

بنفت
benefit

ENABLING AND ACCELERATING

A Powered Digital Economy

Annual Report 2023

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www.benefit.bh



His Majesty
King Hamad bin Isa
Al Khalifa
The King of
the Kingdom of Bahrain



His Royal Highness
Prince Salman bin Hamad
Al Khalifa
The Crown Prince and Prime
Minister of the Kingdom of Bahrain

CORPORATE PROFILE

The BENEFIT Company was formed in November 1997 as the National ATM and Point of Sales Switch of Bahrain in November 1997 by 17 commercial banks, and today, more than a quarter century later has emerged as one of the key enablers of a digital economy. The Central Bank of Bahrain (CBB) issued the company with a license to be ‘the provider of ancillary services for the financial sector,’ and it was later that the company expanded its reach to cover markets outside Bahrain. The BENEFIT 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 11 because of mergers and acquisitions in the retail-banking sector.

- 1 National Bank of Bahrain
- 2 Bank of Bahrain and Kuwait
- 3 Ahli United Bank
- 4 Standard Chartered Bank
- 5 HSBC Bank Middle East Limited
- 6 Bahrain Islamic Bank
- 7 Alsalam Bank
- 8 Arab Bank
- 9 Future Bank
- 10 Habib Bank Limited
- 11 United Bank Limited

Brand values

Simplicity

Creativity

Empowerment

Responsibility

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.

AWARDS AND RECOGNITIONS

The Benefit Company Bahrain has received prestigious awards in recognition of its remarkable contributions to the financial technology sector.

BEST WELLNESS PROGRAM AWARD



BENEFIT was awarded at the HRM Summit 2023 Awards for the best Wellness program award, by HE Jamil bin Mohammad Ali Humaidan, Minister of Labour. This reflects BENEFIT's commitment in line with their core values to support and provide their employees with the resources and support they need to thrive in the workplace.

EGOV EXCELLENCE AWARD



BENEFIT, was awarded the eGov Excellence Award for Best Website in the private sector. This prestigious award was presented during the 10th Bahrain International eGovernment Forum on October 9th, 2023, under the patronage of His Excellency Minister of Interior General Shaikh Rashid bin Abdullah Al Khalifa and Chairman of the Ministerial Committee for Information and Communication Technology (MCICT).



Benefit's eGov Excellence Award for Best Website in the private sector.

GROWTH TRENDS

BENEFIT continues to experience significant growth as its comprehensive range of products and services consistently make a positive impact. By delivering innovative solutions and generating value, BENEFIT caters to a diverse range of customers in Bahrain, including banking & financial institutions, governmental ministries, public sector, private companies, and individual customers.

CREDIT REPORTS

340,000



BENEFITPAY TRANSACTIONS

BD 345 million



TOTAL VALUE OF EFTS

BD 29.1 billion



BENEFITPAY REGISTERED USERS

1,500,253 million



EFTS TRANSACTIONS VOLUME

BD 360 million



BD 25.4 billion



Promoting a culture of partnership

At BENEFIT, we are committed to fostering a culture of partnerships to elevate Bahrain's financial position. We recognize that collaboration and cooperation with key stakeholders are vital to driving growth, innovation, and economic advancement in the financial sector.

145

Total number of skilled employees at Benefit

30%

At Benefit the overall percentage of women employment is 30%



BENEFIT remains committed to elevating the Kingdom's stature as a regional financial hub, aligning with Bahrain's dedication to fostering financial innovation and global competitiveness. Through robust infrastructure, BENEFIT facilitates seamless connections between financial institutions and customers, continuously adapting to economic dynamics and spearheading innovative initiatives to nurture sustained regional and international sector growth.

Elevating Bahrain's financial position

68%

Growth rate of EFTS Volume of transactions

We foster a learning culture that encourages continuous learning and development. We provide opportunities for employees to enhance their skills, stay updated with industry trends, and explore new technologies. By nurturing a learning mindset, we inspire our employees to seek new knowledge and apply it to their work, fostering an environment that is conducive to innovation.



BAHRAIN FINTECH BAY

The acquisition of Bahrain FinTech Bay represents a strategic step towards solidifying Bahrain's position as a prominent regional hub for research and development in financial knowledge, products, and services.



CHAIRMAN'S MESSAGE

We are actively looking at new overseas markets to export our skills and expertise in powering a digital economy, as we see this move is an opportunity to raise Bahrain's profile internationally, and further solidify the Kingdom's credentials as a regional centre for banking and financial services.

BD 1.68 million

Net profit for the year ended 2023

BD 14.5 million

Total revenues for the year ended 2023

The story of the BENEFIT Company has been marked by consistency in performance, steadfastness in vision, resilience in the face of odds, and a determination to deliver an integrated array of digital solutions and value-added financial and payment services.

This focus has remained unchanged in the decades since the company was formed in 1997, and today provides the perfect backdrop for our digital journey.

More than a quarter century later, the BENEFIT Company remains a trusted name in advanced payment services, and continues to be at the forefront of innovations that transform the way financial transactions are undertaken.

The past year demonstrates that we as a company have been on the right track with this strategy, and that steps taken towards reinvigorating the banking and financial sector have helped generate a greater push towards ushering a digital economy.

Many of the services introduced by BENEFIT are now part of the mainstream, and regarded as an integral component of the financial life of citizens and residents of Bahrain.

For us it is not merely about introducing new technologies but about seeing how these services enhance Bahrain's stature as the region's premier financial hub, and ensure that the Kingdom continues to enjoy its reputation as a business friendly destination.

From our beginnings as the National ATM and Point-of-Sales switch, we have always worked towards developing an operating environment that is responsive to new and emerging trends, and is able to address challenges with workable solutions that benefit the diversity of our stakeholders.

The move towards a digital economy began long before the pandemic turned it into an urgency. What was earlier a gradual



Mohamed Ebrahim Albastaki
Chairman

move towards non-tangible forms of payment became a preferred option when social distancing was largely favored during the restricted environment of those days.

Bahrain was well prepared to face this new reality since the building blocks for this transition were already being laid by the pioneering work done by the BENEFIT Company. We had introduced different forms of electronic payments, digital alternatives for cash transactions, and set the stage for a more flexible system being made available for both stakeholders and customers.

In other words, the idea for a more powered digital economy has been underway here at BENEFIT for a considerably longer time. It is at the root of what we do, and defines the purpose behind each of our actions.

When we talk about digital economy we are primarily addressing the enormous structural shift that it has brought about in the Kingdom – the impact on businesses, the change in consumer behavior, and the growth possibilities it has opened up through FinTech.

For all of us here at BENEFIT, we are keen on seeing how this emphasis on technology aligns with our slogan: pulse of Bahrain. We are curious to know how it resonates with everyday life, influences how consumers and enterprises interact, and in what direction it will pave the way towards shaping the economic architecture of a truly smart society.

For the BENEFIT Company, the enormous success of these digital initiatives across Bahrain is just the start of what we see ahead for the organization. We hope to leverage our experience in charting a fresh path for our global ambitions. We are actively looking at new overseas markets to export our skills and expertise in powering a digital economy. In addition, we see this move as an opportunity to raise Bahrain's profile in international markets,

and further solidify the Kingdom's credentials as a regional centre for banking and financial services.

The internationalization drive is a key component of the Three-Year Strategy that was approved by the Board of Directors last year. We are currently in its first cycle, and the other components include elevating the payment infrastructure by introducing new core services that address market demands, providing customers with easier access to credit and work towards further expanding the capabilities of the national payment app.

In terms of the financial results for 2023, I am also pleased to say that the year gone by has also been proved to be a success in delivering tangible results. Revenues for the year were BD 14.5 million (\$ 38.6 million) compared to BD 13.8 million (\$ 36.5 million), while net profit for the amounted to BD 1.68 million (\$ 4.46 million)

These results point to strong fundamentals that are at the heart of our operations. They also provide the springboard for our growth plans for the year ahead.

We are also grateful 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 2023 will lay a strong foundation for an even more prosperous 2024

Mohamed Ebrahim Albastaki
Chairman



Fostering a culture of innovation

Over the past two decades, the BENEFIT Company has played a pivotal role, and has been at the forefront, developing powerful solutions that benefit both consumers and enterprises. These solutions have made life easier, smarter, and more efficient.

BD 20.7 billion

The total value of Fawri transactions in 2023

BD 7.3 billion

The total value of Fawri Plus transactions in 2023

BD 25.4 billion

The total value of Fawateer transactions in 2023



We at Benefit are the foundation of life. With every pulse, we energise you through financial and lifestyle solutions that are essential to your everyday life. Your convenience is our passion – that's why we provide tools that simplify your everyday tasks. At the touch of a fingertip, our services give you access to a range of intuitive features, transforming complexities into simplicity. We provide robust and secure solutions, giving you the peace of mind to focus on what truly matters to you.

Enabling you with peace of mind

BD 1.7 million

Invested over BD 1.7 million to upgrade our electronic fund transfer system

As the premier operator of national platforms and services in the Kingdom, BENEFIT hosts groundbreaking Payment Capabilities, Information Management Solutions, and Business Process Outsourcing Services, with BenefitPay as one of the most important, popular, and innovative applications.



BENEFITPAY APP REVAMP

BenefitPay revamped version has been designed to meet the evolving needs of users in the Kingdom, promising to provide an enhanced user experience, making electronic financial transactions easier and quicker.



CE STATEMENT

An important step undertaken in 2023 was to sign an agreement to acquire Bahrain FinTech Bay – a move that’s expected to help create a robust and future ready fintech ecosystem that combines cutting edge technology in developing new financial services.

BD 469.6 billion

Total value of Fawateer transactions in the first half of 2023 reported

170.7 million

Number of Electronic Financial Transactions first half of 2023

Year 2023 was in which we made considerable progress in consolidating gains, and delivering favorable results for our shareholders, for our partners, and for our customers.

Our efforts to accelerate adoption of electronic payment alternatives across diverse people groups achieved sufficient momentum that, today, all of us at the BENEFIT Company take great pride for having played our part in powering a digital economy across Bahrain – and beyond.

With a long term vision of building a thriving payments ecosystem that empowers the user experience, our focus has been clear from the start. We are here to establish a reliable and secure platform that is driven from a user-centric approach, and recognizes the immense opportunity available for the banking and financial services sector when technology is responsive to individual preferences and configured to deliver on convenience and flexibility.

During the year we worked hard to achieve this vision from a much broader perspective, and thereby ensure that the focus on innovation and customer-orientation is elevated to a national role. In doing so, we are simply echoing the Central Bank of Bahrain’s goal of bringing about rapid digitization of banking processes and set the stage towards ushering in a cashless society.

At the heart of these initiatives is our continuing commitment to be recognized as an organization that works in the best interest of the Kingdom of Bahrain. We are excited about creating new opportunities that would deliver on this commitment, and help champion Bahrain’s credentials as a regional financial hub and a business friendly destination.

We believe that Bahrain has the right combination of resources, expertise and an economic environment that would enable smooth transition towards a digital economy.



Abdulwahed AlJanahi
Chief Executive

This survey clearly demonstrates that the digital journey in banking and financial services is clearly impacting spending habits as well as influencing choices made when it comes to mode of payment transaction.

In 2023, we were able to register significant growth in electronic financial transactions such as, Fawri, Fawri+ and Fawateer – that is, 121.2 million transactions in the first half of 2022 to 170.7 million transactions in the first half of 2023.

As far as Fawateer transactions were concerned, the first half of 2023 reported a value of BD469.6 million showcasing a 5.9% increase from the first half of 2022. Fawateer transactions through BenefitPay increased by 38.5%, with a total value of BD125.7 million in the first half of 2023, up from BD90.8 million during the same period in 2022.

In addition, there was also a substantial rise in revenue generated from both local and GCC-wide point-of-sales systems. Again, these results are indicative of an increasingly digitally savvy population that is confident about digital payment systems, and is increasingly transitioning to digital channels for all of their financial transactions.

Obviously with these new consumer habits gaining traction, it follows that investments in innovation will get prioritized, and the recent launch of a new release of the popular BenefitPay app is a good example of how innovation is an on-going process here at our organization.

The new version includes enhancements to the user experience that would allow for smoother communication and confirmation of transactions. It further allows users to pay all of their loans and credit cards in one place.

Another important step undertaken in 2023 was to sign an agreement to acquire Bahrain FinTech Bay – a move that's expected to help create a robust and future ready fintech ecosystem that combines cutting edge technology in developing new financial services.

From a strategic angle, we see this acquisition as a way to further establish Bahrain as a regional centre for R&D in financial knowledge, products and services, and also, in ensuring Bahrain keeps pace with key investment trends in an increasingly competitive global playing field.

As we continue to build on the strong foundations that characterize the BENEFIT Company's rich legacy, we are also paying close attention to our growth story for the next quarter century and more.

One way is to ensure that our working environment continues to prioritize innovation, creativity and best practice. Another way is to make sure that we are able to hire and retain the most creative and skilled human resources who, in turn, will play a transformative role in our industry.

As we move towards a truly smart society that utilizes AI advisory, advanced security measures and other state-of-the-art solutions, we would like to continue to look for new horizons for growth, expand into new markets and territories, and gain competitive advantage in enriching the user experience for our customers.

We find it rewarding to build a foundation for growth, and to ensure that our people, and our customers, and our stakeholders continue to benefit from all that we do.

Finally, I would like to express my gratitude to the Chairman and the Board of Directors for their kind support and consistent encouragement.

I am also thankful to each of our employees for their hard work and dedication to make 2023 another successful year in BENEFIT's history. I would like to express my appreciation to all our shareholders and stakeholders as well as the Central Bank of Bahrain and other member banks.

Abdulwahed AlJanahi
Chief Executive



Empowering a culture of teamwork

Collaboration, amongst our people, with partners and with our clients, is arguably the most crucial building block of our approach. If you're working on the scale and significance of the projects we aspire to work on, it has to be.

743,000

Total eKYC (Know Your Customers) transactions in 2023

340,000

Total credit report inquires (Bahrain Credit Reference Bureau) in 2023

BD 25.4 billion

Value of Electronic Fund Transfer System on all channels in 2023





BENEFIT's success is greatly influenced by its dedicated and talented employees who play a crucial role in driving the organization forward. The employees commitment, skills, and expertise are vital in ensuring BENEFIT achieves its goals and fulfills its mission.

Overseeing & ensuring BENEFIT's success.

93%

Bahrainization rate at Benefit

At the heart of BENEFIT's success story is the contribution of its highly qualified staff – majority of whom are Bahraini. Once again, highlighting the triumph of the Company's Bahrainization policies and the world class talent available amongst young Bahrainis.



Gender Equality

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.



BOARD OF DIRECTORS



1



2



3



4



5

1. Mohamed Ebrahim Albastaki
Chairman
(Independent Director)

2. Nabeel Kazim
Vice Chairman – Executive Director

3. Hassaan Mohamed Burshaid
Executive Director

4. Samih Abutaleb
Executive Director

5. Ameer Abdulghani
Executive Director



6



7



8



9



10



11

6. Abdulkarim Turki
Executive Director

7. Khaled Abi Khalil
Non-Executive Director

8. Hadiyah Mohammed Fathalla
Independent Director

9. Sawsan Abulhassan
Independent Director

10. Muna Ali Alhashemi
Independent Director

11. Yousef Rashid Al Fadhel
Central Bank of Bahrain Observer

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 realtime 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 (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.

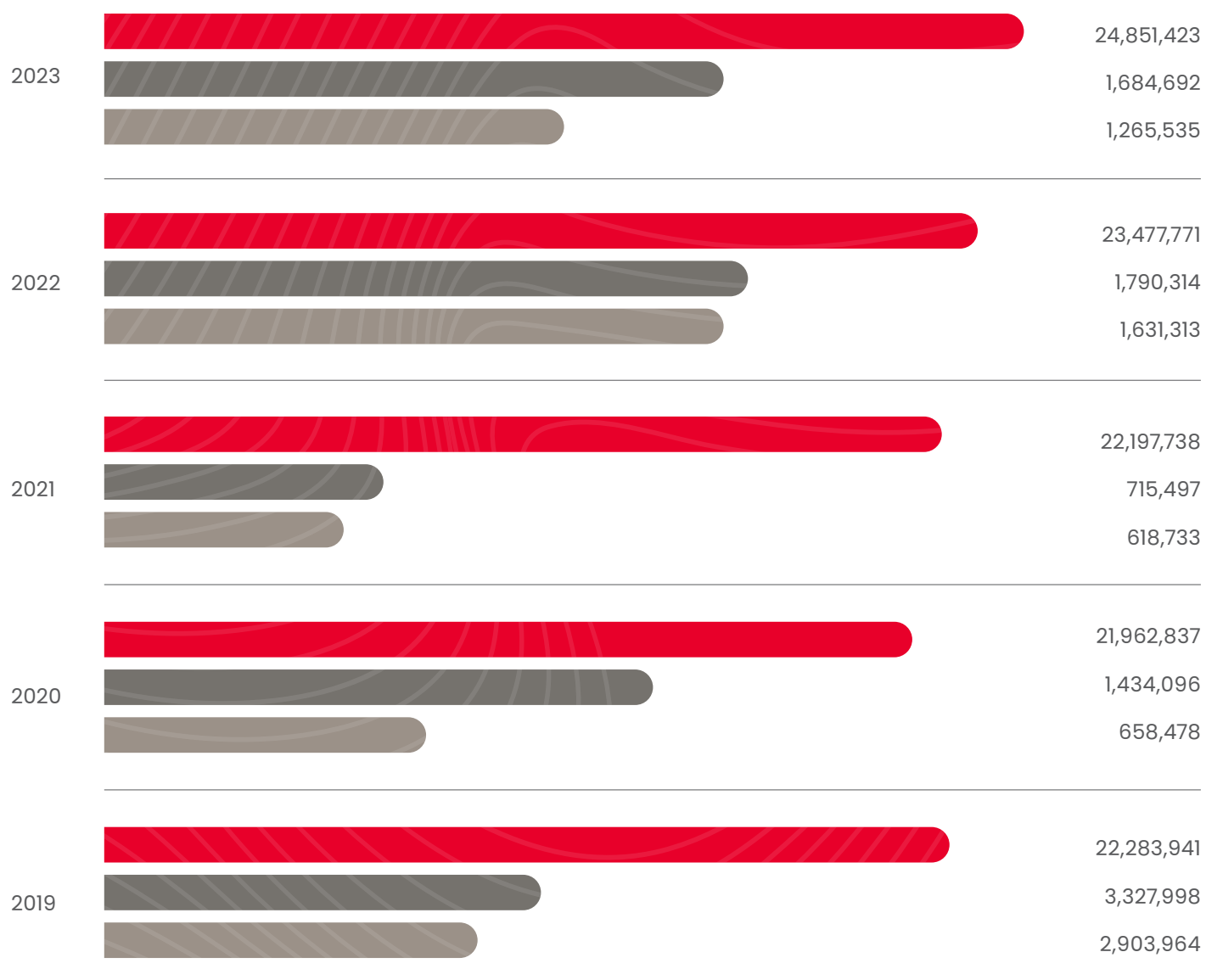
E-Cheque Service

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.

	2023	2022	2021	2020	2019
Operating Profits	1,265,535	1,631,313	618,733	658,478	2,903,964
Profits for the Year	1,684,692	1,790,314	715,497	1,434,096	3,327,998
Net Assets	24,851,423	23,477,771	22,197,738	21,962,837	22,283,941



■ Net assets
 ■ Profits for the year
 ■ Operating profits

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 28 years of experience in information technology and telecommunications in banking industry.



Nezar Maroof
AGM Marketing

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 26 years of experience in Information Technology, Innovation, Business Process Re-Engineering & ICT Strategy Development.



Hessa Hussain
AGM Bahrain Credit Reference Bureau

Joined the BENEFIT Company in 2005 with a BSc in Computer Engineering from the American University of Sharjah. Miss. Hussain brings to BENEFIT a total of 18 years of experience in Credit Reference Bureau, in addition to 5 years in information technology.



Layla Alqassab
Chief Financial Officer

Joined the BENEFIT Company in 2018, Mrs. Alqassab is a Fellow Member of the Association for Chartered Certified Accountants (ACCA) – MBA equivalent and a holder of BSc Accounting from Cardiff University, United Kingdom (First Class Honors). Mrs. Layla brings to BENEFIT a total of over 18 years of experience in big 4 firms and international banks.



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.



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 11 years of experience in internal and external audits, IT advisory / consultancy, and IT management belonging to various industries across Bahrain and GCC.



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. Latifa has a total of 18 years of experience in risk management and banking industries.



Maryam Kamal
Senior Manager – Compliance & MLRO

Joined the BENEFIT Company in 2018, with M.Sc. in Finance from DePaul University, USA and an International Diploma in Governance ,Risk & Compliance Anti-Money laundry Specialist. Mrs. Maryam has a total of 11 years of experience in Risk and Compliance.

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. She has 20 years of experience in retail banking and operations along with a rich experience in payments, cheques, digital transformation, and Fintech services.



Ahmed AlMahri
Head – Business Development & Services

Joined the BENEFIT Company in 2009, has MBA from Ahlia University Bahrain. Ahmed has over 16 years of experience in Payments system and financial technology.



Turki AlAhmed
Senior Manager - International Business Development & Partnerships

Joined Benefit in 2019 holding a BSc in Banking & Finance from the University of Bangor. Turki has more than 10 years of experience in the fields of Financial Technology, Policy Advocacy, Business Development, and Strategy.

The Bahrainisation rates at the BENEFIT Company currently stands at over 93 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.



CORPORATE GOVERNANCE

01. BENEFIT Corporate Governance Report 2023
02. Shareholders
03. Governance Structure
04. Board of Directors Information
05. Board Committees
06. Annual Ordinary & Extraordinary General Meeting
07. Internal Controls, Policies and Procedures
08. Other Information
09. Sustainability & Corporate Social Responsibility
10. Status of Compliance with Corporate Governance Guidelines

CORPORATE GOVERNANCE

1. BENEFIT Corporate Governance Report 2023

The Corporate Governance Report for 2023 presents an overview of our commitment to maintaining the highest standards of corporate governance at the Benefit Company B.S.C. Our culture is built on integrity, efficiency, and accountability, setting the moral and ethical tone from the top.

2. Shareholders Information

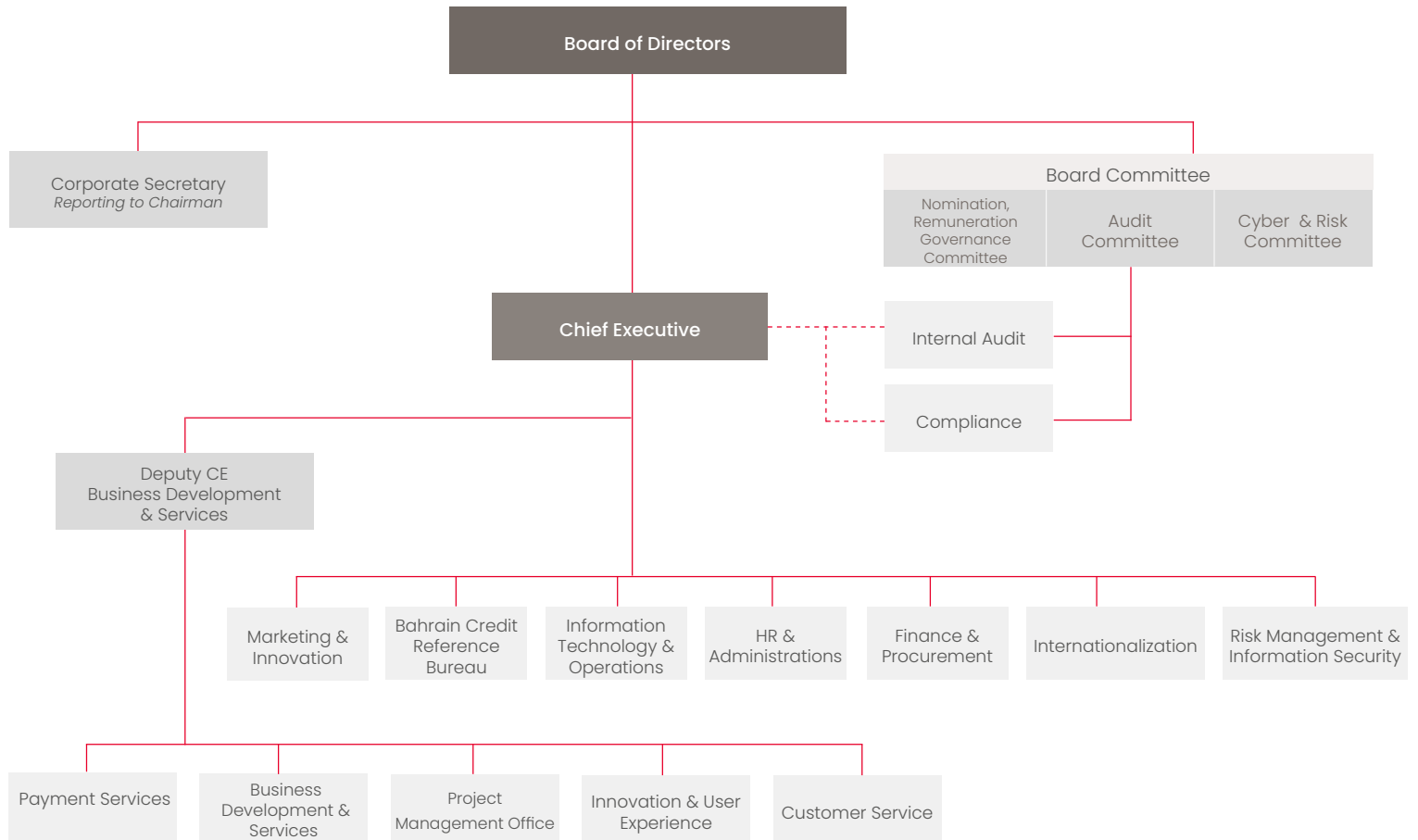
Ownership Structure as of 31 December 2023

No.	Bank/Institution	No. of Shares	% of Shares
1	National Bank of Bahrain	10,836	34.84%
2	Bank of Bahrain & Kuwait	6,843	22.00%
3	Ahli United Bank	4,355	14.00%
4	Standard Chartered Bank	2,800	9.00%
5	HSBC Bank Middle East Limited	2,177	7.00%
6	Bahrain Islamic Bank	1,505	4.84%
7	Al Salam Bank	1,344	4.33%
8	Arab Bank	311	1.00%
9	Future Bank	311	1.00%
10	Habib Bank Limited	311	1.00%
11	United Bank Limited	311	1.00%

CORPORATE GOVERNANCE (continued)

3. Governance Structure

The organisational and governance structure of the Company is developed in a way to ensure transparency and segregation of duties.



CORPORATE GOVERNANCE (continued)

4. Board of Directors Information

4.1 Directors' Roles and Responsibilities

The Company Board of Directors consists of three members appointed by major shareholders, three elected by remaining shareholders, four independent directors, and one observer from the Central Bank of Bahrain (CBB). This diverse mix of expertise in finance and information technology is crucial for effective governance.

No	Director Name	Position in the Board	Committee
01	Mohamed Ebrahim	Chairman – Independent Director	Chairman of NRGC
02	Nabeel Kazim ^{*1}	Vice Chairman – Executive Director	Member of NRGC
03	Samih Abutaleb ^{*2}	Executive Director	Member of CRC
04	Ameer Abdulghani	Executive Director	Member of AC
05	Abdulkarim Turki ^{*3}	Executive Director	Member of AC
06	Khaled Abi Khalil	Non-Executive Director	Member of CRC
07	Sawsan Abulhassan	Independent Director	Chairperson of AC
08	Hadyah Fathalla	Independent Director	Chairperson of CRC
09	Muna Ali AlHashemi	Independent Director	Member of CRC
10	Yousef AlFadhel	CBB Observer	Member of CRC
11	Yaser AlSharifi ^{*4}	Executive Director	Member of NRGC
12	Dr. Adel Salem ^{*5}	Executive Director	Member of NRGC
13	Christopher Russell ^{*6}	Non-Executive Director	Member of AC

^{*1} Joined on 19/03/2023

^{*2} Joined on 09/02/2023

^{*3} Joined on 19/09/2023

^{*4} Resigned on 13/02/2023

^{*5} Resigned on 25/10/2023

^{*6} Resigned on 10/08/2023

4.2 Board Term

The Board members are appointed and elected for a three-year term from February 2022 until the Annual General Meeting (AGM) 2025.

4.3 Board Responsibilities

The Board's primary responsibility is to establish effective governance, provide direction to the Company, and balance the interests of all stakeholders. They review and oversee the implementation of the Company's strategy, as well as approve the strategic plan.

The Board are ultimately responsible to ensure effective risk management framework, regulatory compliance, adequate internal controls and accurate financial statements. The Board may delegate certain responsibilities to various board committees to act on their behalf and report periodically to the Board.

4.4 Independence of Directors

An independent director, as defined in CBB Rulebook, is a director whom the board has specifically determined has no material relationship which could affect his/her independence of judgement. The directors' independence has been reviewed, meeting all the independence requirements.

As per CBB rules and guidelines, the chairperson of the Board, the audit committee and the nomination, remuneration and governance committee should be independent. The Board has elected independent members for those positions to ensure the highest level of dependency and effective decision-making.

CORPORATE GOVERNANCE (continued)

4.5 Board Profiles

Director Name	Current Employment	Other Boards
Mohamed Ebrahim	-	Bahrain Marina Fraiser Suites Kingdom University Montreal Osool Company Seef Entertainments Seef Properties SINNAD Social Insurance Organization
Nabeel Kazim ^{*1}	Group Chief Operating Officer - National Bank of Bahrain	-
Samih Abutaleb ^{*2}	Deputy Group Chief Executive Officer, Technology & Operations - Ahli United Bank	-
Ameer Abdulghani	Chief Financial Officer - Bahrain Islamic Bank	Liquidity Management Centre LMC
Abdulkarim Turki ^{*3}	Chief Operating Officer - ALSalam Bank	-
Khaled Abi Khalil	Chief Technology & Operations Officer - Bahrain & MENA (Excluding UAE)	-
Sawsan Abulhassan	Executive Director - Al Bustani Group	Bahrain Chamber of Commerce & Industry Gulf Aluminium Rolling Mill B.S.C. - GARMCO
Hadyah Fathalla	Director of Strategic Projects - Office of His Majesty's Representative for Humanitarian Works and Youth Affairs	General Sports Authority Bapco Energies Chairperson - Audit & Governance Committee (ASRY)
Muna Alhashemi	President Advisor - Electricity & Water Authority	BKIC Bahrain Board of Director British School Board of Trustees Fintech Committee in Women Supreme Council
Yousef AlFadhel	Executive Director Corporate Services - Central Bank of Bahrain	-

^{*1} Joined on 19/03/2023

^{*2} Joined on 09/02/2023

^{*3} Joined on 19/09/2023

CORPORATE GOVERNANCE (continued)

4.6 Board and Committee Evaluation

The Board and Committees conduct an annual self-evaluation to assess their performance. The results of these evaluations, which were satisfactory, are reviewed by the NRCG and shared with the Board.

4.7 Board Meetings and Attendance in 2023

A total of 5 Board meetings were held in 2023

Director Name	15 Feb	12 Apr	7 Jun	6 Sep	21 Nov	Attendance %
Mohamed Ebrahim	✓	✓	✓	✓	✓	100%
Nabeel Kazim ^{*1}	○	✓	✓	✓	✓	100%
Samih Abutaleb ^{*2}	✓	✓	✓	✓	✓	100%
Ameer Abdulghani	✓	✓	✓	✓	✓	100%
Abdulkarim Turki ^{*3}	○	○	○	○	✓	100%
Khaled Abi Khalil	✓	✓	✓	✓	✓	100%
Sawsan Abulhassan	✓	✓	✓	✓	✓	100%
Hadyah Fathalla	✓	✓	✓	✓	✓	100%
Muna Ali ALHashemi	✓	✓	✓	✓	✓	100%
Yousef AlFadhel	✓	✓	✓	✓	✓	100%
Dr. Adel Salem	✓	✓	✓	✓	○	100%
Christopher Russell	✓	✓	✓	○	○	100%

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

^{*1} Joined on 19/03/2023

^{*2} Joined on 09/02/2023

^{*3} Joined on 19/09/2023

4.8 Board Remuneration

The Board members remuneration is BHD 172,500 for the year 2023 subject to shareholders, Ministry of Industry & Commerce (MOIC) & CBB approval. In addition, the Board members received sitting fees for attending the meetings of the Board and committees for a total amount of BHD 53,400 for 2023.

4.9 Board Appointment

All Board members have signed the Board of Directors appointment letter upon joining.

4.10 Board Induction

New Board members undergo an induction session with the Chief Executive, including meetings with executive management and presentations on strategic plans, financial matters, accounting, and risk management.

CORPORATE GOVERNANCE (continued)

5. Board Committees

Consistent with CBB and MOIC guidelines, the Company has three committees, each with clear terms of reference approved by the Board. These committees provide support to the Board in fulfilling its responsibilities.

5.1 The Audit Committee (AC)

The AC assists the Board in overseeing the financial reporting process, internal controls, audit process, and compliance with CBB and applicable laws and regulations.

Audit Committee attendance for the year 2023

Director Name	Position	7 Feb	19 Apr	16 Aug	1 Nov
Sawsan Abulhassan	Chairperson	✓	✓	✓	✓
Ameer Abdul Ghani	Member	✓	✓	✓	✓
Christopher Russell	Member	✓	✓	✓	O

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

5.2 The Cyber and Risk Committee (CRC)

The CRC assists the Board in overseeing cyber security and risk controls frameworks, current and future risk exposure, and the development of cyber security and risk strategy.

Cyber and Risk Committee attendance for the year 2023

Director Name	Position	5 Apr	12 Jul	23 Oct
Hadyah Fathalla	Chairperson	✓	✓	✓
Khaled Abi Khalil	Member	✓	✓	✓
Muna Ali AlHashemi	Member	✓	✓	✓
Yousef AlFadhel	Member	✓	✓	✓
Samih Abutaleb	Member	✓	✓	✓

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

5.3. The Nomination, Remuneration and Governance Committee (NRGC)

The NRGC assists the Board in matters related to the nomination and appointment of Board members and executive management, remuneration frameworks and policies, and governance practices.

Director Name	Position	31 Jan	11 Oct
Mohammed Ebrahim	Chairman	✓	✓
Nabeel Kazim	Member	O	✓
Adel Salem	Member	✓	X
Yaser AlSharifi	Member	✓	O

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

CORPORATE GOVERNANCE (continued)

6. Annual Ordinary & Extraordinary General Meeting

The Annual Ordinary General Meeting (AGM) held on 21st of March 2023.

7. Internal Controls, Policies and Procedures

7.1 Code of Conduct

The Company code of conduct sets the minimum ethical standards of behaviour expected from the Company's employees and management. To ensure that all duties and responsibilities to the Company are performed with the utmost integrity and professionalism.

7.2 Whistleblower Policy

The Company encourages a culture where misconduct is not tolerated and is committed to integrity and ethical behavior. To support this commitment, the Company has adopted a Whistleblower Policy. This policy encourages all employees to disclose, in good faith, any wrongdoing, unethical or improper practice, or adverse employment action that may unfavorably impact the company, its customers, shareholders, employees, or the public. The Policy provides sufficient protection for all employees who come forward with such information.

7.3 Conflicts of Interest

The Company has a well-documented policy for managing conflicts of interest and connected parties. In case any issue involved conflict of interest, decisions are taken by the full Board/Committees. The concerned Director shall leave the meeting room during the discussion of these issues. All such events are recorded in accordance with the established policy. Directors are required to inform the entire Board and the Board Secretary of any potential conflicts of interest that might arise and abstain from voting on the matter

7.4 Performance Incentive

The Board has established the NREGC to evaluate the performance-linked incentive structure for key management personnel. For more detailed information, please refer to the audited financials under Note 21.

7.5. Related Party Transactions (IFRS)

The Company engages in transactions with several banks in Bahrain, some of which are also shareholders of the Company. These transactions involve services related to payment systems, internet banking, card services, and Credit Reference Bureau.

Additionally, Benefit's subsidiary, SINNAD, which is now fully owned by Benefit, has entered into contracts with certain shareholders of Benefit to provide services related to debit/credit card personalization and ATM acquiring services. The nature of Benefit's business is to serve the banking sector in Bahrain through various services such as ATM/POS, BCRB, BCTS, EFTS, PAYMENT GATEWAY, GCCNET DISPUTE SYSTEM, etc. SINNAD is also established as a third-party processing company to serve the banks. For further details, please refer to the audited financials under Note 19.

7.6 Communication

Although the Company is not publicly listed, the Company ensures transparency and effective communication with its shareholders. The Company's website is regularly updated including the Annual Report, and shareholders have access to any information they require through the Chief Executive. The annual report for 2023 will be published on the website after the Annual General Meeting (AGM).

7.7 Material Transactions for Board Approval

The Board approves the yearly budget and capital expenditures for projects in accordance with the Company's authority matrix, which is endorsed by the Board and defines the authority limits and thresholds of both the Board and Management.

7.8 Board Access to Advice and Counsel

The Board may seek advice and counsel through formal Board or Committee meetings or through informal contact directly with the Chief Executive. The necessary information for the Board's decision-making is readily available within the Company. The Board has full access to the Company's documents and records and may seek external independent expert advice if needed.

7.9 Internal Control

The Company's Internal Auditor reviews internal control processes and procedures, while Ernst & Young serves as the Company's External Auditor. The findings and correction plans identified by the Internal Auditor are presented to the Audit Committee.

CORPORATE GOVERNANCE (continued)

7. Internal Controls, Policies and Procedures (continued)

7.10 Compliance

The Company developed a robust compliance framework that oversees adherence to applicable laws and regulations by promoting a healthy compliance culture within the Company.

7.11 Financial Preparation

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

7.12 Remuneration Policy for Board of Directors and Executive Management

The remuneration for Board members is approved by the shareholder, while sitting fees are recommended by the NRGC and subject to the Board's approval. The remuneration for Executive Management is approved by the NRGC. Remuneration details for Executive Management are available to eligible shareholders upon specific request.

8. Other Information

Ernst & Young serves as the Company's external auditors. The audit fees for 2023 amount to BHD 19,500, and non-audit services fees total BHD 750.

9. Sustainability & Corporate Social Responsibility

The Company is committed to supporting social welfare and making meaningful contributions to society. Aligned with the Kingdom of Bahrain's Sustainability Development Goals, the Company has allocated BHD 138,784 this year to various sectors focusing on education, empowerment, and sustainable development. Our initiatives include supporting educational programs and innovation, empowering youth, and actively participating in sustainable practices. Through these efforts, we aim to make a positive and lasting impact, fostering a better future in line with the Kingdom's vision.

10. Status of Compliance with Corporate Governance Guidelines

The Company consistently strives to uphold the highest standards of governance practices, continually improving its policies and procedures to ensure full compliance with the High-Level Controls (HC) Module issued by CBB. The module follows a 'comply or explain' approach, where the Company is required to provide an explanation and valid justification in case of non-compliance.

In line with our commitment to adhere to CBB regulations, the Company would like to provide the following explanations regarding the guidance items:

- HC-1.3.2 states that the Board should consist of a minimum of three members and no more than five members. The Benefit Board currently comprises ten directors, including three appointed by major shareholders, three elected by the remaining shareholders, four independent directors, and one CBB Observer. This exceeds the maximum number of directors (five) allowed under the CBB rulebook. However, this expanded structure is necessary due to the complexity and nature of our business and as advised by the CBB.
- HC-3.2.1 states that the audit committee should consist of a minimum three directors. However, due to directors' resignations and appointments, there were only two directors present during one audit committee meeting.
- HC-3.2.2 states that the majority of the Audit Committee directors should be independent, including the Chairman. Our Audit Committee consists of an independent chairperson, one executive director, and one non-executive director. Given the members' experience, financial literacy, and knowledge, they were deemed to be the most suitable directors to serve on the Committee. It is important to note that the Committee has effectively fulfilled its responsibilities with full independence.

GENERAL ASSEMBLY MEETING



GENERAL ASSEMBLY MEETING

MINUTES	21 MARCH 2023 10:05 AM
MEETING CALLED BY	THE BENEFIT COMPANY B.S.C ©
TYPE OF MEETING	General Assembly Meeting for 2022
ATTENDEES	As per attendees list

The Chairman Mr. Mohamed Ebrahim Albastaki chaired the meeting and welcomed the Shareholder representatives and the Central Bank of Bahrain representatives, and confirmed we have a quorum of 100% at the meeting.

Agenda topics

1. Approve the Minutes of the previous Annual General Meeting of the Company held on 15th February 2022.

The Chairman advised the Shareholders that the minutes of the previous meeting held on 15th February 2022 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 dated 15th February 2022 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 2022.

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 2022.

Resolution 2 – The Report of the Directors for the Financial year ended 31st December 2022 was approved by the Shareholders.

3. Review the External Auditor's Report on the Company's Consolidated Financial Statements for the financial year ended 31st December 2022

KPMG read the external auditor's report on the company's consolidated financial statement for the financial year ended 31st December 2022. There were no comments or questions raised and the External Auditor's report was approved.

Resolution 3 – The External Auditors Report for the Financial year ended 31st December 2022 was approved by the Shareholders.

4. Discuss and approve the Company's Consolidated Financial Statements for the financial year ended 31st December 2022.

The Chairman briefed the shareholders on the company's consolidated financial statement for the financial year ended 31st December 2022 and advised that a copy of the financial statement was distributed for reference.

The Chairman further announced that 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 19 of the consolidated financial statement under related party transactions. Including the external auditors report to this effect. There were no further comments or questions raised and the financial statement were approved.

Resolution 4 – The Shareholders approved the consolidated Financial Statement for the Financial Year Ended 31st December 2022.

Resolution 5 – The Shareholders approved the Related Party Transactions as required by Article 189 of the Commercial Companies Law.

5. Discuss and approve the Board of Directors recommendation for the following appropriations of the year 2022 net profit, subject to the approval of the Competent Authorities.

The Chairman briefed the shareholders on the company's consolidated financial statement for the financial year ended 31st December 2022 and advised that a copy of the financial statement was distributed for reference :

Chairman advised the Shareholders; that the Board of Directors have recommended the following appropriation of the net profit of the year 2022 after obtaining the approval of the Competent Authorities:

1. Distribution of cash dividends to the Shareholders amounting to BD 311,040 at 10% of the paid-up capital.
2. Transfer of BD 40,000 to the Charity Reserve.
3. Transfer of BD 1,553,839 to Retained Earnings.

Resolution 6 – The above recommended appropriation of the Net Profit for 2022 was approved by the Shareholders.

GENERAL ASSEMBLY MEETING (continued)

6. Approval of recommendation to allocate BD 168,102 as remuneration for the members of the Board of Directors for 2022.

The Chairman advised the shareholders of the recommendation to allocate BD 168,102 as remuneration for the Board of Directors for 2022. There were no comments or questions raised and the allocation was approved.

Resolution 7 – The Shareholders approved the Directors remuneration in the sum of BD168,102 for the year 2022.

7. Approve the appointment of the following as Board Members until the end of the Board term in March 2025, subject to the approval of the Central Bank of Bahrain:

The Chairman announced the appointment of the following new Board of Directors for the current Board term.

A. Mr. Samih Abutaleb to replace Mr. Nabeel Kazim as an Executive Director to represent Ahli United Bank B.S.C.

B. Mr. Nabeel Kazim to replace Mr. Yasser Al Sharifi as an Executive Director to represent the National Bank of Bahrain B.S.C.

Chairman further advised that their appointment is subject to the approval of the Central Bank of Bahrain.

Resolution 8- The Shareholders approved the Board of Directors appointments.

8. Discuss and approve the Corporate Governance report for the year ended 31st December 2022 and the Company's compliance as per the requirements of the Central Bank of Bahrain and the Ministry of Industry and Commerce.

The Chairman advised the Corporate Governance report for the year ended 31st December 2022 was prepared and has ensured that all the Corporate Governance and standards were met. There were no comments or questions raised by the Shareholders. The Corporate Governance report is part of the Annual Report which will be available on the Company's Website.

Resolution 9 – The Shareholders approved the Corporate Governance report for the year ended 31st December 2022.

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 31st December 2022.

The Shareholders were asked to absolve the Board of Directors from any liability related to their conduct during the year ended 31st December 2022. There was no question raised by the Shareholders.

Resolution 10- The Shareholders absolved the Board of Directors from their any liability during the year ended 31st December 2022.

10. Approve the Board of Directors' recommendation on the appointment of the External Auditors for the Company and their subsidiary Sinnad Company W.L.L for the year 2023, subject to the approval of the Central Bank of Bahrain and authorize the Board of Directors to determine their remuneration.

The Board of Directors recommended to appoint Ernst and Young [EY] as external auditors of the Company and its subsidiary [Sinnad] for the year 2023, subject to the approval of the Central Bank of Bahrain, and to authorize the Board of Directors to determine their fees. There were no comments or questions raised by the Shareholders.

Resolution 11- The Shareholders approved the recommendation appoint Ernst and Young [EY] as external auditors of the Company and its subsidiary [Sinnad] for the year 2023 and authorized the Board of Directors to determine their fees.

11. Any other matters in accordance with Article 207 of the Commercial Companies Law.

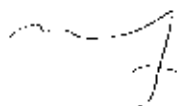
There were no other matters raised by the Shareholders.

The Chairman concluded the Annual General Meeting by thanking His Majesty King Hamad bin Isa Al Khalifa, and His Royal Highness Prince Salman bin Hamad Al Khalifa Crown Prince and Prime Minister for their guidance and support.

The Chairman also thanked all the Shareholders, Central Bank of Bahrain for their attendance and participation.

The Chairman also welcomed the new Board of Directors and thanked Management and Staff for their achievements during the year.

There being no other issues for discussion the meeting was closed at 10:15am.



Mohamed Ebrahim Albastaki
Chairman



Abdulwahed AlJanahi
Chief Executive

REPORT OF THE DIRECTORS

for the year ended 31 December 2023

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 2023, together with the audited consolidated financial statements for the year then ended.

Business Review

During the year 2023, the Group acquired Bahrain Fintech Bay (BFB) as part of its plan to build important alliances and strategic partnerships both at the local and international levels. This step, which is one of the most important expansion plans in the Kingdom of Bahrain, came with an aim to develop a more systematic framework for cooperation in the financial technology market of the Kingdom of Bahrain.

Benefit continues its efforts to embrace customer centricity in its products and services offerings, placing the needs and satisfaction of its valued customers at the forefront of its objectives. The company has established a dedicated User Experience and Innovation unit that supervises and ensures that the current and newly products and services offerings are up to customer expectations.

In terms of its services, the Group revamped its flagship application “Benefitpay” with new extra features and better user experience beside more security and infrastructure upgrades. The new version has a roadmap of opening extra business opportunities for our partners such as marketplaces, digital advertising, and business support schemes. During the year, BenefitPay, has seen substantial growth with a total of 1 million individual users and 28K Merchant. Cashless transactions ranging from domestic and international fund transfers, witnessed growth of BHD 1.3 billion compared to 2022, out of which 16% was growth in domestic fund transfer (Fawri and Fawri+ Combined) using BenefitPay, in addition to 32% growth on Fawateer transactions via BenefitPay compared to 2022. Moreover, the tap and go service on BenefitPay offered exclusively to android users for both Debit and Credit cards conducted 8.7 million transactions valued at BHD 204 million in 2023.

EFTS transactions experienced significant growth in 2023 with over 334 million transactions recorded in Fawri+ service in comparison to 244 million transactions in 2022, which is a growth of 37%. Further, around 12.4 million transactions were carried out on Fawri with a growth rate of 13% as compared to 2022. Fawateer service has noticed a substantial growth in 2023 as well, with 12.7 million transactions representing a 7% growth rate compared to 2022.

During the year, Benefit has signed an MOU with Tarabut Gateway, the first regulated Open Banking platform in the region, to collaborate on various Open Banking and Open Finance solutions and use cases. These include Personal Finance Management tools and secure financial data-sharing protocols that enable Finance Marketplaces, offering product comparisons and streamlined loan applications.

In 2023, the Group also worked on enhancing the BCRB credit report, which has been revamped with added insights classifications, statistics, and services such as Buy Now Pay Later (BNPL) and e-Salary. The BCRB continued to automate the credit application processing in the industry by providing its services digitally along with risk indicators to enable credit providers to take an instant credit approval using their online channels and applications. The Bahrain Credit Bureau is in the pipeline of expanding its services by integrating with Oman Credit Bureau (Mala'a) and Kuwait Credit Bureau (Cinet) besides its integration with the Saudi Credit Bureau (SIMAH). The Data Hub services was another focus pillar in 2023 whereby it integrated member banks and financial institutions to insights, statistics, and trends using an online Business Intelligence tool.

The Group also worked on enhancing its payment infrastructure to cater for commercial payments and transfers by introducing CAS (Central Addressing System) and Tejari (Fawri+ and Fawri scheme for corporate and business payments). Such services are sought to play a major role in advancing the economic development in Bahrain, from differentiating peer to peer and business Fawri+ transactions, in addition to enriching the payment transaction with traceability and reconciliation data for the customer, business, and related governmental bodies.

Consolidated financial position and results

The consolidated financial position of the Group as of 31 December 2023, 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 1.68 million for the year ended 31 December 2023 attributable to the equity shareholders of the Group, as compared to a net profit of BD 1.79 million for 2022. Total equity at 31 December 2023 amounted to BD 24.8 million (31 December 2022: BD 23.4 million).

REPORT OF THE DIRECTORS (continued)

for the year ended 31 December 2023

Recommended Appropriations and Remuneration for 2023

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:

	2023 (BD)	2022 (BD)
Dividends	311,040	311,040
Charity reserve	-	40,000
Total appropriations	311,040	351,040

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	22,500	6,300	-	-	28,800	-	-	-	-	-	-	28,800	-
Hadyah Fathalla	15,000	5,700	-	-	20,700	-	-	-	-	-	-	20,700	-
Sawsan Abu Al Hassan	15,000	6,600	-	-	21,600	-	-	-	-	-	-	21,600	-
Muna AlHashimi	15,000	4,800	-	-	19,800	-	-	-	-	-	-	19,800	-
Second: Non-Executive Directors:													
Khalid Abi Khalil	15,000	4,800	-	-	19,800	-	-	-	-	-	-	19,800	-
Christopher Russell	9,123	3,600	-	-	12,723	-	-	-	-	-	-	12,723	-
Abdulkarim Turki	4,274	600	-	-	4,874	-	-	-	-	-	-	4,874	-
Yousif AlFadhel - CBB observer	15,000	4,200	-	-	19,200	-	-	-	-	-	-	19,200	-
Third: Executive Directors:													
Nabeel Kazim - NBB	11,836	3,000	-	-	14,836	-	-	-	-	-	-	14,836	-
Samih Abutaleb - AUB	13,397	4,800	-	-	18,197	-	-	-	-	-	-	18,197	-
Adel Salem - BBK	12,247	3,600	-	-	15,847	-	-	-	-	-	-	15,847	-
Ameer A. Ghani	15,000	5,400	-	-	20,400	-	-	-	-	-	-	20,400	-
Yaser AlSharifi - NBB	1,808	600	-	-	2,408	-	-	-	-	-	-	2,408	-
Total	165,185	54,000	-	-	219,185	-	-	-	-	-	-	219,185	-

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).

* Other disclosures required in the template issued by the MOICT such as fixed salaries, variable remunerations and expense allowances amounted to nil during 2023.

REPORT OF THE DIRECTORS (continued)

for the year ended 31 December 2023

• Top 6 executives remuneration including CE and CFO:

Executive Management	Total salaries and allowances (BD)	Total paid remuneration (Bonus) in 2023 (BD)	Any other cash/ in kind remuneration for 2023 (BD)	Aggregate amount (BD)
Top 6 remunerations for executives, including CE and CFO	851,483	215,950	-	1,067,433

Outlook for 2022

BENEFIT will continue implementing the remaining initiatives of its current strategy during 2024 while also working on the next strategy for 2025-2027. The focus will be on more innovative ideas and concepts that foster innovation such as big data implementation, AI initiatives, and smart KYC.

In the upcoming year, BENEFIT is eagerly seeking to surpass its local market by linking its instant payment system (IPS) with other national IPS operators such as BUNA for the Arab region and NPCI of India. To continue its momentum as a leader in innovation of payments, BENEFIT will tap into international markets using cross border interoperability initiatives and projects around the globe.

Request to Pay (R2P) is an important functionality that BENEFIT will be introducing in 2024. R2P will play a key role in for e-commerce checkout and over the counter payment using IBANs. Such project will utilize not only EFTS but also extend the value proposition to enable card and e-cheque R2P transactions.

From EFTS perspective, BENEFIT will start migrating its member banks and billers to ISO20022 from a MT based message interfaces to purely MX based end to end. Migrating the market to ISO20022 will enable BENEFIT and banks to enrich and customize the payment information.

Leveraging its successful rollout of Open Banking use cases in Bahrain, Benefit, in partnership with Tarabut Gateway, aims to export them to other countries in the region with established Open Banking frameworks, such as Saudi Arabia and the United Arab Emirates.

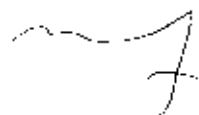
In 2024, BENEFIT is also planning to launch its SME 360 project which aims to enable SMEs along with their employees' access to fund and banking services. The platform will provide aggregated data on SMEs to enable banks and financial institutions to make effective and accurate credit lending decisions, in addition to providing SME credit rating, and enabling digital onboarding.

Consumer financing marketplace is planned to be launched during 2024, to create a competitive platform for different credit offerings by credit providers in the market and fair comparison opportunity by customers to get what best fits their financial needs.

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 sector, digital payments and fintech 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 AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE BENEFIT COMPANY B.S.C.(c)

Opinion

We have audited the accompanying consolidated financial statements of The Benefit Company B.S.C.(c) (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 15 February 2023.

Other Information

Other information consists of Report of the Board of Directors, set out on page 1 to 3 other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance opinion 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the 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.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE BENEFIT COMPANY B.S.C.(c) *(continued)*

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

As required by the Bahrain Commercial Companies Law and Volume 5 of the Central Bank of Bahrain 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 report of the Board of Directors is consistent with the consolidated financial statements;
- c) we are not aware of any violations during the year of Bahrain 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 consolidated financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

Partner's registration no. 115
21 February 2024
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 BD	31 December 2022 BD
ASSETS			
Furniture and equipment	6	2,702,759	3,083,392
System software	7	1,559,167	1,999,369
Building	8	4,970,529	5,258,021
Capital work-in-progress	9	427,321	697,228
Right-of-use assets	11	1,047,122	1,163,667
Other assets		139,168	139,168
Total non-current assets		10,846,066	12,340,845
Cash and bank balances	5	1,512,382	1,412,880
Balances with Central Bank of Bahrain	5	3,476,037	5,467,971
Balances with other central banks	5	5,847,227	4,416,444
Deposits with banks	5	5,186,326	3,522,937
Trade receivables	10	1,602,455	1,096,708
Prepaid expenses and other receivables		628,246	444,933
Total current assets		18,252,673	16,361,873
TOTAL ASSETS		29,098,739	28,702,718
LIABILITIES AND EQUITY			
Liabilities			
Non-current portion of lease liabilities	11	722,904	944,080
Non-current portion of deferred income	14	91,259	117,263
Provision for employees' leaving indemnities	12	456,560	372,285
Total non-current liabilities		1,270,723	1,433,628
Trade payables and accrued expenses	13	2,178,766	3,214,541
Current portion of lease liabilities	11	434,981	235,601
Current portion of deferred income	14	362,846	341,177
Total current liabilities		2,976,593	3,791,319
Equity			
Share capital	15	3,110,400	3,110,400
Statutory reserve		1,612,138	1,612,138
General reserve		1,555,200	1,555,200
Charity reserve		142,949	102,949
Retained earnings		18,430,736	17,097,084
Total equity		24,851,423	23,477,771
TOTAL LIABILITIES AND EQUITY		29,098,739	28,702,718

Mohamed Ebrahim Albastaki
Chairman

Abdulwahed AlJanahi
Vice Chairman

Nabeel Kazim
Vice Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	31 December 2023 BD	31 December 2022 BD
Revenue			
Switch	16	7,946,170	7,711,726
BCRB		1,121,261	997,344
BCTS		470,869	507,656
EFTS		2,174,890	1,920,753
eKYC		529,239	452,645
PKI-CA		260,610	285,120
WPS		149,250	155,850
Card services	17	1,942,376	1,771,216
Total operating revenue		14,594,665	13,802,310
Staff cost	20	(6,101,382)	(5,346,565)
Cost of provision of services	19	(3,343,073)	(3,129,962)
Depreciation and amortization		(2,032,102)	(2,036,879)
Other operating expenses	21	(1,852,573)	(1,657,591)
Total operating expense		(13,329,130)	(12,170,997)
Operating profit		1,265,535	1,631,313
Interest income	18	235,644	58,963
Interest expense on lease liabilities	11	(91,324)	(22,911)
Other income		274,837	122,949
NET PROFIT FOR THE YEAR		1,684,692	1,790,314
Other comprehensive income for the year		-	-
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,684,692	1,790,314

Mohamed Ebrahim Albastaki
Chairman

Abdulwahed AlJanahi
Vice Chairman

Nabeel Kazim
Vice Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital BD	Statutory reserve BD	General reserve BD	Charity reserve BD	Retained earnings BD	Total Equity BD
Balance at 1 January 2023	3,110,400	1,612,138	1,555,200	102,949	17,097,084	23,477,771
Net profit and total comprehensive income for the year	-	-	-	-	1,684,692	1,684,692
Dividend declared in 2022	-	-	-	-	(311,040)	(311,040)
Transfer to charity reserve	-	-	-	40,000	(40,000)	-
Balance at 31 December 2023	3,110,400	1,612,138	1,555,200	142,949	18,430,736	24,851,423

	Share capital BD	Statutory reserve BD	General reserve BD	Charity reserve BD	Retained earnings BD	Total Equity BD
Balance at 1 January 2022	3,110,400	1,612,138	1,555,200	262,190	15,657,810	22,197,738
Net profit and total comprehensive income for the year	-	-	-	-	1,790,314	1,790,314
Dividend declared in 2021	-	-	-	-	(311,040)	(311,040)
Charity paid during the year	-	-	-	(199,241)	-	(199,241)
Transfer to charity reserve	-	-	-	40,000	(40,000)	-
Balance at 31 December 2022	3,110,400	1,612,138	1,555,200	102,949	17,097,084	23,477,771

The attached notes 1 to 27 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	31 December 2023 BD	31 December 2022 BD
OPERATING ACTIVITIES			
Cash received from switch operations		7,851,796	7,682,635
Cash received from BCRB operations		1,140,095	975,062
Cash received from card service		558,752	1,724,912
Cash received from BCTS operations		472,863	507,585
Cash received from EFTS operations		1,983,565	2,149,798
Cash received from eKYC operations		261,692	389,943
Cash received from PKI-CA operations		131,595	285,561
Cash received from WPS operations		2,550,548	35,895
Payments for operating expenses		(12,411,416)	(9,628,623)
Payment for directors' remuneration		(168,102)	(87,300)
Other receipts		35,427	34,389
Net cash from operating activities		2,406,815	4,069,857
INVESTING ACTIVITIES			
Purchase of furniture and equipment		(166,954)	(217,075)
Purchase of system software		(193,091)	(47,972)
Payments for capital work-in-progress		(220,881)	(701,849)
Interest received		159,891	48,831
Acquisition of a subsidiary	26	10,434	-
Net cash used in investing activities		(410,601)	(918,065)
FINANCING ACTIVITIES			
Dividend paid		(311,040)	(311,040)
Charity paid		(138,784)	(199,241)
Lease liabilities payments		(344,650)	(20,850)
Net cash used in financing activities		(794,474)	(531,131)
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,201,740	2,620,661
Cash and cash equivalents at 1 January		14,820,232	12,199,571
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5	16,021,972	14,820,232

Notes to the Consolidated Financial Statements

31 December 2023

1. CORPORATE INFORMATION

The Benefit Company B.S.C. (c) (the "Company") is registered with the Ministry of Industry and Commerce ("MOIC") since 29 October 1997 under Commercial Registration ("CR") number 39403. The address of the Company's registered office is P.O. Box 2546, Seef District, Kingdom of Bahrain.

The Company has been granted with a license 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.

The consolidated financial statements for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors of the Company on 21 February 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) and in conformity with the Commercial Companies Law, and the CBB, the CBB Rule Book and directories, and the terms at the Company's memorandum and articles of association.

2.2 Accounting convention

The consolidated financial statements have been prepared on a historical cost basis, except where otherwise described in the accounting policies below.

2.3 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the 'functional' currency). The consolidated financial statements are presented in Bahraini Dinars, which is the Group's functional and presentation currency.

2.4 Basis of consolidation

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.

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (the "Group"), all of which have 31 December as their year end and are incorporated in the Kingdom of Bahrain. The Company has the following principal subsidiaries:

i. Held directly by the Company	Ownership		Country of incorporation	Activity
	2023	2022		
Sinnad W.L.L.	100%	100%	Kingdom of Bahrain	Debit and credit cards hosting and cards personalisation services.
Bahrain FinTech Bay W.L.L.*	100%	-	Kingdom of Bahrain	Office administrative and support activities, Management consultancy activities and Organization of conventions, events, and trade shows.

*On 1 October 2023, the Company acquired Bahrain FinTech Bay W.L.L. a non-listed Company based in the Kingdom of Bahrain. Refer note 26 for details.

Notes to the Consolidated Financial Statements

31 December 2023

2 .BASIS OF PREPARATION *(continued)*

2.4 Basis of consolidation *(continued)*

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.

2.5 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards or amendments to existing standards that have become applicable effective from 1 January 2023, which are disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.5.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard is not applicable to the Group.

2.5.2 Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

2.5.3 Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

2.5.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

Notes to the Consolidated Financial Statements

31 December 2023

2 .BASIS OF PREPARATION *(continued)*

2.5 New standards, interpretations and amendments adopted by the Group *(continued)*

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

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

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

New and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statement are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS.

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.6.3 Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

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

Notes to the Consolidated Financial Statements

31 December 2023

3. MATERIAL ACCOUNTING POLICIES

3.1 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.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

(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.

(iv) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(v) Derecognition

Financial Assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

A financial asset (in whole or in part) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership or (b) when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the financial asset, but has transferred control of the asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(vi) 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.

(vii) 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 (EIR) method.

Notes to the Consolidated Financial Statements

31 December 2023

3. MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Revenue recognition

(i) Services

Revenue arises mainly from provision of services relating to:

Switch;

Bahrain Credit Reference Bureau (BCRB);

Bahrain Cheque Truncation System (BCTS);

Public Key Infrastructure (PKI-CA);

Wage Protection System (WPS);

The Electronic Fund Transfer System (EFTS), and;

Electronic Know Your Customer (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; and
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.

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 consolidated 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 consolidated 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 (EIR) method.

3.3 Building, furniture and equipment, system software and capital work-in-progress

Owned assets

Building, furniture and equipment and system 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.

Notes to the Consolidated Financial Statements

31 December 2023

3. MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 Building, furniture and equipment, system software and capital work-in-progress *(continued)*

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 consolidated statement profit or loss as an expense as incurred.

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

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 equipment	3- 8 years
Vehicles	5 years
Building	30 years

All depreciation and amortization are charged in the consolidated statement of profit or loss.

3.4 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.

3.5 Provisions

A provision is recognised in the consolidated 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.

3.6 Dividends

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

3.7 Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the asset.

Government grants that have been received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they become receivable or received.

Notes to the Consolidated Financial Statements

31 December 2023

3. MATERIAL ACCOUNTING POLICIES *(continued)*

3.8 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.

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 the consolidated statement of profit or loss.

3.10 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.

3.11 Board members' remuneration

Board members' remuneration is recognized in the consolidated statement of profit or loss and other comprehensive income on an accrual basis.

3.12 Right-of-use assets and lease liabilities

3.12.1 Right-of-use assets

"The Group recognises a right-of-use asset and a lease liability at the lease commencement date (the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment."

3.12.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Notes to the Consolidated Financial Statements

31 December 2023

3. MATERIAL ACCOUNTING POLICIES *(continued)*

3.12 Right-of-use assets and lease liabilities *(continued)*

3.12.2 Lease liabilities *(continued)*

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.12.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.18 Value added tax (VAT)

Expenses and assets are recognised net of the amount of VAT; except, incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of VAT included. The gross amount of VAT receivable from, or payable to the taxation authority are included as part of receivables and payables in the consolidated statement of financial position.

4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 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.

4.1 Judgements

4.1.1 Going Concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

4.2 Estimates and Assumptions

4.2.1 Expected Credit Loss (ECL)

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

Notes to the Consolidated Financial Statements

31 December 2023

4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *(continued)*

4.2 Estimates and Assumptions *(continued)*

4.2.2 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. CASH AND CASH EQUIVALENTS

	31 December 2023 BD	31 December 2022 BD
Cash and bank balances	1,512,382	1,412,880
Balances with Central Bank of Bahrain	3,476,037	5,467,971
Balances with other central banks	5,847,227	4,416,444
Deposits with banks with original maturity less than 90 days	5,186,326	3,522,937
	16,021,972	14,820,232

6. FURNITURE AND EQUIPMENT

	System hardware BD	Computers BD	Furniture, fixtures, office equipment & vehicle BD	Total BD
Cost:				
As at 1 January 2023	6,808,910	351,400	665,332	7,825,642
Additions	108,421	35,112	48,126	191,659
Transferred from Capital Work In-Progress (CWIP) (note 9)	254,157	-	760	254,917
Disposals	(1,801,373)	(138,326)	(200,070)	(2,139,769)
Transferred from Building (note 8)	-	-	32,474	32,474
Additions through acquisition of a subsidiary	-	-	20,225	20,225
As at 31 December 2023	5,370,115	248,186	566,847	6,185,148
Depreciation:				
As at 1 January 2023	4,142,577	271,041	328,632	4,742,250
Charge for the year	715,975	46,666	79,139	841,780
Accumulated depreciation through acquisition of a subsidiary	-	-	19,828	19,828
Relating to disposals	(1,801,693)	(131,099)	(188,677)	(2,121,469)
As at 31 December 2023	3,056,859	186,608	238,922	3,482,389
Net book value:				
As at 31 December 2023	2,313,256	61,578	327,925	2,702,759

Notes to the Consolidated Financial Statements

31 December 2023

6. FURNITURE AND EQUIPMENT *(continued)*

	System hardware BD	Computers BD	Furniture, fixtures, office equipment & vehicle BD	Total BD
Cost:				
As at 1 January 2022	5,612,498	588,500	630,579	6,831,577
Additions	216,058	64,355	20,879	301,292
Transferred from CWIP (note 9)	678,899	-	910	679,809
Transferred from Building (note 8)	-	-	12,964	12,964
Reclassification	301,455	(301,455)	-	-
As at 31 December 2022	6,808,910	351,400	665,332	7,825,642
Depreciation:				
As at 1 January 2022	3,398,909	243,955	238,283	3,881,147
Charge for the year	714,760	55,994	90,349	861,103
Reclassification	28,908	(28,908)	-	-
As at 31 December 2022	4,142,577	271,041	328,632	4,742,250
Net book value: As at 31 December 2022	2,666,333	80,359	336,700	3,083,392

7. SYSTEM SOFTWARE

	31 December 2023 BD	31 December 2022 BD
At 1 January	1,999,369	2,734,835
Transferred from capital work-in-progress (note 9)	183,802	34,866
Additions during the year	117,827	130,391
Amortisation charge for the year	(741,831)	(900,723)
	1,559,167	1,999,369

8. BUILDING

	31 December 2023 BD	31 December 2022 BD
At 1 January	5,258,021	5,459,906
Transfer to furniture and equipment (note 6)	(32,474)	(12,964)
Disposals during the year	(75,900)	-
Depreciation charge for the year	(179,118)	(188,921)
	4,970,529	5,258,021

Notes to the Consolidated Financial Statements

31 December 2023

9. CAPITAL WORK-IN-PROGRESS

	31 December 2023 BD	31 December 2022 BD
At 1 January	697,228	238,119
Additions during the year	266,350	1,173,784
Transfers during the year	(438,719)	(714,675)
Written-off during the year	(97,538)	-
At 31 December	427,321	697,228

10. TRADE RECEIVABLES

	31 December 2023 BD	31 December 2022 BD
Gross receivables	1,621,914	1,116,194
Less: Expected Credit Loss	(19,459)	(19,486)
	1,602,455	1,096,708

The movement on allowance for ECL is as follows:

	31 December 2023 BD	31 December 2022 BD
At 1 January	19,486	56,984
Reversal during the year	(27)	(37,498)
At 31 December	19,459	19,486

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for two rental spaces. The below table illustrates the right-of-use assets and related liabilities recognised by the Group:

	Right of use assets BD	Lease liabilities BD
At 1 January 2023	1,163,667	1,179,681
Additions during the year	38,499	38,499
Amortisation charge for the year	(269,373)	-
Addition through acquisition of a subsidiary	114,329	180,356
Interest on lease liabilities	-	91,324
Payments released during the year *	-	(331,975)
At 31 December 2023	1,047,122	1,157,885

Notes to the Consolidated Financial Statements

31 December 2023

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

	Right of use assets BD	Lease liabilities BD
At 1 January 2022	102,024	125,525
Additions during the year, net	1,147,775	1,124,635
Amortisation charge for the year	(86,132)	-
Interest on lease liabilities	-	22,911
Payments released during the year *	-	(93,390)
At 31 December 2022	1,163,667	1,179,681

* This represent instalment payments accrued during the year based on signed agreements. The balance is released from lease liabilities and classified under trade payables and accrued expenses account until such payment is made, upon receipt of invoice.

Effective interest on lease liabilities ranges from 7.5% to 8.5% (2022: 7.5% to 8.5%)

The classification of lease liabilities between current and non-current liabilities is as follows:

	31 December 2023 BD	31 December 2022 BD
Current portion	434,981	235,601
Non-current portion	722,904	944,080
Total discounted lease liabilities	1,157,885	1,179,681

	31 December 2023 BD	31 December 2022 BD
Maturity analysis – contractual undiscounted cash flow		
Less than one year	504,996	326,390
One to five years	820,340	1,106,480
Total undiscounted lease liabilities	1,325,336	1,432,870

12. PROVISION FOR EMPLOYEES LEAVING INDEMNITIES

The movement in the provision is as follows:

	31 December 2023 BD	31 December 2022 BD
At 1 January	372,285	297,764
Charge for the year	97,468	74,521
Payment during the year	(13,193)	-
At 31 December	456,560	372,285
Total number of employees at 31 December:		
Bahrainis	181	164
Expatriates	14	15
	195	179

For the year ended 31 December 2023, the Group's contribution for employees under SIO scheme amounted to BD 427,271 (2022: BD 364,138). 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 226,651 (2022: BD 211,519). 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 2023 these amounted to BD 2,125,851 (2022: BD 1,732,864).

Notes to the Consolidated Financial Statements

31 December 2023

13. TRADE PAYABLES AND ACCRUED EXPENSES

	31 December 2023 BD	31 December 2022 BD
Staff related payables	849,798	892,820
Trade payables	326,724	477,809
Accrual for cost of provision of services	385,942	384,202
Accrual for directors' remuneration	165,185	168,102
VAT Payable (net)	108,694	82,793
Accrual for capital expenditure	41,582	823,238
Payables for card processing	9,055	18,942
Other accrued expenses	291,786	366,635
	2,178,766	3,214,541

14. DEFERRED INCOME

	31 December 2023 BD	31 December 2022 BD
At 1 January	458,440	467,975
Additions during the year	1,067,216	758,375
Releases during the year	(1,071,551)	(767,910)
At 31 December	454,105	458,440

	31 December 2023 BD	31 December 2022 BD
Non-current portion of deferred income	91,259	117,263
Current portion of deferred income	362,846	341,177
	454,105	458,440

15. SHARE CAPITAL

	31 December 2023 BD	31 December 2022 BD
Authorized:		
54,000 (2022: 54,000) shares of BD 100 each	5,400,000	5,400,000
Issued and fully paid-up:		
31,104 (2022: 31,104) shares of BD 100 each	3,110,400	3,110,400

Notes to the Consolidated Financial Statements

31 December 2023

16. SWITCH

	31 December 2023 BD	31 December 2022 BD
Bahrain ATM	2,159,067	2,460,058
Bahrain POS	2,829,652	2,605,438
GCC POS	1,242,635	988,899
Payment gateway	666,800	740,389
GCC ATM	569,003	541,699
Benefit pay	346,706	220,701
BenefitPay Marketing Ads	62,112	-
Telecom bill payment	51,936	136,445
AMEX	18,259	18,097
	7,946,170	7,711,726

17. 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.

Revenue by major products and service line:

	31 December 2023 BD	31 December 2022 BD
Income from card processing	1,368,225	1,305,117
Income from card procurements and fulfilment	192,889	235,383
Income from development and customizations	337,976	174,274
Income from call center operation	43,286	56,442
	1,942,376	1,771,216

Revenue by timing of recognition:

	31 December 2023 BD	31 December 2022 BD
Services rendered at a point in time	1,561,114	1,479,391
Services rendered over time	381,262	291,825
	1,942,376	1,771,216

Revenue by jurisdiction:

	31 December 2023 BD	31 December 2022 BD
Kingdom of Bahrain	1,322,529	1,299,178
Kuwait	163,428	183,678
Yemen	216,023	118,770
Rest of the world	240,396	169,590
	1,942,376	1,771,216

Notes to the Consolidated Financial Statements

31 December 2023

17. CARD SERVICES (continued)

B. Contract balances

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

	31 December 2023 BD	31 December 2022 BD
Contract liabilities (included in current portion of deferred income)	77,344	80,796

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed as 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 from customers for which revenue is recognised over time as the related performance obligations are fulfilled, or when the rights of the receipt becomes unconditional. For the year ended 31 December 2023, card services income includes BD 66,891 (2022: BD 57,444) included in the contract liability balance at the beginning of the year.

18. INTEREST INCOME

	31 December 2023 BD	31 December 2022 BD
Interest on bank deposits	232,888	52,228
Interest on current accounts	2,756	6,735
	235,644	58,963

19. COST OF PROVISION OF SERVICES

	31 December 2023 BD	31 December 2022 BD
License and support	1,161,519	1,033,761
Maintenance cost	851,817	831,025
Communication lines	479,511	353,886
Cost of card services*	343,946	243,727
GCC NET telecom charges	25,058	20,446
Other processing costs	481,222	647,117
	3,343,073	3,129,962

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

20. STAFF COSTS

	31 December 2023 BD	31 December 2022 BD
Salaries and other employees' benefits	5,154,917	4,431,599
Social Insurance Organization	453,446	365,892
Saving Scheme Contribution	268,492	181,530
Employees end of service benefits	97,468	75,188
Others	127,059	292,356
	6,101,382	5,346,565

Notes to the Consolidated Financial Statements

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21. OTHER OPERATING EXPENSES

	31 December 2023 BD	31 December 2022 BD
Legal and professional expenses	687,239	653,673
Public relation and marketing	253,057	351,005
Directors' remuneration	180,185	98,232
Occupancy costs	168,288	234,083
Corporate Social Responsibility Expenses	138,784	-
Travel and conferences	78,570	55,875
Directors' sitting fees	64,300	85,600
Entertainment	45,265	55,368
Telephone and fax	17,143	4,138
Other expenses	219,742	119,617
	1,852,573	1,657,591

22. RELATED PARTY BALANCES AND 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.

22.1 Transactions and balances with key management personnel

Key management personnel comprise 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:

	Note	31 December 2023 BD	31 December 2022 BD
Salaries and short-term employee benefits		1,410,810	1,221,522
Long term employee benefits		171,213	149,057
Directors' remuneration	21	180,185	168,102
Directors' sitting fees	21	64,300	85,600
Provision for employees' leaving indemnities		383,565	298,810

22.2 Transactions and balances with and from related parties

	Note	31 December 2023 BD	31 December 2022 BD
Bank balances	(i)	1,513,231	1,328,772
Deposits with banks	(i) (ii)	5,186,326	3,522,937
Trade receivables	(i)	602,368	382,535
Other assets	(ii)	119,881	113,254
Lease liability	(iv)	35,534	18,604
Deferred income	(iii)	108,232	83,598
Interest Income	(i)	229,639	58,963
Card service income	(ii)	549,128	642,894
Bank charges	(i)	1,784	5,215
Occupancy costs	(iv)	4,550	65,640

Notes to the Consolidated Financial Statements

31 December 2023

22. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

22.2 Transactions and balances with and from related parties *(continued)*

- (i) The Group has dealings with several banks in the Kingdom of 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. Bank balances, fixed deposits and security deposits are kept with four major shareholders of the Group.
- (ii) The Subsidiary has entered into contracts with certain shareholders of the parent entity (The Benefit 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 / performance obligation is satisfied.
- (iv) Up to Q3 2022, the Group, in the normal course of business occupied offices on various floors of NBB Tower which were owned by a shareholder of the Group. Subsequently, the Group has relocated to its new headquarter building except for certain floors that continue to be rented in the foreseeable future.

During the year ended 31 December, the Group signed an agreement with its subsidiary Company for a loan facility amounting to BD 1,300 thousand. As of 31 December 2023, BD Nil was utilised of this facility.

23. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments and contingencies as on 31 December 2023 by the Group are BD 676,762 (2022: BD 742,388).

24. APPROPRIATIONS AND BOARD REMUNERATIONS

	31 December 2023 BD	31 December 2022 BD
Cash dividends	311,040	311,040
Charity reserve	-	40,000
	311,040	351,040

The Board of Directors proposed cash dividends of BD 311,040 (2022: BD 311,040) from the retained earnings. Further, the Board has also recommended BD 165,185 as the directors remuneration for the year 2023 (2022: BD 168,102). The appropriations will be submitted for approval at the forthcoming Annual General Assembly of the shareholders. The payment of final cash dividend is subject to the approval of the Central Bank of Bahrain (CBB).

25. 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, 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.

Notes to the Consolidated Financial Statements

31 December 2023

25. FINANCIAL RISK MANAGEMENT *(continued)*

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.

25.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk on its bank balances, deposits with banks, 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 Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectations of recovering the contractual cashflows 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:

	31 December 2023 BD	31 December 2022 BD
Bank Balance	1,512,382	1,412,880
Deposits with Banks	5,186,326	3,522,937
Balance with Central Bank of Bahrain	3,476,037	5,467,971
Balance with other central Banks	5,847,227	4,416,444
Trade receivables	1,602,455	1,096,708

The Group's credit risk on bank balances, deposits with banks 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.

Aging of trade receivables:

	31 December 2023 BD	31 December 2022 BD
0-30 days	623,018	528,959
31 - 90 days	274,074	302,509
91 - 180 days	456,591	158,623
181 - 365 days	176,096	125,996
More than 365 days	92,135	107
Gross receivables	1,621,914	1,116,194
Expected Credit Loss	(19,459)	(19,486)
Net Receivables	1,602,455	1,096,708

Notes to the Consolidated Financial Statements

31 December 2023

25. FINANCIAL RISK MANAGEMENT *(continued)*

25.1 Credit Risk *(continued)*

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 748,156 (2022: BD 284,726) 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.

25.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other 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:

2023	Carrying Amount	Contractual cash flows	Less than 6 months	More than 6 months
Trade payables and accrued expenses	2,178,766	2,178,766	2,178,766	-
Provision for employees' leaving indemnities	456,560	456,560	-	456,560
Lease liabilities	1,157,885	1,325,336	344,426	980,910
	3,793,211	3,960,662	2,523,192	1,437,470

2022	Carrying Amount	Contractual cash flows	Less than 6 months	More than 6 months
Trade payables and accrued expenses	3,214,541	3,214,541	3,214,541	-
Provision for employees' leaving indemnities	372,285	372,285	-	372,285
Lease liabilities	1,179,681	1,432,870	165,120	1,267,750
	4,766,507	5,019,696	3,379,661	1,640,035

25.3 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 operational 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. Effective interest rate on short-term deposit (BD) is 5.88% (2022: 1.48%)

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

Notes to the Consolidated Financial Statements

31 December 2023

25. FINANCIAL RISK MANAGEMENT *(continued)*

25.4 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 behavior. 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.

25.5 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 6.8 percent percent in 2023 (2022: 7.6 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.

25.6 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.

At 31 December 2023 and 2022, all the Group's financial assets and financial liabilities have been classified and measured at amortised cost.

Notes to the Consolidated Financial Statements

31 December 2023

26. BUSINESS COMBINATION

On 1 October 2023, the Group acquired 100% of the voting shares of Bahrain FinTech Bay W.L.L, a non-listed Company based in the Kingdom of Bahrain and specialising in delivering management consultancy activities, office administrative and support activities and organization of conventions, events, and trade shows. The Group acquired this business to enlarge its fintech services.

The acquisition has been accounted for using the acquisition method in accordance with IFRS 3 "Business Combinations". The consolidated financial statements include the results of Bahrain FinTech Bay W.L.L. for three months from the acquisition date.

	Fair value recognised on acquisition BD
Assets	
Bank balance	10,434
Accounts receivable and other assets	293,396
Right-of-use asset	114,329
Property and equipment	397
	418,556
Liabilities	
Accounts payable and other liabilities	(238,200)
Lease liability	(180,356)
	(418,556)
Total identifiable net assets at fair value	-
Less: Purchase consideration transferred	-
Net bargain purchase gain (provisional)	-
	Cash flow on acquisition BD
Net cash acquired with the subsidiary	10,434
Cash paid	-
Net cash flow on acquisition	10,434

Effect of business combination

If the combination had taken place at 1 January 2023, the consolidated total operating income would have been BD 14,594,665 and the consolidated net profit would have been BD 1,792,093.

27.COMPARATIVES

Certain corresponding figures for 2022 have been reclassified in order to conform to the presentation of financial statements for the current year. Such reclassifications did not affect previously reported net profit, total assets, total liabilities or total equity of the Group.