

بنفت
benefit

The Pulse of Bahrain

ANNUAL REPORT 2021



www.benefit.bh

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Scan the QR code to learn more about
our dedication to digital transformation
in Bahrain



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





THE PULSE OF BAHRAIN

We at Benefit are the foundation of life - like the oxygen we breathe. With every pulse, we energise society through business and lifestyle solutions that are essential to everyday life. We aim to enable you to unleash the power within, helping realise unknown potential with cutting-edge tools that make your life easier, smarter and more efficient.

We remain committed to strengthen Bahrain's position as the financial hub of the region. And hence continues to provide robust infrastructural support for the financial industry - enabling the banking community to seamlessly connect with their customers and help them achieve their goals.

We set the pulse of life - always and everywhere, for individuals, institutions and society.

Our New Brand

We at Benefit are the foundation of life – like the oxygen we breathe. With every pulse, we energise society through business and lifestyle solutions that are essential to everyday life. We aim to enable you to unleash the power within, helping realise unknown potential with cutting-edge tools that make your life easier, smarter and more efficient. We set the pulse of life – always and everywhere, for individuals, institutions and society.

Brand Values

Our brand values make a statement about what is most important to us as an organisation. They are the guiding principles that articulate what our brand stands for, and the primary driving force.

- 1 Simplicity**
Our main priority is to make people's lives easier. We commit ourselves to do what's most convenient for our clients by turning complex tasks into simple solutions.
- 2 Creativity**
We believe in the power of creativity. With new ideas and innovations, we create new opportunities that enable everyone to take a step forward.
- 3 Empowerment**
We recognise the wish of everyone to pursue their ambitions. That's why we do our best to support people, businesses and institutions in all their endeavours, with seamless and powerful experiences.
- 4 Responsibility**
Sustainable growth needs a strong foundation. As reliable partner, we power a secure financial infrastructure and support society in its development with latest technologies.

Vision, Mission and Value Proposition

Vision

To shape the future of society through innovative digital solutions.

Mission

With cutting-edge business and lifestyle solutions that are essential to everyday life, we inspire and energise individuals, institutions and society to unleash new opportunities.

Value Proposition

We offer trusted and innovative financial and information solutions that make life easier, smarter and more efficient for businesses and consumers.

Corporate Profile

The BENEFIT was established in November 1997 by 17 commercial banks as the National ATM and Point of Sale switch of Bahrain. It was initially licensed by the Central Bank of Bahrain (CBB) to be 'the provider of ancillary services for the financial sector,' and soon expanded to cover markets outside Bahrain. The company's mandate was very simple – to improve, to enhance and to enable the local and regional financial industry to thrive on a global scale.

BENEFIT's range of services – supported by GCCNet in countries within the region – include operating of Automated Teller Machines (ATM), Point of Sale (POS), GCCNet, The GCCNet Dispute Management System, Bahrain Credit Reference Bureau (BCRB), Electronic Fund Transfer System (EFTS), Telecom Bill Payment (Tele BP), Payment Gateway (PG), Bahrain Cheque Truncation System (BCTS), , and BenefitPay as a national e-wallet across Bahrain.

BENEFIT is administered by a Board of Directors representing important stakeholders besides the key shareholders. The company's paid-up capital is to the value of BD 3.1 million (US\$ 8.2 million approx.).

The original 17 shareholders have now become 13 because of mergers and acquisitions in the retail-banking sector.

National Bank of Bahrain

Bank of Bahrain and Kuwait

Ahli United Bank

Standard Chartered Bank

HSBC Bank Middle East Limited

Bahrain Islamic Bank

Citibank

Alsalam Bank - Bahrain

Arab Bank

Future Bank

Ithmaar Bank

Habib Bank Limited

United Bank Limited

Benefit Award

1

eGovernment Excellence Award 2021 (BEST APPLICATION FOR THE SMART DEVICES AWARD)

BENEFIT received the eGovernment Excellence Award 2021 for 'The Best Application for the Smart Devices Award'. BENEFIT won the award on the strength of its mobile application; BenefitPay, which was designed to meet the unique needs of both consumers and business that enables fast, secure, and convenient payments.

2

Smart Cities Summit Bahrain 2021 (SMART FINANCE AWARD)

BENEFIT was awarded the 'Smart Finance Award' for the BenefitPay Application. The 'Smart Finance Award' goes towards BenefitPay's rollout of several cashless initiatives within the kingdom that have supported in nourishing sustainable growth in several ways by building a safer and more inclusive economy with less reliance on cash.

3

Pan Finance Award Winner 2021 (Best Digital Wallet)

Benefit was awarded the "Best Digital Wallet (BenefitPay App)" award for 2021 by Pan Finance Awards, recognising BenefitPay's efforts to provide an enhanced digital experience through its mobile application tailored services and solutions in order to enhance the digital society resonating with Bahrain's Economic Vision 2030.

4

The Global Economics 2020 Awards (Best Wallet Payment System)

Recognising its pivotal role in offering innovative and practical payment solutions in Bahrain, most notably the BenefitPay mobile application, which contributed to the accelerating the pace of adopting digital solutions on a significant scale, by introduce simplified payment transactions to both individuals and companies.

5

The Global Economics 2020 Awards (Best Innovative E-Payment Product)

A testament to its continuous efforts towards digitizing payment transactions, Benefit was awarded the Best Innovative E-Payment Product. This milestone achievement further cements Benefit's leading position as a FinTech industry player on a local and regional level, affirming its commitment to launching latest e-payment experiences and services that serve the needs of the public in the Kingdom of Bahrain.



◀ eGovernment Excellence Award 2021
(BEST APPLICATION FOR THE SMART DEVICES AWARD)

▼ Smart Cities Summit Bahrain 2021
(SMART FINANCE AWARD)



▶ BenefitPay awarded as Bahrain's Best e-Wallet Payment System & Most Innovative e-Payment Product 2020



Growth Trends

BENEFIT's products and services continue to make huge strides in delivering solutions that create value for a cross section of Bahrain's population, from banking and financial services organizations, to governmental ministries, public sector organizations, private companies and individual customers.



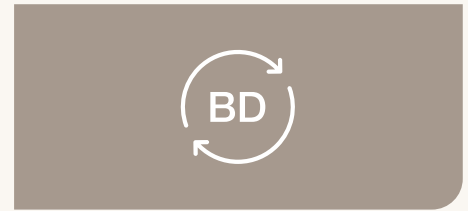
BenefitPay Transactions

50,609.425



Credit Reports

250,409



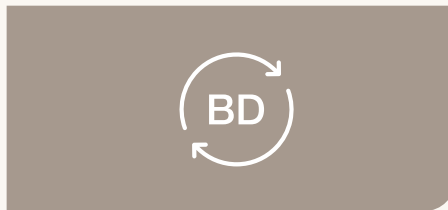
Total Value of EFTS (BD Billion)

BD 16.11B



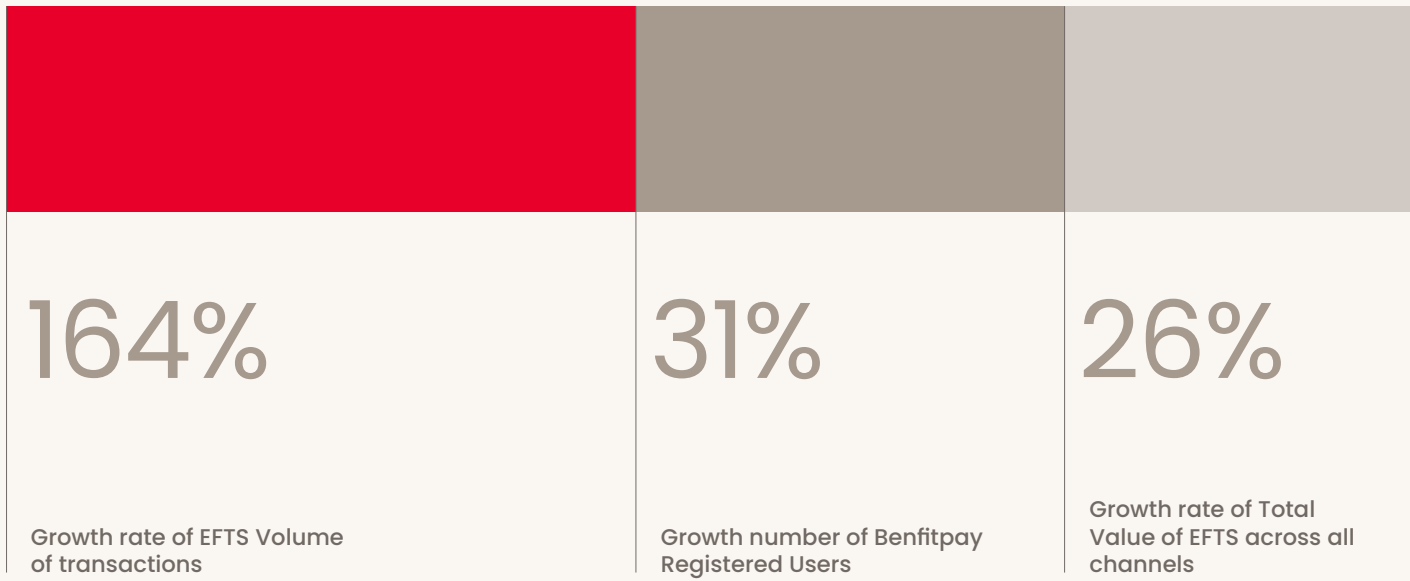
BenefitPay Registered Users

860,000



EFTS Transactions (BD Million)

BD 60.37M



Value Creation

Innovative financial and information solutions

We at Benefit recognise that every transaction is a step towards value creation. The process of exchanging currency for goods and services is simply the means to an end. It is about meeting a need, fulfilling an objective, meeting a desire, and in doing so, it brings a qualitative change to the experience. We are committed to be part of this process, and support our clients in playing their part to empower, enrich and inspire.



Financial solutions

Secured and seamless financial transactions, without the use of cash or cards.

Information solutions

Bridging the gap between financial institutions and clients by providing an efficient, seamless and faster process.





Making life easier, smarter and more efficient

BenefitPay has streamlined payments, allowing users to access all their utility Bills and pay them in one place through 'Fawateer' which includes Telecoms, Electricity and water, charity, parking services and several other categories.

860,000

BenefitPay total registered users

+170%

Growth of Benefitpay volume transactions

+81%

Growth of EFTS on BenefitPay



Cutting-edge business and lifestyle solutions

Advancing Bahrain's economy by accelerating digital transformation

The BENEFIT company remains committed to strengthen Bahrain's position as the financial hub of the region. And hence continues to provide robust infrastructural support for the financial industry enabling the banking community to seamlessly connect with their customers and help them achieve their goals.

Fawri

BD401,730M

Total value of transactions made through the Befitpay Application reached BD401,730 million during 2021, as against BD299,450 million in 2020 showing a growth of 34%.

Fawri+

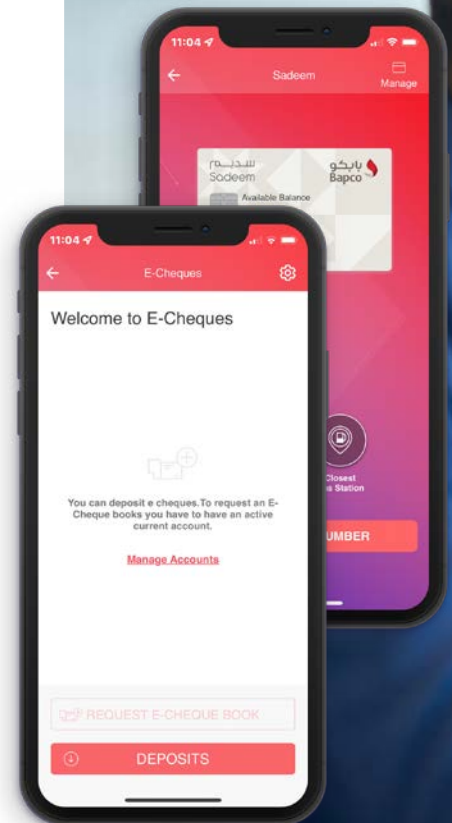
BD140,018M

Volume of payments made through the Electronic Fund Transfer System (EFTS) reached BD140,018 million during 2021, as against BD51,426 million in 2020 showing a growth of 172%.

Secure & diverse payments

The Benefit Company supports Bahrain's financial system and economy by providing safe, efficient and effective clearing and settlement of payments. We establish and operate the core national infrastructure that allows financial institutions to clear and settle payments made between their customers.

- Fawri & Fawri+
- Fawateer
- Car Parking Payments
- Charity





Chairman's Message

Throughout the year we remained focused on enhancing our offerings, particularly our B2C platform, BenefitPay, which came into its own, exceeding 860,000 registered users for the first time.



Mohamed Ebrahim Al Bastaki
Chairman

3 Years Strategy

The approved new Three-Year Strategy will commence in 2022

95%

The Bahrainisation rate at the BENEFIT stands at over 95 per cent

The BENEFIT Company is well positioned to further consolidate its gains as a change leader, technological innovator and a solutions provider to customers across sectors.

For over a quarter-century, BENEFIT has played a pioneering role in shaping Bahrain's journey in digital economy, and ensuring that the road to a cashless society goes hand in hand in building a business friendly nation.

Our corporate goals are closely aligned with Bahrain's national priorities. Our newly launched brand identity, therefore, echoes these thoughts, and have influenced its design and narrative.

This identity finds its inspiration in the strong reputation that BENEFIT has earned as a reliable and trusted name in electronic financial transactions and FinTech solutions.

The brand narrative - 'Pulse of Bahrain' - further underlines how BENEFIT maintains an integral role in shaping Bahrain's march towards a digital economy. Its increasingly ubiquitous presence across Bahrain emphasizes how BENEFIT is impacting the way citizens and residents conduct financial transactions, and also, transforming consumer behavior along the way.

We are confident that with the new brand identity we will be able to communicate more articulately our enduring commitment to Bahrain's prosperity, and also our continuing support to customers spread across the kingdom and the region.

The Board of Directors gave their approval for the new Three-Year Strategy that will commence in 2022. It will put a spotlight on the payment infrastructure available, focus on enabling our customers to have access to credit. In addition, it will provide technological and logistical support in digitalisation of government and strategic sectors.

By far the most ambitious aspect of our new strategy will be to take our expertise to a global platform and tap newer markets spread across the world. This focus on internationalisation will provide a boost to Bahrain's reputation as a thought leader and innovator, and will open up newer markets for our services.

In terms of new products and services, we were the first in the region to launch e-cheque services for both individual and corporate customers. An upgrade in our electronic fund transfer system helped in increasing its capacity almost six-fold - making it possible for more customers to avail of our services.

As a responsible corporate citizen, we were pleased to lend our support to various initiatives across the Kingdom - development of the Advanced Artificial Intelligence and Computing Centre at the University of Bahrain's College of Information Technology; sponsorship of the Asian Paralympic Games 2021 in Bahrain; sponsorship of the Study Hall at BIBF's new headquarters in Bahrain Bay; Silver Sponsor of the first ever Sports Cardiology Congress in the region; and finally, sponsorship support for the Shaikh Ebrahim bin Mohammed Al Khalifa Center for Culture and Research.

At the heart of BENEFIT's success story are our many talented employees whose hard work is helping us achieve many of our strategic goals. Our Bahrainisation records remain consistently high, and we are pleased that the company continues to attract skilled and talented professionals. In addition, our commitment to women empowerment has ensured a well-balanced workforce with equal representation for both genders.

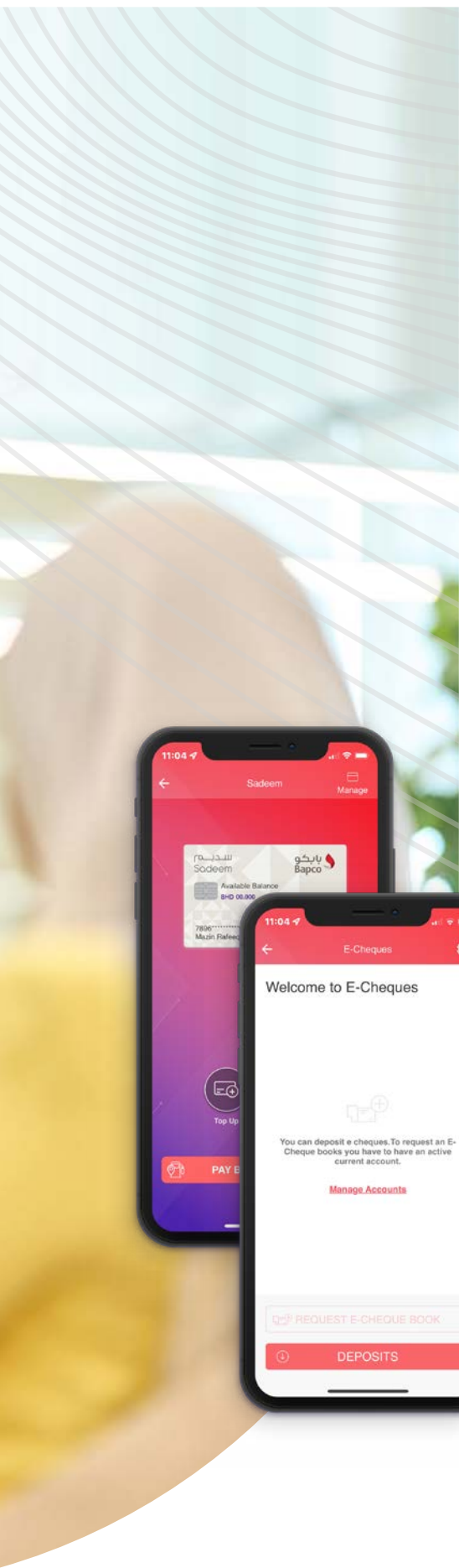
COVID has not disappeared and continues to be a source of concern for us in Bahrain and for our friends and associates around the world. We are thankful for the wise decisions taken by our leadership in ensuring prompt supply of vaccines and also ensuring that the right safety protocols were followed for the benefit of all those in Bahrain.

Finally, we appreciate the continuing support we receive from the Central Bank of Bahrain, and are thankful to them for the work they do in setting up a strong regulatory environment for the banking and financial services sector. We are also thankful to each and every member banks and clients for their trust, and the continuing encouragement of our shareholders.

We are confident that the achievements of 2021 will lay a strong foundation for an even more prosperous 2022.

Mohamed Ebrahim Al Bastaki
Chairman





Making life easier, smarter and more efficient

Offering trusted and innovative financial and information solutions.

Building on the principle that simplicity is the ultimate purpose of technology, we relentlessly strive to turn complexities into intuitive solutions that are both powerful and secure. From small businesses to large organisations, we give access to trusted technology in the fields of information management and process optimisation.

Digital financial services

The Benefit Company offers trusted and innovative financial and information solutions that make life easier, smarter and more efficient for businesses and consumers.

- Sadeem (Fuel Payment)
- e-cheques
- e-Kyc
- The Bahrain Credit Reference Bureau's

Credit Reports

264,271

The Bahrain Credit Reference Bureau has issued 264,271 reports to clients while maintaining high levels of security and confidentiality.

eKYC

204,227

The National Digital identity and the electronic Know-Your-Customer (eKYC) platform totalled up to about 73,000 eKYC verifications during 2021.

CE Statement

The BENEFIT Company has remained a true champion for Bahrain's credentials as the regional financial hub as well as a true advocate for its position as a business friendly destination.



Abdulwahed AlJanahi
Chief Executive

BD 10.3 billion

BenefitPay total transactions value in 2021

860,000

BenefitPay total registered users

2021 was a year of far-reaching changes at our organisation.

It was a year when steps were taken to impact the way we define ourselves, communicate our values, as well as shape the way our stakeholders perceive the philosophical foundations that undergird our organisational culture.

In November, we unveiled a new brand identity that would help articulate the new direction that the BENEFIT Company is taking, and expand on the possibilities available in steering the future with innovative digital solutions.

'Pulse of Bahrain' as the new brand narrative helps us to express how closely knit our operations are in the life of the people of Bahrain. We are not here just to provide a service but we see ourselves as a way of life whereby our products and services are integral to the way people interact, conduct business and finalise transactions.

Another significant development this year was our decision to move to our new headquarters in the Seef district. This purpose built and state-of-the-art premises expresses BENEFIT's determination to remain ready and responsive to the changes expected from an evolving economic landscape.

This move taking place alongside the launch of our new brand identity provided a more tangible expression of the on-going transformation taking place at the BENEFIT Company - re-defining the way we are perceived, and also presenting a new location for our operations.

The new premises have been designed to provide our employees with a more productive working environment. Located in the premises, the Benefit Innovation Lab with its focus on creating cutting edge technology enables them to embrace a culture of innovation. In addition, dedicated collaboration areas have been designed to support employee performance improvement initiatives.

In addition, we have set apart secluded areas for new mothers where they can feed their babies in complete privacy. This facility is in line with the Central Bank of Bahrain's directives to ensure an equitable work environment that addresses the needs of each and every employee.

In 2021, we were able to make further inroads in strengthening the company's capabilities in addressing new developments in the market and the wider world. Under the supervision of the Central Bank of Bahrain, we participated in the implementation of the e-cheque service for individual and corporate customers - making Bahrain the first country in the region to roll-out e-Cheque service.

BENEFIT was turned into a Trusted Service Provider (TSP) after receiving a license from the TRA to be a Public Key Infrastructure Certificate Authority (PKICA). This license would enable us to be the conduit for all digital signatures and other digital documentations.

In line with our commitment to develop BenefitPay as a lifestyle product, we introduced numerous enhancements that would pave the way towards enriching its capabilities.

This year we introduced remittances through BenefitPay that would enable users to make international money transfers directly from the app itself. Developed in cooperation with leading money exchange institutions, it will make it possible for users to enjoy faster, cheaper and value-added remittance services.

This year we invested BD 1.6 million to upgrade our electronic fund transfer system that helped increase its capacity almost six-fold - prior to the upgrade, the capacity of Fawri+ was 700,000 per day but with the upgrade it leaped to almost 7 million per day.

This upgrade was done to help BenefitPay meet the rising demand of users who felt more comfortable with digital financial transactions because of Covid.

We are pleased to inform that we were able to achieve most of the objectives outlined in the Three-Year-Strategy that ended this year. We are now ready to commence the next instalment of the Three-Year Strategy that will end in 2024.

It was a matter of pride for us as a company to be recognised for the work we have done, and to receive a series of prestigious awards that include, eGovernment Excellence Award 2021 (Best application for smart devices award)); Smart Cities Summit Bahrain 2021 (Smart finance award); and lastly, Pan Finance Award Winner 2021 (Best digital wallet).

Finally, I would like to thank the Chairman and the Board of Directors for their support and encouragement. We are thankful for their help in articulating the company's vision and mission through tangible action plans.

I am also thankful to our employees for their hard work and dedication to make 2021 another successful year in BENEFIT's history. I would like to express my appreciation to all our shareholders, stakeholders and the Central Bank of Bahrain.

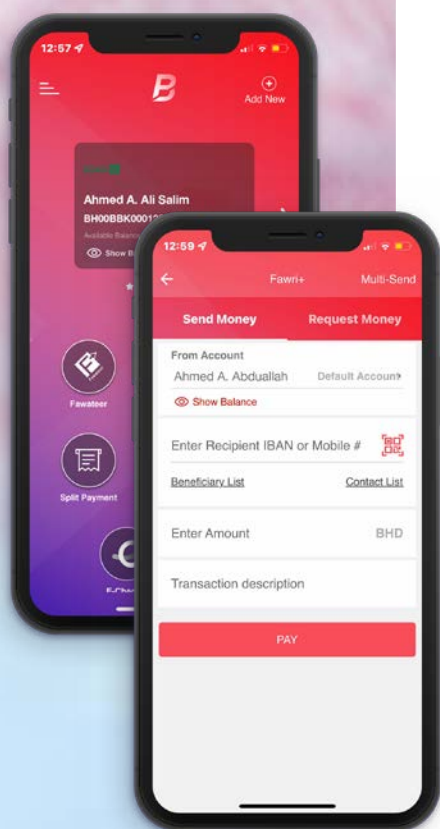
Abdulwahed AlJanahi
Chief Executive



Envisioning and enabling our digital economy

Innovating to deliver more convenience and benefits

As the key conduit for all electronic financial transactions throughout Bahrain, BENEFIT's success has been made possible through a combination of skilled workforce, cutting edge technology, focused strategic planning and initiatives, and determination to provide the most modern financial service for those residing in Bahrain.



Real time funds

We at Benefit build the foundation of growth. It is our innate drive to enable institutions to realise their ambitions. With every pulse, we energise our clients through digital-first solutions that simplify their daily business and enable them to make smarter decisions.

BenefitPay Registered Users

860,000

BenefitPay mobile application witnessed unprecedented growth in the number of registered users reaching 860,000 registered users during 2021, making it the preferred method of payment and funds transfers.

Electronic Fund Transfer System

BD159,321M

Volume of payments made through the Electronic Fund Transfer System (EFTS) reached BD159,321 million during 2021, as against BD60,373 million in 2020 showing a growth of 164%.

Board of Directors



Mohamed Ebrahim Albastaki
Chairman, (Independent Director)



Ahmed Abdulrahim
Vice-Chairman (Executive Director)



Tala Abdulrahman Fakhro
Non-Executive Director



Dr. Adel Abdulla Salem
Executive Director



Umkulthoom AlAbbasi
Executive Director



Khalid Abi Khalil
Executive Director



Abdulrazaq Abdulkhaleq
Non-Executive Director



Hadyah Mohammed Fathalla
Independent Director



Sawsan Abulhassan
Independent Director



Yousif Rashid Al Fadhel
Central Bank of Bahrain Observer



Muna Ali AlHashemi
Independent Director

Products and Services

Nationwide Services

- Automated Teller Machine (ATM)
- Point of Sale (POS)
- Bahrain Credit Reference Bureau (BCRB)
- Bahrain Cheque Truncating System (BCTS)
- Fawri+ (Electronic Fund Transfer System - EFTS)
- Fawri (Electronic Fund Transfer System - EFTS)
- Fawateer (Electronic Fund Transfer System - EFTS)
- BenefitPay
- Payment Gateway
- Tele Bill Payment
- E-Cheque Service
- Certificate Authority (CA)
- Know Your Customer Electronically (e-KYC)

GCC-wide Services

- GCC Net
- GCCNet Dispute Management System

Automated Teller Machine (ATM)

BENEFIT is the national switch of Bahrain connecting all ATM terminals enabling bank customers to be able to use any ATMs located nationwide. The Benefit Company is also a member of the GCC-wide cross boarder ATM sharing arrangement known as GCCNet, thus allowing all GCC issued cards to be used in all ATM terminals across the GCC. Benefit also enables AMEX card holders to use BENEFIT switch to withdraw cash using any of the ATMs in Bahrain, Qatar, Oman, Kuwait and UAE.

Point of Sale (POS)

BENEFIT connects all of the Point of Sale (POS) terminals at major retail outlets in the Kingdom. Through The BENEFIT Company's national network, all bank customers are able to pay for their purchases using their debit cards without the need to carry cash.

Bahrain Credit Reference Bureau (BCRB)

Managing risk is becoming more and more important to financial institutions; whereas financial institutions needs to be more risk and cost aware to stay ahead in the market. The Bahrain Credit Reference Bureau helps financial institutions manage their risk by obtaining credit information and background of their customers. Possessing such critical information enables these institutions to make informed decisions before offering loans.

Bahrain Cheque Truncation System (BCTS)

Bahrain Cheque Truncation System (BCTS) is another value adding service that the Company offers to the financial market in Bahrain. The BCTS is an electronic system that exchanges the electronic image of the cheques between the banks rather than the exchange of the physical cheques where it enables corporate and individuals of settling their clearing cheques in the same business day. Such service shall enhance the efficiency of the cash flow in the Kingdom and accordingly help in boosting the overall economy and businesses.

Electronic Fund Transfer System (EFTS)

The EFTS is an electronic system that interconnects all retail banks in Bahrain and is designed to enhance efficiency in fund transfers and bill payments; enabling banks, individuals, corporate and government entities to benefit from this vital and important service. The services are accessible through the banks' various channels such as branches, internet banking, and mobile banking. The EFTS enable Banks' customers to use and benefit from the EFTS three main services (Fawri+, Fawri, and Fawateer).

BenefitPay

BenefitPay is the National Electronic Wallet Payment System. It is a method to streamline payments in the Kingdom of Bahrain and allows consumers and merchants to transact without the use of cash or cards. Instead, they can download an app on their smartphones to either send or accept payments completely electronically, securely, and immediately.

Payment Gateway

BENEFIT's Payment Gateway is a secure online payment solution enabling merchants, corporations and government entities to process and settle online credit and debit card payments via any electronic channel. It provides secure and reliable real-time payment processing which can be integrated to other channels such as websites, IVR, kiosk, call center, mobile devices and batch processing. The payment gateway is a secure and protected environment and protects users from any fraud or misuse.

Know Your Customer Electronically (e-KYC)

In line with Bahrain digital transformation direction, the National eKYC (Know Your Customer Electronically) platform, the first of its kind in the region, was launched by BENEFIT in 2019 to enable Financial Institutions to digitally authenticate and verify the customer identity, retrieve and process the KYC data for both Individual and Corporate customers. The service facilitates data sharing among financial institutions over the blockchain for straight through processing and enhanced customer experience while complying with the regulatory due diligence requirement for onboarding and maintaining customer's KYC data. It is a successful partnership between the private and public sector deployed utilizing the latest cloud computing technology.

Tele Bill Payment

BENEFIT's Tele Bill Payment service provides both the telecom companies and their customers with a convenient mode of payment. With the support of BENEFIT's national network customers are now able to pay their bills using their debit cards at various kiosks as well as through online payments.

GCCNet Dispute Management System

BENEFIT plays a major role in the electronic transactions market locally and regionally and hence is considered to be the hub of the regional dispute claims via hosting the GCCNet Dispute Management System website. The GCCNet Dispute Management System enables interbank claims and settlements of the ATM cash withdrawals disputes between the GCC countries to be managed in an efficient effective manner assuring fast settlements of customers disputed claims.

Certificate Authority (CA)

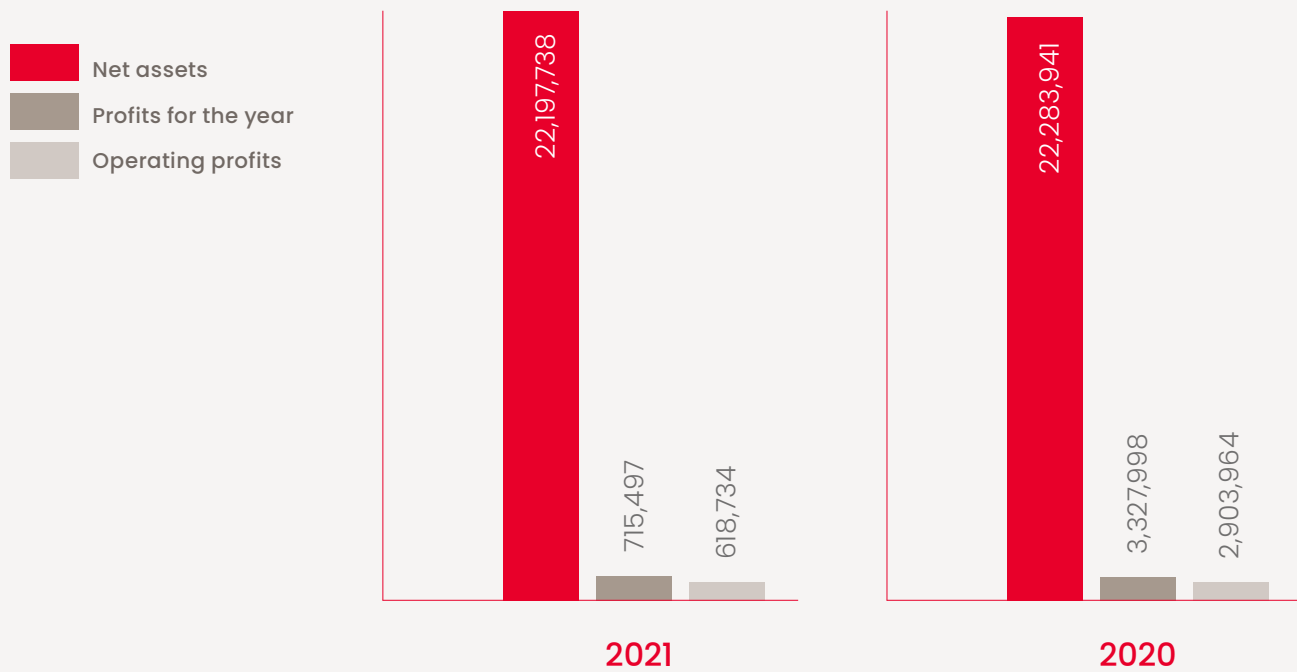
BENEFIT working as a Trust Service Provider for Certification Authority (CA) to issue Digital Certificates that enables e-Cheque & BenefitPay Subscribers to digitally sign electronic cheques using their digital signatures.

E-Cheque Service

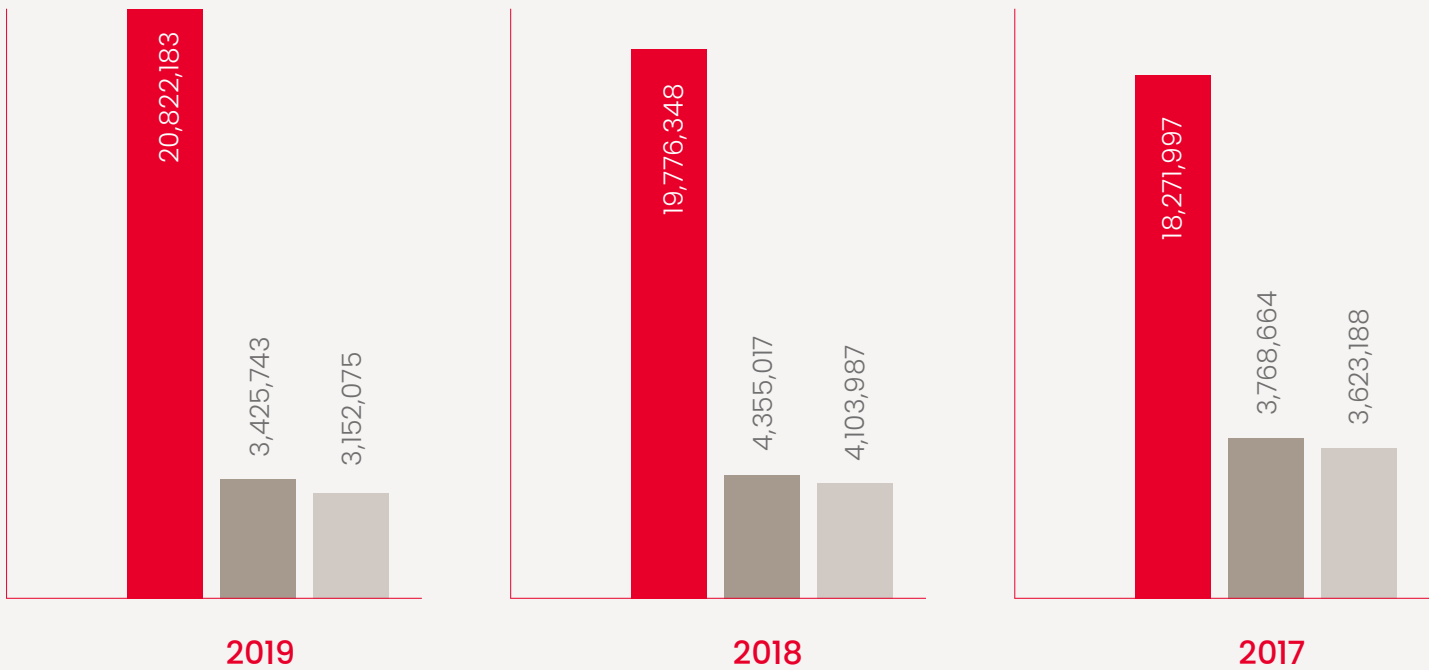
E-Cheque converts the paper cheque to an electronic record for easier and faster transactions while maintaining all other features. It is much faster, simpler and secure than paper cheques.

5 Years Growth

BENEFIT enjoyed a steady growth over the last five years through its leadership in electronic payments and fund transfer as well as business process outsourcing and risk management in the financial industry. By introducing and providing the latest technology, the company continued to maintain a powerful business support platform for all electronic payments.



	2021	2020	2019	2018	2017
Operating Profits	618,733	658,478	2,903,964	3,152,075	4,103,987
Profits for the Year	715,497	1,434,096	3,327,998	3,425,743	4,355,017
Net Assets	22,197,738	21,962,837	22,283,941	20,822,183	19,776,348



Management Team



Abdulwahed AlJanahi

Chief Executive

Joined the BENEFIT Company in 2005 with BSc in Focus and Marketing from the St. Edward University in Austin, and a MBA from the University of Bahrain. Mr. AlJanahi brings to the Company a total of 36 years of experience in the financial industry field covering marketing, telecom, and business development.



Yousif AlNefaiei

Deputy CE, Business Development & Services

Joined the BENEFIT Company in 2006 with a BSc in Computer Science from the University of Bahrain and a MSc. Degree in Information Systems from the Brunel University of London in the United Kingdom. Mr. AlNefaiei has a total of 27 years of experience in the information technology and banking industries.



Reyadh Almeearaj

AGM Information Technology

Joined the BENEFIT Company in 2017 with a BSc in Business Information Systems from the University of Bahrain and a MBA from University of Glamorgan in the United Kingdom. Mr. Almeearaj has over 27 years of experience in information technology and telecommunications in banking industry.



Nezar Maroof

AGM Marketing & Innovation

Joined the BENEFIT Company in 2017. Holding a BSc in Computer Science and a MSc. in Information Technology from George Washington University in USA. Mr. Maroof has over 29 years of experience in Information Technology, Innovation, Business Process Re-Engineering & ICT Strategy Development.



Hessa Hussain

AGM BCRB

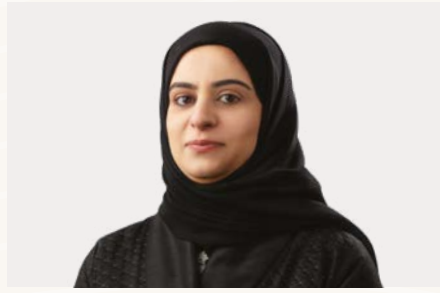
Joined the BENEFIT Company in 2005 with a BSc in Computer Engineering from the American University of Sharjah, MBA from DePaul University, and professional certificates in FinTech and Blockchain from University of Oxford. Ms. Hussain brings to BENEFIT a total of 17 years of experience in Credit Reference Bureau and information technology.



Layla Alqassab

Chief Financial Officer

Joined the BENEFIT Company in 2018 with a Fellow Member of the Association for Chartered Certified Accountants (ACCA) and a holder of BSc Accounting from Cardiff University, United Kingdom. Certified professional co-active coach (CPC) and is accredited by the International Coaches Federation. Mrs. Alqassab has over 17 years of experience in the finance industry with a broad background in the banking sector and four top audit firms.



Zainab Shukralla

Head of Information Technology

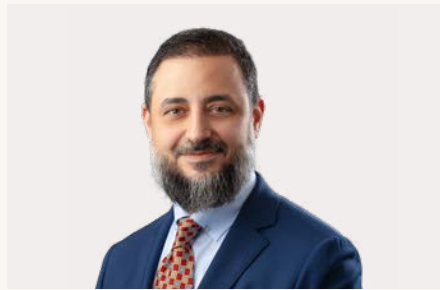
Joined the BENEFIT Company in 1997 with BSc in Computer Science from the University of Bahrain. Mrs. Shukralla has a total of 25 years of experience in developing and supporting payment system.



Salah Al Awadhi

Head of Human Resources & Administration

Joined the BENEFIT Company in 2015 with a CIPD level 5. Mr. Salah brings to BENEFIT a total of 13 years of experience in Human Resources and Administrations in addition to 2 years in information technology.



Ali Beshara

Head of Risk & Information Security

Joined the BENEFIT Company in 2019 with M.Sc. in Public Administration from Aix-Marseille University – France – and Bachelor of Computing from The University of Greenwich, and an associate diploma in Business Information Systems from The University of Bahrain. Mr. Ali is an Information technology professional with more than 22 years of experience.



Mansoor AlAlwan

Head of Internal Audit

Joined the BENEFIT Company in 2018 with BSc in Computer Engineering and MSc in Business Administration from Ahlia University in the Kingdom of Bahrain. Mr. AlAlwan has a total of 10 years of experience in internal and external audits, IT advisory/ consultancy, and IT management belonging to various industries across Bahrain and GCC.

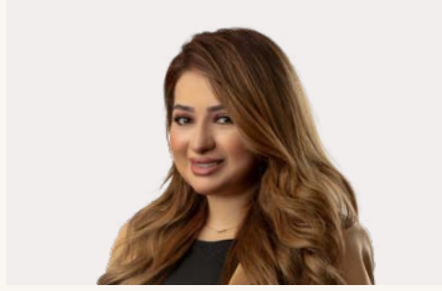
Management Team (continued)



Shafaq Al Kooheji

Head – Payment Services

Joined the BENEFIT Company in 2008. She holds an MBA from Strathclyde University in Scotland and a Bachelors in MIS and Marketing from American University of Sharjah. Mrs. Al Kooheji has 18 years of experience in retail banking and operations along with a rich experience in payments, cheques, digital transformation, and Fintech services.



Latifa Al Mutawa

Head – Bahrain Credit Reference Bureau

Joined the BENEFIT company in 2017 with BSc in Business Information Systems from the University of Bahrain and an Advanced Diploma in Islamic Banking from BIBF. Mrs. Latifa is a risk management professional holding a Professional Risk Manager (PRM) certification by PRIMIA. Mrs. Al Mutawa has a total of 16 years of experience in risk management and banking industries.



Maryam Kamal

Compliance Manager

Joined the BENEFIT Company in 2018, with M.Sc. in Finance from DePaul University, USA and International Diploma in Governance, Risk and Compliance. Mrs. Kamal has a total of 9 years of experience in Risk and Compliance.

Value through service

The BENEFIT Company has remained committed to bring value additions to each and every financial transaction. The organisation has extended this value to a range of corporate social responsibility initiatives that underline BENEFIT's commitment to be a positive force.

Some of the initiatives undertaken in 2021 included partnership with the University of Bahrain to set up the Advanced Artificial Intelligence and Computing Center at its campus in Sakhir. The Centre is expected to improve the computing capacity needed for advanced emerging technologies, allowing students and researchers to conduct advanced learning and research processes in the AI field.

BENEFIT sponsored the first Asian Paralympic Games 2021 that took place in Bahrain under the patronage of His Highness Shaikh Nasser bin Hamad Al Khalifa, Representative of His Majesty the King for Humanitarian Works and Youth Affairs. About 1,800 delegates and referees along with over 700 volunteers took part in this sporting event aimed at para athletes

BENEFIT sponsored a Study Hall at the BIBF's new iconic headquarters in Bahrain Bay. This support is in line with the company's commitment to serve the training and development needs of the banking and financial services sector.

The first Sports Cardiology Congress took place under the patronage of Representative of His Majesty the King for Humanitarian Work and Youth Affairs, His Highness Shaikh Nasser bin Hamad Al Khalifa. As the Silver Sponsor, BENEFIT was there to support an event that shed light on all cardiac issues related to athletes and concluded with guideline-driven, practical, cardiovascular core strategies to improve the safety and health of athletes in the Kingdom and the MENA region.

BENEFIT's commitment to protect and conserve Bahraini history and heritage prompted the company to provide financial support to the Shaikh Ebrahim bin Mohammed Al Khalifa Center for Culture and Research. It was established as a forum for dialogue between people, and has hosted over 400 speakers, philosophers, poets and thinkers, who have presented their thoughts during the center's weekly lecture program.



Exceptional Talent

The Bahrainisation rate at the BENEFIT Company currently stands at over 95 per cent, and reflects an enduring commitment to localise the workforce.

Employee empowerment. Increased Bahrainisation. Gender equality. The last one year has seen substantial gains in these three areas, and further bolstered the BENEFIT Company's reputation as an employer of choice for talented individuals.

Employees are given opportunities to present ideas that could turn into income generating products and services. This open platform held once a week enables anyone from the company to be an equal participant in the innovation drive. In addition, there are dedicated collaboration spaces where employees can meet to discuss ideas in an informal setting. This year has also seen many more employees enrolled in various training programs to broaden their skill sets.

The Bahrainisation rates at the BENEFIT Company currently stands at over 95 per cent, and reflects an enduring commitment to localise the workforce. As a company that claims to be the pulse of Bahrain, this focus on nationalisation serves as a strong incentive to attract skilled Bahrainis and provide them with a springboard for career growth.

Alongside Bahrainisation, the BENEFIT Company has also made enormous strides in promoting gender equality across the organisation. For BENEFIT, it is part of an ongoing commitment to create spaces where individual capabilities are celebrated along with the diversity that exists at the work place.

As a result women play an equal role across all operational levels, and are key contributors in the decision making processes. Today, women comprise almost half of both the Board of Directors and the Executive Management team. What it means is that for BENEFIT being inclusive is a priority, and that it is reflected right from the very top.

Another tangible expression of this inclusivity in action is the decision to open a special room for pregnant and lactating woman at the new company headquarters in the Seef district. This sensitive environment provides a safe space for women employees who may need this service, and in ensuring that they face no hurdles in caring for their newborns.

The emphasis on gender equality is, thus, reflective of how the company has transformed its human resources into a powerhouse of talent and opportunity.

Corporate Governance

1. BENEFIT Corporate Governance Report 2021

The BENEFIT Company B.S.C. aspires to build and maintain the highest standards of corporate governance. This is extracted from the Corporate Governance Code of Bahrain and High-Level Control Module issued by the Central Bank of Bahrain. The Company has set the moral and tone at the top with the highest integrity and maximum efficiency.

The Board of Directors of BENEFIT are committed to implement robust Corporate Governance practices with the highest degree of adherence to the applicable laws, rules and regulations.

2. Shareholders Information

The shareholders details as below:

No.	Bank/Institution	No. of Shares	% of Shares
1	National Bank of Bahrain B.S.C.	10,836	34.84%
2	Bank of Bahrain & Kuwait B.S.C.	6,843	22.00%
3	Ahli United Bank B.S.C	3,421	11.00%
4	Standard Chartered Bank	2,800	9.00%
5	HSBC Bank Middle East Limited	2,177	7.00%
6	Bahrain Islamic Bank B.S.C.	1,505	4.84%
7	Al Salam Bank	1,033	3.33%
8	Citibank N.A.	934	3.00%
9	Arab Bank Plc	311	1.00%
10	Future Bank B.S.C.	311	1.00%
11	Ithmaar Bank B.S.C.	311	1.00%
12	Habib Bank Limited	311	1.00%
13	United Bank Limited	311	1.00%

3. Board of Directors Information

3.1 Board Composition

The Board of Directors comprises three members appointed by major shareholders (NBB, BBK and AUB), three elected by the remaining shareholders, four independent directors and one director from Central Bank of Bahrain as an observer. They are appointed for a three-year term from August 2018 till AGM 2022. The Board consists of members with a wide range of experience in the banking and information technology sector.

Board Composition			
No.	Director Name	Position in the Board	Committee
1	Mohamed Ebrahim Albastaki	Chairman – Independent Director	Chairman of NRCG
2	Ahmed Abdulrahim Bucheery	Vice Chairman – Executive Director	Member of AC
3	Tala Abdulrahman Fakhro	Non-Executive Director	Member of NRCG
4	Abdulrazaq Abdulkhaleq	Non-Executive Director	Chairman of AC
5	Dr. Adel Abdulla Salem	Executive Director	Member of NRCG
6	Umkulthoom AlAbbasi	Executive Director	Member of CRC
7	Khaled Abi Khalil	Executive Director	Member of CRC
8	Hadyah Mohammed Fathalla	Independent Director	Chairwoman of CRC
9	Sawsan Abulhassan	Independent Director	Member of AC
10	Muna Ali AlHashemi	Independent Director	Member of CRC
11	Yousef Rashid Al Fadhel	Director – CBB Observer	Member of CRC

Corporate Governance (continued)

3.2 Directors' Roles and Responsibilities

The Board operates by delegating part of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including appointing the Chairman, Vice Chairman, proposing Board members for election to the Board, and constituting committees of the Board.

The Board provides direction to the affairs of the Company to ensure its development and financial sustainability and to enhance the value of its products and services. The Board is responsible for the overall quality of the Company performance and succession planning required to attain the Company's major strategic and operational objectives; whereas it functions independently from the management. The duties and responsibilities of the Board can be summarized as below:

- Legal and primary oversight
- Setting the Corporate Direction
- Managing the overall performance of the Company
- Financial control
- Managing Risk
- Ensuring compliance with laws and regulations
- Reporting and Communication

3.3 Directors' Profile

Director Name	Current Employment	Other Boards
Mohamed Ebrahim Albastaki	-	Board Member – Seef Properties, Fraiser Suites, SINNAD, SIO and Osool Company. Board Trustee – Kingdom University
Ahmed A. Rahim	CEO – Ithmaar Group	Vice Chairman – Faysal Bank Limited, Pakistan, Solidarity Group Holding, Naseej, Bahrain Association of Banks and Waqf Fund for Islamic Banks Board Member – Ithmaar Development Company.
Tala Abdulrahman Fakhro	Chief Project Officer – EDB	Board Member – Bahrain Development Bank Board Member – SICO Board Member – Neotech BSC Board Member – BIBF Board of Trustees – Polytechnic
Abdulrazaq Abdulkhaleq	-	Chairman Audit Committee – Sinnad. Board Member – Bahrain Specialist Hospital & ITQAN CAPITAL. Chairman Audit Committee – Bahrain Specialist Hospital Board Member and executive committee Member – Al Baraka Islamic Bank Bahrain.
Dr. Adel Abdulla Salem	General Manager Retail Banking – BBK	Board Member – Invita Claims Management Company Board Member – CrediMax BSC Board Member – BENEFIT Company
Umkulthoom AlAbbasi	Group Head, Banking & Infrastructure Technology – AUB	-
Khaled Abi Khalil	Chief Operating Officer – SCB – Middle East Countries (excluding UAE)	Board Member – Standard Chartered Metropolitan Holding – Lebanon
Sawsan Abulhassan	Executive Director – Al Bustani Group	Independent Director, Member of Executive Committee & Member of Audit Committee – GARMCO
Muna Ali AlHashemi	Co-founder in startup business (edaara innovation WLL) and Ilandinnivations WLL And Level5 WLL	Women Fintech committee (Under Supreme council of women SCW) British school Bord of Trustees
Hadyah Mohammed Fathalla	Director of Strategic Projects – Office of His Majesty's Representative for Humanitarian Works and Youth Affairs	Board Member – Women in Fintech Bahrain, National Oil and Gas Holding Company (nogaholding)& General Sports Authority (GSA)
Yousef Rashid Al Fadhel	Executive Director Corporate Services – CBB	-

3.4 Committees of the Board

The Board has established committees which provide support to the full Board in fulfilling its responsibilities. These include the Audit Committee, the Nomination, Remuneration and Governance Committee, the Cyber and Risk Committee. Each committee have a written mandate which define its roles and responsibilities.

The Board has the below standing committees:

3.4.1 The Audit Committee (AC):

The AC comprises of three members, non-executive, executive and independent director, who are selected by the Board of Directors. The Committee meets at least four times a year. The Committee shall assist the Board of Directors in overseeing the responsibilities for the financial reporting process, the system of internal control, the audit process, monitoring financial risks, and the compliance with CBB and applicable laws and regulations.

3.4.2 The Cyber and Risk Committee (CRC):

The CRC comprises of five members, who are selected by the Board of Directors. It includes three directors and two independent. The Committee meets four times a year. The Committee shall assist the Board of Directors in overseeing the responsibilities for Cyber Security & Risk controls frameworks and policies, current and future risk exposure and future Cyber Security and Risk strategy.

3.4.3 The Nomination, Remuneration and Governance Committee (NRGC):

The NRGC comprises of three members, non-executive, executive and independent director, who are selected by the Board of Directors. The Committee meets at least twice a year. The Committee review the Board composition and succession planning and report issues on the Corporate Governance and assist the Board in finding, evaluating and recommending candidates for the Board.

3.5 Directors' Remuneration

Members of the Board of Directors' remuneration is BHD 87,300 for the year 2021 subject to MOICT & CBB. They received sitting fees for attending the meetings of the Board, AC, CRC and NRGC for a total amount of BHD 68,700 for 2021.

3.6 Board Appointment

All Board members have signed the Board of Directors appointment letter when they join the Board.

3.7 Board and Committee Evaluation

The Board and the Committees perform a self-evaluation on an annual basis. The NRGC reviews self-evaluations of individual Board members and the Committees and recommend to the Board for their approval.

3.8 Board Induction

New Board member receives an induction session held with the Chief Executive, which includes meetings with senior management, visits to company facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues.

Corporate Governance (continued)

3.9 Board and Committees Meetings and Attendance

The Board of Directors and the Committees meet regularly. A summary of the Board meetings and Committee meetings held during the year 2021 and attendance are detailed below:

Members	Board		CRC		AC		NRGC		Total		
	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	Total No. of meetings	Meetings attended	% of attendance
Mohammed Ebrahim	7	7	-	-	-	-	2	2	9	9	100%
AbdulRazaq AbdulKhalil	7	7	-	-	4	4	-	-	11	11	100%
Adel Salem	7	7	-	-	-	-	2	2	9	9	100%
Ahmed A. Rahim	7	7	-	-	4	4	-	-	11	11	100%
Umkulthoom AlAbbasi	6	6	4	4	-	-	-	-	10	10	100%
Hadyah Fathalla	7	7	4	4	1	1	-	-	12	12	100%
Khaled Abi Khalil	7	7	4	4	-	-	1	1	12	12	100%
Tala Fakhro	7	6	-	-	-	-	2	2	9	8	89%
Sawsan Abulhassan	6	6	-	-	3	3	-	-	9	9	100%
Muna Ali AlHashemi*	3	3	1	1	-	-	-	-	4	4	100%
Yousif Al Fadhel	7	7	4	4	-	-	-	-	11	11	100%

* Muna AlHashemi joined BENEFIT on 06-Sep-2021

* Sawsan Abulhassan joined BENEFIT on 29-Mar-2021

* Umkulthoom AlAbbasi joined BENEFIT on 28-Feb-2021

Board meetings attendance in 2021

Key: ✓ Attended X Absent O Was not a member during this period

A total of 7 Board meetings were held in 2021

Members	24 Feb*	05 Mar*	14 Apr*	09 Jun*	29 Sep	18 Nov	08 Dec
Mohammed Ebrahim	✓	✓	✓	✓	✓	✓	✓
AbdulRazaq AbdulKhalil	✓	✓	✓	✓	✓	✓	✓
Adel Salem	✓	✓	✓	✓	✓	✓	✓
Ahmed A. Rahim	✓	✓	✓	✓	✓	✓	✓
Umkulthoom AlAbbasi	O	✓	✓	✓	✓	✓	✓
Hadyah Fathalla	✓	✓	✓	✓	✓	✓	✓
Khaled Abi Khalil	✓	✓	✓	✓	✓	✓	✓
Tala Fakhro	✓	✓	✓	✓	X	✓	✓
Sawsan Abulhassan	O	✓	✓	✓	✓	✓	✓
Muna Ali AlHashemi	O	O	O	O	✓	✓	✓
Yousif Al Fadhel	✓	✓	✓	✓	✓	✓	✓

* Meeting was held online

Cyber & Risk Committee meetings in 2021

Members	16 Mar*	22 Jun*	24 Aug*	09 Nov
Hadyah Fathalla	✓	✓	✓	✓
Umkulthoom AlAbbasi	✓	✓	✓	✓
Khaled Abi Khalil	✓	✓	✓	✓
Muna Ali AlHashemi	○	○	○	✓
Yousef AlFadhel	✓	✓	✓	✓

* Meeting was held online

Audit Committee meetings in 2021

Members	15 Feb*	26 Apr*	26 Jul*	24 Oct
AbdulRazaq AbdulKhalil	✓	✓	✓	✓
Ahmed A. Rahim	✓	✓	✓	✓
Sawsan Abulhassan	○	✓	✓	✓
Hadyah Fathalla	✓	○	○	○

* Meeting was held online

Nomination, Remuneration & Governance Committee meetings in 2021

Members	03 Feb	03 Nov
Mohammed Ebrahim	✓	✓
Tala Fakhro	✓	✓
Adel Salem	✓	✓
Khaled Abi Khalil	✓	○

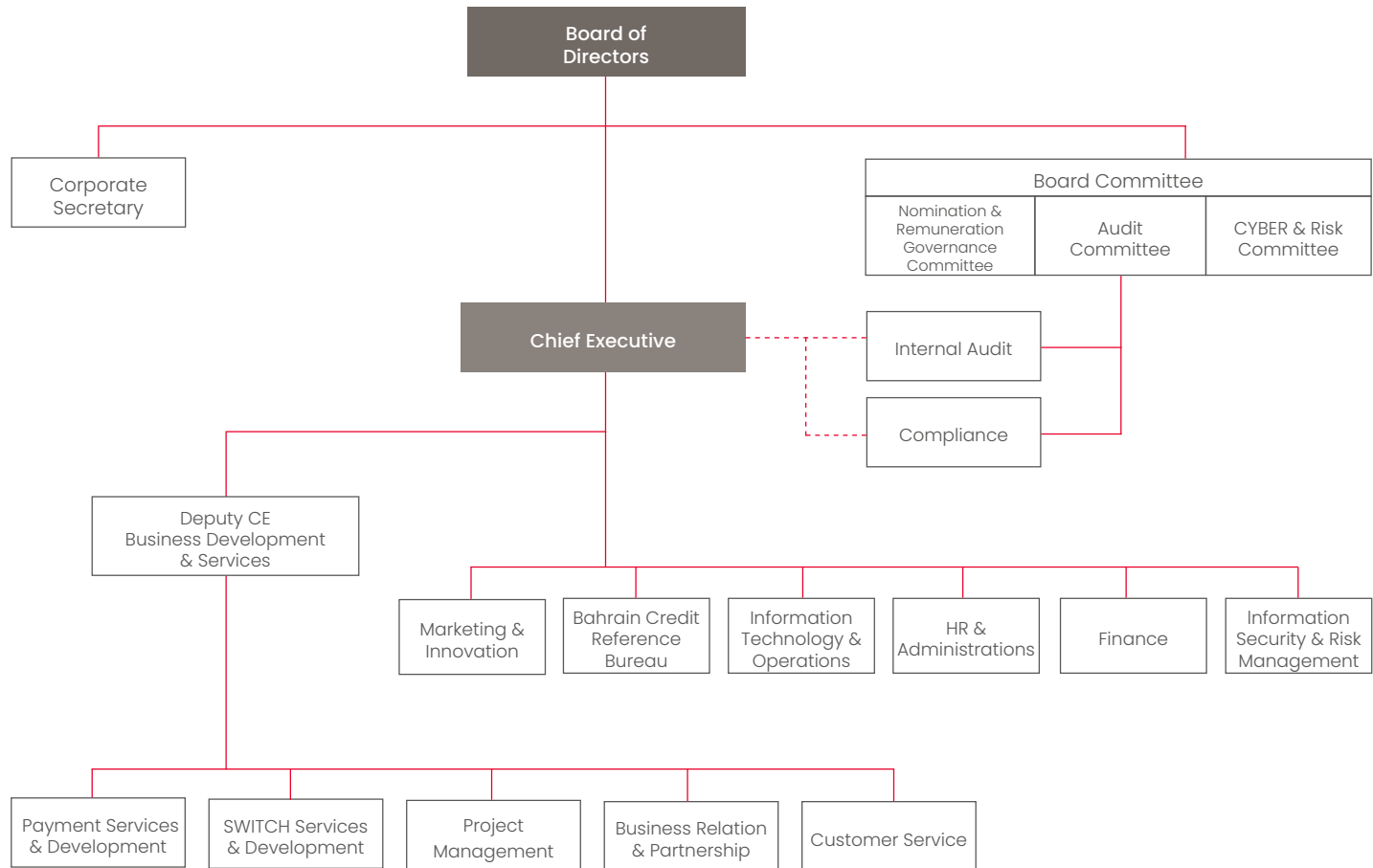
4. Annual General Meeting (AGM)

The AGM was held on 29th March 2021.

Corporate Governance (continued)

5. Managerial & Organizational Structure

BENEFIT developed its management and organizational structure in a way that helps the company clearly define the roles, duties, and reporting lines among its departments.



BENEFIT has seven main departments, which are Business Development & Services, Marketing & Innovation, Bahrain Credit Reference Bureau (BCRB), Information Technology & Operations, Risk Management & Information Security, Human Resources & Administrations, and Finance. The structure also includes Internal Audit and Compliance that has direct access to the CE and Board of BENEFIT through the Audit Committee.

6. Directors Code of Conduct

BENEFIT code of conduct sets ethical standards for the Director and Executive Management of the Company and reflects the Director and Executive Management's intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity, and professionalism.

7. Whistle Blower Policy

The Company is committed to integrity and ethical behavior and accordingly is adopting the Whistle Blower Policy. The Policy encourages all employees to disclose in good faith any wrongdoing, unethical or improper practice, or adverse employment action that may unfavourably impact the company, its customers, shareholders, employees, or the public. The Policy provides all employees the sufficient protection for such.

8. Conflicts of Interest

The Company has a documented policy for Conflict of Interest and Connected Parties. In the event of the Board or its Committees considering any issues involving conflict of interest of Directors, decisions are taken by the full Board/Committees.

The concerned Director shall leave the meeting room during the discussion of these issues. These events are recorded according to the Policy. The Directors are required to inform the entire Board and Board Secretary of any potential conflicts of interest that might arise, and to abstain from voting on the matter.

9. Performance Incentive

The Board has formed a NRCG to evaluate the performance linked incentive structure for the key management personnel, please refer to Audited financials under note 21.

10. Related Party Transactions (IFRS)

The Company has dealings with several banks in Bahrain who are also shareholders of the Company. These transactions are in the nature of provision of services in relation to payment systems, internet banking, card services and Credit Reference Bureau.

SINNAD (BENEFIT subsidiary) is now owned 100% by the BENEFIT Company has entered into contracts with certain shareholders of BENEFIT for the provision of services related to debit/credit card personalization and ATM acquiring services.

BENEFIT nature of Business is to serve the banking sectors in Bahrain through a number of services, ATM/POS, BCRB, BCTS, EFTS, PAYMENT GATEWAY, GCCNET DISPUTE SYSTEM and others. In Addition, SINNAD is also established as a 3rd party processing company to serve the Banks.

Please refer to Audited financials under note 19.

11. Communication

The Company is not publicly listed; however, the Company's website is updated with the Annual Report as well as shareholders have access to any information required i.e. related to financial and others through the CE. The annual report for 2021 will be published on the website after the AGM meeting.

12. Material Transactions for Board Approval

The Board approves a yearly budget along with capital expenditure for projects [if any] in accordance with the Company's authority matrix endorsed by the Board defining the authority limits and thresholds of the Board and Management.

13. Board Access to Advice and Counsel

The Board may seek for any advice and counsel through a formal Board or Committee meetings or through informal contact directly with the CE.

The information needed for the Board's decision-making will be found within the Company. The Board have full access to the Company's documents and records and may seek for external independent expert advice if needed.

14. Internal Control

The Company's Internal Auditor reviews internal control processes & procedures, and KPMG is the Company's External Auditor. The Internal Auditor findings and correction plans are presented to the Audit Committee.

Corporate Governance (continued)

15. Financial Preparation

The Audit Committee on a quarterly basis review the audited financial with external auditors and management, and accordingly seek the Board approval.

16. Remuneration Policy for Board of Directors and Executive Management

The Board members remuneration shall be decided by the Board while sitting fees are recommended by NRGC for the Board approval. Executive Management remuneration shall be decided by the NRGC. Remuneration paid to Executive Management is available to eligible shareholders upon specific request.

17. Other Information

The statutory Auditors of the Company are KPMG Fakhro Bahrain, 2021 audit fees is BHD 11,785 and non-audit services fees are BHD 91,775 which included (Corporate strategy BHD 88,900, VAT advisory BHD 1,200 and Saving Scheme consultancy BHD 1,675).

18. Sustainability & Corporate Social Responsibility

For the purpose of supporting social welfare and contributing back to the society, this year, BENEFIT primary focused on the continuous development and sustainability of the community. BENEFIT contributions were built around education, healthcare, youth empowerment, women empowerment and sustainable development.

BENEFIT has allocated around BHD 130,000 to the following: sponsoring a large classroom at the new BIBF building, sponsoring The Bahraini Paralympic Committee for the Asian Youth Para Games, sponsoring the Sports Cardiology Congress, donating to the Bahraini Authority for Culture and Antiques and donating to the Supreme Council for Women to support Ra'edat Electronic Platform for empowering Bahraini women.

19. Status of Compliance with Corporate Governance Guidelines

The CBB Rulebook requirements in the High-Level Controls (HC) Module specify that the Company must comply with the Guidelines of the HC Module, or explain its non-compliance in the Annual Report. As part of its commitment to adherence with the CBB regulations, the Company has provided the following explanation related to the guidance items:

- HC-1.3.2 states that the Board should have a minimum of three members and no more than five members. BENEFIT Board is comprised of ten directors (three appointed by major shareholders, three elected by the remaining shareholders, and four independent directors) and one CBB Observer which is more than the maximum number of directors (five) as per CBB rulebook and this is due to the complexity and business nature of the Company and as advised by the Central Bank of Bahrain.
- HC-3.2.2 states that the majority of the Audit Committee directors should be independent including the Chairman. BENEFIT Audit Committee is comprised of non-executive (Chairman), executive and one independent director. Given the experience, financial literacy, and knowledge, the two non-executive members were the most fitted and suited members to be part of the Committee. Indeed, the Committee successfully managed to fulfil and meet its responsibilities with full independency.

General Assembly Meeting

MINUTES	29 MARCH 2021 10:00 AM
MEETING CALLED BY	The Benefit Company
TYPE OF MEETING	General Assembly Meeting for 2020
ATTENDEES	As per attendees list

The Chairman, Mr. Mohamed Ebrahim Al Bastaki chaired the meeting and confirmed we have a quorum of 99%. Chairman advised the meeting is being held electronically in coordination and under the direction of the Central Bank of Bahrain (CBB) and the Ministry of Industry, Commerce and Tourism.

Agenda topics

1. APPROVE THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING OF THE COMPANY HELD ON 29 MARCH 2020.

The Chairman advised the Shareholders the minutes of the previous Annual General Meeting (AGM) held on 29 March 2020 was distributed along with the agenda for their reference. There were no comments or questions raised and the minutes were approved.

Resolution 1 – The minutes of the Annual General Meeting (AGM) dated 29 March 2020 was approved by the Shareholders.

2. DISCUSS AND APPROVE THE REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020.

The Chairman gave a brief update on the Board of Director's report on the company's business for the Financial year ended 31st December 2020.

Representative of NBB requested a brief about BENEFIT's new Headquarter Building and the cost of the Building, Chief Executive advised that the Building is 10 stories and a half, fully owned by BENEFIT and the total cost up to date for the Building is BD4.5M. The Representative also enquired whether a credit facility was taken to cover the cost of the Building, Chairman advised that a credit facility was not taken to finance the purchase of the Building. There were no further comments or questions raised and the report was approved.

Resolution 2 – The Shareholders approved the report of the Board of Directors on the company's business for the Financial year ended 31st December 2020.

3. REVIEW THE EXTERNAL AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020.

KPMG read the external auditor's report on the company's consolidated financial statements for the financial year ended 31st December 2020.

Resolution 3 – The Shareholders approved the external auditors report on the Company's consolidated financial statements for the financial year ended 31st December 2020.

4. DISCUSS AND APPROVE THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020.

The Chairman briefed the shareholders on the company's consolidated financial statements for the financial year ended 31st December 2020 and advised that a copy of the financial statements was distributed for reference.

As required by article 189 of the Companies Commercial Law, the Board of Directors have reviewed the transactions relating to Directors of the Company or its managers, whether direct or indirect, and such transactions have been approved by the Board of Directors and summarized in note 18 of the consolidated financial statements under related party transactions. including the external auditors report to this effect.

Representative of HSBC queried whether the volume of transactions increased or decreased because of COVID19. Chief Executive advised that due to COVID19 there was a reduction of interchange fees of local point of sale, and as a result, the volume increased in terms of the number of transaction but the value per transaction decreased because there is a big drop in the interchange fees as directed by the Central Bank of Bahrain.

Representative of NBB also queried whether there was a restatement of some figures in the Financial Statements during 2020. Chief Financial Officer explained that there was no restatement of figures but a change in estimate which is in line with the International Financial Reporting Standard (IFRS) 16.

General Assembly Meeting (continued)

NBB representative also queried whether BENEFIT has plans for expansion outside of Bahrain. Chairman advised that we are studying the decision however, we did not take the initiative yet and we do not think it is the right time, Chief Executive further advised that we as BENEFIT are a part of GCC Net and we are constantly in connection with GCC Central Banks and GCC governmental entities. Chief Executive further advised that some of our services can be used internationally such as Tokenization (Tap and Go) and soon will introduce Remittance for international transfers. There were no further comments or questions raised and the financial statements were approved.

Resolution 4 – The Shareholders approved the consolidated Financial Statement for the Financial Year Ended 31st December 2020.

Resolution 5 – The Shareholders approved the Related Party Transactions.

5. DISCUSS AND APPROVE THE BOARD OF DIRECTORS RECOMMENDATION FOR THE FOLLOWING APPROPRIATIONS OF THE YEAR 2020 NET PROFIT, SUBJECT TO THE APPROVAL OF THE CENTRAL BANK OF BAHRAIN.

Chairman advised the Shareholders; the Board of Directors have recommended the following appropriations of the net profit for the year 2020 after obtaining the approval of the Central Bank of Bahrain.

- a. Distribution of cash dividends to the Shareholders amounting to BD 311,040 at 10% of the paid-up capital.
- b. Transfer of BD 6,558 to the General Reserve.
- c. Transfer of BD 40,000 to the Charity Reserve.
- d. Transfer of BD 1,439,940 to Retained Earnings.

Representative of NBB queried the reason for the low cash distribution during 2020 as opposed to previous years. Chief Financial Officer explained that the cash dividends are based on the net profit and results of the Company, she further explained that the payment is in compliance with the Commercial Companies Law. Chairman further explained that the company requires a lot of investment and we used to pay a larger dividends percentage in the past however, we need to think long term and avoid requesting shareholders to inject more capital in the future. There were no further comments or questions raised and the recommended appropriations were approved.

Resolution 6 – The above recommended appropriation of the Net Profit for 2020 was approved by the Shareholders.

6. APPROVAL OF RECOMMENDATION TO ALLOCATE BD 142,500 AS REMUNERATION FOR THE MEMBERS OF THE BOARD OF DIRECTORS FOR 2020.

Chairman advised the shareholders of the recommendation to allocate BD 142,500 as remuneration for the Board of Directors for 2020. There were no comments or questions raised and the allocation was approved.

Resolution 7 – The Shareholders approved the recommendation to allocate BD 142,500 as remuneration for the Board of Directors for 2020.

7. APPOINTMENT OF MS. UMKHULTHOOM ALABBASI AS EXECUTIVE DIRECTOR TO REPLACE MR. JAYARAMAN GURUMURTHY AND MRS. SAWSAN ABULHASSAN AS INDEPENDENT DIRECTOR FOR THE REMAINING BOARD TERM, AS APPROVED BY THE CENTRAL BANK OF BAHRAIN.

Chairman announced the appointment of two Board Members Ms. Umkulthoom Al Abbasi who will be representing AUB as an Executive Director and Mrs. Sawsan Abualhassan as an Independent Director. Chairman further advised that their appointment is effective from 3rd Jan 2021.

Resolution 8 – The Shareholders approved the appointment of Ms. Umkulthoom Al Abbasi as an Executive Director and Mrs. Sawsan Abualhassan as Independent Director.

8. DISCUSS AND APPROVE THE CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 AND THE COMPANY'S COMPLIANCE AS PER THE REQUIREMENTS OF THE CENTRAL BANK OF BAHRAIN AND THE MINISTRY OF INDUSTRY, COMMERCE & TOURISM.

Chairman advised that the Corporate Governance Report for year ended 31st December 2020 is enclosed in the Annual Report for reference. There were no further comments or questions raised and the report were approved.

Resolution 9 – The Corporate Governance report for the year ended 31 December 2020 was approved.

9. DISCHARGE THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY FROM ANY LIABILITY RESULTING FROM ALL ACTIONS TAKEN DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020.

The Shareholders were asked to absolve the Board of Directors from any liability related to their conduct during the year ended 31st December 2020. There were no question raised and was approved by the Shareholders.

Resolution 10 – The Shareholders absolved the Board of Directors from their legal liability during the year ended 2020.

10. APPROVE THE BOARD OF DIRECTORS RECOMMENDATIONS ON THE RE-APPOINTMENT OF KPMG AS EXTERNAL AUDITORS FOR THE YEAR 2020, SUBJECT TO THE APPROVAL OF THE CENTRAL BANK OF BAHRAIN, AND TO AUTHORISE THE BOARD OF DIRECTORS TO DETERMINE THEIR REMUNERATION.

The Board of Directors recommended to re-appoint KPMG as external auditors for the year 2020, subject to the approval of the Central Bank of Bahrain, and to authorise the Board of Directors to determine their remuneration. There were no comments or questions raised and the recommendation was approved.

Representative of HSBC queried whether BENEFIT considered changing the Audit Firm. Chairman advised that according to the Law we are not required to change the Audit firm but we are required to change the Partner every 5 years.

Resolution 11 – The Shareholders approved the recommendation to re-appoint KPMG as external auditors for the year 2020.

11. ANY OTHER MATTERS IN ACCORDANCE WITH ARTICLE 207 OF THE COMMERCIAL COMPANIES LAW.

There were no other matters raised by the Shareholders.

Chairman concluded the AGM meeting by thanking His Majesty the King Shaikh Hamad bin Isa Al Khalifa, and His Royal Highness the Crown Prince and Prime Minister Shaikh Salman bin Hamad Al Khalifa for their trust, guidance, and support.

Chairman also thanked all the Shareholders, Central Bank of Bahrain and Ministry of Industry, Commerce and Tourism for their attendance and participation.

Chairman then thanked the Board for their efforts, contribution and value-added input to the Company, Chairman added that the Board of Directors is committed to support the government in achieving their goals and vision. The Chairman also thanked Management and Staff for the good achievements.

There were no further comments and the meeting closed at 10:48 am.



Mohamed Ebrahim Al Bastaki
Chairman



Abdulwahed Al Janahi
Chief Executive

REPORT OF THE DIRECTORS

for the year ended 31 December 2021

The Directors are pleased to submit their report about the activities of The Benefit Company (“BENEFIT” or “the Group”) for the year ended 31 December 2021, together with the audited consolidated financial statements for the year then ended.

Business Review

The year 2021 was another remarkable year for the Group as it continued its commitment towards the digitization of the payment infrastructure and financial services within Bahrain. As the Pandemic continued to impact many sectors, the demand for digitizing financial services further increased in 2021 and in response, the Group offered transformational digital services to its stakeholders and the society.

BenefitPay was the focus during 2021 through the implementation of new features which were aimed at enabling a cashless society. The service served the Kingdom in the transformation to a digital economy by processing over 150 million transactions with almost BD 5 billion in value. The launch of the remittance marketplace through BenefitPay was also a major milestone in achieving the cashless objective. It enabled a first of its kind platform to serve all the clients in Bahrain while providing a unique and reliable platform for the service providers to reach BenefitPay customer base. Further enhancements in user experience and security features also addressed the customers’ requirements and needs.

In August 2021, BENEFIT got accredited by Telecommunication Regulatory Authority (TRA) as the first accredited Trust Service Provider (TSP) in Bahrain allowing it to provide digital certificates and signatures which are fully compliant with the local regulations and laws of Bahrain. Such TSP accreditation is an integral infrastructural service that will enable a complete digital economy in Bahrain, which further strengthens the Group’s vital position in digital transformation.

CBB and BENEFIT in cooperation with its member banks, launched Bahrain E-Cheque service in October 2021 as the first of its kind in the world. The service relies on a fully integrated electronic system supporting all retail and corporate banking clients and is availed for the public on smartphone apps, including BenefitPay (for Individuals) and E-Cheque App (for corporates). The E-Cheque enables full digitalization of the cheque operations and trading market within the Kingdom without discounting any of legal characteristics and features of paper cheques.

The Electronic Funds Transfer System (EFTS) transactions experienced significant growth in 2021 with over 140 million transactions recorded in Fawri+ service in comparison to 47 million transactions in 2020, which is a growth of 196%. Further, around 9.6 million transactions were carried out on Fawri with a growth rate of 11% as compared to 2020. Fawateer service has noticed a substantial growth in 2021 as well, with 9 million transactions representing a 117% growth rate compared to 2020. The Group has also invested approximately BD 1.6 million to upgrade the EFTS network platform to cater for more future growth.

Similarly, BENEFIT has further invested in enhancing and empowering its eKYC platform by integrating more banks and financial institutions into its APIs which enables them to enhance their digital onboarding and customer experience. The eKYC has witness a growth of 180% in 2021 eKYC transactions compared to 2020.

The Bahrain Credit Reference Bureau (BCRB) has also focused on enhancing its digital integration with various stakeholders to enhance its members digital credit application processing and in 2021, BCRB witness a huge demand on its digital services and APIs integration.

In line with the Group’s expansion roadmap and its vision based on the national strategic direction and plans of the Central Bank of Bahrain, BENEFIT has updated its corporate identity and brand logo to align with these directions and reflect the scope of business and duties undertaken by BENEFIT. The values of the new corporate identity focus on simplicity, innovation, empowerment, responsibility.

BENEFIT aims to enable the society to unleash the power within, helping realize the unknown potential with cutting-edge tools that make life easier, smarter, and more efficient. To set the pulse of life – always and everywhere, for individuals, institutions, and society. Therefore, BENEFIT selected the brand essence as the “Pulse of Bahrain”.

During 2021, the Group also moved its Head Quarters to its Seef Building. The total investment in the BENEFIT Seef Building amounted to BD 5.4 million and it is expected that the building will serve as the Head Quarters of the Group for the foreseeable future.

Consolidated financial position and results

The consolidated financial position of the Group as of 31 December 2021, together with the consolidated results for the year ended is set out in the accompanying consolidated financial statements. The Group has reported a net profit of BD 715 thousand for the year ended 31 December 2021 attributable to the equity shareholders of the Group, as compared to a net profit of BD 1.4 million for 2020. Total equity at 31 December 2021 amounted to BD 22.2 million (31 December 2020: BD 21.9 million).

Recommended Appropriations and Remuneration for 2021

Based on the results, the Board of Directors is recommending for the approval by the shareholders the following appropriations from the profit of the year:

	2021 (BD)	2020 (BD)
Dividends	311,040	311,040
General reserve	-	6,558
Charity reserve	40,000	40,000
Total appropriations	351,040	357,598

The appropriations above are subject to approvals of the Central Bank of Bahrain and the shareholders.

• 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:													
Mohammed Ebrahim Albastaki	12,497	8,100	-	-	20,597	-	-	-	-	-	-	20,597	-
Hadyah Mohammed Fathalla	8,332	8,400	-	-	16,732	-	-	-	-	-	-	16,732	-
Sawsan Abu Al Hassan Mohammed	6,802	5,400	-	-	12,202	-	-	-	-	-	-	12,202	-
Muna AlHashimi	2,670	2,400	-	-	5,070	-	-	-	-	-	-	5,070	-
Second: Non-Executive Directors:													
Tala Abdulrahman Fakhro – NBB	8,332	4,800	-	-	13,132	-	-	-	-	-	-	13,132	-
Abdulrazaq AbdulKhaleq Abdulla	8,332	7,800	-	-	16,132	-	-	-	-	-	-	16,132	-
Khalid Abi Khalil	8,332	7,200	-	-	15,532	-	-	-	-	-	-	15,532	-
Yousif AlFadhel – CBB observer	8,332	6,600	-	-	14,932	-	-	-	-	-	-	14,932	-
Third: Executive Directors:													
Ahmed A. Rahim	8,332	6,600	-	-	14,932	-	-	-	-	-	-	14,932	-
Adel Salem – BBK	8,332	5,400	-	-	13,732	-	-	-	-	-	-	13,732	-
Umkulthoom Alabbasi – AUB	7,007	6,000	-	-	13,007	-	-	-	-	-	-	13,007	-
Total	87,300	68,700	-	-	156,000	-	-	-	-	-	-	156,000	-

Note: All amounts must be stated in Bahraini Dinars.

Other remunerations:

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

** It includes the board member's share of the profits – Granted shares (insert the value) (if any).

REPORT OF THE DIRECTORS (continued)

for the year ended 31 December 2021

• Top 6 executives remuneration including CE and CFO:

Executive Management	Total salaries and allowances (BD)	Total paid remuneration (Bonus) in 2021 (BD)	Any other cash/ in kind remuneration for 2021 (BD)	Aggregate amount (BD)
Top 6 remunerations for executives, including CE and CFO	717,078	170,210	-	887,288

Auditors

The auditors, KPMG Fakhro, have expressed their willingness to be reappointed as auditors of the Group for the year ending 31 December 2022.

Outlook for 2022

BENEFIT will be working on implementing its upcoming 3-year strategy for the years 2022-2024. The focus of the new strategy will be on initiatives that further enhance the electronic payment infrastructure, provide more access to credit, support the digitization of Government and other Strategic entities, as well as expand key capabilities internationally.

CAS and RTP are two major projects in 2022 that will address key milestones in the development of a cashless society and BenefitPay will play a major role as a key channel for those projects, whilst also forming an integral part of the 2022-2024 strategic direction.

SME access to finance will also be a major highlight in the 2022-2024 Credit Bureau strategic direction, whereby a dedicated platform will be launched to empower the SMEs towards accessing finance and to provide digital onboarding and credit application processing and rating. BENEFIT will also focus on further investments and upgrades in its Credit Bureau digital services and scoring capabilities during 2022.

Acknowledgements

The Board of Directors of BENEFIT would like to reassure its Shareholders that the Group will continue playing its strategic role in the Kingdom of Bahrain and will introduce more innovative solutions in line with the Group's vision.

The Board of Directors takes this opportunity to express their gratitude and sincere appreciation to His Majesty King Hamad bin Isa Al Khalifa, the King of Bahrain; to His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince, Prime Minister, and Deputy Supreme Commander; to Government ministries and institutions and the Central Bank of Bahrain, for their guidance and support to the Group throughout its journey to position Kingdom of Bahrain to be among the advanced countries in the financial services. The Board also expresses its thanks to its stakeholders and customers, for their trust and confidence, to the Shareholders for their support, and to its management and employees for their hard work, dedication and contribution to the success of the Group.



Mohammed Ebrahim Albastaki
Chairman

Independent Auditors' Report to the Shareholders

The Benefit Company BSC (c)

P.O. Box 2546

Al Seef, Kingdom of Bahrain

Opinion

We have audited the consolidated financial statements of The Benefit Company BSC (c) (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory 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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the report of directors set out on pages 48 - 50.

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 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 this auditors' 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 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, 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.

Auditors' 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 auditors' 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 ISAs, we exercise professional judgement and maintain professional scepticism 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.
- 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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.

Report on Other Regulatory Requirements

As required by the Commercial Companies Law, and Volume 5 of the Central Bank of Bahrain (CBB) Rule Book, 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 report of the directors is consistent with the consolidated financial statements;
- c) we are not aware of any violations during the year of the Commercial Companies Law, the CBB and Financial Institutions Law No. 64 of 2006 (as amended), the CBB Rule Book (Volume 5, applicable provisions of Volume 6 and CBB directives) or the terms of the Company's memorandum and articles of association that would 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.



KPMG Fakhro

Partner Registration No. 213

7 February 2022

Consolidated Statement of Financial Position

As at 31 December 2021 (Bahraini Dinars)

	Note	2021	2020
Assets			
Furniture and equipment	4	2,950,430	1,013,239
System software	5	2,734,835	2,301,092
Building	6	5,459,906	-
Capital-work-in-progress	7	238,119	6,039,325
Right-of-use assets	13	102,024	158,932
Other assets		139,168	139,168
Total non-current assets		11,624,482	9,651,756
Cash and bank balances		4,278,329	4,745,607
Balance with Central Bank of Bahrain		4,017,719	6,450,667
Balance with other central banks		2,902,398	3,172,664
Deposits with banks		1,001,125	-
Trade receivables	8	909,443	1,143,121
Prepaid expenses and other receivables		667,129	259,358
Total current assets		13,776,143	15,771,417
Total assets		25,400,625	25,423,173
Equity and liabilities			
Share capital	1	3,110,400	3,110,400
Statutory reserve		1,612,138	1,612,138
General reserve		1,555,200	1,548,642
Charity reserve		262,190	391,746
Retained earnings		15,657,810	15,299,911
Total equity (page 56)		22,197,738	21,962,837
Liabilities			
Non-current portion of lease liability	14	57,591	75,611
Non-current portion of deferred income		170,884	222,593
Provision for employees' leaving indemnities	9	297,764	258,340
Total non-current liabilities		526,239	556,544
Trade payables and accrued expenses	10	2,311,622	2,212,806
Payable for acquisition of shares in Subsidiary		-	221,970
Current portion of lease liability	14	67,934	129,347
Current portion of deferred income		297,092	339,669
Total current liabilities		2,676,648	2,903,792
Total equity and liabilities		25,400,625	25,423,173

The consolidated financial statements have been approved by the Board of Directors on 7 February 2022 and signed on their behalf by:


Mohamed Ebrahim Al Bastaki
 Chairman


Ahmed A. Rahim
 Vice Chairman


Abdulwahed AlJanahi
 Chief Executive

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive

For the year ended 31 December 2021 (Bahraini Dinars)

	Note	2021	2020
Revenue			
Switch	11	6,197,413	6,654,828
BCRB		941,408	934,595
BCTS		476,820	498,269
EFTS		1,580,498	1,147,403
eKYC		324,955	264,030
PKI-CA		71,280	-
Card services	12	1,661,679	1,675,925
Total operating revenue		11,254,053	11,175,050
Staff cost		4,653,209	4,435,210
Cost of provision of services	15	2,787,485	2,882,877
Depreciation and amortisation	4,5,6,13	1,566,196	1,485,143
Other operating expenses	16	1,628,430	1,713,342
Total operating expenses		10,635,320	10,516,572
Operating profit		618,733	658,478
Interest income	17	15,808	108,425
Interest expense on lease liability		(9,603)	(43,088)
Other income	18	90,559	710,281
Profit for the year		715,497	1,434,096
Other comprehensive income for the year			-
Total comprehensive income for the year		715,497	1,434,096

The consolidated financial statements have been approved by the Board of Directors on 7 February 2022 and signed on their behalf by:


Mohamed Ebrahim Al Bastaki
 Chairman


Ahmed A. Rahim
 Vice Chairman


Abdulwahed AlJanahi
 Chief Executive

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

As at 31 December 2021 (Bahraini Dinars)

	Share Capital	Statutory reserve	General reserve	Charity reserve	Retained earnings	Total
At 1 January 2021	3,110,400	1,612,138	1,548,642	391,746	15,299,911	21,962,837
Profit and total comprehensive income for the year	-	-	-	-	715,497	715,497
Dividend declared in 2020	-	-	-	-	(311,040)	(311,040)
Charity paid during the year	-	-	-	(169,556)	-	(169,556)
Transfer to charity reserve	-	-	-	40,000	(40,000)	-
Transfer to general reserve	-	-	6,558	-	(6,558)	-
At 31 December 2021	3,110,400	1,612,138	1,555,200	262,190	15,657,810	22,197,738

	Share Capital	Statutory reserve	General reserve	Charity reserve	Retained earnings	Total
At 1 January 2020	3,110,400	1,612,138	1,136,788	385,819	16,038,796	22,283,941
Profit and total comprehensive income for the year	-	-	-	-	1,434,096	1,434,096
Dividend declared in 2019	-	-	-	-	(1,555,200)	(1,555,200)
Charity paid during the year	-	-	-	(200,000)	-	(200,000)
Transfer to charity reserve	-	-	-	205,927	(205,927)	-
Transfer to general reserve	-	-	411,854	-	(411,854)	-
At 31 December 2020	3,110,400	1,612,138	1,548,642	391,746	15,299,911	21,962,837

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021 (Bahraini Dinars)

	2021	2020
Operating activities		
Cash received from switch operations	6,242,271	6,646,380
Cash received from BCRB operations	1,001,218	892,285
Cash received from card services	2,008,476	1,675,925
Cash received from BCTS operations	479,251	498,335
Cash received from EFTS operations	1,456,015	979,719
Cash received from eKYC	297,902	226,610
Cash received from PKI-CA	70,839	-
Payments for operating expenses	(9,213,610)	(8,951,368)
Payment for directors' remuneration	(142,500)	(172,507)
Other receipt	-	656,720
Net cash generated from operating activities	2,199,862	2,452,099
Investing activities		
Purchase of furniture and equipment	(256,412)	(196,435)
Purchase of software	(420,332)	(828,003)
Payments relating to building	(277,950)	-
Payments for capital-work-in-progress	(2,838,254)	(5,826,265)
Maturity of treasury bills	-	4,956,800
Maturity of deposits with original maturity of more than 90 days	-	2,521,940
Interest received	14,088	6,879
Net cash (used in) / generated from investing activities	(3,778,860)	634,916
Financing activities		
Dividend paid	(311,040)	(1,555,200)
Charity paid	(169,556)	(200,000)
Lease liability payment	(109,773)	(203,019)
Net cash used in financing activities	(590,369)	(1,958,219)
Net (decrease) / increase in cash and cash equivalents	(2,169,367)	1,128,796
Cash and cash equivalents at beginning of year	14,368,938	13,240,142
Cash and cash equivalents at end of the year	12,199,571	14,368,938
Cash and bank balances	4,278,329	4,745,607
Balance with Central Bank of Bahrain	4,017,719	6,450,667
Balance with other central banks	2,902,398	3,172,664
Deposits with banks with original maturity less than 90 days	1,001,125	-
	*12,199,571	*14,368,938

*The amount reported is net of ECL amounting to BD 2,348 (2020: BD 2,348).

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

1. REPORTING ENTITY

The Benefit Company BSC (c) (the "Company") is registered with the Ministry of Industry, Commerce and Tourism since 29 October 1997 under registration number 39403.

The Company has been granted with a licence for ancillary services from the Central Bank of Bahrain ("CBB") to provide services relating to payment system and other related financial services for the benefit of the commercial banks and their customers in the Kingdom of Bahrain. The Bahrain Credit Reference Bureau ("BCRB") operations commenced in Bahrain in August 2005. The Company launched the Bahrain Cheques Truncation System (the "BCTS") on 13 May 2012, Electronic Fund Transfer System (the "EFTS") on 5 November 2015 and Electronic Know Your Customer (eKYC) in 30 April 2019.

Share Capital

The Company's authorised capital is BD 5,400,000. The Company's issued and paid up capital is BD 3,110,400 comprising 31,104 shares of BD 100 each.

Subsidiary

The Company owns 100% (31 December 2020: 100%) in Sinnad W.L.L ("Subsidiary"). The Subsidiary has been incorporated and licensed by CBB to provide ancillary services to the financial sector in Bahrain and other countries. Its service includes debit and credit card hosting services, cards personalisation and other ATM acquiring services.

This is the audited consolidated financial statements of the Company and its Subsidiary (together referred to as the "Group") as at and for the year ended 31 December 2021.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in conformity with the Commercial Companies Law.

b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis.

c) Functional and presentation currency

The consolidated financial statements are presented in Bahraini Dinars (BD), which is also the Group's functional currency.

d) COVID-19

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. COVID-19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The management and board of directors has been closely monitoring the impact of the COVID-19 developments on the Group's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment, review of onerous contracts, outsourcing arrangements etc. The Group has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans. Based on their assessment, the management and board of directors has concluded that the Group will continue as a going concern entity for the next 12 months.

In preparing the consolidated financial statements, judgements made by management in applying the Group's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

The Government of Kingdom of Bahrain has announced various economic stimulus programmes ("Packages") to support businesses in these challenging times. Last year, the Group received some benefits from these Packages in the form of partial reimbursement of salaries of employees from the Unemployment Fund for three months from April 2020.

e) New standards, amendments and interpretations effective from 1 January 2021

A number of new standards, amendments and interpretations to standards are effective from 1 January 2021. However, these standards, amendments and interpretations to standards did not have significant impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

2. BASIS OF PREPARATION *(continued)*

f) New standards, amendments and interpretations issued but not yet effective.

A number of new standards, amendments and interpretations to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted for annual periods beginning on 1 January 2021. However, the Group has not early applied the new standards, amendments and interpretations in preparing these consolidated financial statements.

The new standards, amendments and interpretations to standards are not expected to have a significant impact on Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous year.

a) Financial instruments

(i) Classification of financial assets and financial liabilities

Financial assets are classified into three principal classification categories: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. Financial liabilities are classified into amortized cost or at fair value through profit or loss.

(ii) Initial recognition, measurement and subsequent measurement

The financial assets and liabilities are initially recognised on trade date when the Group becomes party to the contract. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Financial assets and liabilities are subsequently remeasured at amortised cost.

(iii) Impairment of financial assets

The Group measures expected credit loss on financial assets carried at amortised cost using simplified approach as allowed by the standard to determine impairment of financial assets.

b) Revenue recognition

(i) Services

Revenue arises mainly from provision of services relating to switch, BCRB, BCTS, EFTS, and eKYC. Revenue also arises from the provision of services relating to debit and credit card personalisation and hosting and ATM acquiring services ("card services"). In addition, the Group's revenue includes sale of plastic cards and stationery.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's services and products. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations and customer obtain control of goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations or if the Group has a right to an amount of consideration that is unconditional before the Group transfers a good or service to the customers and reports these amounts as deferred income in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

(ii) Interest Income

Interest income is recognised using the effective interest rate method.

c) Basis of consolidation

i. Subsidiary

Subsidiary is an investee 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.

ii. Loss of control

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

iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains and losses) 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.

d) Building, furniture, equipment, software and capital-work-in-progress

Owned assets

Building, furniture, equipment and software are stated at cost less accumulated depreciation, accumulated amortization and impairment losses, if any. The cost of the assets includes the cost of bringing them to their present location and condition. Intangible assets are recorded at the consideration paid for obtaining right to use the assets. Capital work-in-progress (CWIP) comprises the direct cost incurred for hardware, software and equipment that are not yet ready for their intended use on the reporting date. The cost of additions and major improvements are capitalised.

Subsequent measurement

Expenditure incurred to replace a component of an asset that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset. All other expenditure is recognised in profit or loss as an expense as incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. When an asset is sold or discarded, the respective cost and accumulated depreciation relating thereto are eliminated from the statement of financial position, the resulting gain or loss being recognised in profit or loss.

Depreciation and amortization

Depreciation is applied on a straight-line basis over the useful life of assets estimated by the management. Depreciation for assets purchased / sold during a period is proportionately charged.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Building, furniture, equipment, software and capital-work-in-progress (continued)

Intangible assets are amortized over their estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use. The Management estimates the useful lives for the various fixed assets as follows:

System hardware	1 – 7 years
System software	3 – 10 years
Computer equipment	2 – 5 years
Furniture, fixtures and office equipment	3 – 8 years
Vehicles	5 years
Building	30 years

All depreciation and amortization are charged to profit or loss.

e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances, balance with the Central Bank of Bahrain and other central banks, and bank deposits maturing within 3 months or less from the acquisition date and that are subject to insignificant risk of changes in fair value.

f) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

g) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

h) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

i) Dividends

Dividends are recognised as a liability in the period in which they are declared.

j) Government grants

Government grants are recognized when there is reasonable assurance that the entity will comply with the relevant conditions and the grant will be received. Grants are recognised as other income in profit or loss on a systematic basis as the Group recognizes as expenses the costs that the grants are intended to compensate. Grants that relate to the acquisition of an assets are recognised in profit or loss as the assets is depreciated or amortised.

k) Employees' Benefits

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation ("SIO") scheme to which employees and employers 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 are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector, based on length of service and final remuneration. Provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard 19 – Employee Benefits, has been made by calculating the notional liability had all employees left at the reporting date.

Employee savings scheme

The Group has a voluntary employees saving scheme. The employees and employers contribute monthly on a fixed-percentage-of-salaries-basis to the scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Foreign currency transactions

- i. Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency). The consolidated financial statements are presented in Bahraini Dinars, which is the Group's functional and presentation currency.
- ii. Transactions in foreign currencies are translated to Bahraini dinars, at the foreign exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Bahraini dinars at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Bahraini dinars at the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

m) Critical accounting estimates and judgments in applying accounting policies

The preparation of these consolidated financial statements in conformity with IFRSs require management to make 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The area in which significant accounting estimates and judgments were used in applying accounting policies is disclosed in note 3 (b).

n) Statutory reserve

The Commercial Companies Law requires 10 percent of net profit to be appropriated to a statutory reserve, which is not normally distributable except in accordance with Article 224. Appropriations may cease when the reserve reaches 50 percent of the paid-up share capital.

o) Right-of-use assets and lease liabilities

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, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct cost incurred by the lessee; and
- estimated cost to dismantle and to remove the underlying asset, or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability is measure as the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted based on the Group's incremental borrowing rate. Lease liability comprises the following:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are carried at amortized cost using effect interest rate method. Lease liabilities are reduced by repayment of the principal amount while the finance charge component of the lease payment is charged directly to the statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Right-of-use assets and lease liabilities (continued)

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets.

4. FURNITURE AND EQUIPMENT

	System hardware	Computers	Furniture, Fixtures, Office Equipment & Vehicle	2021 Total	2020 Total
Cost					
At 1 January	3,511,979	562,027	277,667	4,351,673	4,158,448
Additions	100,850	22,341	172,168	295,359	176,165
Transferred from CWIP	1,999,669	14,778	185,552	2,199,999	20,691
Disposals	-	(2,870)	-	(2,870)	-
Write-off	-	(7,776)	(4,808)	(12,584)	(3,631)
At 31 December	5,612,498	588,500	630,579	6,831,577	4,351,673
Depreciation					
At 1 January	2,955,545	208,373	174,516	3,338,434	2,808,965
Charge for the year	443,364	45,394	68,575	557,333	533,100
Disposals	-	(2,036)	-	(2,036)	-
Write-off	-	(7,776)	(4,808)	(12,584)	(3,631)
At 31 December	3,398,909	243,955	238,283	3,881,147	3,338,434
Carrying value at 31 December	2,213,589	344,545	392,296	2,950,430	1,013,239

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

5. SYSTEM SOFTWARE

	2021	2020
At 1 January	2,301,092	1,776,522
Transferred from capital work-in progress	803,762	451,143
Additions during the year, net	445,254	852,800
Amortised during the year	(815,273)	(779,373)
At 31 December	2,734,835	2,301,092

6. BUILDING

	2021	2020
At 1 January	-	-
Additions during the year	279,826	-
Transferred from capital work-in progress*	5,271,766	-
Depreciation during the year	(91,686)	-
At 31 December	5,459,906	-

*During the year, the Group completed the construction of its headquarter and has relocated to the new building

7. CAPITAL-WORK-IN-PROGRESS

	2021	2020
At 1 January	6,039,325	514,369
Additions during the year	2,848,808	5,996,790
Transfers during the year	(8,650,014)	(471,834)
At 31 December	238,119	6,039,325

8. TRADE RECEIVABLES

	2021	2020
Gross receivables	966,427	1,200,105
Less: Impairment allowance (expected credit loss)	(56,984)	(56,984)
	909,443	1,143,121

The movement on impairment allowance is as follows:

	2021	2020
At 1 January	56,984	1,036
Charge for the year	-	55,948
At 31 December	56,984	56,984

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

9. PROVISION FOR EMPLOYEES' LEAVING INDEMNITIES

The movement in the provision is as follows:

	2021	2020
At 1 January	258,340	195,619
Add: Charge for the year	39,424	62,721
At 31 December	297,764	258,340

Total number of employees at 31 December:

	2021	2020
Bahrainis	164	155
Expatriates	13	8
	177	163

For the year ended 31 December 2021, the Group's contribution for employees under SIO scheme amounted to BD 301,835 (2020: BD 287,269). The Group also has an employees' saving scheme, in accordance with which the participating employees and the Group contribute monthly on a fixed percentage of relating basis. The Group's contribution to the employees' saving scheme amounted to BD 166,920 (2020: BD 168,184). All contributions are deposited to a separate bank account, and does not form part of the operating bank balances of the Group in the consolidated statement of financial position. As at 31 December 2021 these amounted to BD 1,371,651 (2020: BD 1,329,428).

10. TRADE PAYABLES AND ACCRUED EXPENSES

	2021	2020
Staff related payables	687,509	625,980
Trade payables	165,860	235,077
Accrual for directors' remuneration	157,171	172,500
VAT payable	51,263	67,579
Payables for card processing	15,000	165,556
Other accrued expenses	1,234,819	946,114
	2,311,622	2,212,806

11. SWITCH

	2021	2020
Bahrain ATM	2,696,921	3,236,474
Bahrain POS	1,660,979	1,852,405
Payment gateway	712,366	671,015
GCC POS	426,484	219,960
GCC ATM	363,832	313,264
Telecom bill payment	193,392	283,088
Benefitpay	128,018	45,928
AMEX	15,421	32,694
	6,197,413	6,654,828

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

12. CARD SERVICES

A. Disaggregation of revenue

In the following table, card service revenue is disaggregated by major products and service lines and timing of revenue recognition.

	2021	2020
Revenue by major products and service line		
Income from card processing	1,208,743	951,794
Income from development and customizations	273,047	221,271
Income from card procurement and fulfilment	145,170	487,195
Income from call centre operations	34,719	15,665
	1,661,679	1,675,925

	2021	2020
Revenue by timing of recognition		
Services rendered at a point in time	1,388,632	1,454,654
Services rendered over time	273,047	221,271
	1,661,679	1,675,925

B. Contract balances

The following table provides information about contract liabilities from contracts with customers.

	2021	2020
Contract liabilities (included in current portion of deferred income)	62,436	147,553

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received or receivable from customers for which revenue is recognised over time as the related performance obligations are fulfilled or when the rights of the receipts becomes unconditional. For the year ended 31 December 2021, revenue includes BD 114,681 (2020: BD 55,550) included in the contract liabilities balance at the beginning of the period.

13. RIGHT-OF-USE- ASSETS

	2021	2020
Balance at beginning of the year	158,932	883,920
Additions for the year	38,889	-
Remeasurement of lease liabilities, net *	6,107	(552,318)
Depreciation charge for the year	(101,904)	(172,670)
	102,024	158,932

* During the year, the Group has reassessed the lease term of two contracts that was previously included in the initial measurement of the lease liabilities and determined that it is reasonably certain to exercise the option to extend the lease term of one contract and not renew the other. The carrying value of its right-of-use assets has been adjusted for remeasurement of lease liabilities with net impact of BD 6,107.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

14. LEASE LIABILITIES

	2021	2020
Maturity analysis – contractual undiscounted cash flow		
Less than one year	138,722	138,722
One to five years	42,520	85,140
Total undiscounted lease liabilities	181,242	223,862
Current portion of lease liabilities	67,934	129,347
Non-current portion of lease liabilities	57,591	75,611
Total discounted lease liabilities	125,525	204,958

15. COST OF PROVISION OF SERVICES

	2021	2020
License and support	900,168	938,278
Maintenance cost	518,562	652,500
Cost of card services*	493,773	490,525
Communication lines	290,823	216,858
GCC NET telecom charges	18,873	18,873
Foreign exchange loss	20,993	108,264
Other processing costs**	544,293	457,579
	2,787,485	2,882,877

* Cost of card services includes direct cost relating to debit card, credit card personalisation and hosting services.

** Includes penalties of BD Nil (2020: BD 50,000) imposed by the CBB on the Group on account of EFTS time-out.

16. OTHER OPERATING EXPENSES

	2021	2020
Legal and professional expenses	610,019	482,790
Public relation and marketing	431,306	705,077
Occupancy costs	133,095	55,892
Directors' remuneration	127,164	172,500
Directors' sitting fees	81,100	74,400
Entertainment	36,331	15,953
Travel and conferences	15,205	14,223
Telephone and fax	6,126	15,322
Other expenses	188,084	177,185
	1,628,430	1,713,342

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

17. INTEREST INCOME

	2021	2020
Interest on treasury bills	-	74,973
Interest on bank deposits	9,287	26,573
Interest on current accounts	6,521	6,879
	15,808	108,425

18. OTHER INCOME

In prior year, other income includes Government grant received by the Group. The Group recognised the Government grant that was received in the form of reimbursement of salaries for all Bahraini employees working in the Company and are registered / insured within Social Insurance Organization for the three months from April to June 2020. Total reimbursement received amounted to BD 627,764 (refer to note 2(d)).

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

a) Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel compensation is as follows:

	2021	2020
Salaries and short term employee benefits	1,103,545	1,111,010
Long term employee benefits	128,982	129,757
Directors' remuneration	127,164	172,500
Directors' sitting fees	81,100	74,400
Provision for employees' leaving indemnities	246,425	258,339

b) Transactions and balances with and from related parties

	2021	
	Shareholders	Total
Bank balances	4,279,854	4,279,854
Deposits with banks	1,001,125	1,001,125
Trade receivables	451,613	451,613
Other assets	133,290	133,290
Lease liability	51,085	51,085
Deferred income	73,344	73,344

	2021	
	Shareholders	Total
Interest income	15,808	15,808
Card service income	563,989	563,989
Bank charges	1,253	1,253
Occupancy costs	54,120	54,120

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

19. RELATED PARTY TRANSACTIONS (continued)

c) Balances with and from related parties

	2021	
	Shareholders	Total
Bank balances	4,746,882 (i)	4,746,882
Trade receivables	602,633 (i) (ii)	602,633
Other assets	110,095 (i)	110,095
Lease liability	100,264 (iv)	100,264
Deferred income	48,796 (iii)	48,796

	2021	
	Shareholders	Total
Interest income	108,357 (i)	108,357
Card service income	460,173 (ii)	460,173
Bank charges	8,151 (i)	8,151
Occupancy costs	33,540 (iv)	33,540

- i) The Group has dealings with several banks in Bahrain who are also shareholders of the Group. These transactions are in the nature of provision of services in relation to payment systems, internet banking, card services and Credit Reference Bureau. Bank balances and fixed deposits are kept with two of the major shareholders of the Group.
- ii) The Subsidiary has entered into contracts with certain shareholders of the Parent company for the provision of services related to debit/credit card personalisation and ATM acquiring services.
- iii) Deferred income represents advance billing to shareholders where the services are yet to be provided by the Group. It is recognised as income when the related services are performed.
- iv) Up to Q3 2021, the Group, in the normal course of business occupies offices on various floors of NBB Tower which is owned by a shareholder of the Group. Subsequently, the Group has relocated to its new headquarter building except for certain floors that would continue to be rented for foreseeable future.

All transactions were approved by the Board of Directors under Article 189(b) of the Commercial Companies Law in the financial year ended 31 December 2021 where the chairman, directors or managers had a direct or indirect interest in the contracts or transactions which have been approved by the Board.

20. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments and contingencies as on 31 December 2021 by the Group are BD 1,607,887 (2020: BD 2,055,099).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

21. APPROPRIATIONS AND BOARD REMUNERATIONS

The Board of Directors has recommended the following appropriations from profit for the year and board remunerations which are subject to approval by the shareholders in the Annual General Meeting:

	2021	2020
Cash dividends	311,040	311,040
Charity reserve	40,000	40,000
General reserve	-	6,558

The Board has recommended the distribution of cash dividends of BD 311,040 (2020: BD 311,040) from the retained earnings. Further, the Board has also recommended BD 87,300 as the directors' remuneration for the year 2021 (2020: BD142,500).

22. SUBSIDIARY

The table below provides details of the subsidiary of the Group. The share capital of the subsidiary consists solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business:

Name of the entity	Place of business	Proportion of ownership and voting power held by the Group (2021)	Proportion of ownership and voting power held by the Group (2020)	Principal activities
Sinnad W.L.L	Bahrain	100%	100%	Debit and credit cards hosting and cards personalisation services

23. FINANCIAL RISK MANAGEMENT

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, deposits with banks, balance with the Central Bank of Bahrain, balances with other central banks, treasury bills, trade receivables, and other receivables.

Financial liabilities consist of payables and accrued expenses.

Overview

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

- credit risk
- liquidity risk
- market risk
- Operational 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, and the Group's capital management. Further, quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has appointed the Chief Executive Officer who is responsible for developing and monitoring the risk management policies for the Group.

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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities (refer note 2 (d) for the possible effects of COVID-19).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

23. RELATED PARTY TRANSACTIONS (continued)

a) 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 obligations. The Group is exposed to credit risk on its bank balances, deposits with banks, treasury bills, balance with the Central Bank of Bahrain, balance with other central banks trade and other receivables.

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 trade receivables is more than 90 days past due from the due date.

The Group seeks to limit its credit risk with respect to customers by means of the following policies:

- Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures laid down by the Group.
- Cash is placed with banks with good credit ratings.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure credit risk at the reporting date was:

	2021	2020
Bank balance	4,279,854	4,746,883
Deposits with banks	1,001,125	-
Balance with Central Bank of Bahrain	4,017,719	6,450,667
Balance with other central banks	2,902,398	3,172,664
Trade receivables	909,443	1,143,121

The Group's credit risk on bank balances, deposits with banks, treasury bills and trade receivables are limited since these are maintained either with reputed banks having high credit ratings or sovereign. The Group's credit risk on the remaining exposures is minimal as all switch fee income is received from financial institutions and other central banks, which are transferred to the Group's account with the Central Bank of Bahrain within a week of rendering the service.

Ageing of trade receivables:

	2021	2020
0 - 30 days	513,646	455,748
31 - 90 days	173,406	466,385
91 - 180 days	167,447	159,886
181 - 365 days	106,837	76,944
More than 365 days	5,091	41,142
Gross receivables	966,427	1,200,105
Impairment allowance	(56,984)	(56,984)
	909,443	1,143,121

The Group does not hold any collateral against the above receivables.

The Group believes that amounts past due by more than 90 days amounting to BD 279,375 (2020: BD 277,972) are collectible in full, based on historic payment behaviour and since these amounts are due from reputed banks in Bahrain and other countries.

The Group's exposure to credit risk is influenced mainly by the individual credit characteristics of each customer.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

23. RELATED PARTY TRANSACTIONS (continued)

b) 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 assets. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Group's operations and investments.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

2021	Carrying Amount	Contractual cash flows	More than 6 months	6 months or less
Trade payables and accrued expenses	2,311,622	2,311,622	-	2,311,622
Provision for employees' leaving indemnities	297,764	297,764	297,764	-
Lease liabilities	125,525	181,242	42,520	138,722
	2,734,911	2,790,628	340,284	2,450,344

2020	Carrying Amount	Contractual cash flows	More than 6 months	6 months or less
Trade payables and accrued expenses	2,212,806	2,212,806	-	2,212,806
Provision for employees' leaving indemnities	258,340	258,340	258,340	-
Lease liabilities	204,958	223,862	85,140	138,722
Payable for acquisition of subsidiary	221,970	221,970	-	221,970
	2,898,074	2,916,978	343,480	2,573,498

c) Market risk

Market risk is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads – will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency while optimising the return on risk.

i. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The majority of Group's switch transactions are in other GCC currencies. Except for the Kuwaiti Dinar, the other GCC currencies are pegged to the US Dollar; hence there is no significant movement in the exchange rates between the GCC currencies. The group is charging a mark-up on GCC switch transaction in order to cover up the currency losses. Such mark-up is classified as operation revenue.

Change in market foreign exchange rates is not expected to have a significant impact on the operations of the Group.

ii. Interest rate risk

Interest rate risk is the risk that the value limited of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to limited interest rate risks on its short-term deposit and treasury bills.

	2021	2020
Effective interest rate on short-term deposit and treasury bills (BD)	1.55%	1.84%

Change in market interest rate will not have a significant impact on the carrying value of the deposits and treasury bills due to the short term characteristics of the deposit and treasury bills.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021 (Bahraini Dinars)

23. RELATED PARTY TRANSACTIONS *(continued)*

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risk – e.g. those arising from legal and regulatory requirements and generally accepted standards of the corporate behaviour. Operational risks arise from all the Group's operations.

The Group's objective to manage operational risk so as to balance the avoidance of financial losses and damages to the Group's reputation with overall cost effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity. The Group's consolidated return on equity was 3.2 percent in 2021 (2020: 7 percent).

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

f) Fair value and classification of financial instruments

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. Differences may therefore arise between book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair value of the Group's financial assets and liabilities are not materially different from their carrying amounts due to their short term nature (refer note 2 (d) for the possible effects of COVID-19).

At 31 December 2021 and 2020, all the Group's financial assets and financial liabilities have been classified and measured at amortised cost.

24. COMPARATIVES

The comparative figures have been regrouped where necessary, in order to conform to the current year presentation. The regrouping did not affect previously reported profit for the year or total equity of the Group.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(not audited)*

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with uncertainties in the economic environment. This includes disruption to capital markets, deteriorating credit markets and liquidity concerns. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures. The pandemic as well as the resulting measures and policies have had some impact on the Group. The Group is actively monitoring the COVID-19 situation, and in response to this outbreak, has activated its business continuity plan and various other risk management practices to manage the potential business disruption on its operations and financial performance.

Due to the current COVID-19 pandemic, major revenue streams within Group have been impacted due to a decline in the number of transactions. Group revenue streams are heavily transaction driven and are very much affected by the health of the Bahrain economy in terms of trade, purchases, and public spending. Any decline in the national economy has a direct impact on the level of transactions and therefore the revenue recognized. Below is an estimate of the impact of COVID-19 for the year ended 31 December 2021 on the revenue streams which are predominantly transaction based.

Revenue streams	Estimate of impact (BD 000s)
Bahrain POS The reduction of the Local POS fee from 100 fils to 0.2% of the value of transactions was the main contributor to the loss of revenue in Local POS which was imposed by CBB as one of the measures in relation to COVID-19.	4,174
Bahrain ATM Revenue from Local ATM transactions reduced mainly due to the reduction of the number of transactions. The normal growth in ATM transactions (year-on-year) is approximately 10% while during the period, there was a decline in transactions by 18% which can be attributed to COVID-19.	612
BCTS The loss in BCTS revenue is due to a decline of 6% in the number of cheques cleared during 2021 compared to the prior year. The volumes were expected to remain the same pre-COVID-19.	70
GCC ATM Travel restrictions within the GCC have reduced the GCC ATM transactions by 21% during 2021 compared to the anticipated growth of 4% per annum pre-COVID-19.	303
GCC POS The loss in GCC POS revenue is mainly due to lock downs in other GCC countries. GCC POS transactions increased by 21% during 2021 compared to the anticipated growth of 193% per annum pre COVID-19.	181
CARD SERVICES Overall card services has not been impacted by COVID-19.	-
Total estimate loss in revenue	5,340

The Group has assessed the impact of COVID-19 in relation to the impairment of receivables and other assets. There is no material impact on such receivables and other assets of the Group. The Group has strong liquidity position and has not noticed any material reduction in cash inflows. Further the Group has significant cash reserves.

The above supplementary information is provided to comply with the CBB circular number OG/259/2020 (Reporting of Financial Impact of COVID-19), dated 14 July 2020. This information should not be relied upon for any other purposes. Since the situation of COVID-19 is uncertain and is still evolving, the above impact is as of the date of preparation of this information. Circumstances may change which may result in this information to be out-of-date. In addition, this information does not represent a full comprehensive assessment of COVID-19 impact on the Group. This information has not been subject to a formal audit by external auditors.