Family Mircofinance House B.S.C. (c)

UNIFIED SHARI'A SUPERVISORY BOARD REPORT,
REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS (AUDITED) AND
SUPPLEMENTARY FINANCIAL INFORMATION
(UNAUDITED)

31 DECEMBER 2021

بيت الأسرة للتمويل المتناهي الصغر
Family Microfinance House (FMH)

بسم الله الرحمن الرحيم

الحمد لله رب العالمين، والصلاة والسلام على رسوله الأمين، نبينا محمد وعلى آله وصحبه أجمعين...

Sharia'a Supervisory Board ("SSB") Report for the fiscal year ended 31 December 2021

To the shareholders of Family Bank BSC (C)

Asslam Alaikum Wa Rahmat Allah Wa Barakatuh

We have reviewed the principles and contracts relating to the transactions and applications conducted by Family Microfinance House BSC (C) during the financial year ended December 31, 2021. Our review was conducted in order to judge whether Family Microfinance House followed the principle of the Islamic *Sharia'a*, specific *Fatwas* and guidelines issued by *Sharia'a* Supervisory Board.

Family Microfinance House Management is responsible for ensuring that its operations are carried out in compliance with the rules and principles of the Islamic *Sharia'a*. Our responsibility is to present an independent view of Family Microfinance House operations and to communicate it to the shareholders.

We have established controls, which include the examination of documentation and procedures of Family Microfinance House by testing all types of transactions, directly or through the *Sharia'a* function of Family Microfinance House.

The review was planned and performed so as to obtain the necessary information and explanations to provide sufficient evidence confirming that Family Microfinance House has not violated the rules and principles of Islamic *Sharia'a*.

In our opinion:

1- Contracts, operations and transactions executed by Family Microfinance House during the financial year ended December 31, 2021 were on the whole in accordance with the rules and principles of Islamic *Sharia'a* law.

2-The management has committed itself to segregate all the unintended gains, obtained during the year from sources or means prohibited by the provisions and principles of Islamic Sharia'a and disburse of it towards charitable causes under the supervision of the Sharia'a Supervisory Board.

3- Family Microfinance House calculation of *Zakat* is in compliance with the rules and principles of the Islamic Sharia'a and according to *Zakat* standard issued by AAOIFI.

We ask Allah almighty his continued guidance & blessings.

Wasslam Alaikum Wa Rahmat Allah Wa Barakatuh

Date: 15/03/2022

SH. ESAM MOHAMMED ISHAQ	**SH. DR. OSAMA MOHAMMED BAHAR**	**ABDUL-RAHMAN AHMED AL-MOOSA**
Chairman of the Shariah Supervisory Board	Member of the Shariah Supervisory Board	Member of the Shariah Supervisory Board

بيت الأسرة للتمويل المتناهي الصغر
Family Microfinance House (FMH)

بسم الله الرحمن الرحيم

الحمد لله رب العالمين، والصلاة والسلام على رسوله الأمين، نبينا محمد وعلى آله وصحبه أجمعين...

<u>الموضوع: تقرير هيئة الرقابة الشرعية عن السنة المالية المنتهية 2021م</u>

إلى مساهمي بيت الأسرة للتمويل المتناهي الصغر

السلام عليكم ورحمة الله وبركاته،،

لقد قمنا بمراجعة المبادئ والعقود المتعلقة بالمعاملات والتطبيقات التي أجراها بيت الأسرة للتمويل المتناهي الصغر ش.م.ب (مقفلة) خلال السنة المالية المنتهية بتاريخ 31 ديسمبر 2021م . ولقد أجرينا مراجعتنا لإبداء رأينا عما إذا كان بيت الأسرة للتمويل المتناهي الصغر التزم بأحكام ومبادئ الشريعة الإسلامية وفق الفتاوى والقرارات والإرشادات المحددة الصادرة عن هيئة الرقابة الشرعية.

إن إدارة بيت الأسرة للتمويل المتناهي الصغر هي المسؤولة عن ضمان تنفيذ عملياتها وفقا لأحكام ومبادئ الشريعة الإسلامية. ومن مسؤوليتنا نحن بيان الحكم الشرعي عن العمليات وإبلاغه للمساهمين.

ولقد قمنا بالمراقبة التي اشتملت على فحص الإجراءات المتبعة على أساس اختبار كل نوع من أنواع العمليات، وذلك مباشرة أو عن طريق إدارة الرقابة الشرعية الداخلية.

كما قمنا بطلب المعلومات والتفسيرات التي رأيناها ضرورية لإعطاء تأكيد معقول بأن بيت الأسرة للتمويل المتناهي الصغر لم يخالف أحكام ومبادئ الشريعة الإسلامية.

وعليه فقد تبين لنا التالي:

1- أن العقود والعمليات والمعاملات التي أبرمها بيت الأسرة للتمويل المتناهي الصغر خلال السنة المالية المنتهية بتاريخ 31 ديسمبر 2021 كانت في جملتها متوافقة مع أحكام الشريعة الإسلامية.
2- أن جميع المكاسب غير المقصودة والتي تحققت خلال السنة من مصادر أو طرق تحرمها أحكام ومبادئ الشريعة الإسلامية (إن وجدت) التزمت الإدارة بتجنيبها وصرفها في وجوه الخير تحت إشراف الهيئة.
3- أن بيت الأسرة للتمويل المتناهي الصغر قام بحساب مقدار الزكاة وفق أحكام ومبادئ الشريعة الإسلامية وبما يتفق مع معيار الزكاة الصادر من هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية.

نسأل الله العلي القدير أن يحقق لنا الرشاد والسداد

والسلام عليكم ورحمة الله وبركاته

التاريخ: 15/03/2022
المكان: مملكة البحرين

فضيلة الشيخ/ عصام محمد إسحق **رئيس هيئة الرقابة الشرعية**	**فضيلة الشيخ د. أسامة محمد بحر** **عضو الهيئة**	**عبدالرحمن أحمد الموسى** **عضو الهيئة**

Report of the Board of Directors
For the year ended 31 December 2021

In the name of Allah, the most Beneficent, the most Merciful. Prayers and Peace be upon the Last Apostle Messenger, Our Prophet Mohammed.

Dear Shareholders,

The Board of Directors is pleased to submit its report, together with the Financial Statements of Family Microfinance House B.S.C. (c) ("the company"), for the year ended 31 December 2021.

Principal Activities

The company was established in the Kingdom of Bahrain on 5th October 2009, under commercial registration number 72929, as a Bahrain Joint Stock Company (closed). The company operates under an Islamic Microfinance Institution License issued by the Central Bank of Bahrain (the "CBB"). The company commenced commercial operations on 1st January 2010. The principal activities of the company include providing microfinance and other services that are in conformity with Islamic Shari'a.

In 2021, the company continued to disburse finances under Grameen and Micro Enterprise Finance. The company also offered non-financial services to its customers by providing advice and training. These principal activities conformed to the Islamic Shari'a and were performed with guidance from the company's Shari'a Supervisory Board.

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Performance during 2021

During the year 2021, Family Microfinance House's total income increased substantially to BD 1,102,291 compared to BD 918,488 for the year 2020 an increase of 20.01%. Also, the total expense for the year 2021 were at BD 848,904 compared to BD 883,867 for the year 2020 a decrease of 3.96%, due to this performance, the year-end profit reaches to BD 86,446 compared to year-end loss of BD 85,092 for the year 2020. The collections and default control were impacted because of COVID-19 pandemic.

Disbursements during the year 2021 were at BD 1,369,836 to 329 customers compared to BD 1,292,690 to 300 customers for 2020. Cumulative number of Accounts as on 31st December 2021 stood as 5,458 and cumulative amounts disbursed were at BD 13,788,905. The repayments received from customers are BD 1,415,458 in 2021.

The Portfolio at Risk (PAR) position, which was 9.13% as on 31st December 2020, was maintained at 12.63% by the end of December 2021. PAR position has been increased because of COVID-19 impact.

Financial Position and Results:

The detailed financial position of the company as 31st December 2021, and the results for the year then ended, are set out in the accompanying financial statements.

In Bahraini Dinars

Financial highlights	2021	2020
Total Assets	5,207,659	5,053,885
Total equity	1,954,869	1,868,423
Profit /Loss for the year	86,446	(85,092)

Movement in accumulated deficit	2021	2020
Balance at 1st January	(277,900)	41,051
Profit / Loss for the period	86,446	(85,092)
Transfer to statutory Reserve	-	-
Recognition of modification loss net of government grant	-	(233,859)
Balance at 31 December	(191,454)	(277,900)

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Dividends

The Board of Directors has not made any appropriations for dividends for the year ended 31 December 2021 (2020: Nil).

Directors and Management

The following served on the Company's Board of Directors during the year ended 31 December 2021:

Name	Title
H.E. Mr. Jameel Bi Mohammed Ali Humaidan	Chairman
Dr. Mustafa Ali Al Sayed	Deputy Chairman
Mr. Khalid Mohammed Al Maarafi	Member
Mr. Rashad Ahmed Akbari	Member
Mr. Redha Ali Mohammed	Member
Dr. Khalid Abdulla Ateeq	CEO & Member
Mrs. Kubra Ali Mirza	Member
Mr. Bader Ahmed Al Hammadi	Member
Mr. Masood Ahmed Al Bastiki	Member
Mr. Maysan Faisal Al Maskati	Member

Board of Directors and executive management remuneration

As part of Family Microfinance House obligations and ongoing efforts for increased transparency, the following tables provide remuneration disclosures in relation to the Directors and selective executive management for the year ended 31 December 2021

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

First: Board of directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Independent Directors:													
1- Mr. Masood Ahmed Al Bastaki	-	1100	-	-	-	-	-	-	-	-	-	-	-
2- Mrs. Kubra Ali Merza	-	1100	-	-	-	-	-	-	-	-	-	-	-
3- Mr. Bader Ahmed Al Hammadi	-	1100	-	-	-	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
1-Mr.Jameel Bin Mohameed Ali Humidan	-	400	-	-	-	-	-	-	-	-	-	-	-
2- Dr. Mustafa Ali Al Sayed	-	600	-	-	-	-	-	-	-	-	-	-	-

Third: Executive Directors:													
1-Mr. Khalid Mohammed Al Maarafi	-	700	-	-	-	-	-	-	-	-	-	-	-
2-Mr. Rashad Ahmed Akbari	-	600	-	-	-	-	-	-	-	-	-	-	-
3- Mr. Mohammed Imad Hamzah	-	200	-	-	-	-	-	-	-	-	-	-	-
4- Mr. Maysan Faisal Al Maskati	-	100	-	-	-	-	-	-	-	-	-	-	-
5- Mr. Redha Ali Mohammed	-	200	-	-	-	-	-	-	-	-	-	-	-
6- Dr. Khalid Abdulla Ateeq	-	400	-	-	-	-	-	-	-	-	-	-	-
Total	-	6,500	-	-	-	-	-	-	-	-	-	-	-

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).**

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 20XX	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	234,733.200	32,091.350	-	266,824.550

Note: All amounts must be stated in Bahraini Dinars.

*** The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc).**
**** The company's highest financial officer (CFO, Finance Director, ...etc)**

Auditors

Ernst & Young have expressed their willingness to continue in office and a resolution proposing their appointment, as auditors of the company for the year ending 31 December 2022; will be submitted to the Annual General Meeting.

Appreciation

We express our gratitude and appreciation to His Majesty King Hamad bin Isa Al Khalifa, the King of the Kingdom of Bahrain, and to His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, as well as the Central Bank of Bahrain, and to the Ministry of Industry, Commerce and Tourism.

We also express our gratitude to the Shari'a Supervisory Board for their support and valuable guidance, to our executives and employees for their support in adding value to the company.

H.E. Mr. Jameel Bin Mohammed Ali Humaidan
Chairman

Dr. Khalid Ateeq
CEO & Board Member

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FAMILY MICROFINANCE HOUSE B.S.C. (c)

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Family Microfinance House B.S.C. ("the Company") which comprise the statement of financial position as at 31 December 2021 and the related statements of income, cash flows and changes in owner's equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and the results of its operations, cash flows, and changes in owner's equity for the year then ended in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by the Central Bank of Bahrain ("CBB") ("FAS issued by AAOIFI as modified by CBB").

In our opinion, the Company has also complied with the Islamic Shari'ah Principles and Rules as determined by the Shari'ah Supervisory Board of the Company during the year under audit.

Basis of opinion
We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions ("ASIFI") issued by AAOIFI. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions ("the AAOIFI Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the AAOIFI Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information
Other information consists of the Report of the Board of Directors and other information included in the Annual Report, 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the fact. We have nothing to report in this regard.

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Board of Directors for the financial statements

These financial statements and the Company's undertaking to operate in accordance with Islamic Shari'ah Rules and Principles are the responsibility of the Company's Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with FAS issued by AAOIFI as modified by CBB and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assesing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 ASIFI issued by AAOIFI 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 financial statements.

As part of an audit in accordance with ASIFI issued by AAOIFI, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FAMILY MICROFINANCE HOUSE B.S.C. (c) (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Regulatory Requirements

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

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

b) the financial information contained in the Report of the Board of Directors is consistent with the financial statements;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FAMILY Microfinance House B.S.C. (c) (continued)

Report on Other Regulatory Requirement (continued)

c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 5 and applicable provisions of Volume 6) and CBB directives, or the terms of the Company’s memorandum and articles of association during the year ended 31 December 2021 that might have had a material adverse effect on the business of the Company or on its financial position; and

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

Ernst & Young

Auditor's Registration No: 115
27 March 2022
Manama, Kingdom of Bahrain

STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 BD	2020 BD
ASSETS			
Cash and balances with banks	7	**459,556**	410,244
Mudaraba	8	**1,827,711**	1,709,115
Murabaha receivables	9	**2,427,003**	2,781,800
Equipment, furniture and fixtures and right-of-use assets	12	**143,268**	104,926
Other assets	11	**350,121**	47,800
TOTAL ASSETS		**5,207,659**	5,053,885
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Wakala financing	14	**3,000,000**	2,830,612
Deferred government grant	15	**-**	169,388
Accounts payable, accruals and other liabilities	13	**252,790**	185,462
		3,252,790	3,185,462
Owners' equity			
Share capital	16	**2,000,000**	2,000,000
Conributed surplus		**141,762**	141,762
Statutory reserve		**4,561**	4,561
Accumulated losses		**(191,454)**	(277,900)
		1,954,869	1,868,423
TOTAL LIABILITIES AND OWNERS' EQUITY		**5,207,659**	5,053,885

H.E. Mr. Jameel Bin Mohammed Ali Humaidan
Chairman

Dr. Khalid Ateeq
CEO & Board Member

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF INCOME

For the year ended 31 December 2021

	Notes	2021 BD	2020 BD
INCOME			
Income from financing assets	17	**986,217**	850,795
Fee income		**47,918**	43,906
Other income	18	**68,156**	23,787
		1,102,291	918,488
EXPENSES			
Staff costs	19	**650,184**	653,589
General and administration expenses	20	**155,435**	194,236
Finance cost net of Government grant	21	**15,000**	14,167
Depreciation	12	**28,285**	21,875
		848,904	883,867
NET PROFIT FOR THE YEAR BEFORE PROVISION FOR CREDIT LOSSES		**253,387**	34,621
Provision for credit losses - net	10	**(166,941)**	(119,713)
NET PROFIT (LOSS) FOR THE YEAR		**86,446**	(85,092)

H.E. Mr. Jameel Bin Mohammed Ali Humaidan
Chairman

Dr. Khalid Ateeq
CEO & Board Member

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	***2021 BD***	*2020 BD*
OPERATING ACTIVITIES			
Net profit (loss) for the year		**86,446**	(85,092)
Adjustments for:			
Depreciation	12	**28,285**	21,875
Provision for end-of-service benefits		**8,237**	8,426
Provision for credit losses - net	10	**166,941**	119,713
Ijarah operating expense	20	**45,651**	-
Finance cost net of Government grant	21	**15,000**	14,167
Gain from sale of equipment, furniture and fixtures		**-**	(224)
Operating profit before changes in operating assets and liabilities		**350,560**	78,865
Changes in operating assets and liabilities:			
Mudaraba		**(171,370)**	219,373
Murabaha receivables		**187,326**	(781,331)
Other assets		**(302,321)**	38,926
Accounts payable, accruals and other liabilities		**(18,681)**	37,823
Cash from (used in) operations		**45,514**	(406,344)
Ijarah payment		**(44,881)**	-
Net cash flows from (used in) operating activities		**633**	(406,344)
INVESTING ACTIVITIES			
Purchase of equipment, furniture and fixtures	12	**(4,626)**	(116,682)
Proceed from sale of equipment, furniture and fixtures		**-**	1,361
Net cash used in investing activities		**(4,626)**	(115,321)
FINANCING ACTIVITY			
Wakala financing	14	**-**	1,000,000
Net cash from financing activity		**-**	1,000,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(3,993)**	478,335
Cash and cash equivalents at 1 January		**1,619,264**	1,140,929
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**1,615,271**	1,619,264

CASH AND CASH EQUIVALENTS COMPRISE:

		2021 BD	*2020 BD*
Cash in hand	7	**5,409**	1,372
Balances with banks	7	**460,483**	415,383
Mudaraba with financial institutions with original maturity of 90 days or less		**1,149,379**	1,202,509
		1,615,271	1,619,264

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2021

	Share capital BD	*Contributed surplus BD*	*Statutory reserve BD*	*Accumulated losses BD*	*Total owners' equity BD*
Balance at 1 January 2021	2,000,000	141,762	4,561	(277,900)	1,868,423
Net profit for the year	-	-	-	86,446	86,446
Balance at 31 December 2021	**2,000,000**	**141,762**	**4,561**	**(191,454)**	**1,954,869**
Balance at 1 January 2020	2,000,000	141,762	4,561	41,051	2,187,374
Net loss for the year	-	-	-	(85,092)	(85,092)
Recognition of modification loss net of government grant (note 2.2)	-	-	-	(233,859)	(233,859)
Balance at 31 December 2020	2,000,000	141,762	4,561	(277,900)	1,868,423

The attached notes 1 to 30 form part of these financial statements.

1 INCORPORATION AND ACTIVITIES

Introduction
Family Microfinance House B.S.C (c) (the "Company") was incorporated on 5 October 2009, under commercial registration number 72929 as a Bahraini Joint Stock Company (closed). The Company's registered office is Flat/shop 703, Building 247, Road 1704, Block 317, Diplomatic Area, Kingdom of Bahrain. The Company operates under an Islamic Microfinance Institution License issued by the Central Bank of Bahrain (the "CBB"). The Company formally started its operations from 1 January 2010. The Company's Shari'a Supervisory Board is entrusted to ensure the Company's adherence to Shari'a Rules and Principles in its transactions and activities.

The principal activities of the Company include providing microfinance lending, opening trust accounts for the beneficiaries of the microfinance lending, taking funds from financial institutions and engaging in any other activities that are agreed on a case-by-case basis with the CBB, and services that are in conformity with Islamic Shari'a.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 March 2022.

2 BASIS OF PREPERATION

The financial statements have been prepared on a historical cost basis and presented in Bahraini Dinars ["BD"], being the functional currency of the Company.

2.1 Statement of compliance
The financial statements of the Company have been prepared in accordance with applicable rules and regulations issued by the Central Bank of Bahrain ("CBB") including the CBB circulars on regulatory concessionary measures in response to COVID-19. These rules and regulations, in particular CBB circular OG/226/2020 dated 21 June 2020 and related CBB communications, require the adoption of all Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions (AAOIFI) with two exceptions which are set out below. In accordance with the AAOIFI framework, for matters not covered by FAS, the Company uses the requirements of the relevant International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). This framework is referred to as "FAS issued by AAOIFI".

The two exceptions mentioned above are as follows:

(a) recognition of modification losses on financial assets arising from payment holidays provided to customers impacted by COVID-19 without charging additional profit, in equity instead of profit or loss as required by FAS issued by AAOIFI. Any other modification gain or loss on financial assets are recognised in accordance with the requirements of FAS issued by AAOIFI.

(b) recognition of financial assistance received from the government and / or regulators in response to its COVID-19 support measures that meets the government grant requirement, in equity instead of profit or loss. This will only be to the extent of any modification loss recorded in equity as a result of (a) above, and the balance amount to be recognised in profit or loss. Any other financial assistance is recognised in accordance with the relevant requirements of FAS issued by AAOIFI. Please refer note 2.2 for further details.

The above framework for basis of preparation of the financial statements is hereinafter referred to as 'FAS issued by AAOIFI as modified by CBB'.

2.2 Accounting for modified financing assets and government grants
During the year-ended 31 December 2020, based on a regulatory directive issued by the CBB (refer note 2.1) as concessionary measures to mitigate the impact of COVID-19, the one-off modification losses amounting to BD 326,721 arising due to the 6-month payment holidays provided to financing customers without charging additional interest were recognized directly in equity. The modification loss was calculated as the difference between the net present value of the modified cash flows calculated using the original effective interest rate and the current carrying value of the financial assets on the date of modification.

2 BASIS OF PREPERATION (continued)

2.2 Accounting for modified financing assets and government grants (continued)

Further, as per the regulatory directive, financial assistance amounting to BD 92,862 (representing specified reimbursement of a portion of staff costs, utilities & land rent) received from the government, in response to its COVID-19 support measures, was recognized directly in equity. Thus the net amount from the modification loss and government assistance amounted to BD 233,859.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the process of applying the Company's accounting policies, management has made estimates and judgments in determining the amounts recognised in the financial statements. The most significant use of judgments and estimates are as follows:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company 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 Company's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

Impairment provisions against receivables

In determining impairment on receivables, judgment is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether credit risk on the financial contract has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses ("ECL").

Useful life of equipment, furniture and fixtures

The Company's management determines the estimated useful lives of its equipment, furniture and fixtures for calculating depreciation. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimate.

Impact of COVID-19

COVID-19 pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

As a regulatory response to the outbreak of the coronavirus pandemic, the CBB has issued various relaxation measures from time to time to contain the financial repercussions of COVID-19. These mainly include, several deferral programs for eligible customers both with and without interest, adjustments to cooling off period for transferring exposures from Stage 3 to Stage 2, and relaxation concerning days past due for ECL staging criteria.

Central banks across the world have stepped in with measures to protect the stability of the global economy with a wide range of measures from easing of interest rates, to asset purchase programme besides infusing significant liquidity into the economy.

In preparing the financial statements, significant judgments were made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were impacted by the potential impacts of the economic volatility in determination of the reported amounts of the Company's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. The ECL methodology has largely remained unchanged from 31 December 2020, which included the changes to factor into account COVID-19 impacts. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Impact of COVID-19 (continued)
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

In determining whether credit risk has increased significantly since initial recognition, the Company uses delinquency status of accounts and relevant historical experience. The Company may also determine that an exposure has undergone a Significant Increase in Credit Risk ("SICR") based on particular qualitative indicators that it considers are indicative of such, and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Company continues to closely monitor the situation to ensure operational resilience and continuity of its operations.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below:

a Financial assets and impairment assessment

Financial assets
Financial assets consist of balances with banks, mudaraba and murabaha receivables. Balances relating to these contracts are stated net of allowance for credit losses.

Impairment assessment
The Company recognises credit loss provisions based on a forward looking Expected Credit Loss (ECL) approach on all established receivables and off-balance sheet exposures including guarantees, letters of credit and other similar positions which are subject to credit risk.

The Company applies a three-stage approach to measure ECL on financial assets carried at amortised cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

- **Stage 1** – Performing assets: assets that have not significantly deteriorated in credit quality since origination. The impairment allowance will be recorded based on 12 months ECL.
- **Stage 2** – Underperforming assets: assets that have significantly deteriorated in credit quality since origination. The credit losses will be recorded based on life time ECL.
- **Stage 3** – Impaired assets: For assets that are impaired, the Company will recognize the impairment allowance based on life time ECL.

The Company also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs.

The forward-looking information include macroeconomic factors (e.g., fiscal deficit, GDP growth, inflation, government spending, profit rates and oil prices) and economic forecasts obtained through internal and external sources.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a Financial assets and impairment assessment (continued)

Impairment assessment (continued)
To evaluate a range of possible outcomes, the Company formulates various scenarios. For each scenario, the Company derives an ECL and apply a probability weighted approach to determine the impairment allowance in accordance with the accounting standards requirements.

Measurement of ECL
Following are the key inputs into the measurement of ECL:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure At Default (EAD).

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

Definition of default
The Company's definition of default is aligned with regulatory guidelines and internal credit risk management practices. Defaulted facilities are under Stage 3 and a specific provision is recognized against all such assets.

The Company uses 90+ Days Past Due on principal and profit repayments as a hard stop default definition along with certain other unlikeliness-to-pay indicators defined in risk management policies (if any).

Probability of default
Probability of default (PD) is a key risk parameter in the ECL calculations. It is defined as the likelihood that a counterparty will not be able to meet its debt obligations in the future. A 12 months marginal PD will be applied for all Stage 1 assets and a lifetime PD will be applied for all Stage 2 assets. PD reflect the Company's view of the future asset quality and is an unbiased estimate so as to not include any optimism or conservatism. A "point-in-time" PD (PiT PD) estimate which reflects forecasted macroeconomic conditions is used for ECL calculation purposes, as required under FAS 30.

Loss Given Default
Loss given default (LGD) is defined as the forecasted economic loss in case of default. LGD computation is based on the Company's losses on defaulted accounts after the consideration of recovery percentages. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

Exposure At Default
Exposure at default (EAD) is an estimation of the extent that the Company may be exposed to an obligor in the event of default. The estimation of EAD should take into account any expected changes in the exposure after the assessment date, including expected drawdowns on committed facilities (if any) through the application of a credit conversion factor (CCF). This is of particular importance in the case of Stage 2 assets where the point of default may be several years in the future.

Period of exposure
The period of exposure limits the period over which possible defaults are considered, and thus affects the determination of PDs and measurement of ECLs (especially for Stage 2 assets for which lifetime ECLs are to be calculated).

The maximum period over which ECL is computed correspond to the maximum contractual period of a facility commitment. However, for certain financial instruments, the maximum period over which ECL is computed over a period that the Company is exposed to credit risk even if that period extends beyond the maximum contractual period.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a Financial assets and impairment assessment (continued)

Significant Increase in Credit Risk

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

The criteria for determining whether credit risk has increased significantly vary on a portfolio level and include quantitative and qualitative factors, including days past due and risk rating.

Backward transition

FAS 30 staging model is of symmetrical nature as exposures may migrate from lifetime ECL measurement (Stage 2 and Stage 3) to 12 month ECL measurement (Stage 1). However, movement across stages are not immediate once SICR indicators are no longer triggered. Once such indicators are no longer triggered, movement back to Stage 1 or Stage 2 has to be calibrated and cannot be automatic or immediate. Certain criteria like cooling off period, SICR indicators and payment history are considered for migrating customers to Stage 2 or Stage 1.

Impairment approach

The Company recognizes impairment losses on all investment assets and exposures subject to risks other than investments carried at fair value through income statement.

The impairment losses are measured by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use.

(i) Balances with banks

This consists of cash in hand and deposits with banks carried at amortized cost.

(ii) Mudaraba

Mudaraba is a partnership in which the Company contributes capital. These contracts are stated at the fair value of consideration given less any amounts written off and impairment, if any.

(iii) Murabaha receivables

Murabaha receivables are deferred sales transactions (Murabaha) which are stated net of deferred profits and allowance for ECL, if any.

The Company arranges a murabaha transaction by buying a commodity (which represents the object of the Murabaha) and then resells this commodity to the Murabeh (beneficiary) after computing a margin of profit over cost. The sales price (cost plus the profit margin) is repaid in installments by the Murabeh over the agreed period.

(iv) Equipment, furniture and fixtures and right-of-use assets

Equipment, furniture and fixtures are initially recognised at cost and subsequently stated at cost less accumulated depreciation and accumulated impairment. The cost of additions and major improvements are capitalised; maintenance and repairs are charged to the statement of income as incurred. Depreciation is provided on a straight line basis at rates intended to write-off the cost of the assets over their estimated useful life.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Equipment	5 years
Furniture and fixtures	3-5 years

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b Financial liabilities

Recognition and subsequent measurement
Financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective profit method, with profit recognised on an effective yield basis.

Effective profit method
The effective profit method is a method of calculating the amortised cost of a financial liability and of allocating profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(i) Wakala financing
This represents financing received on principles of wakala contracts. Refer to note 4 (d) *Grant* for details.

(ii) Employees' end-of-service benefits
Bahraini employees of the Company are covered by contributions made to the Social Insurance Organisation (SIO) calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

The Company also provides for end-of-service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees’ final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

c Derecognition of financial instruments
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the right to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in the statement of income.

d Revenue recognition

Mudaraba
Income on Mudaraba is recognised when the right to receive payment is established or on distribution by the Mudarib, whereas losses are charged to the statement of income on declaration by the Mudarib.

Murabaha receivables
Profit from murabaha receivables is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised using the effective yeild method. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when the realisation is reasonably certain or when actually realised. Income related to accounts that are 90 days overdue is excluded from the statement of income.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d Revenue recognition (continued)

Grant

The benefit of a government loan at a below-market rate of profit is treated as a government grant. The loan is recognised and measured at fair valued using market rates of profit for loans with similar terms and characteristics. The benefit of the below-market rate of profit, being the difference between the initial carrying value of the loan and the proceeds received, is recognised as deferred government grant and recognised in the statement of income over the period of the loan.

Grant which are gratuitous and therefore do not warrant compliance with any conditions or obligations are recognised in the statement of income in the year in which such grant is received.

Grants received as compensation for any expenditure, are recognised in the statement of income over the period such expenses are incurred.

Grants related to assets are accounted for by deducting such grant from the carrying amount of the assets.

Fee income

i. Administration fees

Administration fees earned for the provision of services over a period of time are accrued over that period.

ii. Application fees

Loan processing fees are recognised upon receipt.

e Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) arising from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

f Cash and cash equivalents

For the purpose of the cash flows statement, "cash and cash equivalents" consist of cash in hand, balances with banks and mudaraba and wakala with financial institutions, with original maturities of 90 days or less.

g Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable or religious right (as determined by Shari'a) to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

h Zakah

The responsibility of payment of Zakah is on individual shareholders of the Company. The Zakah due for the financial year ended 31 December 2021 according to Zakat standard issued by AAOIFI is BD 0.002346 (2020: BD 0.002284) per share.

i Earnings prohibited by Shari'a

The Company is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Company uses these funds for charitable means.

5 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The significant accounting policies adopted in the preparation of the financial statements are set out below:

FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)
This standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments, in the hands of both the principal and the agent. This standard shall be effective beginning on or after 1 January 2021, with early adoption permitted. The standard requires the principal to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture.

In case of a pass-through investment approach, the principal shall initially recognize the assets underlying the wakala arrangement in its books of account applying the initial recognition principles as applicable in line with respective FAS. The principal may opt to apply the wakala venture approach if, and only if, the investment agency contract meets any of the conditions described below:

- The instrument is transferable; or
- The investment is made in a single asset (or pool of assets) where such asset(s) are subject to frequent changes throughout the term of the contract i.e. there are routine changes or replacements over the term of arrangement (unless it constitutes a business) at the discretion of the agent; or
- The role of the agent is not limited whereby the agent performs day-to-day asset management function and, where applicable, is also responsible for replacement of assets or recoveries against them.
- The role of the agent is not limited whereby the agent performs day-to-day asset management function and, where applicable, is also responsible for replacement of assets or recoveries against them.

In case of wakala venture approach, an investment shall be accounted for in the books of the investor applying the “equity method of accounting”; where the investment shall be recognized initially at cost and subsequently shall be measured at the end of the financial period at carrying amount and shall be adjusted to include the investor’s share in profit or loss of the wakala venture.

From the agent perspective, the standard requires that at inception of the transaction the agent shall recognize an agency arrangement under off-balance sheet approach since the agent does not control the related assets / business. However, there are exceptions to off-balance sheet approach where by virtue of additional considerations attached to the instrument based on investment agency may mandate the same to be accounted for as on-balance sheet. An agent may maintain multi-level investment arrangements. Under such arrangement, the Company will reinvest Wakala funds into a secondary contract. Such secondary contracts shall be accounted for in line with the requirements of respective FAS in the books of the agent.

As of 31 December 2021, the Company did not hold any wakala asset. Furtehr, the wakala liability in the Company's books is in substance a loan obtained to support its day to day operations. Accordingly, the management concluded that the adoption of the above accounting standard did not have an impact on the Company’s financial statements.

FAS 32 Ijarah
This standard supersedes FAS 8 “Ijarah and Ijarah Muntahia Bittamleek”. FAS 32 sets out the principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee. This standard is effective beginning 1 January 2021.

Under this standard, an institution in its capacity either as lessor or lessee shall classify each of its Ijarah into a) operating Ijarah b) Ijara Muntahia Biltamleek with expected transfer of ownership after the end of the Ijarah term – either through sale or gift; and c) Ijarah Muntahia Biltamleek with gradual transfer – with gradual transfer of ownership during the Ijarah term.

5 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (continued)

FAS 32 Ijarah (continued)

The standard includes two recognition exemptions for lessees – leases of “low-value” assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of the lease, a lessee will recognize an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset) and a net Ijarah liability, duly comprising of a) gross Ijarah liability and b) deferred Ijarah cost (shown as contra-liability). Further, the net Ijarah liability should be netted-off against the advance rental payments made prior to the commencement of lease term.

The Company has adopted FAS 32 effective from 1 January 2021 and the application of this standard mainly impacts the accounting for leased premises in which the Company operates. The accounting policies of the Company upon adoption of FAS 32 are as follows:

a) Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated amortisation and impairment losses, and adjustment for any effect of Ijarah modification or reassessment. The cost of right-of-use assets represents the fair value of total consideration paid/ payable and includes initial direct costs and any dismantling or decommissioning costs. The Company amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of use assets which coincides with the end of the Ijarah term using a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. Right-of-use asset is also subject to impairment in line with FAS 30 requirements. The carrying value of right-of-use asset is recognised under "Equipment, furniture and fixtures and right-of-use assets" in the statement of financial position. At the beginning of the year, the Company recognised right of use asset with an amount of BD 105,502.

b) Ijarah iability

At the commencement date of the lease (i.e., the date the underlying asset is available for use), the Company recognises Ijarah liability measured at the fair value of total rentals payable for Ijarah term. After the commencement date, the amount of Ijarah liability is increased to reflect return on the Ijarah liability – by way of amortisation of deferred Ijarah cost and reduced to reflect the Ijarah rentals paid. In addition, the carrying amount of Ijarah liability is remeasured if there is a modification, a change in the Ijarah term or change in the in-substance fixed lease payments. The carrying value of Ijarah liability is recognised under "Accounts payable, accruals and other liabilities" in the statement of financial position. At the beginning of the year, the Company recognised Ijarah Liability with an amount of BD 105,502.

FAS 33 Investment in sukuk, shares and similar instruments

This standard aims at setting out principles for the classification, recognition, measurement, presentation, and disclosure of investment in Sukuk, shares and other similar instruments of investments made by Islamic financial institutions. The standard defines the key types of instruments of Shari’ah compliant investments and the primary accounting treatments commensurate to the characteristics and business model of the institution under which the investments are made, managed and held. This standard supersedes FAS 25 “Investment in Sukuk”. For the purpose of this standard, each investment is to be categorized as one of the below investment categories, depending on its nature:

- *Monetary Debt-type instrument;*
- *Non-monetary Debt-type instrument;*
- *Equity-type instrument; or*

Classification

Unless the irrevocable initial recognition choices provided below are exercised, the Company shall classify investments subject to this standard as subsequently measured at either (i) amortised cost, (ii) fair value through equity or (iii) fair value through income statement, on the basis of both the Company’s business model for managing investments and the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic contracts.

5 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (continued)

FAS 33 Investment in sukuk, shares and similar instruments (continued)

Classification (continued)
Investment in a monetary debt-type instrument, as it reflects a debt at the back-end, shall be initially classified and measured at cost, until the transaction at the back-end is executed, and at amortised cost thereafter.

Investment in a non-monetary debt-type instrument or other investment instrument, may be classified under any of the three categories ((i) amortised cost, (ii) fair value through equity or (iii) fair value through income statement) depending on the Company's business model.

Investment in equity-type instruments is carried as investment at fair value through income statement unless the Company makes an irrevocable classification choice at initial recognition to classify this as an investment at fair value through equity. An investment held for trading purposes shall always fall under the fair value through income statement classification.

Recognition and Initial measurement
All investments shall be initially recognized at their value plus transaction costs except for investments at fair value through income statement. Transaction costs relating to investments at fair value through income statement are charged to the statement of income when incurred. A regular way purchase of investments shall be recognized upon the transfer of control to investor.

Subsequent measurement

a) Investments at amortised cost
Investments carried at amortised cost shall be re-measured as such using the effective profit rate method. All gains or losses arising from the amortization process and those arising from de-recognition or impairment of the investment, are recognized in the statement of income. Investments carried at amortised cost shall be tested for impairment at each reporting period in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

b) Investments at fair value through income statement
Investments carried at fair value through income statement shall be re-measured at fair value at the end of each reporting period. The resultant remeasurement gain or loss, if any, being the difference between the carrying amount and the fair value, shall be recognized in the statement of income.

c) Investments at fair value through equity
Investments carried at fair value through equity shall be re-measured at fair value at the end of each reporting period. The resultant re-measurement gain or loss, if any, being the difference between the carrying amount and the fair value, shall be directly recognized in equity under "fair value through equity reserve". Investments carried at fair value through equity shall be tested for impairment at each reporting period in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

Reclassification
When, and only when, the Company changes its business model for managing investments, it shall reclassify all affected financial assets prospectively from the reclassification date. In case of reclassification, the Company shall not restate any previously recognized gains, losses (including impairment gains or losses) or returns/ profits.

All financial assets held by the Company are classified as investments in monetary debt-type instruments and accordingly, are classified at amortized cost. The Company doesn't have other investments in non-financial assets. Accordingly, the management concluded that the adoption of the above accounting standard did not have an impact on the financial statements.

5 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (continued)

FAS 34 Financial Reporting for Sukuk-holders
This standard proscribes the accounting principles and reporting requirements for underlying assets of a sukuk instrument. It requires the originator to prepare, or cause to prepare, financing reports as needed under this standard.

The management concluded that the accounting standard does not have an impact on the financial statements as the Company does not have any sukuk issued.

FAS 35 Risk Reserves
This standard defines the accounting and financial reporting principles for risk reserves to be in line with global best practices for accounting and risk management. This standard complements FAS 30 "Impairment, Credit Losses and Onerous Commitments". Both standards FAS 35 and FAS 30 together supersede the earlier FAS 11 "Provisions and Reserves". This standard shall be effective for accounting periods beginning on or after 1 January 2021, with early adoption permitted only if the financial institution decided to early adopt FAS 30.

The management concluded that the accounting standard does not have an impact on the financial statements as the Company does not maintain risk reserve covered by this standard.

6 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

FAS 37 Financial Reporting by Waqf Institutions
AAOIFI issued FAS 37 "Financial Reporting by Waqf Institutions" in 2020. The objective of the standard is to establish principles of financial reporting by Waqf institutions, which are established and operated in line with Shari'ah principles and rules. This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted.

The management expects that the adoption of this standard will have no impact on the financial statements of the Company in the year of initial application.

FAS 38 Wa'ad, Khiyar and Tahawwut
AAOIFI issued FAS 38 "Wa'ad, Khiyar and Tahawwut" in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosures in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions (the institutions). This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted.

The management expects that the adoption of this standard will have no impact on the financial statements of the Company in the year of initial application.

7 CASH AND BALANCES WITH BANKS

	2021	*2020*
	BD	*BD*
Cash in hand	**5,409**	1,372
Balances with banks (note 22)	**460,483**	415,383
Allowance for expected credit losses	**(6,336)**	(6,511)
	459,556	410,244

8 MUDARABA

	2021 BD	2020 BD
Mudaraba with Islamic financial institution (note 22)	**1,836,988**	1,718,747
Allowance for expected credit losses	**(9,277)**	(9,632)
	1,827,711	1,709,115

9 MURABAHA RECEIVABLES

	2021 BD	2020 BD
Gross murabaha receivables	**4,267,305**	4,690,560
Deferred profits	**(1,393,031)**	(1,602,361)
	2,874,274	3,088,199
Allowance for expected credit losses (note 10)	**(447,271)**	(306,399)
Net murabaha receivables	**2,427,003**	2,781,800

At 31 December 2021, the restructured facilities amounted to BD 43,205 (31 December 2020: BD 10,363).

The table below shows the credit quality and the maximum exposure to credit risk based on the stage classification:

	31 December 2021 (Audited)			
	Stage 1 BD	***Stage 2 BD***	***Stage 3 BD***	***Total BD***
Not past due	1,839,876	270,455	26,243	2,136,574
1 to 89 days past due	-	340,178	12,338	352,516
90 days or more past due	-	-	385,184	385,184
	1,839,876	610,633	423,765	2,874,274
Allowance for expected credit losses	(69,556)	(138,251)	(239,464)	(447,271)
	1,770,320	**472,382**	**184,301**	**2,427,003**

	31 December 2020 (Audited)			
	Stage 1 BD	*Stage 2 BD*	*Stage 3 BD*	*Total BD*
Not past due	1,863,143	456,090	4,746	2,323,979
1 to 89 days past due	229,410	169,572	7,115	406,097
90 days or more past due	-	-	358,123	358,123
	2,092,553	625,662	369,984	3,088,199
Allowance for expected credit losses	(34,999)	(109,174)	(162,226)	(306,399)
	2,057,554	516,488	207,758	2,781,800

9 MURABAHA RECEIVABLES (continued)

The below table shows the movement in allowance for credit losses by stage:

	31 December 2021 (Audited)			
	Stage 1: 12 months ECL BD	***Stage 2 Lifetime ECL not credit impaired BD***	***Stage 3 Lifetime ECL credit impaired BD***	***Total ECL BD***
Balance at 1 January	34,999	109,174	162,226	306,399
Changes during the year:				
- transferred to Stage 1: 12 month ECL	22,726	(21,030)	(1,696)	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(47,446)	49,930	(2,484)	-
- transferred to Stage 3: Lifetime ECL credit-impaired	(47,770)	(9,687)	57,457	-
Net remeasurement of loss allowance	107,047	9,864	50,560	167,471
Allowances for credit losses (note 10)	34,557	29,077	103,837	167,471
Amounts written off during the year	-	-	(26,599)	(26,599)
	69,556	**138,251**	**239,464**	447,271

	31 December 2020 (Audited)			
	Stage 1: 12 months ECL BD	*Stage 2 Lifetime ECL not credit impaired BD*	*Stage 3 Lifetime ECL credit impaired BD*	*Total ECL BD*
Balance at 1 January	28,184	70,452	95,572	194,208
Changes during the year:				
- transferred to Stage 1: 12 month ECL	120	(120)	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(38,020)	38,020	-	-
- transferred to Stage 3: Lifetime ECL credit-impaired	(2,769)	(4,700)	7,469	-
Net remeasurement of loss allowance	47,484	5,522	65,311	118,317
Allowances for credit losses (note 10)	6,815	38,722	72,780	118,317
Amounts written off during the year	-	-	(6,126)	(6,126)
	34,999	109,174	162,226	306,399

10 PROVISION FOR CREDIT LOSSES - NET

The charge for the year comprise provisions against the following financial assets:

	2021 BD	*2020 BD*
Balances with banks	**175**	(5,470)
Mudaraba	**355**	4,074
Murabaha receivables	**(167,471)**	(118,317)
	(166,941)	(119,713)

11 OTHER ASSETS

	2021	*2020*
	BD	*BD*
Profit receivables from Tamkeen	**302,753**	-
Others	**47,368**	47,800
	350,121	47,800

12 EQUIPMENT, FURNITURE AND FIXTURES AND RIGHT OF USE ASSETS

	Right of Use Assets	***Equipment***	***Furniture and fixtures***	***Total***
	BD	***BD***	***BD***	***BD***
Cost:				
At 1 January 2021	-	128,027	67,775	**195,802**
Additions during the year	105,502	4,626	-	**110,128**
Disposal during the year	-	-	-	**-**
At 31 December 2021	**105,502**	**132,653**	**67,775**	**305,930**
Depreciation:				
At 1 January 2021	-	81,663	9,213	**90,876**
Charge for the year	43,501	14,730	13,555	**71,786**
Disposal during the year	-	-	-	**-**
At 31 December 2021	**43,501**	**96,393**	**22,768**	**162,662**
Net carrying values:				
At 31 December 2021	**62,001**	**36,260**	**45,007**	**143,268**

	Equipment	*Furniture and fixtures*	*Total*
	BD	*BD*	*BD*
Cost:			
At 1 January 2020	146,704	193,759	340,463
Additions during the year	48,790	67,892	116,682
Disposal during the year	(67,467)	(193,876)	(261,343)
At 31 December 2020	128,027	67,775	195,802
Depreciation:			
At 1 January 2020	137,576	191,630	329,206
Charge for the year	11,548	10,328	21,876
Disposal during the year	(67,461)	(192,745)	(260,206)
At 31 December 2020	81,663	9,213	90,876
Net carrying values:			
At 31 December 2020	46,364	58,562	104,926

13 ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	Note	*2021* BD	*2020* BD
Accrued expenses		**73,474**	85,833
Ijarah liability	13.1	**62,772**	-
Employees' end-of-service benefits		**48,474**	40,237
Legal and professional fees payable		**7,765**	9,110
Payables related to technology an communication		**6,201**	22,250
Other payables		**54,104**	28,032
		252,790	185,462

13.1 Ijara Liability

	2021 BD	*2020* BD
Gross ijarah liability	**64,380**	-
Deferred cost on ijarah liability	**(1,608)**	-
	62,772	-

14 WAKALA FINANCING

The Company had received a Wakala financing of BD 3 million, the terms of which were agreed through financing contracts dated 10 March 2019 and 24 February 2020. The Wakala financing carries a subsidised profit rate of 0.5%.

The difference between the fair market value of the Wakala financing and the proceeds received is recognised as a government grant and recognised in the statement of income over the loan tenor.

15 DEFERRED GOVERNMENT GRANT

	Note	*2021* BD	*2020* BD
Balance at 1 January		**132,540**	167,347
addition during the year		**-**	88,246
Government grant amortised during the year	21	**(132,540)**	(123,053)
Balance at 31 December		**-**	132,540

16 SHARE CAPITAL AND RESERVES

Share capital

	2021 BD	*2020* BD
Authorised :		
150,000,000 ordinary shares (31 December 2020: 150,000,000) of BD 0.1 each	**15,000,000**	15,000,000
Issued and fully paid up:		
As at beginning and end of the year		
20,000,000 ordinary shares (31 December 2020: 20,000,000) of BD 0.1 each	**2,000,000**	2,000,000

16 SHARE CAPITAL AND RESERVES (continued)

The number and nominal value of shares as well as the shareholding percentages are as follows:

Shareholders	*Number of shares*	*Nominal value*	*Share capital*	*Shareholding percentage*
		BD	*BD*	
Ministry of Labour & Social development	6,080,000	0.1	608,000	30.40%
Royal Humanitarian Foundation	6,000,000	0.1	600,000	30.00%
Ahli United Bank B.S.C.	2,400,000	0.1	240,000	12.00%
Ithmaar Holding B.S.C.	2,000,000	0.1	200,000	10.00%
Bank of Bahrain and Kuwait	2,000,000	0.1	200,000	10.00%
Kuwait Finance House (Bahrain) B.S.C.(c)	1,520,000	0.1	152,000	7.60%
	20,000,000		**2,000,000**	**100%**

Statutory reserve

In accordance with the provisions of the Bahrain Commercial Companies Law and the Company's articles of association, an amount equivalent to 10% of the net profit for the year is transferred to the statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital. This reserve is not distributable, but can be utilised for the purposes of a distribution in such circumstances as stipulated in the Bahrain Commercial Companies Law and following the approval of the CBB. No such transfers have been made during the year ended 31 December 2021 and 2020, as the Company is having accumulated losses.

17 INCOME FROM FINANCING ASSETS

	2021	*2020*
	BD	*BD*
Income from Murabaha receivables	**915,719**	778,187
Income from Mudaraba	**70,498**	72,608
	986,217	850,795

18 OTHER INCOME

	2021	*2020*
	BD	*BD*
Grant received from shareholders	**35,000**	-
Recoveries from Murabaha & Mudaraba receivables previously written off	**32,946**	23,563
Gain from sale of equipment, furniture and fixtures	**-**	224
Miscellaneous income	**210**	-
	68,156	23,787

19 STAFF COSTS

	2021	*2020*
	BD	*BD*
Salaries and benefits	**448,442**	456,616
Social security contributions	**73,471**	71,705
Medical expenses	**34,961**	39,542
Other	**93,310**	85,726
	650,184	653,589

20 GENERAL AND ADMINISTRATION EXPENSES

	Note	2021 BD	2020 BD
Lease rentals		**-**	49,790
Ijarah operating expenses	20.1	**45,651**	-
Utilities		**23,490**	15,480
Professional fees		**18,701**	18,621
Membership fees		**13,320**	16,755
Security charges		**7,987**	7,987
Shari'a Supervisory Board advisory and attendance allowances (note 20)		**6,795**	6,040
Communications		**8,093**	9,124
Marketing and promotional expenses		**4,534**	4,113
Training expenses		**647**	520
Charity and community contributions		**-**	20,000
Other		**26,217**	45,806
		155,435	194,236

20.1 Ijarah operating expenses

	2021 BD	2020 BD
Depreciation of right-of-use asset	**43,501**	-
Amortisation of deferred cost on ijarah liability	**2,150**	-
	45,651	-

21 FINANCE COST NET OF GOVERNMENT GRANT

	Note	2021 BD	2020 BD
Finance cost		**147,540**	137,220
Government grant amortized during the year	21.1	**(132,540)**	(123,053)
		15,000	14,167

21.1 This represents the amortization of government grant during the year. Refer to note 14.

22 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, auditors, Directors of the Company, Shari'a Supervisory Board members, entities owned or controlled, jointly controlled or significantly influenced by such parties.

The transactions with related parties arise from the ordinary course of business. Outstanding balances at year end are unsecured. As of 31 December 2021, none of the Company's exposures to related parties are past due or impaired (31 December 2020: nil).

22 RELATED PARTY TRANSACTIONS (continued)

The significant balances with related parties were as follows:

	Directors and key management personnel BD	***Shareholders BD***	***Others BD***	***Total BD***
31 December 2021				
Balances with banks (note 7)	**-**	**460,483**	**-**	**460,483**
Mudaraba (note 8)	**-**	**1,836,988**	**-**	**1,836,988**
	-	**2,297,471**	**-**	**2,297,471**
LIABILITIES				
Accounts payable, accruals and other liabilities	**44,005**	**-**	**5,500**	**49,505**

	Directors and key management personnel BD	*Shareholders BD*	*Others BD*	*Total BD*
31 December 2020				
Balances with banks (note 7)	-	415,383	-	415,383
Mudaraba (note 8)	-	1,718,747	-	1,718,747
	-	2,134,130	-	2,134,130
LIABILITIES				
Accounts payable, accruals and other liabilities	38,352	-	5,500	43,852

The transactions with the related parties included in the statement of income are as follows:

2021	***Directors and key management personnel BD***	***Shareholders BD***	***Others BD***	***Total BD***
Income				
Grant received from shareholders (note 18)	**-**	**35,000**	**-**	**35,000**
Income from mudaraba (note 17)	**-**	**70,498**	**-**	**70,498**
	-	**105,498**	**-**	**105,498**
Expense				
Shari'a Supervisory Board advisory and attendance allowances (note 20)	**6,795**	**-**	**-**	**6,795**
Professional fees	**-**	**-**	**3,000**	**3,000**
	6,795	**-**	**3,000**	**9,795**

22 RELATED PARTY TRANSACTIONS (continued)

2020	*Directors and key management personnel BD*	*Shareholders BD*	*Others BD*	*Total BD*
Income				
Income from mudaraba (note 17)	-	72,608	-	72,608
	-	72,608	-	72,608
Expense				
Shari'a Supervisory Board advisory and attendance allowances (note 20)	6,040	-	-	6,040
Professional fees	-	-	5,500	5,500
	6,040	-	5,500	11,540

Key management personnel are those that possess significant decision-making and direction-setting responsibilities in each team, at different grades with the Company. The compensation of these key management personnel is as follows:

	2021 BD	*2020 BD*
Salaries	**276,901**	259,462
Other benefits	**40,140**	42,552
	317,041	302,014

23 CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to ensure that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

24 SHARI'A SUPERVISORY BOARD

The Company's Shari'a Supervisory Board consists of three scholars who review the Company's compliance with general Shari'a principles and specific fatwa's, rulings and guidelines issued. Their review includes examination of the documentation and procedures adopted by the Company to ensure that its activities are conducted in accordance with Shari'a principles.

25 RISK MANAGEMENT

The Company is exposed to credit risk, liquidity risk and operational risk in its day to day operations.

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established a Remuneration & Nomination Committee (Executive Committee), which is responsible for developing and monitoring Company's operations and policies across various functions including risk management policies. The Executive Committee consists of three non-executive directors of the Company along with the Chief Executive Officer ["CEO"] as an attendee. The Executive Committee reviews and approves the CEO's recommendations for investment strategies, investment proposals, various products and services and where deemed necessary, also refers decisions to the Board of Directors.

25 RISK MANAGEMENT (continued)

The Company's Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in these functions by an outsourced Internal Audit function.

25.1 Credit risk

Credit risk is the risk that a counterparty to a financial transaction does not discharge its obligations on due date and causes the other party to incur a financial loss.

The Company's credit risk arises mainly from balances with banks, mudaraba, wakala and murabaha receivables. The Company manages it credit risk by placing funds with reputable banks having good credit ratings and by a process of credit evaluation and monitoring of credit worthiness of the counterparties.

(a) Gross maximum exposure to credit risk

	2021 BD	*2020 BD*
Balances with banks (note 7)	**454,147**	408,872
Mudaraba (note 8)	**1,827,711**	1,709,115
Murabaha receivables (note 9)	**2,427,003**	2,781,800
	4,708,861	4,899,787

(b) Credit quality by class of financial asset

	2021			
	Balances with banks BD	***Mudaraba BD***	***Murabaha receivables BD***	***Total BD***
Stage 1	454,147	1,827,711	1,770,320	**4,052,178**
Stage 2	-	-	472,382	**472,382**
Stage 3	-	-	184,301	**184,301**
Net exposure to credit risk	**454,147**	**1,827,711**	**2,427,003**	**4,708,861**

-

	2020			
	Balances with banks BD	*Mudaraba BD*	*Murabaha receivables BD*	*Total BD*
Stage 1	408,872	1,709,115	2,057,554	4,175,541
Stage 2	-	-	516,488	516,488
Stage 3	-	-	207,758	207,758
Net exposure to credit risk	408,872	1,709,115	2,781,800	4,899,787

25 RISK MANAGEMENT (continued)

25.1 Credit risk (continued)

(c) Concentration of maximum exposure to credit risk

The Company's assets and liabilities are distributed over the following industry sectors and geographical areas:

	2021					
	Banks and financial institutions BD	***Trade BD***	***Service BD***	***Food Processing BD***	***Others BD***	***Total BD***
Assets						
Balances with banks	454,147	-	-	-	-	**454,147**
Mudaraba	1,827,711	-	-	-	-	**1,827,711**
Murabaha receivables	-	1,020,029	918,457	376,240	112,277	**2,427,003**
	2,281,858	**1,020,029**	**918,457**	**376,240**	**112,277**	**4,708,861**

	2020					
	Banks and financial institutions BD	*Trade BD*	*Service BD*	*Food Processing BD*	*Others BD*	*Total BD*
Assets						
Balances with banks	408,872	-	-	-	-	408,872
Mudaraba	1,709,115	-	-	-	-	1,709,115
Murabaha receivables	-	1,108,278	1,165,190	399,218	109,114	2,781,800
	2,117,987	1,108,278	1,165,190	399,218	109,114	4,899,787

Geographical concentration

Assets and liabilities of the Company as at 31 December 2021 and 31 December 2020 are concentrated in the Kingdom of Bahrain.

25 RISK MANAGEMENT (continued)

25.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stressed circumstances. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

Maturity profile

The table below summarises the maturity profile of the Company's assets and liabilities as of 31 December 2021 based on expected periods to cash conversion from the statement of financial position date:

	2021							
	Up to 1 month BD	*1 to 3 months BD*	*3 months to 1 year BD*	*Total of within 1 year BD*	*1 to 3 years BD*	*Over 3 years BD*	*No fixed maturity BD*	*Total BD*
Assets								
Cash and balances with banks	459,556	-	-	459,556	-	-	-	**459,556**
Mudaraba	504,647	649,717	673,347	1,827,711	-	-	-	**1,827,711**
Murabaha receivables	-	-	-	-	2,427,003	-	-	**2,427,003**
Equipment, furniture and fixtures and right-of-use assets	-	-	-	-	-	-	143,268	**143,268**
Other assets	10,683	78,397	253,537	342,616	5,805	1,700	-	**350,121**
Total assets	**974,886**	**728,114**	**926,884**	**2,629,883**	**2,432,808**	**1,700**	**143,268**	**5,207,659**
Liabilities								
Wakala financing	3,000,000	-	-	3,000,000	-	-	-	**3,000,000**
Deferred government grant	-	-	-	-	-	-	-	**-**
Accounts payable, accruals and other liabilities	28,693	121,332	35,329	185,354	18,963	48,474	-	**252,790**
Total liabilities	**3,028,693**	**121,332**	**35,329**	**3,185,354**	**18,963**	**48,474**	**-**	**3,252,790**
Net gap	(2,053,807)	606,782	891,555	(555,471)	2,413,845	(46,774)	143,268	
Cumulative net gap	**(2,053,807)**	**(1,447,025)**	**(555,470)**	**(1,110,941)**	**1,858,375**	**1,811,601**	**1,954,869**	

25 RISK MANAGEMENT (continued)

25.2 Liquidity risk (continued)

Maturity profile (continued)

The table below summarises the maturity profile of the Company's assets and liabilities as of 31 December 2020 based on expected periods to cash conversion from the statement of financial position date:

	2020							
	Up to 1 month BD	*1 to 3 months BD*	*3 months to 1 year BD*	*Total of within 1 year BD*	*1 to 3 years BD*	*Over 3 years BD*	*No fixed maturity BD*	*Total BD*
Assets								
Cash and balances with banks	410,244	-	-	410,244	-	-	-	410,244
Mudaraba	387,586	820,206	501,323	1,709,115	-	-	-	1,709,115
Wakala	-	-	-	-	-	-	-	-
Murabaha receivables	-	-	-	-	2,781,800	-	-	2,781,800
Equipment, furniture and fixtures	-	-	-	-	-	-	104,926	104,926
Other assets	17,066	13,509	10,039	40,614	5,486	1,700	-	47,800
Total assets	814,896	833,715	511,362	2,159,973	2,787,286	1,700	104,926	5,053,885
Liabilities								
Wakala financing					2,830,612			2,830,612
Deferred government grant					169,388			169,388
Accounts payable, accruals and other liabilities	40,433	98,792	6,000	145,225	-	40,237	-	185,462
Total liabilities	40,433	98,792	6,000	145,225	3,000,000	40,237	-	3,185,462
Net gap	774,463	734,923	505,362	2,014,748	(212,714)	(38,537)	104,926	
Cumulative net gap	774,463	1,509,386	2,014,748	4,029,496	1,802,034	1,763,497	1,868,423	

25 RISK MANAGEMENT (continued)

25.3 Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

26 SEGMENTAL INFORMATION

The Company operates solely in the Kingdom of Bahrain and hence no geographic segment information has been presented.

27 SOCIAL RESPONSIBILITY

The Company discharges its social responsibilities through donations to charitable causes and organisations.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of the Company's financial instruments are not significantly different from their book values as at the statement of financial position date.

29 EARNINGS PROHIBITED BY SHARI'A

Earnings realised during the year from transactions that were not permitted by Shari’a amounted to BD nil (2020: BD nil).

30 COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform to the presentation adopted in the current year. Such reclassification does not affect previously reported net income or owners' equity.

Supplement of disclosures as required by Volume 5 – Public Disclosures Module PD-1.3 *Disclosures in the Annual Audited Financial Statements*

- **Board Profile and experience**

Board of Directors:
H.E. Mr. Jameel bin Mohammed Ali Humaidan
Chairman
Non- Independent, Non- Executive Director

H.E .Mr. Jameel Bin Mohammed Humaidan is the Minister of Labour and Social Development (MLSD). He holds Bachelor in Law from Beirut Arab University. He is currently the Chairman of the Labour Market Regulatory Authority (LMRA), the Supreme Council for Vocational Training, the Supreme Committee for Occupational Safety and Health (SCOSH). He is a Board Member at Bahrain Economic Development Board (EDB), the Civil Service Council (CSC), Board of Trustees of University of Bahrain (UOB), the Development Committee of Education and Training, and the Civil Defence Council.

Dr. Mustafa Ali Al Sayed
Deputy Chairman
Non- Independent, Non - Executive Director

Dr. Mustafa Al Sayed is the Secretary General of the Royal Humanitarian Foundation. He has over 41 years of industrial experience, his previous positions include: Chief Executive, Bahrain Petroleum Co. (BAPCO) Chief Engineer with the Ministry of Works, Power & Water, Chief Executive at Middle Cables Ltd, and General Manager with Gulf Petrochemical Industries Company (GPIC).

He is currently president of Bahrain Health & Safety Society and Member of Board of Trustees of the Egyptian Zakat House. Dr. Al Sayed has a Ph.D. in Projects Management, M.Sc. in Industrial Management and B.Sc. in Mechanical Engineer.

Dr. Khalid Abdulla Ateeq
CEO & Board Member
Non- Independent, Executive Director

Dr. Khalid is currently the Chief Executive Officer of Family Microfinance House. Dr. Khalid has over 42 years' experience in banking, finance, auditing and accounting. Prior to join VC Bank as Deputy CEO, he was Executive Director of Banking Supervision at the Central Bank of Bahrain. Where he was responsible for the licensing, inspection and supervision of financial institutions, insuring that all banks and financial institutions, either operating or incorporated in Bahrain, complied with promulgated laws and regulations. Before joining the CBB, he was Assistant Professor at Bahrain University. In addition, through his diversified experience, Dr. Ateeq served in senior posts with a number of reputable banks. He holds a Ph.D. in Philosophy of Accounting from UK. Dr. Khalid is a Board Member in Al Baraka Bank and Al Baraka Banking Group .

Mr. Khalid Mohamed Al Maarafi
Non- Independent, Executive Director

Mr. Khalid Mohamed Al Maarafi holds a Bachelor's degree in Accounting from the University of Bahrain and is a Certified Public Accountant (CPA). He has been involved in the banking and finance industry and business management for over 43 years. Mr. Al Maarafi was the Executive Manager and Head of Retail and Private Banking at Kuwait Finance House-Bahrain. He was the Chairman of Al Enma'a House for Real Estate and also was a non-Executive Director at the Boards of Directors of various companies. Mr. Al Maarafi held several positions at the Ministry of Finance and the Ministry of Industry in Bahrain.

Mr. Rashad Ahmed Akbari
Non- Independent, Executive Director

Mr. Rashad Akbari holds an MSc in Marketing from the University of Sterling, (UK) in 1997.He has 34 years of working experience of which 21 years in Banking. Mr. Rashad joined BBK in 2000 up to his retirement in February 2021 as General Manager, Operations of BBK.

Mr. Redha Ali Mohamed
Non-Independent, Executive Director

Mr. Redha is currently the Group Head of Corporate Banking in Ahli United Bank. He has over 32 years' experience in banking with wide knowledge in Corporate Finance, Trade Finance, Syndication and Project Finance. Prior to join AUB, he was working with BNP Paribas - Bahrain. Mr. Ali holds a Diploma in Commercial Studies from University of Bahrain (UOB), Advanced Diploma in Banking and Finance from the Bahrain Institute of Banking and Finance (BIBF), among many other local and international course. Redha is also a Director in Ahli Real Estate Company W.L.L, Al hilal Life BSC / Al Hilal Takaful BSC and Commercial Bank of Iraq-Iraq.

Mr. Masood Ahmed Al Bastaki
Independent Director

Mr. Masood Al Bastaki is the Chief Executive Officer of Aerolease – an aircraft & equipment leasing company. He is an executive banker with more than 34 years of experience in banking industry. His experience varies from local commercial, wholesale and investment banking. Mr. Al Bastaki holds a post graduate diploma in business and finance and BSC in Business Administration. He undertook various banking activities across various regions including the Middle East, North Africa, USA and Latin America as well as Europe and Asia.

Mr. Bader Ahmed Al Hammadi
Independent Director

Mr. Bader is currently the Director of Finance at the Royal Humanitarian Foundation. He has over 18 years' experience in accounting. Prior to his current appointment in Royal Humanitarian Foundation he has held many senior positions at al Salam Bank and, before that, in the Court of HRH The Crown Prince. Mr. Bader holds a Bachelor Degree in Accounting from University of Bahrain (UOB).

Mrs. Kubra Ali Mirza
Independent Director

Mrs. Kubra Ali has over 23 years of experience in investment banking, financial regulations, corporate governance, compliance, financial crimes and anti-money laundering. Mrs. Kubra Ali hold the position of Acting CEO of Bank Alkhair until February 2019. Prior to joining Bank Alkhair, she was the Head of Compliance, MLRO and Board Secretary at Venture Capital Bank, Bahrain. Prior to that, she worked for the Central Bank of Bahrain as the Head of Policies and Central Risk Unit. She was also a member of several local and international regulatory working groups and task forces. Mrs. Mirza holds an Executive MBA and a Bachelor's degree in Accounting from the University of Bahrain. Mrs .Kubra completed Oxford Fintech Programme, and leadership in sustainability management from University of Cambridge.

Mr. Maysan Faisal Al Maskati
Non-Independent- Executive Director

Mr. Almaskati is a seasoned Investment Banker with more than 20 years of experience. Throughout his career, he was involved in managing more than US$5 billion of private equity and real estate investments. Mr. Almaskati held several c-level positions and is currently the Head of Asset Management at Ithmaar Bank, Bahrain, as well as representing his organisation on various boards. Mr. Almaskati holds a B.Sc. degree in Industrial and Manufacturing Systems Engineering from Kansas State University, USA.

- **The Board Composition:**

The Board has ten members, comprising ten members from the public sector and the private sector.

All the Board Members are Bahraini, and two of them are from governmental sector.

Head of functions:

Mr. Abdulla Saleh

Senior Manager of Micro-finance Department

Mr. Abdulla Saleh is currently the Senior Manager of the Microfinance Department, he holds a BSc degree from Beirut University in Lebanon majoring in business administration and is a member of the Association of Accounting Technicians, United Kingdom majoring in Accounting, finance, Audit and Taxation. He has 34 years of experience and his experience is in finance function in several organizations including the Fortune Investment House and the Gulf Air Co.

Mrs. Sana Salim
Manager of Operation
Department

Mrs. Sana Salim Abdulla holds a Diploma in Commercial Studies from the University of Bahrain. She has over 22 years of experience with Bank of Bahrain and Kuwait and Eskan Bank. During her professional career, she attended several courses, seminars and conference in banking, management, Islamic banking, economy and banking laws.

Mrs. Heba Faraj
Manager of Human Resource Department

Mrs. Heba is currently the Human Resource Manager, she holds a BSc degree in Business Administration from University of Bahrain, she has 18 years of experience in several organization.

- **Board of Directors Responsibilities**

Strategy
- Participate actively in strategy development;
- Review and challenge the strategy; and
- Create a strategically adaptable organization that is able to respond quickly to changing market opportunities.

Corporate Culture
- Support managements organizational code of conduct; and
- Promote the use of appropriate incentives that make such codes meaningful.

Monitoring and Evaluation

- Ensure that the organization complies with all relevant laws and regulations as well as with accounting, human resource, and other internal policies;
- Understand organizational risks and be informed routinely about how they are managed; and
- Apply a rigorous process for evaluating the performance of the CEO.

Stewardship

- Uphold rigorous standards for individual member's preparedness, participation, and candor;
- Protect the organization and its stakeholders from the potential damage of conflicts of interest; and
- Safeguard stakeholder's interests, in part by ensuring that communication with various stakeholders is thorough timely, and transparent.

The Chairman of the Board of Directors is distinct from the CEO, that there will be an appropriate balance of power and greater capacity of the board for independent decision making, the Chairman is responsible for ensuring Board's effectiveness.

Ownership Structure: As at 31st December 2021, distribution schedule of shares, setting out the number and percentage of holders were as the following categories:

Name	Number of Shares	Percentage
Ministry of Labour & Social development	6,080,000	30.40%
Royal Humanitarian Foundation	6,000,000	30%
Ithmaar Holding	2,000,000	10%
Bank of Bahrain and Kuwait	2,000,000	10%
Ahli United Bank	2,400,000	12%
Kuwait Finance House	1,520,000	7.60%
Total	20,000,000	100%

1. Nomination & Remuneration Committee:

- Formalist and recommend to the Board of Directors medium and long term strategic directors for the Company with the objective of continuously enhancing value to shareholders.
- Establish appropriate policies and procedures to ensure effective implementation of the above and to achieve maximum protection for the Company assets and future growth.
- Ensures effective implementation of the Company short, medium and long term strategies and business objectives.
- Represents the Board of Directors in the management team of the Company and ensures clear understanding and effective compliance with the Board of Directors and other shareholders directions and interest.
- Candidates for Board election.
- The remuneration, and the guidelines for increments and promotions.

2. Audit, Risk, and Corporate Governance Committee:

A. Audit

Reviewing the integrity of the Company's financial reporting, overseeing the selection and compensation of the external auditor for appointment and approval at the shareholders meeting, monitoring the external auditors qualification and independence, reviewing the activities and performance of the Company internal audit function, and reviewing the compliance by the Company with legal and regulatory requirements including all relevant laws, regulations, codes and business practices.

B. Risk

Make recommendations to the Board in relation to the Company overall risk appetite and tolerance and the polices within which to manage the aforementioned, these policies are defined as credit risk, market risk, operational risk and liquidity risk in addition to any other risk categories the Company faces in carrying out its activities. The Committee also recommends and monitors the Company's overall risk management framework which involves developing across all business activates and operations policies, internal controls, methods of risk management, compliance procedures and methods of reporting to the Board.

C. Corporate Governance:

- Corporate Governance refers to the implementation of an appropriate system of directing and controlling the organization.
- A good system of corporate governance will facilitate the willing support (and therefore

● understanding) of all stakeholders whilst facilitating the spirit of entrepreneurship and protecting the interest of stakeholder. Corporate Governance assumes greater significance for any corporations as a result of the separation of management from shareholders.

3. Shari'ah Supervisory Board

The Company has formed a Shari'ah Supervisory Board consisting of three members who ensure that the operations of the Company are in compliance with Shari'ah principles. The Shari'ah Supervisory Board is assisted by a Shari'ah Reviewer.

All the above Committees are reported to the Board of Directors.

● **Management Committee:**

1. Management Committee Responsibilities:
To review the overall performance of the functions of the Company in line with the business plan and operating environment in order to achieve the Company's objectives as set out by the Board and to permit actions required to achieve the business plan.

2. Credit Committee Responsibilities:
i. To exercise authority in assessing and managing the credit risk of the business and ensuring the maintenance of a good quality risk asset portfolio in line with the risk Appetite as agreed and monitored by the Board Audit, Risk & Corporate Governance Committee.

ii. To monitor implementation of credit decisions in a manner so as to conform to credit policy as well laws and regulations stipulated by the statutory authorities.

3. HR Committee Responsibilities:

i. Interpret, implement, administer, review and deliberates on matters concerning remuneration, succession planning of key personnel, performance evaluations, training and other staff related matters review and approve for the CEO and all employment agreements, consulting agreements, severance arrangements and changes in control agreements or provisions.

ii. The HR Committee, in consultation with the Chief Executive Officer, shall review succession planning relating to the Company Chief Executive Officer and other key members of the Company's senior management.

iii. Form and delegate authority to subcommittees as the HR Committee may deem appropriate.

iv. Report regularly to the CEO, not less frequently than annually.

v. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval. This Charter is in all respects subject and subordinate to the Company's Certificates of Incorporation and BY- Laws and all applicable laws and as such documents may be amended from time to time.

vi. Review annually its own performance and report the results of such review to the Board.

vii. Make Annual training Plan.

Transactions Fees and service Charges

رسوم المعاملات ورسوم الخدمة

Our rate, fees and service charges are detailed in this section.

معدل الربح و دليل الخدمات والأسعار مفصلة في هذا القسم.

Dear Customers

عملائنا الكرام

Islamic financing is available at Family Microfinance House (FMH) at annual profit rate of 3% for Grameen and 5% for MEF (in cooperation with Tamkeen at annual profit rate of 14%).

التمويل الإسلامي متوفر في بيت الأسرة للتمويل المتناهي الصغر بمعدل ربح سنويا بنسبة 3٪ لبرنامج جرامين و 5% لبرنامج تمويل المشاريع الصغيرة (بالتعاون مع تمكين بمعدل ربح سنويا بنسبة 14%).

*FEES & SERVICES CHARGES (Bahraini Dinar)	دب/BD	(دينار بحريني) *دليل الخدمات والأسعار
Application Fees (Non-Refundable)	**15.750**	رسوم تقديم الطلب (غير مرتجعة)
Admin Fees (in advance) • BD 500 – 1000	**42**	الرسوم الإدارية (تدفع مقدماً) • BD 500 – 1000
• BD 1001 – 2500	**63**	• BD 1001 – 2500
• BD 2501 – 4000	**105**	• BD 2501 – 4000
• BD 4001 – 10000	**136.500**	• BD 4001 – 10000
Outstanding Letter (stating of outstanding liabilities with the Bank)	**10.500**	شهادة مديونية بالرصيد المتبقي (يذكر المديونيات لدى البنك)
Outstanding Letter (stating of outstanding liabilities with the Bank) - Urgent basis	**15.750**	شهادة مديونية بالرصيد المتبقي (يذكر المديونيات لدى البنك) - بصفة مستعجلة
No liability/Release letter	**10.500**	شهادة عدم مديونية (براءة ذمة)
No liability/Release letter- Urgent basis	**15.750**	شهادة عدم مديونية (براءة ذمة) - بصفة مستعجلة
Confirmation of Financing	**10.500**	شهادة تأكيد بالتمويل
Case Withdrawal from court	**21.000**	سحب قضية من المحكمة
Tawarruq Fees for Islamic Financial Consultants (Itqan)	**31.500**	رسوم معاملة التورق لشركة الاستشارات المصرفية الإسلامية (إتقان)
Early Settlement fees	**20 أو 1% من مبلغ التمويل المستحق أيهما أقل**	رسوم السداد المبكر

* All fees and charges are inclusive of 5% Value Added Tax (VAT), where applicable.

***تشمل جميع الرسوم و الأجور ضريبة القيمة المضافة بنسبة 5% ، حيثما ينطبق ذلك.**

****Takaful Insurance Rate**	**0.148**	**نسبة التأمين التكافلي

** Takaful Insurance Rate will add 5% Value Added Tax (VAT).

**** نسبة التأمين التكافلي يضافة إليه ضريبة القيمة المضافة بنسبة 5%.**

**Letters addressed to supreme council for women or ministries or for Social Housing purposes will be offered without charge

**** الشهادت التي تطلب للمجلس الأعلى للمرأة والوزارات أو طلبات الإسكان تكون مجانية .**

- **Non compliance**

In 2021, The Company has the following regulatory non-compliances with respect to the CBB Volume 5 – Specialised Licensees:

Non – Compliance with guidance:

1. HC 1.4.6 states that " The chairman of the Board should be an independent director, so that there will be an appropriate balance of power and greater capacity of the Board for independent decision making". Since the establishment of the company, the Chairman of the Board is not an independent member.

2. HC 4.2.2 and HC 5.3.2 states that "nomination and remuneration committee must include only independent directors or, alternatively, only non-executive directors of whom a majority must be independent directors and the chairman must be an independent director". Since the establishment of the company, the majority of the members of the Nominating and Remuneration Committee are independent,

3. HC 1.3.7 states that "To meet its obligations under Rule HC-1.3.3 above, the full board should meet once every quarter to address the board's responsibilities for management oversight and performance monitoring". The Board did not meet in the third quarter of the year 2021. The meeting has been scheduled and confirmed in 29th September 2021, due to some unexpected arrangement by some members, the meeting has been rescheduled in October 2021.

Non-Compliance with rule:

HC 1.3.4 states that "Individual board members must attend at least 75% of all board meetings in a given financial year to enable the board to discharge its responsibilities effectively (see table below). Voting and attendance proxies for board meetings are prohibited at all times" Mr. Rashad Akbari and Mr. Redha Ali has not attended the 75% of the Board of Directors Meeting in 2021, due to their other commitments.

- **Financial Penalty**

During the year 2021, the CBB imposed financial penalty on the company for its failure to clean up the erroneously open account in the BCRB system, and the company paid to the CBB the imposed financial penalty of the amount of BD 50 Bahraini Dinar.

Communication Strategy:

1. Objective

The objective of this document is to clarify the necessary steps and give an overview of the procedure and the process to be followed by the Family Microfinance House.

2. Organizational Structure

CEO ⟶ Public Relation Department

3. Responsibilities of PR Department

- Preparation and issuance of financial reports;
- Organizing events and conferences for marketing purposes;
- Managing the Press releases by the Company including Press releases by all members of the Management;
- Updating the official website of the Company;
- Any other responsibilities assigned by the CEO of the Company.

4. Corporate Marketing Plan

The Annual Corporate Marketing Plan shall at a minimum contain:

- Details of recurring Departmental responsibilities e.g. Publications of Annual Reports, Conferences, other events etc.. ;
- Budgets for major events planned for the following financial year;
- Details of events such as the date and month; and
- Plans and Preparation of ideas for the following financial year.

PRD reviews the actual spending of its department against its budgeted spending on a quarterly basis.

5. Annual Audited Financial Statement

The Company must submit the Annual Audited financial statements to the CBB within 3 months of the end of Company financial year (as per Central Bank of Bahrain Rulebook section PD-1.2.1). The Annual Audited financial statements must be audited by their external auditor.

6. Year End Financial Statement

- Public Relation Department has the responsibility to obtain deadlines for the publications of the year end financials from the Financial Controller and the compliance Department.
- The Company required publishing the Annual Audited Financial statements on their website within seven days of submission to the CBB.
- Public Relation Department should notify all relevant members of staff about the details of advertisement one day before publishing the Financials so that they are aware of the contents of the Financials when approached by any third parties

7. Events

- To facilitate the activities of an event, the PRD will coordinate with the Head of the relevant department.
- PRD should act as the main point of contact between the Company and Event invitees.
- The PRD should identify the purpose of the event, the target audience and any other relevant targets which need to be achieved.
- PRD is responsible that special invitation cards are made and sent to all relevant guests and VIP guests.
- The PRD shall identify the performance measurement criteria for events and agents as per the relevant guidelines of CBB on monitoring performance.
- If the Company hosting a luncheon, PRD should organize a reception line consisting of the Functional Departments and CEO/Senior Management.

- The offices of the CEO/Senior Management should draft any speeches or Presentations to be given by the CEO/ Senior Management at an event. The PRD should ensure that copies are circulated to the Media immediately following the presentation or speech.
- PRD should arrange for a private photographer and video operator to cover activities at the event.
- All Press releases and photographs that are subsequently used for media publicity should be approved by the CEO/Senior Management.

8. Conferences

1. Conferences may be held at any geographical location and are classified into the following types:

- Conferences sponsored by
- Conferences attended by

2. The PRD should act as the main point of contact between the Company and Conference organizers.
3. PRD should ensure that they are aware of all the dates and formalities of the conference, including the theme and nature of the conference.
4. The offices of the CEO/Senior Management should draft any speeches or presentations to be given by the CEO/Senior Management at an event. The staff members should be allowed to attend the conference based on the following criteria by the Heads of each Department:

- Topic of the conference
- Relevance of the conference to the staff member’s job and department activities;
- What value the staff will bring to the Company by attending the conference.

5. Any information for sponsorship should be sent to the PRD by the Heads of Departments along with the reasons why to sponsor the conference.
6. PRD will make sure that all the expenditure related to a conference is as per the approved budget.
7. PRD should collect all the photographs and interviews taken regarding during the conference and should be filed.

9. Press Release

- PRD is responsible to coordinate all Press releases
- Separate Procedures will be devised for compulsory and own initiated Press releases
- Press releases should be drafted either for specific Projects or when there is a need for public information about the activities.
- Press releases should be made for positive publicity of and to curtail the effects of any negative publicity as well.
- The CEO/Senior Management has the authority to issue Press releases.
- No staff member is allowed to make any public statement under any circumstances except the CEO approval.
- PRD should ensure that separate versions of the same Press releases are drafted, one in English and one in Arabic, if necessary.
- PRD is responsible to distribute the Press Release one day before the Press release date to all relevant members of staff through the email. This is to ensure that all relevant members of staff are aware of the Press release in case they are approached by a third party and questioned about the topic.

10. Eid and Seasons Greeting Cards

- PRD is responsible to ensure that Eid and seasons greeting cards are available when requested.
- PRD is responsible to place all orders for both types of Cards from the advertising agency.
- While designing any cards, the PRD should obtain rates and samples from the advertising agency.
- PRD orders Eid cards prior to the specified number of days.
- PRD should distribute Eid and Seasons greetings cards to the relevant Heads of Department, CEO/Senior Management’s office that require them for business usage.
- The mode of distribution e.g. courier, regular mail should be decided and communicated to the PRD by the relevant Department Heads.

11. Website Update

- PRD is responsible to ensure that the website content and design is constantly updated and maintained on a regular basis.
- PRD shall not be responsible for the technical maintenance of the website.
- PRD should collect all changes required to the website and submit them to the website developer at the end of every month or as and when required.
- Any change in the business activity or product offerings must be updated immediately on the website.
- All Press releases submitted by PRD to the website developers, and should be updated immediately after the press release.
- PRD is responsible to submit the Annual Audited Financial statements to the website developers for updating within seven days of submission to the CBB's.

12. Directory Advertising

- The PRD is responsible to contact the CEO/Senior Management and obtain approval when renewing any advertising listings.
- The PRD has the responsibility to act as the liaison between the Company and the publishing company.
- PRD is responsible to collect all new updated information for advertising from the relevant Heads of Departments, at the time of renewal of the advertisement.

13. Selection of Advertising Agency

- PRD should request for quotations and sample for the tendering of advertising activities from at least three advertising agencies.
- Selection of the advertising agency should be driven by the quality of the samples and by cost.
- When selection the advertising agency, PRD should also take into consideration the level of exposure the advertising agency can offer.

14. Selection of Quotations

PRD should request for at least two quotations of suppliers/service Providers for any type of service required.

15. Standard Stationery Items

All requests for publication of corporate stationery, including business cards, must be approved by the Head of PR/CEO/Senior Management.
The following are the Company's standard stationery items that are routinely printed with the Company's logo:

- Letterhead
- Continuation paper
- Compliment slips
- Corporate Gift bags
- Corporate Wrapping paper
- Brown mailing envelopes (A5, A4 and larger)
- White mailing envelopes (DL, A4 and larger)
- Window envelopes (DL,A4 and Arabic and English Package size)

16. Payments

- PRD Staff must ensure that all invoices received are in line with the payment terms agreed with the service vendor prior to provision of such services.
- All invoices relating to PRD expenses must be reviewed and initialed by the PRD and should be approved by the authorized signatories of the Company as per the Delegated Approval Authority Limits.