reserve as a separate component of equity. The corresponding effect of the unrealised gains or losses recognised in other comprehensive income is recognised as other assets or other liabilities in the statement of financial position. The effective portion of the gain or loss on derivative instruments recognised in other comprehensive income is removed and included in statement of profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any gains or losses arising from changes in fair value on derivative instruments that do not qualify for hedge accounting or are determined to be ineffective are recognised directly in the statement of profit or loss. Fair value gains and losses on trading derivatives are recognised in the statement of profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects the statement of profit or loss.

If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in the statement of profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to the statement of profit or loss in the same period that the hedged item affects the profit or loss.

3.16 Impairment of non-financial assets

The carrying amounts of the Group's assets other than financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, and an impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses are recognised in the statement of profit or loss.

3.17 Retirement benefits cost

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organization scheme to which employees and the Group contribute monthly on a fixed-percentage-of salaries basis. The Group's contribution to this scheme, which represents a defined contribution scheme under International Accounting Standard 19 – Employee Benefits, is expensed as incurred.

Expatriate employees on limited-term contracts are entitled to leaving indemnities payable under the Bahrain Labour Law, based on length of service and final remuneration.

3.18 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.19 Lease Liability

At the date of initial application, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.20 Bank term loans and other borrowings

Interest bearing bank term loans and other borrowings are initially measured at fair value plus any transaction costs and subsequently measured at their amortised cost using the effective interest rate method.

3.21 Cash and cash equivalent

Cash and balances with banks comprise cash on hand, unrestricted balances and deposits with banks with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of restricted cash and bank overdrafts.

3.22 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the other components of the Group. All operating results of the operating segments are regularly reviewed by the executive management to make decisions about resource allocation and assess its performance, and for which discrete financial information is available.

3.24 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle such obligation.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4.1 Judgements

4.1.1 Classification of financial assets

Assessment of the business model within which the assets are held and assessment of whether contracted terms of the financial asset are SPPI and the principal amount outstanding (Note 3.4.2).

4.1.2 Classification of derivative financial instruments

In the process of applying the Group's accounting policies, management decides on the transaction date the purpose of the derivative financial instrument acquired and based on the management purpose the accounting treatment is determined in accordance with the IFRS 9.

Significant increase in credit risk (SICR)

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporation, forward looking information into measurement of ECL and selection and approval of models used to measure ECL.

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 or longer term.

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.

Probability weights

Management judgement is involved in determining the probability weighting of each scenario considering the risks and uncertainties surrounding the base case scenario, to reflect the enhanced economic environment, the Group has updated the scenario weighting to reflect the improved economic environment in measuring the estimated credit losses for the year ended 31 December 2024.

4.2 Estimates

4.2.1 Impairment of financial instruments

- Determining inputs into the ECL measurement models, including incorporation of forward looking information.
- Key assumptions used in estimating recoverable cash flows.

4.2.2 Impairment on trade receivables

The Group measures expected credit loss for trade receivables using a 'roll rate' (net flow) method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. The Group estimates the loss rates based on historical loss experience, which are adjusted to reflect future economic and business conditions.

4.2.3 Provision on inventory

The Group reviews the carrying amounts of the inventories at each reporting date to determine whether the inventories have been impaired. The Group identifies the inventories, which have been impaired based on the age of the inventory and their estimate of the future demand for the inventory. If any impairment indication exists, the inventories recoverable amount is estimated based on past experience relating to disposal of such inventory.

5. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 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 other assets. The maximum credit risk is the carrying value of the assets.

On going economic environment impact

The Group has performed an assessment of the relevant available macro-economic information. This assessment resulted in certain changes to the expected credit loss methodology and judgements as at and for the year ended 31 December 2024.

The rising interest rates and inflationary pressures in many countries across the globe and ongoing geopolitical tensions. The Group has updated the inputs and assumptions used for the determination of ECL including additional management overlays.

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 to identify potential SICR on a qualitative basis.

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 a defined authorization structure;
- Diversification of lending activities; and
- 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.

5.1.1 Loans and advances to customers

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.

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 year end.

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts:

	31 December 2024 BD '000	31 December 2023 BD '000
Stage 1, 2 and 3		
Stage 12 - 1 month	103,884	107,836
Stage 2 - lifetime - not credit impaired	12,518	18,411
Stage 3 - lifetime - credit impaired	60,577	66,539
Expected credit loss	(39,659)	(48,742)
Net loans and advances to customers	**137,320**	144,044

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
- 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 indicators include: GDP growth, benchmark interest rates, unemployment and 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).

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Credit risk (continued)

5.1.1 Loans and advances to customers (continued)

Monitoring of credit risk (continued)

Generating the term structure of PD *(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.

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 behavioral 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 retail and 6 months for corporate before the exposure is no longer considered to be credit-impaired 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.

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:

2024	Stage 1 BD'000	Stage 2 BD'000	Stage 3 BD'000	Total BD'000
Current	93,271	1,633	1,837	**96,741**
Past due:				
1-30 days	10,613	1,495	274	**12,382**
31-60 days	-	7,288	934	**8,222**
61-89 days	-	2,102	2,191	**4,293**
90 days – 1 year	-	-	21,156	**21,156**
1 year – 3 years	-	-	23,729	**23,729**
More than 3 years	-	-	10,456	**10,456**
Expected credit loss	(1,066)	(1,978)	(36,615)	**(39,659)**
Carrying value	**102,818**	**10,540**	**23,962**	**137,320**

2023	Stage 1 BD'000	Stage 2 BD'000	Stage 3 BD'000	Total BD'000
Current	95,552	4,603	3,683	103,838
Past due:				
1-30 days	12,284	1,615	1,659	15,558
31-60 days	-	7,740	1,744	9,484
61-89 days	-	4,453	4,157	8,610
90 days – 1 year	-	-	29,868	29,868
1 year – 3 years	-	-	18,758	18,758
More than 3 years	-	-	6,670	6,670
Expected credit loss	(1,088)	(2,413)	(45,241)	(48,742)
Carrying value	106,748	15,998	21,298	144,044

2024	**Retail BD'000**	**CSME* BD'000**	**Total BD'000**
Current	85,707	11,034	96,741
Past due:			
1-30 days	9,924	2,458	12,382
31-60 days	7,223	999	8,222
61-89 days	4,198	95	4,293
90 days – 1 year	19,868	1,288	21,156
1 year – 3 years	21,272	2,457	23,729
More than 3 years	7,722	2,734	10,456
Gross loans and advance	**155,914**	**21,065**	**176,979**
Expected credit loss	(35,757)	(3,902)	(39,659)
Net loans and advances	**120,157**	**17,163**	**137,320**

** Corporate and small to medium enterprises (CSME)*

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Credit risk (continued)

5.1.1 Loans and advances to customers (continued)

Monitoring of credit risk (continued)

2023	Retail BD'000	CSME* BD'000	Total BD'000
Current	93,451	10,387	103,838
Past due:			
1-30 days	13,820	1,738	15,558
31-60 days	8,545	939	9,484
61-89 days	8,047	563	8,610
90 days – 1 year	29,258	610	29,868
1 year – 3 years	16,139	2,619	18,758
More than 3 years	5,097	1,573	6,670
Gross loans and advance	174,357	18,429	192,786
Expected credit loss	(44,926)	(3,816)	(48,742)
Net loans and advances	129,431	14,613	144,044

** Corporate and small to medium enterprises (CSME)*

The Group's exposure to customers who are less than 90 days past due and in stage 3 as of the reporting date pertains to customers either in their cooling-off period, the pledged collateral has been liquidated, or customer experiencing financial difficulties that may lead to default.

Credit risk concentration

All loans are made to borrowers that are residents in Bahrain. Credit risk concentration of loans at the reporting date represents 88% (2023: 90%) retail loans and 12% (2023: 10%) to CSME customers.

By geographical region

All loans and advances are geographically located in Bahrain.

The unutilised credit limit for credit cards at 31 December 2024 amounted to BD 19,066 thousand (2023: BD 19,109 thousand). Off balance sheet exposures are converted into on balance sheet equivalents by applying a credit conversion factor (CCF). During the year ended 31 December 2024, the average gross credit exposure for loans and advances to customers is BD 179,191 thousand (2023: BD 212,087 thousand) and average unutilised credit limit for credit cards is BD 19,266 thousand (2023: BD 19,218 thousand). Such amounts are calculated based on the average of last four quarterly results.

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

At the reporting date, the loans and advances to customers represent 26% vehicle loans (2023: 28%), 25% mortgage collateral backed loans (2023: 21%), 38% personal loans and other (2023: 40%), and 11% credit card lending (2023: 11%).

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.

At 31 December 2024, the total gross amount of accounts with days past due 90 days or more, was BD 55,341 thousand (2023: BD 55,296 thousand). The total stage 3 accounts were BD 60,577 thousand (2023: BD 66,539 thousand). In compliance with the CBB requirements, interest on stage 3 is suspended and is accounted for on a cash basis.

Loans with renegotiated terms and the Group's forbearance policy

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 year ended 31 December 2024, loans and advances amounting to BD 2,145 thousand (2023: BD 7,572 thousand) were restructured.

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 retail customer needs to demonstrate consistently good payment behaviour over a period of 3 months (6 months for corporate) 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.

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 31 December 2024, loans amounting to BD 59,947 thousand (2023: BD 74,068 thousand) were fully collateralised and loans amounting to BD 37,588 thousand (2023: BD 30,445 thousand) were partly collateralised with a collateral value of BD 24,508 thousand (2023: BD 17,789 thousand). Stage 3 loans amounting to BD 25,741 thousand (2023: BD 23,832 thousand) are collateralised by real estate.

5.1.2 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.

During the year ended 31 December 2024, the average gross exposure for trade and other receivables is BD 4,903 thousand (2023: BD 4,865 thousand). Such amounts are calculated based on the average of last four quarterly results.

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.

5.1.3 Credit risk related to balances with banks

Credit risk from balances with banks is managed by the Group's finance department in accordance with the Group's policy. Placement of surplus funds are made only with approved banks and within credit limits assigned to each bank. The Group's balances with banks are placed with banks of good credit ratings, therefore, are considered to be low credit risk placements.

During the year ended 31 December 2024, the average gross credit exposure for balances with banks is BD 14,624 thousand (2023: BD 18,655 thousand). Such amounts are calculated based on the average of last four quarterly results.

5.1.4 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 honour its obligations to deliver cash, securities or other assets as contractually agreed.

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Credit risk (continued)

5.1.5 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.

5.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management ensures that funds are available at all times to meet the funding requirements of the Group.

Management of liquidity risk

The Group's approach to managing liquidity risk is to ensure that the Group secures funding significantly larger than present and future requirements. The Group continuously monitors the extent to which contractual receipts exceed contractual payments and the levels of new advances are correlated to the levels of liquidity. Liquidity risks are closely monitored by the risk management and finance departments and reported to the Assets and Liabilities Committee (ALCO) and the Board.

The Group monitors CBB requirements for liquidity ratios and ensures that those ratios remain within the CBB limits.

The residual future contractual maturity of financial assets and liabilities are summarised in the table below. The future contractual undiscounted cash flows of financial assets and financial liabilities have been disclosed at the carrying value and prevailing interest rates at the reporting date until their final maturities.

2024	Carrying amount BD '000	Gross contractual cash flows BD '000	Within 1 Year BD '000	1 year to 5 years BD '000	Over 5 years BD '000
Assets					
Cash and balances with banks	15,232	15,449	15,449	-	-
Loans and advances to customers	137,320	246,988	53,636	127,410	65,942
Trade receivables	3,927	3,927	3,927	-	-
Other assets	2,524	2,524	2,256	268	-
	159,003	**268,888**	**75,268**	**127,678**	**65,942**
Liabilities					
Trade and other payables	16,502	16,502	16,502	-	-
Derivative financial instruments	23	23	23	-	-
Lease liabilities	912	1,039	615	349	75
Bank term loans and other borrowings	93,731	102,687	33,715	68,972	-
	111,168	**120,251**	**50,855**	**69,321**	**75**
Unutilised credit limits	**19,066**	**19,066**	**19,066**	**-**	**-**

2023	Carrying amount BD '000	Gross contractual cash flows BD '000	Within 1 Year BD '000	1 year to 5 years BD '000	Over 5 years BD '000
Assets					
Cash and balances with banks	13,244	13,398	13,398	-	-
Loans and advances to customers	144,044	295,569	79,481	138,685	77,403
Trade receivables	2,509	2,509	2,509	-	-
Other assets	2,950	2,950	1,705	1,245	-
	162,747	314,426	97,093	139,930	77,403
Liabilities					
Trade and other payables	14,327	14,327	14,327	-	-
Derivative financial instruments	33	33	33	-	-
Lease liabilities	1,118	1,245	516	648	81
Bank term loans and other borrowings	100,355	115,748	49,089	66,659	-
	115,833	131,353	63,965	67,307	81
Unutilised credit limits	19,109	19,109	19,109	-	-

5.3 Market risk

Market risk is the risk that the Group's income and / or value of a financial instrument will fluctuate because of changes in market prices such as interest rates.

Management of market risks

Market risks are closely monitored by the risk management and finance department and reported to the Assets and Liabilities Committee (ALCO) and the Board.

Interest rate risk

Interest rate risk is the risk that the Group's earnings will be affected as a result of movements in interest rates. The Group's interest rate exposures arise from its interest earning assets and interest-bearing liabilities i.e. balance with banks, loans and term loans. The distribution of financial instruments between interest rate categories is summarised below:

At 31 December	Fixed rate		Floating rate		Non-interest earning		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
ASSETS								
Cash and balances with banks	11,045	8,114	-	-	4,187	5,130	15,232	13,244
Loans and advances to customers	136,863	143,544	-	-	457	500	137,320	144,044
Trade receivables	-	-	-	-	3,927	2,509	3,927	2,509
Other assets	-	-	582	1,277	1,942	1,673	2,524	2,950
	147,908	151,658	**582**	1,277	**10,513**	9,812	**159,003**	162,747
LIABILITIES								
Trade and other payables	-	-	-	-	16,502	14,327	16,502	14,327
Derivative financial instruments	-	-	-	-	23	33	23	33
Lease liabilities	912	1,118	-	-	-	-	912	1,118
Bank term loans and other borrowings	-	-	93,731	100,355	-	-	93,731	100,355
	912	1,118	**93,731**	100,355	**16,525**	14,360	**111,168**	115,833

The unhedged portion of the floating rate borrowing is sensitive to changes in the interest rates. As at 31 December 2024 a change in variable rate financial instruments by 100 basis points will increase / (decrease) net profits by BD 575 thousand (2023: BD 598 thousand).

5. FINANCIAL RISK MANAGEMENT (continued)

5.3 Market risk (continued)

Bank term loans extended have floating interest rates, which are subject to re-pricing on a quarterly basis. The effective interest rate on term loans inclusive of the effect of the interest rate swaps and FX hedge contracts was 7.51% p.a. (2023: 7.50% p.a.).

5.4 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group had BD 74,190 thousand net liability denominated in US Dollars (2023: BD 98,576 thousand) and BD 143 thousand net asset (2023: BD 1,180 thousand) denominated in Japenese Yen.

A probable change of 5% in foreign currency exchange rates of the Japanese Yen, with all other variables held constant, is expected to have an impact of BD 7 thousand (2023: BD 59 thousand) on the consolidated statement of comprehensive income.

The Bahraini Dinar is effectively pegged to the US Dollar.

5.5 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 31 December 2024 (2023: 1.2).

6. DERIVATIVES AND HEDGING

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments.

The notional amount is that of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are not indicative of either market or credit risk.

At 31 December 2024 interest rate risk attributable to the term loans of BD 35.8 million (USD 95 million) (2023: BD 39.6 million, USD 105 million) has been hedged. The fair value of this hedge instruments is BD 582 thousand asset (2023: BD 1,277 thousand, asset).

At 31 December 2024 foreign exchange forwards attributable to the term loans of BD 18.2 million (2023: BD 25.2 million) has been hedged. The negative fair value of this hedge instruments are BD 23 thousand, liability (2023: BD 33 thousand, liability).

Derivatives are carried at fair value using valuation techniques based on observable market inputs.

Derivative product types

Foreign exchange forwards are contractual agreements to either buy or sell a specific currency at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Interest rate swaps are contractual agreements between two parties to exchange interest based on a specific notional amount. Counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency.

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 fair value of instruments that are favourable to the Group. The majority of the Group's derivative contracts are entered into with other financial institutions and there is no significant concentration of credit risk in respect of contracts with positive fair value with any individual counterparty at the date of the consolidated statement of financial position.

Derivatives held or issued for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Group's exposure to fluctuations in foreign exchange rates (currency risk) and interest rates through asset and liability management. It is the Group's policy to reduce its exposure to currency and interest rate risks

to acceptable levels as determined by the Board of Directors. The Board has established levels of currency risk by setting limits on currency position exposures. Positions are monitored on an ongoing basis and hedging strategies used to ensure positions are maintained within established limits. The Board has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods. Interest rate gaps are reviewed on an ongoing basis and hedging strategies are used to reduce the interest rate gaps within the limits established by the Board of Directors.

The Group uses forward foreign exchange contracts to hedge against specifically identified currency risks. In addition, the Group uses interest rate swaps to hedge against the interest rate risk arising from specifically identified borrowings bearing floating interest rates. In all such cases the hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transactions are accounted for as hedges.

The Group's instalment loans receivables are predominantly of a fixed rate nature (the Group has, however, reserved the right under the terms of the agreement with customers to vary the rate at its discretion after giving a customer one month notice) while its bank borrowings are of a floating rate nature. To hedge this risk, the Group uses interest rate swap contracts to convert floating rate of interest on bank term loans and other borrowings to fixed rate of interest.

Only the interest rate risk element is hedged and therefore other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk component is determined as the change in fair value of the fixed rate loans and advances arising solely from changes in floating rate benchmark. Such changes are usually the largest component of the overall change in fair value. This strategy is designated as a cash flow hedge and its effectiveness is assessed by hypothetical derivative method and comparing the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the bank term loans and other borrowings (i.e., notional amount, maturity, payment and reset dates). The Group has established a portfolio hedge for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. Possible sources of ineffectiveness are as follows:

- Different interest rate curve applied to discount the hedged item and hedging instrument;
- Differences in timing of cash flows of the hedged item and hedging instrument; and
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item.

The hedge relationships have been assessed to be fully effective, accordingly, fair value changes of the interest rate swaps and forward contracts are recognised in equity.

The following table sets out the maturity profile of the hedging instruments used in the Group's hedging strategies:

Notional	Within 1 month BD'000	1 - 3 months BD'000	3 - 6 months BD'000	6 - 12 months BD'000	1 - 5 years BD'000	Total BD'000
2024	**-**	**7,540**	**13,740**	**21,425**	**11,310**	**54,015**
2023	-	3,770	12,200	13,000	35,815	64,785

7. OPERATIONAL RISKS

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, fraud and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage, to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Group manages the operational risk by policies and procedures to identify, assess, control, manage and report risks. Additionally, prior to the implementation of new products and services, it's reviewed and assessed for operational risks. The Group's risk management division employs clear internal policies and procedures and the Risk Control Self-Assessment (RCSA) methodology to reduce the likelihood of any operational losses. Where appropriate, risk is mitigated by way of insurance.

8. MATURITY PROFILE

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

At 31 December	Within 1 Year		1 year to 5 years		5 year to 10 years		More than 10 years		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	BD '000	BD '000	**BD '000**	BD '000	**BD '000**	BD '000	**BD '000**	BD '000	**BD '000**	BD '000
ASSETS										
Cash and balances with banks	15,232	13,244	-	-	-	-	-	-	**15,232**	13,244
Loans and advances to customers	40,668	39,826	71,890	71,394	19,448	25,843	5,314	6,981	**137,320**	144,044
Trade receivables	3,927	2,509	-	-	-	-	-	-	**3,927**	2,509
Other assets	2,256	1,705	268	1,245	-	-	-	-	**2,524**	2,950
	62,083	57,284	**72,158**	72,639	**19,448**	25,843	**5,314**	6,981	**159,003**	162,747
LIABILITIES										
Trade and other payables	16,502	14,327	-	-	-	-	-	-	**16,502**	14,327
Derivative financial instruments	23	33	-	-	-	-	-	-	**23**	33
Lease liabilities	546	472	326	604	10	4	30	38	**912**	1,118
Bank term loans and other borrowings	32,771	41,936	60,960	58,419	-	-	-	-	**93,731**	100,355
	49,842	56,768	**61,286**	59,023	**10**	4	**30**	38	**111,168**	115,833

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

9. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Group's financial assets and financial liabilities are measured at amortised cost except for derivative financial instruments, which are carried at 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.

Except for derivative instruments which are classified as at fair value, all of the Group's other financial assets and liabilities are classified as at amortised cost.

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.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 net exposure to derivatives, whose fair value as of 31 December 2024 is BD 559 thousand (2023: BD 1,244 thousand) are categorised under Level 2. There were no transfers between Level 1 and Level 2 during 2024.

Financial assets and liabilities not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value analysed by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December.

2024	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total fair value BD '000	Total Carrying value BD '000
Loans and advances to customers	-	-	137,320	**137,320**	**137,320**
Bank term loans and other borrowings	-	-	93,731	**93,731**	**93,731**

2023	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total fair value BD '000	Total Carrying value BD '000
Loans and advances to customers	-	-	144,044	144,044	144,044
Bank term loans and other borrowings	-	-	100,355	100,355	100,355

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.

10. LOANS AND ADVANCES TO CUSTOMERS

(a) Exposure by staging

	31 December 2024			
	Stage 1 BD '000	**Stage 2 BD '000**	**Stage 3 BD '000**	**Total BD '000**
Loans and advances	103,884	12,518	60,577	176,979
Less: expected credit loss	(1,066)	(1,978)	(36,615)	(39,659)
Loans and advances	**102,818**	**10,540**	**23,962**	**137,320**

	31 December 2023			
	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	Total BD '000
Loans and advances	107,836	18,411	66,539	192,786
Less: expected credit loss	(1,088)	(2,413)	(45,241)	(48,742)
Loans and advances	106,748	15,998	21,298	144,044

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Expected credit loss movement

2024	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	Total BD '000
Expected credit loss at 1 January 2024	1,088	2,413	45,241	**48,742**
Net transfer between stages	(148)	(534)	682	**-**
Net charges for the year	126	99	1,029	**1,254**
Net write off during the year	-	-	(10,337)	**(10,337)**
Expected credit loss at 31 December 2024	**1,066**	**1,978**	**36,615**	**39,659**

2023	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	Total BD '000
Expected credit loss at 1 January 2023	1,313	7,105	27,012	35,430
Net transfer between stages	748	(2,551)	1,803	-
Net (reversal) / charge for the year	(973)	(2,141)	39,032	35,918
Net write off during the year	-	-	(22,606)	(22,606)
Expected credit loss at 31 December 2023	1,088	2,413	45,241	48,742

11. TRADE RECEIVABLES

	31 December 2024 BD '000	31 December 2023 BD '000
Trade receivables	5,564	4,623
Less: expected credit loss	(1,637)	(2,114)
	3,927	2,509

Expected credit loss movement

	2024 BD '000	2023 BD '000
At beginning of the year	2,114	2,072
Net charge for the year	133	54
Write off during the year	(610)	(12)
At end of the year	**1,637**	2,114

12. INVENTORIES

	31 December 2024 BD '000	31 December 2023 BD '000
Vehicles	12,724	10,842
Automotive spare parts	6,210	7,306
Real estate inventory	1,351	2,105
	20,285	20,253
Provisions	(1,385)	(1,294)
	18,900	18,959

Movement in provisions

	2024 BD '000	2023 BD '000
At beginning of the year	1,294	789
Net charge for the year	195	508
Utilisation	(104)	(3)
At end of the year	**1,385**	1,294

13. INVESTMENT PROPERTIES

	31 December 2024 BD '000	31 December 2023 BD '000
Cost		
At 1 January	14,712	13,025
Additions during the year	61	2
Transfer to investment property	-	1,685
Book value before depreciation and impairment	**14,773**	14,712

Accumulated depreciation and impairment

	2024 BD '000	2023 BD '000
At 1 January	4,740	2,523
Depreciation charge for the year	184	230
Impairment provision charges	-	1,987
At 31 December	**4,924**	4,740
Net book value at 31 December	**9,849**	9,972

The fair value of investment properties as at 31 December 2024 is BD 14,406 thousand (2023: BD 11,255 thousand) were determined by independent external property valuers with the appropriate recognised qualification and experience in the location and category of the property being valued. All such valuers are approved by the Bahrain Real Estate Regulatory Authority to carry out such valuations. The fair value was determined based on investment method by comparing market rental rates and vacant lands and accordingly categorised as level 3 in fair value hierarchy.

14. PROPERTY AND EQUIPMENT

	Land and buildings BD '000	Furniture, fixtures & equipment BD '000	Vehicles BD '000	Work in Progress BD '000	Right of Use BD '000	2024 Total BD '000	2023 Total BD '000
Cost							
At 1 January	26,408	12,488	8,297	344	4,319	51,856	50,276
Additions	-	118	8,769	782	612	10,281	5,863
Disposals / termination	(593)	(2,198)	(5,505)	(6)	(950)	(9,252)	(4,283)
Reclassified	-	689	-	(689)	-	-	-
At 31 December	**25,815**	**11,097**	**11,561**	**431**	**3,981**	**52,885**	51,856
Depreciation							
1 January	10,303	11,522	2,257	-	2,351	26,433	25,663
Charge for the year	456	669	1,519	-	561	3,205	2,788
Disposals / termination	(368)	(2,171)	(2,140)	-	(687)	(5,366)	(2,018)
At 31 December	**10,391**	**10,020**	**1,636**	**-**	**2,225**	**24,272**	26,433
Net book value							
At 31 December 2024	**15,424**	**1,077**	**9,925**	**431**	**1,756**	**28,613**	
At 31 December 2023	16,105	966	6,040	344	1,968		25,423

The cost of fully depreciated assets still in use at 31 December 2024 was BD 13,277 thousand (2023: BD 15,028 thousand).

15. OTHER ASSETS

	31 December 2024 BD '000	31 December 2023 BD '000
Advance to suppliers and manufacturers incentive	3,770	2,181
VAT receivables	1,520	1,272
Prepaid expenses	669	581
Positive fair value derivative	582	1,277
Others	422	401
	6,963	5,712

16. TRADE AND OTHER PAYABLES

	31 December 2024 BD '000	31 December 2023 BD '000
Accounts payable	8,936	6,472
Accrued expenses	8,713	7,420
Lease liabilities (note 16.1)	912	1,118
Negative fair value derivative	23	33
Others	2,613	2,820
	21,197	17,863

16.1 Lease liabilities

	31 December 2024		31 December 2023	
	Minimum lease payments BD '000	**Present value of lease payments BD '000**	Minimum lease payments BD '000	Present value of lease payments BD '000
Within one year	615	546	516	472
After one year but not more than five years	349	326	648	604
More than five years and less than 10 years	30	10	15	4
More than 10 years	45	30	66	38
Total minimum lease payments	**1,039**	**912**	1,245	1,118
Less: finance charges	(127)	-	(127)	-
Net lease liability	**912**	**912**	1,118	1,118

The movement in lease liabilities is as follows:

	2024 BD '000	2023 BD '000
Lease liabilities as at 1 January	1,118	1,043
Additions	612	582
Termination	(307)	(21)
Finance cost	69	73
Payments made	(580)	(559)
Lease liabilities as at 31 December	**912**	1,118

17. BANK TERM LOANS AND OTHER BORROWINGS

	31 December 2024 BD '000	31 December 2023 BD '000
Within 1 year	32,771	41,936
More than 1 year	60,960	58,419
	93,731	100,355

Bank borrowings of BD 27,306 thousand have floating interest rates based on SOFR (2023: BD 24,806 thousand) and BD 19,934 thousand have floating interest rates based on BHIBOR (2023: BD 960 thousand). The Group has syndicated loans amounting to BD 46,491 thousand (2023: BD 74,589 thousand) with floating interest rates based on SOFR. All the Group's borrowing include a negative pledge requirement, with maturities disclosed in note 8 to these consolidated financial statements.

18. SHARE CAPITAL

	31 December 2024 BD '000	31 December 2023 BD '000
Authorised share capital		
500,000,000 (2023: 500,000,000) : shares of 100 fils each	**50,000**	50,000
Issued and fully paid		
204,187,500 (2023: 204,187,500) shares of 100 fils each	20,419	20,419
At 31 December	**20,419**	20,419

	31 December 2024 BD '000	31 December 2023 BD '000
Treasury shares 2,759,029 shares (2023: 2,759,029 shares)	**599**	599

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

Additional information on shareholding pattern

i. Names and nationalities of the major shareholders and the number of equity shares held in which they have an interest of 5% or more of issued and fully paid shares.

	Nationality	No. of shares	% holding
Social Insurance Organisation*	Bahrain	63,165,039	30.93%
Bank of Bahrain and Kuwait	Bahrain	47,023,363	23.03%
National Bank of Bahrain	Bahrain	22,910,775	11.22%

* Shareholding under Social Insurance Organisation represents holding of shares by Social Insurance Organisation (GOSI) and Social Insurance Organisation (Pension) which is a government organization.

ii. The Company has only one class of equity shares and the holders of these shares have equal voting rights. Out of the total shareholders, 98% (2023: 98%) are Bahraini individuals or corporates and 2% (2023: 2%) are other nationalities.

iii. The shareholding of directors, other than nominee directors representing major shareholders, is 1,071,718 shares (2023: 991,718 shares).

iv. Distribution schedule of equity shares, setting out the number of shareholders and their percentage in the following categories:

2024 Categories*	Number of Shares	Number of shareholders	% of total issued shares
Less than 1%	48,039,906	1,234	23.53%
1% up to less than 5%**	23,048,417	7	11.29%
5% up to less than 20%	22,910,775	1	11.22%
20% up to less than 50%	110,188,402	2	53.96%
Total	**204,187,500**	**1,244**	**100.00%**

2023 Categories*	Number of Shares	Number of shareholders	% of total issued shares
Less than 1%	46,972,854	1,241	23.01%
1% up to less than 5%**	24,115,469	7	11.81%
5% up to less than 20%	22,910,775	1	11.22%
20% up to less than 50%	110,188,402	2	53.96%
Total	204,187,500	1,251	100.00%

* Expressed as a percentage of total issued and fully paid shares of the Company

** Includes 2,759,029 treasury shares (2023: 2,759,029 shares)

19. AUTOMOTIVE REVENUE

	2024 BD '000	2023 BD '000
Sale of cars	24,446	20,106
Sales of parts and accessories	14,442	13,843
Car repair and maintenance services	4,246	3,994
Car leasing revenue	2,481	2,052
	45,615	39,995

20. NET FEE AND COMMISSION INCOME

	2024 BD '000	2023 BD '000
Loan administration and other credit card related fees	5,270	5,332
Insurance commission income	714	617
Less: fees and commission expense	(3,353)	(2,586)
	2,631	3,363

21. RENTAL AND REAL ESTATE INCOME

	2024 BD '000	2023 BD '000
Sale of real estate		
Revenue	792	185
Cost of sales	(775)	(186)
Profit / (loss) from sale of real estate inventory	**17**	(1)
Rental and evaluation income	751	555
Rental and real estate income	**768**	554

22. OTHER INCOME

	2024 BD '000	2023 BD '000
Income from fixed deposits	393	616
Automotive factory incentives	315	521
Miscellaneous income	778	899
	1,486	2,036

23. OTHER OPERATING EXPENSES

	2024 BD '000	2023 BD '000
General and administration costs	6,191	5,458
Depreciation	2,214	2,069
Selling and promotion costs	1,534	1,485
Operating expenses relating to investment properties	296	187
Automotive finance cost	67	115
	10,302	9,314

24. NET PROVISIONS AND CREDIT LOSSES

	2024 BD '000	2023 BD '000
Net expected credit loss charges	1,254	35,918
Impairment on investment properties	-	1,987
Allowances charged for inventory	195	508
Allowances on trade receivables, net	133	54
Provision for legal claims	644	-
	2,226	38,467
Recoveries from written off balances	**3,273**	2,430

A subsidiary of the Group is currently engaged in litigation involving an interim judgment of approximately BD 676 thousand against it. The subsidiary has appealed this judgment, with reasonable prospects for a reduction in the judgement amount. Conversely, the opposing party has filed a counter-appeal seeking an increase in compensation. The final outcome of these proceedings remains uncertain, and the definitive liability is indeterminate due to the discretion of the court. Based on the information available at the time of preparing the Group's consolidated financial statements for the year ended 31 December 2024, the Group recognized a contingent liability of BD 676 thousand to cover this potential financial obligation.

25. DISTRIBUTION OF ASSETS AND LIABILITIES

The geographic distribution of all assets and liabilities of the Group is predominantly in Bahrain. The allocation of the Group's assets are disclosed in note 26 of these consolidated financial statements.

26. SEGMENTAL INFORMATION

For management purposes, the Group is organised into four operating segments based on products and services as follows:

- Lending - principally providing consumer, Corporate and small to medium enterprises (CSME) loans and credit card facilities;
- Automotive - trading in motor vehicles, spares and the provision of after sales services and car leasing services;
- Real estate - include buying, selling and renting of properties and providing property evaluation services; and
- Insurance provision of insurance brokerage services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2024 and 2023. The following table presents income and profit and certain asset and liability information regarding the Group's operating segments.

At 31 December	Lending		Automotive		Real estate		Insurance		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	BD '000	BD '000	**BD '000**	BD '000	**BD '000**	BD '000	**BD '000**	BD '000	**BD '000**	BD '000
Operating income	12,102	13,944	8,734	7,497	1,068	554	904	810	**22,808**	22,805
Inter segment revenue	-	-	89	126	3	203	-	-	**92**	329
Operating costs	(11,259)	(10,868)	(5,818)	(5,271)	(950)	(717)	(794)	(724)	**(18,821)**	(17,580)
Net provisions and credit losses	2,019	(33,492)	(173)	(430)	(799)	(2,115)	-	-	**1,047**	(36,037)
Inter segment expenses	(84)	(317)	(8)	(12)	-	-	-	-	**(92)**	(329)
Profit / (loss) for the year	**2,778**	(30,733)	**2,824**	1,910	**(678)**	(2,075)	**110**	86	**5,034**	(30,812)
Assets and (liabilities)										
Cash and balances with banks	9,406	4,994	1,901	4,658	11	2	3,914	3,590	**15,232**	13,244
Loans and advances to customers	137,320	144,044	-	-	-	-	-	-	**137,320**	144,044
Trade and other receivables	819	111	2,822	2,189	150	103	136	106	**3,927**	2,509
Intercompany balances	1,371	1,557	(753)	(327)	(327)	(1,213)	(291)	(17)	**-**	-
Inventories	-	-	17,689	16,975	1,211	1,984	-	-	**18,900**	18,959
Investment properties	-	-	-	-	9,849	9,972	-	-	**9,849**	9,972
Property and equipment	8,784	8,925	19,829	16,498	-	-	-	-	**28,613**	25,423
Other assets	1,004	1,657	5,957	4,044	-	3	2	8	**6,963**	5,712
Trade and other payables	(11,550)	(10,244)	(8,658)	(7,384)	(879)	(157)	(110)	(78)	**(21,197)**	(17,863)
Bank term loans and other borrowings	(93,336)	(99,395)	(395)	(960)	-	-	-	-	**(93,731)**	(100,355)
Equity	**53,818**	51,649	**38,392**	35,693	**10,015**	10,694	**3,651**	3,609	**105,876**	101,645
Capital expenditure for property and equipment	**822**	1,135	**9,459**	4,728	**-**	-	**-**	-	**10,281**	5,863
Depreciation charge for the property and equipment	**871**	770	**2,334**	2,018	**-**	-	**-**	-	**3,205**	2,788

27. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

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 B.S.C and National Bank of Bahrain B.S.C). All such transactions are in the ordinary course of business and on terms agreed between the parties.

Major shareholders:	**2024 BD '000**	2023 BD '000
As at 31 December		
Term loans	31,034	25,260
Bank balances	1,078	913
For the year ended 31 December		
Interest expense	2,415	2,186
Sales of vehicles	-	99
Other Income	300	-

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, the Chief Executive Officer, the Deputy Chief Executive Officer, the automotive companies' Chief Executive Officer, approved personnel by the CBB and the General Managers.

	2024 BD '000	2023 BD '000
As at 31 December		
Loans and advances to customers*	865	823
For the year ended 31 December		
Salaries and short term and end of service employee benefits	1,852	1,822
Directors remuneration and attendance fees	511	168
Sales, service and lease of vehicles	59	105

* The Group has allowance of BD 375 thousand (2023: BD 243 thousand) for impairment losses on loans and advances with related parties.

28. RETIREMENT BENEFITS COST

The Group's contributions in respect of Bahrainis for the year amounted to BD 981 thousand (2023: BD 740 thousand). The Group's provision for expatriate employees' leaving indemnities at 31 December 2024 was BD 821 thousand (2023: BD 984 thousand). The Group employed 723 staff at 31 December 2024 (2023: 727).

The movement in the employees end of service benefits is as follows:

	2024 BD '000	2023 BD '000
At 1 January	984	1,015
Provided during the year	87	160
Paid during the year to employees	(123)	-
Paid during the year to SIO	(77)	(191)
At 31 December	**871**	984

Effective 1 March 2024, pursuant to an Edict number 109 of 2023 issued by His Royal Highness the Prime Minister of the Kingdom of Bahrain, the end of service benefits liability have been transferred to Social Insurance Organization (SIO) monthly and SIO will settle the amounts to employees' who are not covered under SIO Law for periods commencing 1 March 2024 when they leave the Group.

29. STAFF SAVING SCHEME

The scheme is contribution saving fund between the Company and the employees of the Company. The objective is to provide employees with cash benefit upon resignation, retirement or death. Participation is discretionary and employees can contribute any amount up to 10% of the salary. The Company contributes the same percentage. Since the cash is held under fiduciary capacity on behalf of employees, it is accounted as asset under management.

The employee becomes eligible for the full amount of the Company's contribution once the employee has completed 10 years of service. Otherwise, it will be calculated proportionately based on number of year of services.

As at 31 December 2024, the Group saving plan funds stand at BD 3,316 thousand (2023: BD 2,760 thousand). The fund is invested within reputable bank in Bahrain.

30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares, as follows:

	2024 BD '000	2023 BD '000
Profit / (loss) for the year	5,034	(30,812)
Weighted average number of equity shares (in 000's) (note 18)	201,429	201,429
Basic earnings / (loss) per share	**25 fils**	(153 fils)

Diluted earnings / (loss) per share is same as basic earnings per share as the Group does not have any potential dilutive instruments in issue.

31. OUTSTANDING COMMITMENTS

As at 31 December 2024, the Group has standby letters of credit issued on its behalf in the normal course of business amounting to BD 9,246 thousand (2023: BD 6,533 thousand) and unutilised credit cards limits of BD 19,066 thousand (2023: BD 19,109 thousand) to its customers.

32. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities		Derivatives liabilities borrowings	Equity				
	Trade and other payables BD '000	Bank Term loans and other borrowings BD '000	Interest rate swap and forward exchange contracts used for hedging – liabilities BD '000	Share capital BD '000	Treasury shares BD '000	Reserves BD '000	Retained earnings BD '000	Total BD '000
Balance at 1 January 2024	**17,830**	**100,355**	**33**	**20,419**	**(599)**	**64,279**	**17,546**	**219,863**
Proceeds from loans and borrowings	-	27,617	-	-	-	-	-	27,617
Repayment of borrowings	-	(33,716)	-	-	-	-	-	(33,716)
Dividend paid	-	-	-	-	-	-	-	-
Donation paid	-	-	-	-	-	(118)	-	(118)
Total changes from financing cash flows	**-**	**(6,099)**	**-**	**-**	**-**	**(118)**	**-**	**(6,217)**
Changes in fair value	-	-	(10)	-	-	(685)	-	(695)
Profit for the year	-	-	-	-	-	-	5,034	5,034
Liability-related changes	3,566	-	-	-	-	-	-	3,566
Donation declared	-	-	-	-	-	100	(100)	-
Dividend declared	-	-	-	-	-	-	-	-
Borrowing upfront cost	-	(525)	-	-	-	-	-	(525)
Interest expense	7,115	-	-	-	-	-	-	7,115
Interest paid	(7,337)	-	-	-	-	-	-	(7,337)
Total liability-related other changes	**3,344**	**(525)**	**(10)**	**-**	**-**	**-**	**-**	**2,809**
Total equity-related other changes	**-**	**-**	**-**	**-**	**-**	**(585)**	**4,934**	**4,349**
Balance at 31 December 2024	**21,174**	**93,731**	**23**	**20,419**	**(599)**	**63,576**	**22,480**	**220,804**

33. PROPOSED APPROPRIATIONS

The board of directors has proposed the following appropriations for 2024. These appropriations are subject to approval by the shareholders at the Annual General Meeting.

	2024 BD '000	2023 BD '000
Cash dividends	3,021	-
Donations	150	100
	3,171	100

34. COMPARATIVES

The corresponding figures have been reclassified where necessary to conform to the current year's presentation. The reclassified did not affect previously reported profit or total equity.

GRI content index

Statement of use	Bahrain Commercial Facilities Company has reported the information cited in this GRI content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	REFERENCE SECTION	Notes
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate Profile	
	2-2 Entities included in the organization's sustainability reporting	Principal Activities	
	2-3 Reporting period, frequency and contact point	Corporate Profile, Sustainability	
	2-4 Restatements of information		No restatements of information have been made in this reporting period
	2-5 External assurance	ESG KPIs - CBB Disclosures: Governance KPIs	
	2-6 Activities, value chain and other business relationships	Principal Activities	
	2-7 Employees	ESG KPIs - CBB Disclosures: Social KPIs	
	2-8 Workers who are not employees	ESG KPIs - CBB Disclosures: Social KPIs	
	2-9 Governance structure and composition	Corporate Governance	
	2-10 Nomination and selection of the highest governance body	Corporate Governance	
	2-11 Chair of the highest governance body	Corporate Governance	
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance	
	2-13 Delegation of responsibility for managing impacts	Corporate Governance	
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance Sustainability Governance Materiality Assessment	
	2-15 Conflicts of interest	Corporate Governance ESG KPIs - CBB Disclosures: Governance KPIs	
	2-16 Communication of critical concerns		No critical concerns were raised by stakeholders during the reporting period.
	2-17 Collective knowledge of the highest governance body	Corporate Governance	
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance	
	2-19 Remuneration policies	Corporate Governance	
	2-20 Process to determine remuneration	Corporate Governance	
	2-22 Statement on sustainable development strategy	Chairman's Report ESG KPIs - CBB Disclosures: Governance KPIs	
	2-23 Policy commitments	Corporate Governance Sustainability Governance	
	2-24 Embedding policy commitments	Corporate Governance Sustainability Governance	
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance	
	2-28 Membership associations	ESG KPIs - CBB Disclosures: Governance KPIs	
	2-29 Approach to stakeholder engagement	Materiality Assessment	
	2-30 Collective bargaining agreements	ESG KPIs - CBB Disclosures: Governance KPIs	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment	
	3-2 List of material topics	Materiality Assessment	
	3-3 Management of material topics	Materiality Assessment Our ESG Journey: From Strategy to Impact	

GRI content index (continued)

GRI STANDARD	DISCLOSURE	REFERENCE SECTION	Notes
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Strategic Review Financial Statements	
	201-2 Financial implications and other risks and opportunities due to climate change	Strategic Review Financial Statements	
	201-3 Defined benefit plan obligations and other retirement plans	Strategic Review Financial Statements	
	201-4 Financial assistance received from government	Strategic Review Financial Statements	
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Our ESG Journey: From Strategy to Impact ESG KPIs - CBB Disclosures: Social KPIs	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Corporate Governance ESG KPIs - CBB Disclosures: Governance KPIs	
	205-2 Communication and training about anti-corruption policies and procedures	ESG KPIs - CBB Disclosures: Governance KPIs	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	ESG KPIs - CBB Disclosures: Environmental KPIs	
	302-2 Energy consumption outside of the organization	ESG KPIs - CBB Disclosures: Environmental KPIs	
	302-3 Energy intensity	ESG KPIs - CBB Disclosures: Environmental KPIs	
GRI 303: Water and Effluents 2018	303-5 Water consumption	ESG KPIs - CBB Disclosures: Environmental KPIs	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	ESG KPIs - CBB Disclosures: Environmental KPIs	
	305-2 Energy indirect (Scope 2) GHG emissions	ESG KPIs - CBB Disclosures: Environmental KPIs	
	305-3 Other indirect (Scope 3) GHG emissions	ESG KPIs - CBB Disclosures: Environmental KPIs	
	305-4 GHG emissions intensity	ESG KPIs - CBB Disclosures: Environmental KPIs	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	ESG KPIs - CBB Disclosures: Environmental KPIs	
	306-2 Management of significant waste-related impacts	ESG KPIs - CBB Disclosures: Environmental KPIs	
	306-3 Waste generated	ESG KPIs - CBB Disclosures: Environmental KPIs	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	ESG KPIs - CBB Disclosures: Social KPIs	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	ESG KPIs - CBB Disclosures: Social KPIs	
	403-5 Worker training on occupational health and safety	ESG KPIs - CBB Disclosures: Social KPIs	
	403-9 Work-related injuries	ESG KPIs - CBB Disclosures: Social KPIs	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	ESG KPIs - CBB Disclosures: Social KPIs	
	404-2 Programs for upgrading employee skills and transition assistance programs	Our ESG Journey: From Strategy to Impact ESG KPIs - CBB Disclosures: Social KPIs	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	ESG KPIs - CBB Disclosures: Social KPIs	
	405-2 Ratio of basic salary and remuneration of women to men	ESG KPIs - CBB Disclosures: Social KPIs	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	ESG KPIs - CBB Disclosures: Social KPIs	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Our ESG Journey: From Strategy to Impact ESG KPIs - CBB Disclosures: Social KPIs	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our ESG Journey: From Strategy to Impact ESG KPIs - CBB Disclosures: Governance KPIs	No substantiated complaints regarding breaches of customer privacy or data loss were reported in 2024

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