

ANNUAL REPORT

2022

From transformation

to sustainable growth

Mumtalakat



Late Amir
**His Highness
Shaikh Isa bin Salman Al Khalifa**



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



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

Driving sustainable growth

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OVERVIEW



Today's moves for
tomorrow's market
takes care and imagination

OVERVIEW

Who We Are

Established by Royal Decree in 2006, Mumtalakat is the Sovereign Wealth Fund of the Kingdom of Bahrain. Through collaborative and active management of strategic assets and a balanced investment approach, our goal is clear – to consistently increase the value of our portfolio.

Upon our establishment, the Ministry of Finance and National Economy transferred 29 commercial, strategic non-oil and gas assets to us, representing major local corporations, along with a one-time founding capital of BD5 million. Since then, diligent and careful investment management has enabled our portfolio to grow to more than 50 investments, spanning multiple sectors and extending beyond Bahrain’s borders.

With an eye towards developing and transforming the fund to generate sustainable financial returns, we consistently review the breadth and depth of the portfolio to play a targeted role in Bahrain’s economic development and, over the longer term, grow and diversify our assets by investing in and for Bahrain.

Our Strategy

Our constant aim is the enhancement of the wealth of the Kingdom of Bahrain. This is accomplished through the active and collaborative management of national strategic assets and a balanced investment strategy. It is essential that we and our portfolio companies adhere to our corporate governance tenets of transparency, accountability, and responsibility.

Engagement at executive management level with our portfolio is supported by board representation of the highest calibre, with strategic expertise in the fields in which we invest.

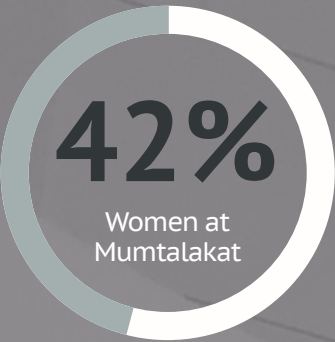
In this manner, we are able to sustain our support for the economic growth of the Kingdom of Bahrain, channelled through our local portfolio companies, while simultaneously pursuing new opportunities that align with the Kingdom’s economic objectives.

What we do

The year 2022 witnessed our strategy in action achieving sustained outcomes. This underlines the effectiveness of our long-term approach of establishing collaborative partnerships with our stakeholders to generate sustainable returns based on a model of balanced risk and reward.

By adhering to the concept of active ownership, Mumtalakat is a dedicated investor with a long-term strategic focus on supporting the sustainable growth of our portfolio. Our investment approach will prioritise local impact investments, while continuing to pursue international opportunities with partners that share our values.

Mumtalakat is a purpose-led organisation. We maintain an informed, open-minded approach to opportunities as and when they arise. While our strategy presents us with new opportunities, we will continue to extract value from our existing portfolio through an active management approach to benefit the national economy in accordance with the vision and objectives of the Kingdom of Bahrain.



BOARD OF DIRECTORS

Comprising public and private sector representatives, our Board provides invaluable guidance and support to our Senior Management team to ensure we are delivering our strategic mandate.



HE Shaikh Salman bin Khalifa Al Khalifa
Minister of Finance and National Economy and Chairman of the Board of Directors



HE Mohamed bin Thamer AlKaabi
Minister of Transportation & Telecommunications



HE Abdulla bin Adel Fakhro
Minister of Industry and Commerce



HE Shaikh Mohamed bin Isa Al Khalifa
Political and Economic Advisor to HRH the Crown Prince's Court



HE Khalid Al Rumaihi
Chief Executive Officer, Mumtalakat



HE Khalid Humaidan
Chief Executive, Bahrain Economic Development Board (EDB)



Dr. Samer Aljishi
President of BFG International



Elham Hasan
Business Strategy Advisor

SENIOR MANAGEMENT



HE Khalid Al Rumaihi
Chief Executive Officer



Omar Syed
Chief Investment Officer – Strategic Investments



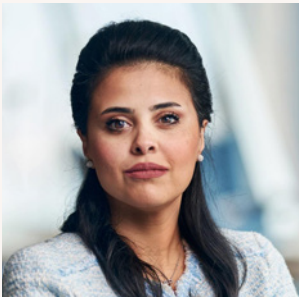
Suha Karzoon
Managing Director – Finance



Rania Yousef Al Shirawi
Managing Director - CEO's Office



Rasha Sabkar
Managing Director – Corporate Services



Marwa Al Saad
Managing Director – Human Capital

CHAIRMAN'S MESSAGE

In recent years, the world has faced waves of challenges, including the aftermath of the Covid-19 outbreak, geopolitical tensions, disrupted supply chains, and rising interest rates due to high global inflation, all of which contributed to a 3.2% slowdown in global growth in 2022.

In spite of this challenging global economic environment, Mumtalakat continued its progress towards its strategic goals by adhering to our core values of close collaboration and engagement with portfolio counterparties, and rigorous risk management across the Group.

We are mindful of our responsibility and obligation to enhance and contribute to the economic development and growth of the Kingdom of Bahrain through value creation and active portfolio management that generates long-term value in our current and future investments.

On behalf of the Board of Directors, it is my pleasure to extend our gratitude to His Majesty King Hamad bin Isa Al Khalifa and to His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, for their continuous guidance, leadership, and vision.

I would like to express my gratitude to the outgoing Chairman, HE Shaikh Khalid bin Abdulla Al Khalifa, who has led Mumtalakat during the past several years. I would also like to express my gratitude to my fellow board members, whose consistent counsel and guidance are always tremendously appreciated. Finally, we could not have attained success without the persevering and conscientious efforts and dedication of our Management and staff.

Challenges will continue to impact the world at large, and our portfolio in particular, but I am equally confident that Mumtalakat is well positioned to continue its successful growth trajectory.

I am confident that by working together with the spirit of Team Bahrain, we will continue to grow and succeed.

HE Shaikh Salman bin Khalifa Al Khalifa

Minister of Finance and National Economy and
Chairman of the Board of Directors



CHIEF EXECUTIVE OFFICER'S MESSAGE

Mumtalakat had yet another successful year in 2022, as we unveiled our new brand identity, introduced our new investment strategy and had our inaugural Portfolio Day. In addition, we received the award of HRH Princess Sabeeka bint Ibrahim Al Khalifa for Bahraini Women Advancement, which demonstrates our dedication to attaining outstanding performance.

We recognise the importance of achieving a portfolio that grows sustainably in accordance with the economic priorities of the government of Bahrain. Therefore, sustainability is central to what we do and to the trust that our shareholders, portfolio, and the people of Bahrain place in us.

We look to the future with optimism having witnessed firsthand what is possible when there are clear goals and direction. We are confident that our portfolio is well positioned to navigate the challenging and rapidly changing global business environment and emerge resilient as we pursue value creation, active management, and operational excellence.

For 2023, we don't expect it to be any less challenging, but the plans are equally ambitious. Our efforts to grow our national economic impact help drive the growth of our portfolio with a good balance of local, regional, and international investments.

My grateful appreciation goes to the Board of Directors for their wise and continuous guidance and support throughout the year.

In addition, I would like to thank everyone within the Mumtalakat team for their hard work, enthusiasm and perseverance. Our people, and the wide range of skills and experiences they bring to work every day, are the engine of our success.

We have an exciting year ahead and I am confident by continuing on our current trajectory we will achieve changes on a scale that benefit our beloved Kingdom.

HE Khalid Al Rumaihi

Chief Executive Officer



BUSINESS REVIEW

Mumtalakat reported strong operating profits of BD 251 million contributed to the Group's solid financial performance for the year ending 31 December 2022, while Group revenue increased by 23% from BD 2.2 billion in 2021 to BD 2.7 billion in 2022. The increase was primarily attributable to Alba's all-time high production of 1.6 million metric tonnes, as well as Gulf Air Group's rising revenue as a result of high customer demand following the removal of nearly all pandemic-related restrictions worldwide.

Due to non-cash impairment losses prompted by a prudent outlook, BD 194 million in impairment losses mainly on goodwill were recorded during 2022 which resulted in a consolidated net loss of BD 54 million.

Mumtalakat's transformational efforts of the preceding years culminated in 2022. This began with the launch of the new brand identity marking the beginning of a new chapter in the company's history and highlighting its future focus and objectives.

The unveiling of Mumtalakat's investment strategy, which is based on an active ownership model and will enable Mumtalakat to be an engaged investor supporting the sustainable growth of assets through collaborative value creation and active management with high-quality board representation and strategic input, was another significant milestone during the year. Mumtalakat's investment strategy ensures that Mumtalakat's portfolio will be managed by asset class-specific teams with an emphasis on local impact investments. In addition, the global asset management and strategic investments teams will continue to explore potential international opportunities and partnerships, respectively.

Mumtalakat held its first Portfolio Day in June 2022, at which Mumtalakat's board members, management team, and portfolio company representatives met to discuss Mumtalakat's investment strategy and its alignment with the Kingdom's economic growth goals. Sessions and workshops discussed the principles and pillars of the active management strategy, bringing Group-wide alignment of purpose and assisting portfolio companies to enhance and sustain their financial returns creating employment opportunities in Bahrain.

In September 2022, His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, issued Edict (1) of 2022 on restructuring the Board of Directors of Mumtalakat under the Chairmanship of HE Shaikh Salman bin Khalifa Al Khalifa, Minister of Finance and National Economy.

Coinciding with the Kingdom of Bahrain's celebrations of Bahraini Woman's Day, Mumtalakat was recognised and applauded for the contributions and achievements of the Bahraini women on its team, who make up 67% of its executive management. Mumtalakat was honoured by receiving "Her Royal Highness Princess Sabeeka bint Ibrahim Al Khalifa Award for Bahraini Women Advancement" for 2022, during the Supreme Council for Women's (SCW) opening of the Bahraini Women's Monument "Athar" and award ceremony.

Following the signing of their MoU in late 2021, Mumtalakat and Mubadala Health, the integrated health network of the Abu Dhabi-based sovereign investor "Mubadala Investment Company", agreed to explore a potential joint venture to establish a long-term care and post-acute rehabilitation facility in Bahrain, bringing Mubadala Health's renowned expertise in the field of post-acute health services to the Kingdom of Bahrain to provide the highest quality of treatment to currently underserved patients requiring long-term care, and help alleviate pressure on the healthcare system by freeing up bed capacity in acute hospitals across the Kingdom.

Credit Ratings

Credit rating was affirmed at **B+/B** by Fitch (Stable outlook) and S&P (Positive outlook) respectively.



INVESTMENTS

We aim to maintain a diversified and balanced portfolio of select assets across local, regional, and international markets. Our portfolio consists of strategic investments, local impact investments, global asset management, and government holdings, all of which are managed by specialised teams well-versed in their respective asset class.

Strategic Investments

The Strategic Investments team manages a portfolio of Bahrain-based strategic investments and international direct investments, creating value and generating sustainable financial returns through strong partnerships, active management, and fostering transformation, growth, and sustainable growth-related initiatives, as evidenced by the following review of the portfolio.



Alba successfully achieved sustainability-linked refinancing for its US\$1,247,475,000 Syndicated Loan Facility in connection to the Line 6 Expansion Project. The interest margin is subject to an adjustment (upwards or downwards) on an annual basis by an aggregate amount of up to 2.5 basis point tied to three sustainability-linked key performance indicators: Total Waste Recycled (Solid Waste), Training Hours and Lost Time Injury Frequency's Incident Count.

Alba's Solar Farm Project to install solar panels of over 37,000 m² with a capacity of more than 6 megawatts will consist of around 11,300 solar panels to be fixed on the rooftop of Alba car parks and some of its buildings to include the Spent Pot Lining Treatment Plant. The Solar Farm Project will reduce carbon emissions by 7,591,760 kilograms per year.

To support the decarbonisation initiative in Bahrain, ALBA provided financial backing of BD134K to the National Initiative for Agricultural Development (NIAD) and the Supreme Council for Environment's efforts in Ras Sanad Mangrove Nursery Project.

Early works of Power Station 5 Block 4 commenced for a projected 680.9 megawatts combined cycle power plant with a hydrogen-ready gas turbine technology which will reduce Alba's overall GHG emissions.

Alba experienced an exceptional year, driven by record production coupled with record aluminium prices. Alba achieved an-all time production record of 1,600,111 metric tonnes (vs. 1,561,222 in 2021) and higher sales' volume of 1,568,134 (vs. 1,550,857 in 2021). The company also recorded 16% growth in revenue year-on-year. Strong financial performance contributed to a total dividend payout of \$443m.



2022 was a milestone year for the Bahrain Telecommunications Company (Beyon), which marked the launch of Beyon, the parent company under which Batelco will be operating, as well as the Beyon digital companies, and Batelco's international investments. This historical change reflects the company's vision to transform from a telco-focused business to a technology powerhouse, marking a major leap in its digital transformation journey.

Beyon's efforts towards sustainability and environmental protection were recognised during 2022 at the annual Global Telecoms Awards held in London, with the Company winning in the Climate Action Excellence category for energy saving initiatives and reduction in carbon footprint.



National Bank of Bahrain's (NBB) continued leadership in the banking industry was recognised by the Euromoney Middle East Awards for Excellence 2022, which presented the bank with the following accolades: "Middle East's Best Bank for Corporate Responsibility," "Best Bank for ESG in Bahrain," "Best Bank for SME Banking in Bahrain," and "Best Bank for CSR in Bahrain." NBB has also been recognized as the "Best Retail Bank in Bahrain" by the MENA Banking Excellence Awards. NBB's investment in developing and applying its EGS framework has garnered it the following awards from Global Finance's Sustainable Finance Awards 2022: "Best Bank of Sustainability Finance in Bahrain" and "Outstanding Leadership in Sustainability Transparency on a regional level".

NBB is a pillar of Bahrain's economic and social development, providing best in class banking services for individuals, corporates and institutions, and SMEs. NBB has continued to support SMEs with flexible financing options, such as Tamweel Al Watani, which grants them access to crucial funding. The Bank also proceeded to expand its Mazaya social housing financing solutions in collaboration with the Ministry of Housing & Urban Planning and Eskin Bank to make affordable and accessible finance available to the wider Bahraini community.

Additionally, NBB co-launched Education Finance, a financial solution designed to assist parents who wish to invest in their children's educational futures.



Bilaj Al Jazayer, Edamah's award-winning 1.3 million square foot beachfront project with two themed hotels, residential towers, and a custom beach club, is expected to break ground in 2023. Other key developments included the expansion of the Sa'ada waterfront project in Muharraq, and the construction of a warehousing facility at Sitra Industrial Park.

In 2022, The Jumeirah Gulf of Bahrain Resort & Spa opened and Amana, a real estate services company that offers property, facility, and asset management was launched. Amanat Edu Safe Park, developed by Edamah, provides state-of-the-art education centres and halls for lectures, workshops, training programs, and theatre and art events.

ESG has been a priority for Edamah, as evidenced by the implementation of solar panels on the roofs of Edamah-owned and managed properties. Moreover, the under-construction Hawar Mantis Eco Resort will prioritise energy efficiency, waste management, architectural design, and eco-friendly materials in order to preserve and restore Hawar's ecosystem and offer guests a unique and immersive experience.

Gulf Hotels Group (GHG) continued to expand its business operations with a focus on inorganic growth through third-party hotel management operations. The company has successfully managed hotels in Bahrain, Dubai, and Zanzibar under third-party management contracts. In February 2023 GHG announced the acquisition of the Novotel Bahrain Al Dana resort, a local beachfront property, as GHG continues to expand their hospitality portfolio.

Under the patronage of the Ministry of Industry and Commerce Aleastur's Bahrain plant was inaugurated in May 2022. The Bahrain facility, Aleastur's first outside Spain, expands and reinforces its production capacity and commercial activities in the Arabian Gulf, Southeast Asia, India, and China, as well as other fast-growing markets.

The PREMO successfully increased its production footprint by establishing a new production facility in Wanzhi District in Wuhu City, China to cater to customers in China, as well as expanding its operation in Vietnam by setting up a second production facility.

Despite the supply chain challenges and the headwinds experienced in the automotive industry, Premo achieved record financial performance in 2022, driven by growth in demand for inductive component products as well as tight control over its fixed operating costs.



FAI continued to successfully expand its private charter capabilities in 2022, managed the recovery of the air ambulance business from the impact of the pandemic, and strengthened the maintenance, repair, and overhaul (MRO) segment through active spare part procurement, contributing to the company's continued, sustainable growth across its diverse business operations.

An aviation and MRO expert was appointed to FAI's advisory board by Mumtalakat in 2022 to assist the Strategic Investments team in driving value creation initiatives at FAI and to provide expert insight during board discussions.



McLaren is working towards eliminating single-use plastics and sending zero waste to landfills by 2023 by concentrating on new ways to reduce, reuse, and recycle. Sustainable supply chains are being developed where all products and materials used must meet the environmental criteria for design, development, distribution, usage, disposal, and recycling.

It is essential for McLaren Automotive Group that electrified powertrains and a lighter future go hand-in-hand. Less mass to turn, decelerate, and steer a vehicle, results in enhanced handling, performance, and energy efficiency. With emphasis on innovation, McLaren investigates novel materials that perform well under strain while remaining lightweight, better combined, integrated, and packaged.



Projects in the pipeline

A potential joint venture with Mubadala Health is being explored to establish a long-term care and post-acute care rehabilitation facility in Bahrain. This facility will cater to long-term care ventilated and non-ventilated patients currently occupying beds in acute care hospitals. The facility will also offer inpatient post-acute care rehabilitation programmes. Transferring long-term care patients from acute care hospitals to the step-down facility will contribute to increasing bed capacity for primary hospitals across the Kingdom.

Local Impact Investments

Local Impact Investments aims to grow and transform industries in the Kingdom of Bahrain to maintain a competitive advantage by assisting the Boards and Management teams of its portfolio assets in identifying operational challenges, monitoring key stabilisation measures, and implementing international best practises for value creation initiatives.

Across all assets designated for Transformation/Restructuring, Pre-alignment, Diagnosis, Transformation, Embedding, and Monitoring, an operating model and “playbook” were implemented. Consequently, several portfolio companies experienced growth and profit, met key performance benchmarks, and maintained their competitiveness.

A successful divestment from Bahrain Livestock Company was completed, in which a 27.5% stake was held, at an exit price nearly 60% higher than the carrying value.



Southern Tourism Company (STC) developed a new strategic plan to transform into a full-fledged national champion in logistics and maritime solutions. STC has taken the first steps towards its new strategic identity by signing an MoU with Abu Dhabi Maritime, a custodian of Abu Dhabi waterways. The agreement will facilitate the exchange of technical know-how and expertise with the overall objective of creating solutions for logistics, maritime transportation, and ferry services in the region. Furthermore, a partnership agreement was signed between STC and H Al Dhaen Boats to unlock operational synergies in vessel repair and maintenance services.



H Al Dhaen Boats (HAB) has taken significant strides in its efforts to continue its strategic and operational transformation, placing the Company on a positive trajectory by the end of 2022. Under the oversight of the embed team, a new CEO and two experienced sales directors were onboarded and led the re-establishment and growth of the international dealer network. Insights provided by the dealer network will help reshape the pipeline of new boat models as HAB continues to modernize and facelift its product line to cater to global trends.



General Poultry Company (GPC) completed an expansion project becoming fully operational with full automation, resulting in an increase in operational capacity by 80%. The expansion project is a key addition to Bahrain's table egg production industry in line with the Kingdom's efforts to achieve food security.



Operations at Al Dana have ramped up, supported by a world class calendar, with local and international visitors attending the events held during the year. The state-of-the-art venue has established itself as one of the leading destinations for music and comedy fans, with best-in-class facilities and sound design, as well as a growing number of food & beverage offerings. Furthermore, the establishment of a collaboration with Rotana Audio Visual guaranteed that the best regional performers would perform at the venue.



Bahrain International Circuit (BIC) embarked on the implementation of transformation plans which are well underway and have positioned the company for additional growth. The company completed an organisational restructuring plan and appointed a Chief Commercial Officer. New sponsorship tiers and packages were developed, and partnership deals were signed with NOGA Holding and Beyon.



Mazad has solidified its position as Bahrain's leading online auction platform and marketplace for a range of real estate and other assets. Mazad experienced a surge in growth during the year due to an expansion in the product offerings and a successful auction of a significant industrial asset in 2022.



Silah Gulf, a multi-award-winning customer experience solutions provider headquartered in the Kingdom of Bahrain, received multiple awards during the year, including “BPO Organisation of the Year” for the GCC region by The Employer Branding Institute. Incremental new business was added while navigating the downsizing and closure of the Covid-related public health hotlines.



Bahrain Raid Xtreme (BRX) continued its strong performance in the World Rally Raid Championship following its debut in 2021. In the 2022 series, BRX placed second overall, with notable podium finishes in Rally Dakar, Abu Dhabi Desert Challenge, and the Andalusia Rally. Furthermore, Prodrive, in partnership with Tamkeen, hosted a successful four-week internship in the Company's UK headquarters. The participating students helped design and develop the rally car chassis used in the 2022 rally raid series.

Global Asset Management

The Global Asset Management (GAM) team is focused on building wealth over a long-term investment horizon. The portfolio is constructed to be diversified across asset classes, geographies, and risk factors, with the aim of delivering superior returns.

In addition to taking a balanced and calculated approach to risk taking, manager selection plays a crucial role in achieving successful investment outcomes. The GAM team utilised a rigorous manager selection process to ensure the managers we chose to partner with are of the highest caliber. Selection criteria include an assessment of the investment manager's philosophy, investment process, alignment of interest, track record, and of course their people.

Despite the challenging market environment in 2022, the GAM portfolio displayed resilience by outperforming its benchmark through its active management and diversified approach to portfolio construction.

Other achievements include enhancements to its investment tools and systems, further streamlining its investment process.

Government Holdings

Our Government Holdings portfolio consists of government-owned assets that are of national strategic significance to the Kingdom of Bahrain. Held by Mumtalakat, alongside its counterparts across the region, these companies are managed by the relevant government bodies with whom we collaborate closely.

These assets include, but are not limited to, Gulf Air Group Holding Company (GFG), Gulf Investment Corporation (GIC) and Arab Petroleum Investment Corporation (APICORP).

HUMAN CAPITAL

The success of Mumtalakat is largely attributed to the outstanding calibre and devotion of its workforce and leadership. As we strive to promote the growth of Bahrain's prosperity, our focus remains steadfast on attracting and retaining top talent. The Human Capital Department is actively committed to supporting employees in advancing their careers and augmenting their skills, fostering a culture of trust, collaboration, and high performance. Our goal is to become renowned as a centre of excellence for talent management and development, facilitating the rise of distinguished leaders at every level of Mumtalakat, and playing a pivotal role in unlocking the potential value creation across Mumtalakat's portfolio companies.

The boards of our portfolio companies play a crucial role in overseeing the strategic directions of the companies to ensure alignment with the overall vision and mission. At Mumtalakat, we recognise the importance of having highly effective boards to drive the success of our portfolio companies. We strive to foster a culture of collaboration, transparency, and accountability within our boards, where all members are encouraged to voice their opinions and provide valuable insights to improve decision-making. By optimising the composition of our boards, we aim to maximise the value creation potential of our portfolio companies and achieve long-term sustainable growth.

During 2022, we onboarded a number of experienced non-executive directors to the boards of our portfolio companies; hired 15 new employees, of whom 74% are Bahrainis; received the Award of HRH Princess Sabeeka bint Ibrahim Al Khalifa for Bahraini Women Advancement; our employee engagement score for the year, exceeded industry benchmarks; and as part of the collaboration with regional sovereign wealth funds, Mumtalakat was successful in partnering on programmes which aim to develop Bahraini investment professionals.

FINANCE

The Finance Department supports the Board and Management in the creation of value by providing timely, critical, and effective information to assist them in making strategic decisions; maintaining the organisation's books and records in accordance with statutory requirements following the best international practices; and manages vendors and payment processing. Principal responsibilities include: providing highly reliable, timely and accurate financial information to key internal and external stakeholders while upholding the values of excellence, integrity, and transparency; managing proactive financial planning and monitoring through budgeting and forecasting; maintaining a strong control environment by ensuring compliance with internal policies, applicable laws and regulations and reporting frameworks; managing the organisation's cashflow and liquidity to ensure availability of funds to meet the funding requirements; playing an advisory role to investment groups through financial engineering across portfolio companies and monitoring of Government holdings assets; providing treasury and other back-office support; and serving as an independent sounding board on investment valuations.

During the year, key initiatives embraced revamping the suite of existing management reports: including short and medium term business planning with multiple scenarios to support the long-term capital allocation of Mumtalakat; providing key support in formulating Board and other KPIs and short to medium-term targets; reviewing and updating Policies and Procedures; and providing best in class support for other departments and strategic initiatives.

Treasury

The Treasury Department manages the overall liquidity, funding and foreign exchange requirements of the company as well as managing financial risks relating to exposures such as foreign exchange and interest rate risk. The department is also responsible for regularly evaluating and implementing appropriate hedging strategies against exposures, as well as managing Mumtalakat's banking ties, including the addition of new banking counterparties, and strengthening existing local and regional relationships.

In terms of LIBOR transition to Risk Free rates, the Department also led discussions with banks to proactively pre-transition over 50% of the LIBOR linked facilities to SOFR, ahead of the deadline in mid-2023, while taking advantage of lower SOFR rates compared to LIBOR, thereby reducing funding costs.

Risk Management and Performance Measurement

The Risk Management and Performance Measurement Department provides oversight and governance to minimise significant risks throughout the organisation through the application of effective risk management principles. It oversees standards in the portfolio management process and promotes sustainable growth and portfolio resilience through prudent risk management. The department ensures integrity of performance management through quality assurance in valuations and metrics, fostering a risk-conscious culture that embeds risk management in day-to-day processes and decision-making within the organisation.

Key initiatives during the year included implementing a Board-approved Risk Appetite Framework that sets boundaries for our risk-taking across balance sheet, investments and operational risks, providing guidance on the level and type of risk that the organisation is willing to accept, tolerate, or avoid, and helps to ensure that risk management activities are aligned with the organisation's overall strategy and objectives; established a risk register framework, to provide a structured approach to risk management, helping to better understand the potential impact of risks on organisational objectives in order to develop effective strategies for mitigating or managing those risks; and reviewed and refreshed various risk management processes and embedded those across the organisation.

CORPORATE SERVICES

Technology

Technology plays a pivotal role in enabling the mandates of Mumtalakat's business units. Technology achieves this by driving digital transformation, leveraging business intelligence tools and automation, with the goal of increasing productivity, enhancing collaboration, and capitalising on our information assets to derive profitable insights. While doing so, we maintain high standards to protect Mumtalakat and its digital assets against cyber security risks. We also strive to maintain a holistic portfolio-level view towards technology and cyber security, beneficial to Mumtalakat and its holdings.

During the year, we introduced collaborative workspaces equipped with the latest technology; increased the efficiency of cross-functional document review processes through the use of workflow automation; reduced average turnaround time by 70%; and automated the consolidation of KPIs for executive management.

Legal

The Legal Department safeguards Mumtalakat's legal interests and mitigates legal risks and exposure. The Department provides timely legal support across the different functions to enable them to successfully achieve their objectives.

In 2022, the Legal Department did a deep dive on its procedures with the aim of streamlining its process and ensuring higher efficiency; developed and launched a digitised internal approval process in relation to document execution; completed the restructuring of over 20 of its local investments; and set up a framework for its portfolio companies to ensure smooth and efficient legal and corporate services support.

Government & Parliamentary Affairs

The Government and Parliamentary Affairs Department is responsible for all matters related to the Government and Parliament, such as attending public and parliamentary debates and supporting internal units and portfolio companies in public outreach. The department's main objectives encompass handling and liaising with public entities including Parliament and supporting portfolio companies in their public positioning efforts; coordinating with the National Audit Office (NAO) by providing data, following up on findings and reporting the results/progress to the Board Audit & Risk Committee; and coordinating with the Supreme Judicial Council (SJC) on financial disclosures of our appointed portfolio company directors.

In 2022, the department reviewed and advised on the legalities surrounding the use of electronic communications and electronic signatures and played a pro-active role in aligning with external stakeholders with the aim to implement electronic signatures across key documentation; drove an efficient new mechanism that streamlines board appointments; streamlined the process of gathering information through incorporating non-investment data in the regular financial reporting submitted to Mumtalakat by its subsidiaries; and developed and launched in March 2022 a digital helpdesk that keeps track of, and follows up on, all tasks received by the department, playing a key role in enhancing its efficiency.

Procurement

The Procurement Department manages all procurement purchases, including non-investment and investment purchases, to ensure compliance with the Procurement Policy and Procedures and the Bahrain Tender Board's Tender Law.

As a partner and advisor to the various business units within Mumtalakat, the Procurement Department is a driver of transparency and accountability in administering and managing the procurement activities of the company. It negotiates with suppliers to ensure cost savings are achieved; implements effective contract management; and prepares and submits Mumtalakat's Procurement Plan to the Bahrain Tender Board on an annual basis.

By negotiating the winning bidder's proposal and securing a concession on the total quoted rate, the department saved 23% in 2022. Furthermore, the implemented "Procurement Buddy" system has been effective in building stronger relationships across Mumtalakat, with the various teams working together as partners; creating more effective planning with the teams to ensure the most effective procurement strategy is followed; clarifying Procurement's role (and the role of other stakeholders) in the procurement process; and receiving feedback from the teams on the process.

Administration

The Administration Department is responsible for ensuring a timely, coordinated, and comprehensive response to general services support in all business areas and related concerns affecting the quality of the employee work environment.

In pursuit of this mandate, the Administration Department met the organisation's needs in 2022; managed the transition from temporary to permanent offices in the Arcapita building without any work disruption; oversaw the refurbishment of Mumtalakat offices in the Arcapita Building; introduced sustainability options in the refurbished offices; and developed health and safety procedures to support Mumtalakat's employees.

Compliance

Mumtalakat's policy is to ensure compliance with all applicable laws and regulations and the absence of any unlawful, unethical, or improper conduct in its operations and connected activities. To ensure this, the Compliance Department has been completely updated and restructured, and a new senior professional has been appointed to match the organisation's requirements and standards.

The Department is responsible for assuring the existence of an effective compliance programme and framework, including risk assessments, internal controls, testing, and staff training, as well as a risk-based approach to sanctions. Compliance developed and maintained policies and procedures for the general operation of the Department as well as specialised issues such as anti-money laundering, FATCA/CRS, sanctions, bribery, and corruption. It also updated the Compliance Universe, which consists of all applicable local and international laws and regulations. In addition to advising Mumtalakat's functional heads and senior management on compliance-related regulatory matters, the department played a vital role in the decision-making process.

COMMUNICATIONS & EXTERNAL AFFAIRS

The Communications & External Affairs Department is mandated to develop and uphold Mumtalakat's corporate brand identity, raise its profile and generate confidence amongst stakeholders and the wider public in a continuous and coherent narrative in support of Mumtalakat's business and investment strategies to ensure that our stakeholders are well informed of our progress and key achievements.

The department concluded its Mumtalakat rebranding exercise by revealing its new brand and new Arabic and English websites during Q1 2022, and supported all other departments within the organisation in applying the new brand guidelines and tone of voice.

Mumtalakat's first Portfolio Day was conducted, bringing together the boards and executive management of portfolio companies, highlighting Mumtalakat's strategy and the importance of board excellence and involvement to extract value.

Formula 1 Gulf Air Bahrain Grand Prix is one of the main events managed by the Communications & External Affairs department. Mumtalakat had a successful participation at the Formula 1 Gulf Air Bahrain Grand Prix 2022, hosting its guests in its paddock suite during the race weekend and offering a variety of activations and activities to entertain them. This allowed the investment team members to network with international guests and discuss business opportunities.

CORPORATE STRATEGY AND PLANNING

The Corporate Strategy and Planning department is responsible for driving organisational excellence by collaborating with the other Business Units. The department is tasked with proactively ensuring strategic alignment throughout the organisation, which includes ensuring that each department's priorities align with the organisation's overall strategy. Corporate Strategy and Planning is also responsible for performance management, which includes facilitating Key Performance Indicator (KPI) setting and monitoring organisational performance versus KPI targets.

In 2022, the department institutionalised an automated performance monitoring dashboard.



Mumtalakat strives to implement and continuously improve the highest standards of corporate governance in every aspect of our business. We adhere to the Bahrain Ministry of Industry and Commerce Corporate Governance Code. The guidance elaborates on key governance principles, designed to assist companies in managing, leading, organising, and monitoring their business affairs.

Bahrain Mumtalakat Holding Company B.S.C. (c)
(“Mumtalakat” or the “Company”)
Commercial Registration No. 61579

Corporate Governance Report for the Fiscal Year 2022

1 Description of the actions taken to complete the Corporate Governance Code during the year 2022 and how they were applied.

Mumtalakat is governed by the Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001 (“Commercial Companies Law”), the Principles of the Corporate Governance Code (“Governance Code”) as issued by the Bahrain Ministry of Industry and Commerce (“MOIC”) and the Company’s corporate governance framework.

Mumtalakat views corporate governance as the manner in which members of the Board of Directors, shareholder, management and employees of Mumtalakat are organized and how they operate in practice. The highest standards of corporate governance involve keeping business practice above reproach and thus retaining the trust and confidence of all the stakeholders who enable Mumtalakat to operate, thrive and prosper. The Company seeks to achieve the highest level of transparency, accountability and efficient management through the adoption and pursuit of strategies, objectives, policies, and procedures that ensure the fulfillment of its organizational and ethical responsibilities.

During the Fiscal Year ended December 31, 2022 (“FY22”) the Company’s appointed Corporate Governance Officer (“CGO”) coordinated with the Board Governance and Compensation Committee and the Board of Directors to ensure compliance with all corporate governance rules, laws and regulatory requirements in the Kingdom of Bahrain as well as the best corporate governance practice used internationally.

This report outlines the Company’s adherence to the Governance Code as well as the Company’s corporate governance framework. Mumtalakat was in compliance with substantially all of the material provisions of the Governance Code and the Company’s corporate governance framework.

2 Description of the transactions of the directors, their spouses and children in respect of the Company’s shares during FY22

The Government of the Kingdom of Bahrain is the sole owner of Mumtalakat. Therefore, this section is not applicable.

3 Composition of the Board:

- a. Description of the current Board composition:
 The Articles of Association of Mumtalakat state that the Company shall be administered by a Board of Directors consisting of no less than seven members. Until 4 September 2022, the total number of Directors appointed to Mumtalakat’s Board of Directors was nine and thereafter, it was 8 members.

The table below provides information regarding the current Directors, including their names and position, type (executive, non-executive or independent) and first date of Board appointment.

Name	Type (executive, non-executive or independent)	The period of his/her term as a director of the Company starting from the date of his/her first election or appointment
H.E. Shaikh Khalid bin Abdulla Al Khalifa (Chairman)	Non-Executive and independent	27 September 2011 – 4 September 2022*
H.E. Shaikh Salman bin Khalifa Al Khalifa (Chairman)*	Non-Executive and independent	4 December 2018
H.E. Kamal bin Ahmed Mohammed (Deputy Chairman)	Non-Executive and independent	27 September 2011- 16 June 2022
H.E. Mohammed bin Thamer Al Kaabi	Non-Executive and independent	16 June 2022
H.E. Zayed bin Rashid Alzayani	Non-Executive and independent	12 March 2015 – 21 November 2022
H.E. Abdulla Adel Fakhro	Non-Executive and independent	21 November 2022
H.E. Shaikh Mohamed bin Isa Al Khalifa	Non-Executive and independent	1 July 2006
Mr. Khalid Alromaihi (Chief Executive Officer)	Executive and non-independent	1 March 2015
H.E. Khalid Humaidan	Non-Executive and independent	2 February 2016
Dr. Samer Al Jishi	Non-Executive and independent	1 July 2006
Mrs. Elham Hasan	Non-Executive and independent	2 February 2016

*Refers to the date that H.E. Shaikh Khalid stepped down as Chairman and H.E. Shaikh Salman took over as Chairman.

b. Description of the following:

1. Total remunerations paid to the directors for the (last) year 2021.

Name	Board Remuneration Amount in BD
H.E. Shaikh Mohamed bin Isa Al Khalifa	15,000
H.E. Khalid Humaidan	15,000
Dr. Samer Al Jishi	15,000
Mrs. Elham Hasan	15,000
Total Board Remunerations for the (last) year 2021	60,000

2. The proposed total remunerations paid to the directors for the year 2022, which will be presented at the annual general meeting for ratification.

Name	Board Remuneration Amount in BD
H.E. Shaikh Mohamed bin Isa Al Khalifa	15,000
H.E. Khalid Humaidan	15,000
Dr. Samer Al Jishi	15,000
Mrs. Elham Hasan	15,000
Total Proposed Board Remunerations for the year 2022	60,000

3. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2022 according to the following table:

#	Name	Sitting fees paid for attendance of the Board's committees		
		Name of committee	Sitting fees amount	No. of meetings
1	H.E. Shaikh Mohamed bin Isa Al Khalifa	Board of Directors	3,000	6
		Board Investment Committee	1,500	3
		Board Governance and Compensation Committee	1,000	2
2	H.E. Khalid Humaidan	Board of Directors	3,000	6
		Board Audit and Risk Committee	2,500	5
		Board Investment Committee	1,500	3
3	Dr. Samer Al Jishi	Board of Directors	3,000	6
		Board Investment Committee	1,500	3
		Board Governance and Compensation Committee	1,000	2
4	Mrs. Elham Hasan	Board of Directors	3,000	6
		Board Audit and Risk Committee	2,500	5

- c. Number and dates of the Board's meetings held during FY22, in addition to the number of times directors attended in person or by visual communication and a description of the directors present by proxy.

Board of Directors Meeting Attendance (BOD) (2022)		
Date of Meeting	Name of Board Member	Attendance
1st Meeting 10/03/2022 (Virtual Meeting)	H.E. Shaikh Khalid bin Abdulla Al Khalifa	Present – by video conference
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	H.E. Kamal Ahmed	
	H.E. Zayed Al Zayani	
	H.E. Khaled Alromaihi	
	Dr. Samer Aljishi	
	H.E. Khalid Humaidan	
	Mrs. Elham Hasan	Present – by video conference
	H.E. Shaikh Khalid bin Abdulla Al Khalifa	
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	H.E. Zayed Al Zayani	
	H.E. Khaled Alromaihi	
	Dr. Samer Aljishi	
	H.E. Khalid Humaidan	
2nd Meeting 02/06/2022 (Virtual Meeting)	Mrs. Elham Hasan	Present – by video conference
	H.E. Shaikh Khalid bin Abdulla Al Khalifa	
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	H.E. Zayed Al Zayani	
	H.E. Khaled Alromaihi	
	Dr. Samer Aljishi	
	H.E. Khalid Humaidan	
3rd Meeting 30/06/2022 (Virtual Meeting)	Mrs. Elham Hasan	Present – by video conference
	H.E. Shaikh Khalid bin Abdulla Al Khalifa	
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Zayed Al Zayani	
	H.E. Mohammed bin Thamer Al Kaabi	
	H.E. Khaled Alromaihi	
	H.E. Khalid Humaidan	
	Dr. Samer Aljishi	
	Mrs. Elham Hasan	Present – by video conference
	H.E. Shaikh Khalid bin Abdulla Al Khalifa	
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Zayed Al Zayani	
	H.E. Mohammed bin Thamer Al Kaabi	
	H.E. Khaled Alromaihi	
	H.E. Khalid Humaidan	
	Dr. Samer Aljishi	

Board of Directors Meeting Attendance (BOD) (2022)		
Date of Meeting	Name of Board Member	Attendance
4th Meeting 29/09/2022 (Physical Meeting)	H.E. Shaikh Salman bin Khalifa Al Khalifa	Present – In Person
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	H.E. Zayed Al Zayani	
	H.E. Khaled Alromaihi	
	Dr. Samer Aljishi	
	H.E. Khalid Humaidan	
	Mrs. Elham Hasan	Present – In Person
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Mr. Mohammed bin Thamer Al Kaabi	
	H.E. Zayed Al Zayani	
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	H.E. Khaled Al Rumaihi	
5th Meeting 21/11/2022 (Physical Meeting)	H.E. Khalid Humaidan	Present – In Person
	Dr. Samer Aljishi	
	Mrs. Elham Hasan	
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Mr. Mohammed bin Thamer Al Kaabi	
	H.E. Abdulla Adel Fakhro	
6th Meeting 11/12/2022 (Physical Meeting)	H.E. Shaikh Mohamed bin Isa Al Khalifa	Present – In Person
	H.E. Khaled Al Rumaihi	
	H.E. Khalid Humaidan	
	Dr. Samer Aljishi	
	Mrs. Elham Hasan	
	H.E. Shaikh Salman bin Khalifa Al Khalifa	

- d. Description of the Board's duties and competences carried out on its behalf by the Executive Management by delegation of authority, specifying the duration and validity of the delegation.

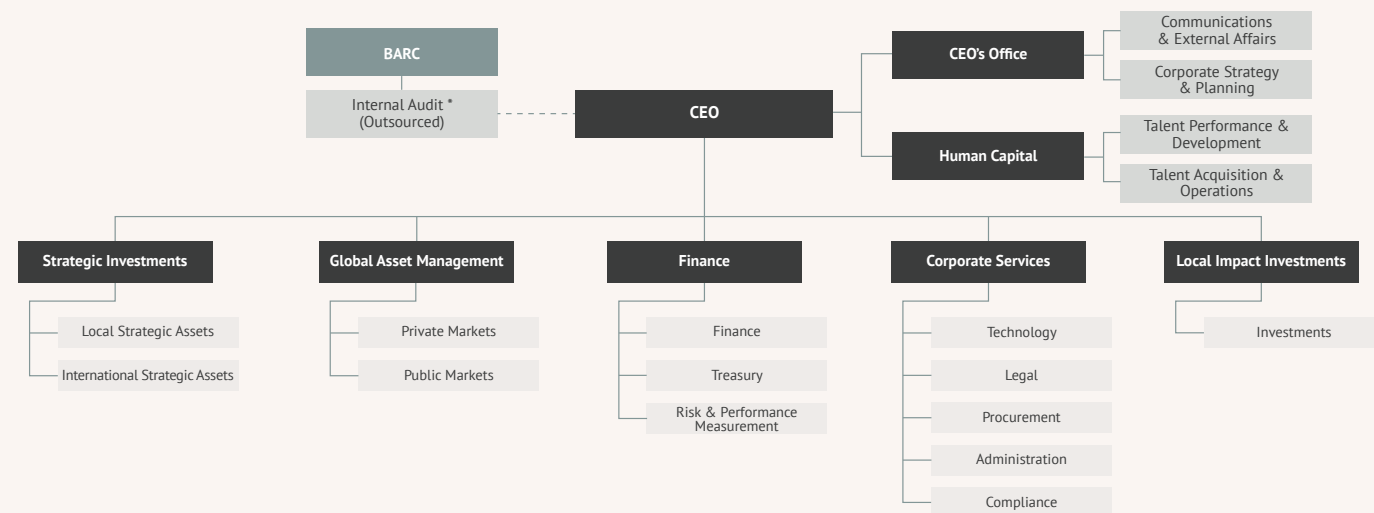
The Board of Directors did not delegate any of its duties or competencies to the Executive Management during FY22.

- e. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction.

Note 30 of Mumtalakat's Consolidated Financial Statements as at December 31, 2022, outlined the full details on transactions with related parties of the Company. Copies of the Consolidated Financial Statements as of December 31, 2022, were distributed to the shareholder and MOIC.

- f. The Company's organizational structure, including the first and second grades at a minimum and including the Company's general manager and/or chief executive officer, deputy general manager and managers.

Organisation Structure



Structure is as of 31st December 2022. As of to date the structure has changed.

* Compliance will assume the responsibility for coordinating Internal Audit activities.

- g. Total remunerations paid to the key executive officers (the top six employees), including salaries, benefits, allowances, increases, stock options, end-of-service benefits, pensions, etc.

Aggregate remunerations paid to the key executive management of the Company is outlined in the below table which is part of the report of the Board of Directors accompanying the Consolidated Financial Statements as of December 31, 2022. Copies of the Consolidated Financial Statements were distributed to the shareholder and MOIC.

Executive management	Total paid salaries and allowances (BD)	Total paid remuneration (Bonus) (BD)	Any other cash/ in kind remuneration for 2022 (BD)	Aggregate Amount (BD)
Top 6 remunerations for executives, including CEO and Senior Financial Officer	962,496	194,305	-	1,156,801

4 External Auditors

- a. Providing shareholders with the auditor's profile and overview of its professional performance. KPMG has had a presence in the Kingdom of Bahrain for over 50 years. From a small local accounting firm, founded in 1968 by university friends Jassim M. Fakhro and Hussain Kasim, KPMG in Bahrain has become one of the largest and most prestigious professional services firms in the country. Today, KPMG in Bahrain employs over 300 professional staff and partners. KPMG provides clients a suite of locally-supported Audit, Tax and Advisory services. KPMG also operates as a global network of independent member firms offering audit, tax and advisory services, working closely with clients, helping them to mitigate risks and grasp opportunities. Member firms' clients include business corporations, governments and public sector agencies and not-for-profit organizations. KPMG member firms can be found in 145 countries. Collectively they employ more than 227,000 people across a range of disciplines.

- b. Fees and charges for the audit or services provided by the external auditor during the year 2022, in addition to a description of the auditor's years of service as the Company's external auditor.

Name of the audit firm	KPMG Fakhro
Years of service as the Company's external auditor	4 Years
Name of the partner in charge of the Company's audit	Jaffar Al Qubaiti
The partner's years of service as the partner in charge of the Company's audit	4 Years
Total audit fees for the financial statements for the year 2022 (BD)	36,000
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2022 (BD) if any. In the absence of such fees, this shall be expressly stated	41,847

5 Audit & Risk Committee

- a. Names, competences and duties of the Audit & Risk Committee members.

The Board Audit & Risk Committee ("BARC") assists the Board of Directors in independently ensuring and maintaining oversight of the Company's financial reporting system, internal control and risk management processes, audit functions and legal and regulatory requirements. Pursuant to the BARC Charter, its main responsibilities include assisting the Company's Board of Directors in identifying and managing principal financial and compliance risks; approving the internal audit plan undertaken by the Internal Auditor; assessing the independence, accountability and effectiveness of the external auditor; and evaluating the adequacy and effectiveness of the Company's procedures and systems including the management reporting processes; and ensuring compliance with legal and regulatory requirements and internal policies.

The members of the BARC are appointed by the Board of Directors of the Company, and at December 31, 2022, consistent with the Governance Code, BARC was comprised of three members, none of which has any other Board responsibilities that could conflict with his/her obligations as a member of BARC.

The members of the BARC as at December 31, 2022 were as follows:

1. Ms. Elham Hasan (Chairwoman): Non-Executive and Independent;
 2. H.E. Mr. Zayed Al Zayani: Non-Executive and Independent until 21 November 2022 and thereafter, H.E. Abdulla Fakhro, Non-Executive and Independent
 3. H.E. Khalid Humaidan: Non-Executive and Independent.
- b. Number and dates of meetings held by the BARC during the year to discuss issues related to financial statements and any other matters and the number of times members attended the meetings in person.

BARC is required by its Charter to meet at least quarterly, with one meeting coinciding with the financial reporting and audit cycle. BARC met five times during FY22, on March 09, 2022, May 29, 2022, June 26, 2022, September 25, 2022, and December 1, 2022.

The table below shows the meeting dates and attendance by the BARC members:

BARC Meeting Attendance (2022)		
Date of Meeting	Name of Board Member	Attendance
1 st Meeting 09/03/2022 (Virtual Meeting)	Mrs. Elham Hasan (Chairwoman)	Present – by video conference
	H.E. Zayed Al Zayani	
	Mr. Khalid Humaidan	
2 nd Meeting 29/05/2022 (Virtual Meeting)	Mrs. Elham Hasan (Chairwoman)	Present – by video conference
	H.E. Zayed Al Zayani	
	H.E. Khalid Humaidan	
3 rd Meeting 26/06/2022 (Virtual Meeting)	Mrs. Elham Hasan (Chairwoman)	Present – by video conference
	H.E. Zayed Al Zayani	
	H.E. Khalid Humaidan	
4 th Meeting 25/09/2022 (Virtual Meeting)	Mrs. Elham Hasan (Chairwoman)	Present – by video conference
	H.E. Khalid Humaidan	
5 th Meeting 01/12/2022 (Physical Meeting)	Mrs. Elham Hasan (Chairwoman)	Present – In Person
	H.E. Khalid Humaidan	

6 Governance and Compensation Committee

- a. Names, competences and duties of the Governance and Compensation Committee's members.

Mumtalakat combined its governance and compensation in one committee named the Board Governance and Compensation Committee ("BGCC"). BGCC assists the Board of Directors of the Company in identifying and nominating individuals to serve as Board and committee members; recommends the remuneration and rewards policy for employees and, particularly, for the executive directors and executive management team; supports the Chairman of the Board in the performance review of the Board and its committees; and establishes the Company's corporate governance framework.

The members of the BGCC are appointed by the Board of Directors of the Company and at December 31, 2022, the BGCC was composed of three members.

The members of the BGCC as at December 31, 2022 were as follows:

1. H.E. Shaikh Salman bin Khalifa Al Khalifa (Chairman); Non-Executive and Independent;
 2. H.E. Shaikh Mohammed bin Isa Al Khalifa: Non-Executive and Independent; and
 3. Dr. Samer Aljishi: Non-Executive and Independent.
- b. Number and dates of meetings held by the BGCC during the financial year and the number of times members attended the meetings in person.

BGCC is required by its Charter to meet at least twice a year. BGCC met two times during FY22, on May 18, 2022, and on December 05, 2022.

The table below shows the meeting dates and attendance by the BGCC members:

BGCC Meeting Attendance (2022)		
Date of Meeting	Name of Board Member	Attendance
1 st Meeting 18/05/2022 (Virtual Meeting)	H.E. Shaikh Salman bin Khalifa Al Khalifa (Chairman)	Present – by video conference
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	Dr. Samer Aljishi	
2 nd Meeting 05/12/2022 (Physical Meeting)	H.E. Shaikh Salman bin Khalifa Al Khalifa (Chairman)	Present - In Person
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	Dr. Samer Aljishi	

7 Governance Committee

- Names, competences and duties of the BGCC's members.
Please refer to section 6 a. above.
- Summary of the committee performance report during the year 2022.

In the first half of 2023, the BGCC led an evaluation of the performance of the Board as a whole, each individual Director and each of the Board Committees for an evaluation period that commenced on January 1, 2022 and ended on December 31, 2022 (the "Evaluation Period"). At the conclusion of the evaluation process, the BGCC reported the below summary to the Board of Directors at the meeting held at the beginning of June 2023 and to the shareholder at the Annual General Meeting to be held in mid-June 2023:

- The Board of Directors is fully engaged in the oversight of the management of the Company, and it is fully discharging its responsibilities as set forth in the Charter of the Board of Directors.
- The Chairman is discharging his duties and responsibilities as Chairman of the Company.
- The Directors individually are discharging their duties and responsibilities as Directors of the Company.
- Each Board Committee is acting in accordance with and discharging its duties and responsibilities pursuant to its Charter.

8 Corporate governance officer's name, qualifications, date of appointment, and contact details.

Mrs. Rasha Sabkar
Managing Director - Corporate Services
Lawyer registered with the Ministry of Justice and Islamic Affairs

Contact Details:

E-mail: rsabkar@mumtalakat.bh
Direct: +973 1756 1130

9 Details of any irregularities committed during the financial year, their causes (if any), and the plan to address them in order to avoid future recurrence.

BGCC and the Board of Directors of the Company have adopted a corporate governance framework in accordance with the Governance Code. Copies of the corporate governance documents which have been adopted by the Company are available on Mumtalakat's website www.mumtalakat.bh.

During FY22, the Company was in compliance with all material provisions of the Governance Code and its corporate governance framework, and no issues were considered outside of the ordinary course of business of the Company.

10 Description of the cash and in-kind contributions made by the Company during the year 2022 for the purpose of community development and environment preservation (In the absence of contributions, it should be stated that the Company did not make any contributions), indicating the recipients of these contributions.

The Corporate Governance Code requires that companies formulate a social responsibility policy and that a company's management team develop an annual strategy or plan to implement the corporate social responsibility philosophy. Mumtalakat, being a company owned by the Government, and entrusted with the management of public funds, is restricted from donating or contributing such funds to charitable or social organizations, unless it receives a return from doing so. Due to this restriction, the Company did not make any contributions.

However, the Company has developed a Corporate Responsibility Statement (rather than a policy and an annual plan) which states that the Company encourages good corporate conduct and community participation, and that it will encourage its employees to act as good corporate citizens. The document specifically allows for sponsorships, because of the benefit to the Mumtalakat brand from having its logo displayed during public events and conferences.

- Statement of shareholders' equity as of 31/12/2022 (individuals, corporate, government or organizations) to be classified as follows: Local, Gulf, Arab, and foreign.

#	Shareholder classification	Shareholding %			
		Individuals	Corporate	Government or Organisations	Total
1	Local	-	-	100%	100%
2	Arab	-	-	-	-
3	Foreign	-	-	-	-
	Total	-	-	100%	100%

- Description of the shareholders who hold 5% or more of the Company's share capital, indicating the name of the natural person who holds the shares, the final beneficiary, as at 31/12/2022 as follows:

#	Name	Number of shares held	Shareholding %	Name of the natural person, the final beneficiary
1	Government of Bahrain	2,000,000,000	100%	Wholly owned by the Government of Bahrain

- Description of how shareholders are distributed according to their respective shareholding as at 31/12/2022 as follows:

#	Shareholding (share)	No of shareholders	Number of shares held	Shareholding %
1	<50,000	-	-	-
2	50,000 to 500,000	-	-	-
3	500,000 to 5,000,000	-	-	-
4	>5,000,000	1	2,000,000,000	100%

d. Description of the significant events that occurred during the year 2022.


Neither the Board of Directors, nor any of its committees considered any issues that were outside of the ordinary course of business during FY22.

11 Compliance with the provisions of the Corporate Governance Code, as follows:

Principle	Non-compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.			✓	Wholly owned by the Government of Bahrain
Principle 2: The directors and executive management shall have full loyalty to the company.			✓	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.			✓	
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors			✓	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.			✓	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
Principle 8: The Company shall disclose its corporate governance.			✓	
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	

12 Any disclosures required by the regulatory authorities.

The Company is not subject to any additional disclosures mandated by the regulatory authorities.



Salman bin Khalifa Al Khalifa
Chairman

Date: 8th June 2023



Official Seal of the Company

INDEPENDENT AUDITOR’S REPORT



KPMG Fakhro
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Kingdom of Bahrain

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CR No. 6220

Independent auditors’ report

TO THE SHAREHOLDER

*Bahrain Mumtalakat Holding Company B.S.C (c)
Kingdom of Bahrain*

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2022, the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and related note, are derived from the audited consolidated financial statements of Bahrain Mumtalakat Holding Company B.S.C (c) (“the Company”) and its subsidiaries (together “the Group”) for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by international Financial Reporting Standards as issued by the International Accounting Standards Boards (IFRS Standards). Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 8 June 2023.

Responsibility of the Board of Directors for the Summary Consolidated Financial Statements

Board of Directors is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 1.

Auditors’ Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), “Engagements to Report on Summary Financial Statements.”

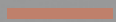
KPMG Fakhro
Partner registration number 83
12 June 2023



KPMG Fakhro, a Bahrain partnership registered with the Ministry of Industry, Commerce and Tourism (MOICT), Kingdom of Bahrain and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.




FINANCIAL STATEMENTS



Summary Consolidated Statement of Financial Position

31 December 2022


	2022 BD '000	2021 BD '000
ASSETS		
Cash and bank balances	276,522	243,467
Derivative financial instruments	42,225	8,843
Trade receivable, prepayments and other receivables	397,255	452,334
Inventories	475,179	427,564
Investments carried at fair value through statement of income	476,201	521,058
Investment in associates and joint ventures	904,756	949,231
Investment properties	415,879	394,156
Property, plant and equipment	2,835,383	2,825,312
Other assets	145,850	169,788
Intangible assets	650,141	716,138
Goodwill	74,343	220,866
TOTAL ASSETS	6,693,734	6,928,757
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	2,032,666	2,309,544
Derivative financial instruments	8,177	16,565
Lease liabilities	653,484	584,111
Trade payable, accruals and other liabilities	681,572	665,446
Employees' end of service benefits	12,005	13,724
Total liabilities	3,387,904	3,589,390
Equity		
Share capital	2,000,000	2,000,000
Capital contribution	518,852	448,531
Statutory reserve	81,225	81,225
Other reserves	10,921	(387)
Retained earnings	49,112	183,862
Total equity attributable to owner of the company	2,660,110	2,713,231
Non-controlling interests	645,720	626,136
Total equity	3,305,830	3,339,367
TOTAL LIABILITIES AND EQUITY	6,693,734	6,928,757



Salman Bin Khalifa Al Khalifa
Chairman



Suha S. Karzoon
Managing Director - Finance



Elham Hasan
Director


Summary Consolidated Statement of Income

Year ended 31 December 2022


	2022 BD '000	2021 BD '000
Revenue	2,662,380	2,170,068
Direct costs	(2,060,724)	(1,585,940)
Gross profit	601,656	584,128
Dividend income	9,026	1,723
Fair value (loss) / gain on investments carried at fair value through statement of income	(1,962)	50,241
Other operating income	27,868	37,491
Government assistance	16,518	16,877
Selling and distribution expenses	(168,289)	(99,098)
Administrative expenses	(201,725)	(220,065)
Other operating expenses	(32,416)	(26,147)
Operating profit	250,676	345,150
Share of profit of associates and joint ventures	40,876	27,055
Interest income	4,270	3,169
Interest expense	(144,934)	(131,658)
Fair value gain on other financial instruments (net)	14,688	67,839
Impairment losses	(194,325)	(19,454)
(LOSS) / PROFIT BEFORE TAX	(28,749)	292,101
Income tax (expense) / credit for the year	(25,244)	37,050
(LOSS) / PROFIT FOR THE YEAR	(53,993)	329,151
Attributable to:		
Owner of the Company	(115,120)	186,162
Non-controlling interests	61,127	142,989
	(53,993)	329,151



Salman Bin Khalifa Al Khalifa
Chairman



Suha S. Karzoon
Managing Director - Finance



Elham Hasan
Director

Summary Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	2022 BD '000	2021 BD '000
NET (LOSS) / PROFIT FOR THE YEAR	(53,993)	329,151
Other comprehensive income		
<i>Items that are or may be reclassified to consolidated statement of income in subsequent periods</i>		
Movement in cumulative changes in fair values	35,910	14,196
Share of changes in equity of associates	(2,911)	(3,603)
Foreign currency translation	(26,287)	(12,911)
<i>Items that will not be reclassified to consolidated statement of income in subsequent periods</i>		
Remeasurement gain / (loss) on defined benefit plan	1,827	(1,750)
Total other comprehensive income for the year	8,539	(4,068)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(45,454)	325,083
Attributable to:		
Owner of the company	(103,812)	183,833
Non-controlling interests	58,358	141,250
	(45,454)	325,083

Summary Consolidated Statement of Cash Flows

Year ended 31 December 2022

	2022 BD '000	2021 BD '000
OPERATING ACTIVITIES		
Net (loss) / profit before tax for the year	(28,749)	292,101
Adjustments for:		
Depreciation	201,951	197,520
Amortisation	73,513	84,209
Fair value gain on other financial instruments	(14,688)	(67,839)
Fair value loss / (gain) on investments carried at fair value through statement of income	1,962	(50,241)
Gain on disposal / transfer of investment properties	(684)	(1,047)
Share of profits of associates and joint ventures	(40,876)	(27,055)
Impairment losses	194,325	19,454
Provision for impairment on trade receivables and other receivables	2,652	8,806
Provision for impairment of inventories	18,389	1,102
Gain on disposal of investment in associate	(622)	-
Gain on property, plant and equipment	(3,510)	(686)
Interest income	(4,270)	(3,169)
Interest expense	144,934	131,658
Employees' end of service benefits	2,932	3,028
Others	(127)	(5,984)
Operating profit before changes in operating assets and liabilities	547,132	581,857
Changes in operating assets and liabilities:		
Inventories	(51,224)	(98,108)
Trade receivable, prepayments and other receivables	51,479	(146,022)
Trade payable, accruals and other liabilities	93,153	(38,194)
Cash from operating activities	640,540	299,533
Income tax paid	(4,154)	(4,534)
Derivative financial instruments	2,435	(1,403)
Employees' end of service benefits paid	(4,651)	(2,857)
Net cash from operating activities	634,170	290,739

Summary Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2022

	2022 BD '000	2021 BD '000
INVESTING ACTIVITIES		
Investment in associates and joint venture	(5,940)	(16,664)
Purchase of investments carried at fair value through statement of income	(6,732)	(13,522)
Proceeds from sale of investments carried at fair value through statement of income and other investments	59,827	43,533
Purchase of property, plant and equipment	(148,273)	(44,187)
Proceeds from disposal of property, plant and equipment	19,172	4,906
Investment in properties	(24,295)	(1,733)
Proceeds from sale of investment properties	1,273	3,125
Intangible assets	(84,831)	(100,995)
Other assets	24,458	61,632
Short term deposits	(18,085)	162
Interest received	3,265	2,590
Dividends from associates and joint ventures	42,553	34,997
Net cash used in investing activities	(137,608)	(26,156)
FINANCING ACTIVITIES		
Capital contribution	-	37,600
Proceeds from borrowings	629,755	1,493,475
Repayment of borrowings	(907,873)	(1,528,834)
Interest paid	(115,327)	(112,489)
Lease liabilities payments	(45,826)	(79,357)
Dividend paid to shareholder of the parent	(20,000)	(20,000)
Dividend paid to non-controlling interests	(37,067)	(11,759)
Movement in non-controlling interests (net)	(555)	(33)
Net cash used in financing activities	(496,893)	(221,397)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(331)	43,186
Exchange loss on cash and cash equivalent	(20,916)	(370)
Cash and cash equivalents at beginning of the year	213,199	170,383
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	191,952	213,199

Summary Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Attributable to owner of the company						Non-controlling interests	Total equity
	Share capital BD '000	Capital contribution BD '000	Statutory reserve BD '000	Other reserves BD '000	Retained earnings BD '000	Total BD '000	BD '000	BD '000
Balance at 31 December 2020	2,000,000	341,389	62,609	48	34,792	2,438,838	453,000	2,891,838
Net income for the year	-	-	-	-	186,162	186,162	142,989	329,151
Other comprehensive income	-	-	-	(3,076)	747	(2,329)	(1,739)	(4,068)
Total comprehensive income	-	-	-	(3,076)	186,909	183,833	141,250	325,083
Contribution by the shareholder	-	107,142	-	-	-	107,142	-	107,142
Shares issued to non-controlling interests of a subsidiary	-	-	-	-	-	-	55,762	55,762
Dividend paid to shareholder of the parent	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(11,759)	(11,759)
Fair value gain/loss on preference shares and warrants	-	-	-	2,641	-	2,641	(11,307)	(8,666)
Transfer to statutory reserve	-	-	18,616	-	(18,616)	-	-	-
Other movement in non-controlling interests	-	-	-	-	777	777	(810)	(33)
Balance at 31 December 2021	2,000,000	448,531	81,225	(387)	183,862	2,713,231	626,136	3,339,367
Net loss for the year	-	-	-	-	(115,120)	(115,120)	61,127	(53,993)
Other comprehensive income	-	-	-	11,308	-	11,308	(2,769)	8,539
Total comprehensive income	-	-	-	11,308	(115,120)	(103,812)	58,358	(45,454)
Contribution by the shareholder	-	70,321	-	-	-	70,321	-	70,321
Acquisition of non-controlling interests of a subsidiary	-	-	-	-	-	-	(782)	(782)
Dividend paid to shareholder of the parent	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(37,067)	(37,067)
Other movement in non-controlling interests	-	-	-	-	370	370	(925)	(555)
Balance at 31 December 2022	2,000,000	518,852	81,225	10,921	49,112	2,660,110	645,720	3,305,830

NOTE TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation

The Board of Directors of Bahrain Mumtalakat Holding Company B.S.C (c) ("the Company") is responsible for the preparation of the summary consolidated financial statements. The summary consolidated financial statements were extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2021. Those audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Therefore, the summary consolidated financial statements have also been recognised and measured in accordance with IFRS. The audited consolidated financial statements are available with the management of the Company.



Mumtalakat

www.mumtalakat.bh