

بورصة البحرين
BAHRAIN BOURSE



7 Broadening Investment Opportunities

Annual Report 2022

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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

Corporate Information

Name

Bahrain Bourse

Logo



Subsidiary Companies



Name of Subsidiary

Bahrain Clear B.S.C (c)

Ownership

100%

Country of Establishment

Kingdom of Bahrain

Establishment Date

23rd May 2017

License Category

Licensed by Central Bank of Bahrain as Clearing, Settlement and Central Depository

Legal form

Bahrain Bourse was established in 2010 in accordance with Law No. 60 for the year 2010 as a closed shareholding company to replace its predecessor Bahrain Stock Exchange.

Bahrain Bourse is the sole entity in the Kingdom of Bahrain licensed by the Central Bank of Bahrain to act as a licensed exchange.

Auditors

DELOITTE & TOUCHE
MIDDLE EAST

Partner Registration No. 184
Manama, Kingdom of Bahrain

Main Office/Registered Office

Bahrain Bourse Company BSC (c)
Unit Number: 4001, Building 1435
Road 4626, Block 346
Bahrain Financial Harbour
Harbour Gate - Level 4
P.O. Box 3203
Manama
Kingdom of Bahrain

Helpdesk: +973 17 261260
Email: info@bahrainbourse.com
www.bahrainbourse.com

Social Media: @bahrainbourse



Bahrain Bourse Mobile App:



Overview

Broadening Investment Opportunities

At Bahrain Bourse we aim to offer our stakeholders with the best investment and trading solutions, and pair it with creative insights and problem solving skills to provide our investors, issuers, and intermediaries with valuable resources to meet their every expectation and to offer them with an “Oasis of Investment Opportunities”.

About Bahrain Bourse

Bahrain Bourse is a self-regulated multi-asset marketplace. Bahrain Bourse aims to offer to its investors, issuers, and intermediaries a comprehensive suite of exchange-related facilities including offering listing, trading, settlement, and depository services for various financial instruments.

We aim to offer our stakeholders with the best investment and trading solutions, and pair it with creative insights and problem solving skills to provide our investors, issuers, and intermediaries with valuable resources to meet their every expectation. Our key growth pillars underpins our way of conducting business and how we interact with our stakeholders: Origination, Innovation, Collaboration, and Pioneering Spirit, and all of them working together is what enables us to offer you with an "Oasis of Investment Opportunities".

Our history extends back to 1987, which marked the establishment of "Bahrain Stock Exchange (BSE)", the predecessor of "Bahrain Bourse (BHB)". Since then, Bahrain Stock Exchange has achieved milestone successes, largely attributed to the support of the Government of Kingdom of Bahrain and the collaboration provided by its stakeholders. In 2010, Bahrain Bourse was established in accordance with Law No. 60 for the year 2010 as a shareholding company to replace its predecessor Bahrain Stock Exchange. Bahrain Bourse is the sole entity in the Kingdom of Bahrain licensed by the Central Bank of Bahrain to act as a licensed exchange.

Bahrain Clear, a fully-owned subsidiary of Bahrain Bourse, was established in June 2017 as a clearing house with a disclosed capital of BD5 million, and a paid up capital of BD1 million. Bahrain

Clear is licensed by the Central Bank of Bahrain and offers pre and post trade services to investors as well as a range of services including transactions depository, clearing, settlement, central registry and registration.

Since its establishment, BHB has joined several regional and international organizations such as Arab Federation of Capital Market "AFCM", International Organization of Securities Commissions "IOSCO", World Federation of Exchanges "WFE", Africa & Middle East Depositories Association "AMEDA", and Association of National Numbering Agencies "ANNA", partner exchange member to the Sustainable Stock Exchanges "SSE" Initiative, and Middle East Investor Relations Association – Bahrain Chapter "MEIRA", which enables Bahrain Bourse to bolster its position within the global capital markets.

What we do

Bahrain Bourse, as a Self-Regulated Organization (SRO) and a front-line regulator, plays a key role in shaping Bahrain's capital markets. Bahrain Bourse provides a platform for the listing and trading of various securities including Equities, Real Estate Investment Traded Funds (REITs), Government Bonds and Sukuks, T-Bills, Mutual Funds, and Bahrain Investment Market.

Vision, Mission and Values

Vision

A regional multi-asset class marketplace leader.

Mission

To provide a unique suite of listing, trading, and settlement & depository services to all stakeholders through an efficient capital markets platform and facilitate innovative capital raising opportunities.

Core values

-  Transparency
-  Integrity
-  Efficiency
-  Commitment to Excellence
-  Teamwork
-  Fairness
-  Flexibility



Key Achievements

January

- Bahrain Clear Signs MoU with Securities Clearing Center Company (Muqassa)

February

- Bahrain Bourse Kicks-Off Second Edition of the Capital Markets Apprenticeship Program
- Bahrain Bourse and Bahrain Clear Participate in HSBC's Markets & Securities Services MENAT Forum 2022
- Bahrain Clear Rolls out a Comprehensive Value-added Suite of eAGM and eVoting Services including Board Elections



Awarded for Outstanding Contribution to Capital Markets Development



Kicks off of 24th Edition of the TradeQuest Program 2022-2023



Honoring Top Finalists for 2021-2022 TradeQuest Program



Launch of Tabadul Exchange Hub

March

- For the first time in 17 years, Bahrain All Share Index Surpasses 2,000 points Threshold in 2022
- Bahrain Bourse "Rings the Bell for Gender Equality" for the 4th Consecutive Year
- Bahrain Bourse Announces the Commencement of Subscription in the 28th Issue of the Government Development Bond With a Size of BHD 150 Million and a Return of 4.20%
- Bahrain Bourse Receives Handover of Presidency of the Arab Federation of Capital Markets for the Year 2022

April

- Under the Patronage of His Excellency Shaikh Salman bin Khalifa Al Khalifa, Minister of Finance and National Economy, Bahrain Bourse Concludes the Arab Federation of Capital Markets Annual Conference
- Bahrain Bourse Achieves Excellence in Customer Service Award via the National Suggestions & Complaints System 'Tawasul'



Listing of Kuwait Finance House K.S.C.P. Ceremony



BHB Concludes the 2nd Edition of the Capital Markets Apprenticeship Program



BHB Receives Handover of Presidency of the Arab Federation of Capital Markets for the Year 2022

May

- Under the patronage of the Central Bank of Bahrain, Bahrain Bourse Honors Top Finalists for 2021-2022 TradeQuest Program with a Total of BD 30,000 Cash Rewards
- Bahrain Bourse Announces the Commencement of Subscription in the 29th Issue of the Government Development Bond With a Size of BHD 150 Million and a Return of 5.50%
- Bahrain Bourse in Collaboration with INJAZ Bahrain Holds Ceremony to Conclude the 2021-2022 Smart Investor Program
- The BIBF and Bahrain Bourse Launch a Series of Webinars under the Investment Academy
- Abu Dhabi Securities Exchange (ADX) and Bahrain Bourse (BHB) discuss high-level strategic partnership in Abu Dhabi
- In Collaboration with United Nations Sustainable Stock Exchanges Initiative, Bahrain Bourse Hosts Training Workshop on 'Task Force on Climate-related Financial Disclosures (TCFD)'
- Bahrain Bourse Heads Arab Federation of Capital Markets Delegation Meetings with London Stock Exchange Group

Key Achievements (Continued)

June

- Bahrain Bourse and Middle East Investor Relations Association (MEIRA) Hold Investor Relations (IR) Workshop

July

- In the Presence of HE Minister of Finance and National Economy, Bahrain Bourse and Abu Dhabi Securities Exchange (ADX) Launches Tabadul Exchange Hub
- Bahrain Bourse Announces the Commencement of Subscription in the 30th Issue of the Government Development Bond With a Size of BHD 200 Million and a Return of 6.20%
- Bahrain Bourse Kicks-off the 5th Edition of the Smart Investor Program in Collaboration with INJAZ Bahrain



Accorded Two Prestigious Awards In relation to Sustainability and Investor Awareness

August

- Bahrain Clear Launches Bahrain Private Market for Closed Shareholding Companies
- Bahrain Bourse Accorded Two Prestigious Awards In relation to Sustainability and Investor Awareness
- Bahrain Clear Provides Bahrain Private Market Services to Shareholding Closed Companies
- Bahrain Bourse Holds Bahrain Investment Market Workshop for "Beban" Entrepreneurs
- Bahrain Bourse Holds a Workshop in Cooperation with the Supreme Council for Women on HRH Princess Sabeeka Bint Ibrahim Al Khalifa Award for Bahraini Women Advancement

September

- Bahrain Bourse Concludes its Participation in "Youth City 2030" Program
- Ahli United Bank Announces its Gold Sponsorship to the 5th Edition of the "Smart Investor" Program



Signing of "Tabadul" Cooperation Agreement with Muscat Stock Exchange

October

- Bahrain Bourse "Rings the Bell for Financial Literacy" as Part of IOSCO's World Investor Week 2022
- Kuwait Finance House K.S.C.P. Shares Commence Trading on Bahrain Bourse
- National Bank of Kuwait Announces its Bronze Sponsorship to the 5th Edition of the "Smart Investor" Program
- Bahrain Bourse (BHB) Awarded by Global Business Outlook for Outstanding Contribution to Capital Markets Development
- Bahrain Bourse Signs "Tabadul" Cooperation Agreement with Muscat Stock Exchange

November

- Bahrain Bourse and Bahrain Clear Hold Breast Cancer Awareness Session
- Bahrain Bourse Re-Elected as Board Members of the Arab Federation of Capital Markets
- Bahrain Bourse Kicks off the 24th Edition of the TradeQuest Challenge 2022-2023

December

- Bahrain Bourse Implements Violations Framework for Issuers Covering 19 Violations
- Bahrain Bourse Announces Hosting the Middle East Investor Relations Association "MEIRA" 2023 Annual Conference



BHB Receives Excellence in Customer Service Award via "Tawasul"

Strengthening our partnerships

Bahrain Bourse signed an MoU with MSX that aims at enhancing cooperation between both markets and benefitting from the exchange of experience. In addition, a cooperation agreement was signed between BHB and MSX, in which MSX joined the "Tabadul" platform to link both markets and enable direct trading on Bahrain Bourse and Muscat Stock Exchange. The agreement aims to achieve synergies, enhance market liquidity and promote innovative products and services as well as facilitate trading of investors in both markets and support sustainable growth.

2022 Highlights

Market Capitalization increased by

5.49%

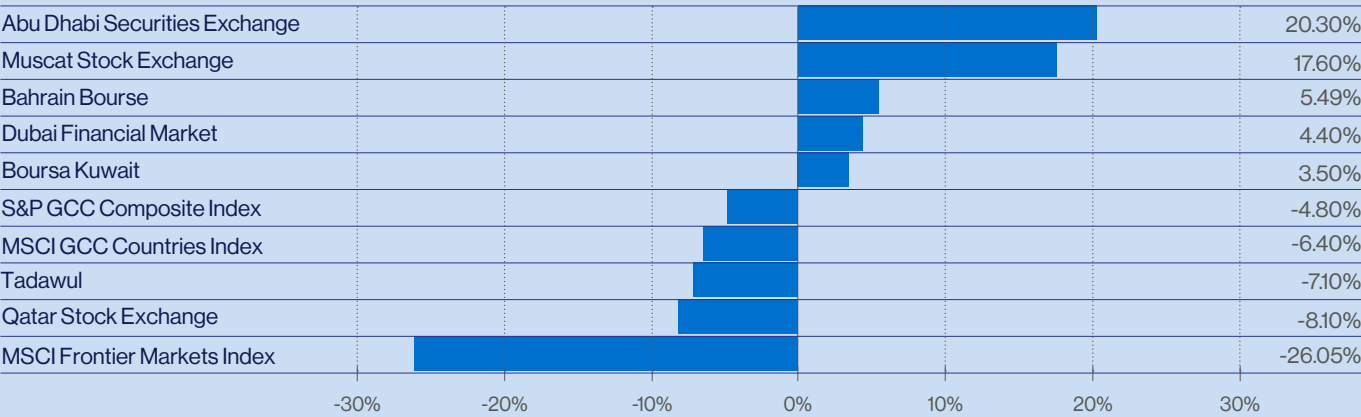
Bahrain All Share Index increased by

5.45%

Market Capitalization during 2022 Increased to

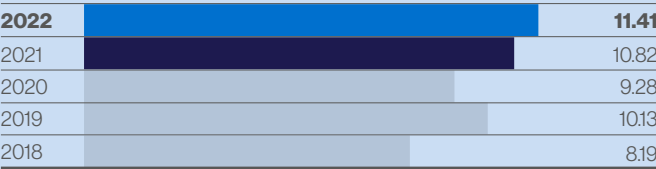
BD 11.41b

Market Performance
(Index % Change)

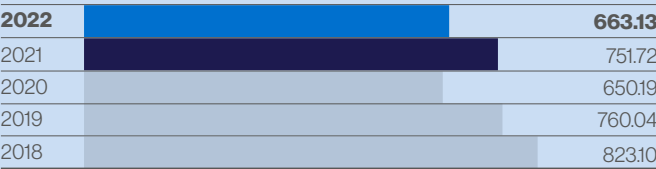


2022 Highlights (Continued)

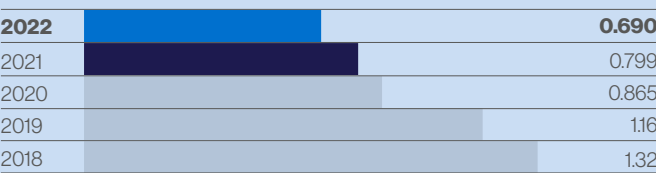
Market Capitalization
(BD Billion)



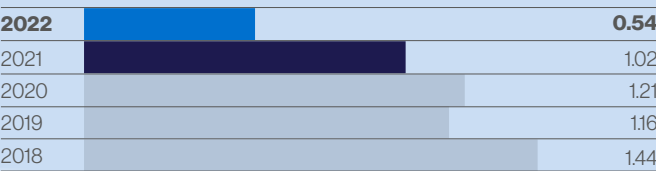
Bahrain Islamic Index
(Points)



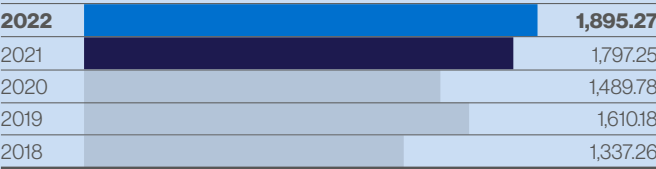
Average Daily Traded Value
(BD Million)



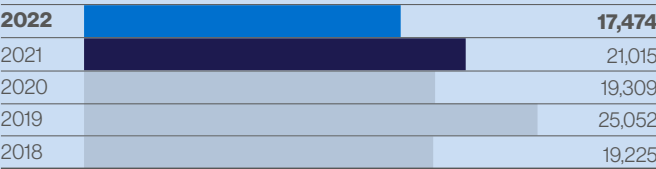
Volume of Shares Traded
(Billion Shares)



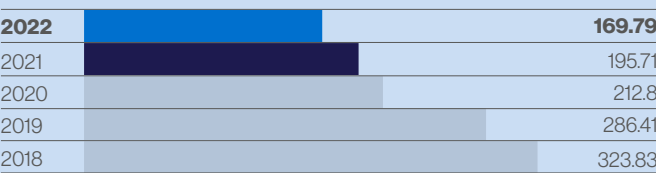
Bahrain All Share Index
(Points)



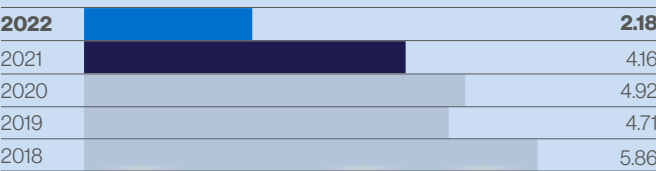
Transactions



Value of Shares Traded
(BD Million)



Average Daily Traded Volume
(Million Shares)



Stakeholder Engagement

Stakeholder and investor engagement forms a critical aspect of our strategy and success. Hence, we seek to maintain an open, transparent, and collaborative dialogue with each of our diverse stakeholder groups in various forums and modes.

Bahrain Bourse's main stakeholder groups are highlighted below and have been categorized in broad terms, using generic stakeholder categories that apply to most industries which includes regulatory bodies, investors, issuers, members, community, employees, media, market data vendors, and partners.



Regulatory Bodies

Engagement Method
Open dialogue, rules and regulations, workshops and seminars, conference and panel participations, periodic reporting .



Investors

(Institutional & Retail)
Engagement Method
Open dialogue, workshops, virtual roadshows, workshops and seminars, conference and panel participations, periodic trading bulletins, Investors Guide, mobile app, website, investor satisfaction surveys, complaints management portals.



Members

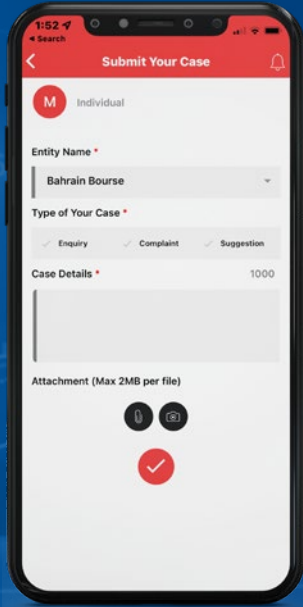
(Brokerage firms, market makers, custodians)
Engagement Method
Open Dialogue, Industry Working Groups, consultation papers, semi-annual brokers meeting, workshops, webinars.



Employees

Engagement Method
Employee satisfaction surveys, workshops, trainings and seminars, corporate events, long-service recognition awards, employee briefings, HR management intranet platform.

Stakeholder Engagement (Continued)



Market Data Vendors

Engagement Method
Market Notices, corporate actions, website, webinars.



Issuers

Engagement Method
Rules, Open Dialogue, international investor roadshows, public industry consultations, CEO lunch, bell-ringing ceremonies, webinars, AGMs.



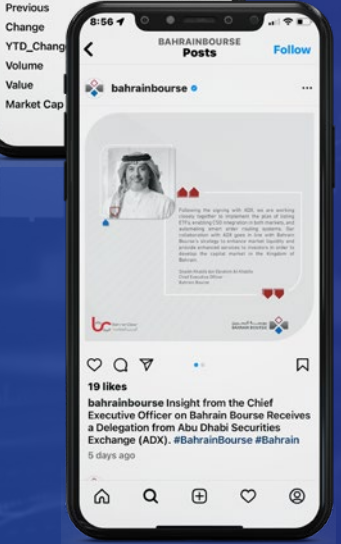
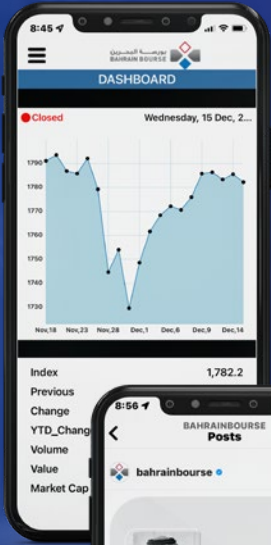
Partners

Engagement Method
Open dialogue, Industry Working Groups, corporate events, workshops and seminars, conference and panel participations.



Community

Engagement Method
Educational workshops, financial literacy programs via the Investment Academy, social media, website, Investors Guide, mobile app.



Suppliers

Engagement Method
RFPs, tenders, meetings, workshops.

Board of Directors



Abdulkarim Ahmed Bucheery
Chairman

Independent & Non-Executive Director ■
Joined the Board of Directors on
27th December 2016



Ali Yousif Fardan
Vice Chairman

Independent & Non-Executive Director ●
Joined the Board of Directors on
27th December 2016



Hassan Amin Jarrar
Member

Independent & Non-Executive Director ▲
Joined the Board of Directors on
27th December 2016



Yaser Abduljalil Alsharifi
Member

Independent & Non-Executive Director ▲
Joined the Board of Directors on 27th
December 2016, until 6th October 2022

- Member of the Executive Committee.
- ▲ Member of the Audit & Risks Committee.
- Member of the Nomination, Remuneration, and Corporate Governance Committee.

Board of Directors (Continued)



Deena Ebrahim Al-Ansari
Member

Independent & Non-Executive Director ▲
Joined the Board of Directors on
27th December 2016



Abdulrahman Hamid Al-Zayani
Member

Independent & Non-Executive Director ■
Joined the Board of Directors on
27th December 2016



Saleh Hasan Husain
Member

Independent & Non-Executive Director ■
Joined the Board of Directors on
14th June 2020



Narjes Mohamed Alqaseer
Member

Independent & Non-Executive Director ●
Joined the Board of Directors on
14th June 2020



Matthew John Deakin
Member

Independent & Non-Executive Director ●
Joined the Board of Directors on
14th June 2020

- Member of the Executive Committee.
- ▲ Member of the Audit & Risks Committee.
- Member of the Nomination, Remuneration, and Corporate Governance Committee.

Chairman's Statement

A year of further strategic progress with strong growth



③ The signing of the agreement supports GCC countries' collaborative efforts to enhance the relations between institutions and systems to strengthen collaborative efforts across GCC capital markets.

Abdulkarim Ahmed Bucheery
Chairman

Chairman's Statement (Continued)

During 2022, Bahrain Bourse focused on intensifying regional and global outreach particularly in line with bolstering the goals and objectives set towards the Financial Services Sector Development Strategy 2022-2026 in terms of strengthening GCC linkages. This year witnessed a key milestone within the regional capital markets, marked by the launch of "Tabadul", the region's first digital exchange hub.

"Tabadul" was the result of the signed strategic partnership agreement in November 2021 between Abu Dhabi Securities Exchange (ADX) and Bahrain Bourse (BHB) to implement a cross-border plan in trading and post-trading environments. Based on the mutual market access model, "Tabadul" allows investments across Bahrain Bourse and Abu Dhabi and enable investors to trade directly on both exchanges through licensed brokers in both markets.

Following the launch of "Tabadul" by Bahrain Bourse and ADX in July 2022, Muscat Stock Exchange joined the "Tabadul" platform in October 2022, according to a cooperation agreement signed by Bahrain Bourse and Muscat Stock Exchange. The signing of the agreement supports GCC countries' collaborative efforts to enhance the relations between institutions and systems to strengthen collaborative efforts across GCC capital markets.

On the regulatory front, Bahrain Bourse implemented the Issuers Violations Framework that covers a total of 19 violations, with the aim of enhancing transparency and fairness in the market by preventing violations and its associated risk in the market. The Issuers Violations Framework stipulates the rules for imposing monetary fines and/or sanctions, and the violations framework that apply for non-compliance to the Listing Rules, and any other applicable BHB business rules, regulations and directives as deemed appropriate. The implementation of the Issuers Violations Framework comes in line with Bahrain Bourse's commitment to position Bahrain's capital market at the forefront of adopting global financial market standards.

With regards to Bahrain Clear, Bahrain Bourse's fully-owned subsidiary, the company continued its efforts to enhance the services it provides to investors and issuers. This year, Bahrain Clear expanded its services to encompass both public and private shareholding companies with the launch of Bahrain Private Market, a new comprehensive platform for closed shareholding companies. The platform aims to provide a full suite of bespoke share registrar services in a secure and electronic format in accordance with issued Law No. (09) of 2022 in relation to commercial registration services published in the Official Gazette No. (3594).

With the launch of Bahrain Private Market, Bahrain Clear will utilize its expertise to further support the growth of private market infrastructures and foster innovation. The platform enables closed shareholding companies to access, connect, manage and execute their transactions in an efficient and effective manner. Serving as a unique platform for closed shareholding companies, Bahrain Private Market provides greater flexibility and the opportunity to trade shares between existing shareholders.

In addition, Bahrain Clear launched a comprehensive value-added services for both public shareholding companies and closed companies to offer eAGM and eVoting services including Board Elections. The web-based service aims to drive higher shareholder engagement through enabling both virtual and hybrid AGMs, real-time access to voting results with weighted voting and meeting quorum, providing secure verification of shareholders and their representatives, and enabling flexibility in accessibility.

Total operating revenues

BD 4.79 m

2021: BD 3.56 million

Chairman’s Statement (Continued)

whilst offering full audit trails. The service aims to further highlight the importance of shareholders’ role in fully exercising their voting rights during AGMs through easier connectivity in virtual or hybrid formats, which will further drive and enhance shareholder engagement.

This major milestone aims to embrace best corporate governance and investor relations practices whilst maintaining higher shareholder engagement as well builds upon the success achieved in previous years in terms of offering electronic AGM services.

During the year, more than BD 224.92 million were distributed as cash dividends for the year ended 31st December 2022 (for companies listed on Bahrain Bourse as well as cross listed companies), and more than BD 4.11 million as unclaimed accumulated cash dividends. Bahrain Clear will continue its efforts to develop its processes and systems to update shareholders’ information by contacting them and implementing KYC procedures in order to reach out to the maximum number of shareholders with accumulated dividends.

Financials

Our results are a testament to the progress of BHB over the years that has been focused towards cultivating capital raising and investment opportunities and enhancing operational efficiency. We believe that Bahrain Bourse’s solid infrastructure, and optimistic strategy will drive more opportunities to the Bahraini capital market to achieve higher profitability in the upcoming years.

Looking into Bahrain Bourse’s financial performance in 2022, BHB achieved a net profit of BD 224,081 compared to a loss of BD 455,010 to record an increase of 149% in comparison to year 2021. The total operating revenues amounted to BD 4.79 million in 2022 compared to BD 3.56 million in 2021, recording an increase of approximately 35%. The total operating expenses were BD 4.57 million in comparison to BD 4.01 million in 2021, reporting an increase of approximately 14%.

Bahrain Bourse’s total assets increased to BD 49.93 million in 2022 against BD 44.47 million in 2021, while the total liabilities reached BD 46.12 million compared to BD 40.88 million in 2021. Shareholders’ equity increased from BD 3.59 million in 2021 to BD 3.81 million in 2022. Bahrain Bourse achieved positive results despite scaling down of the government’s financial support since 2019.

Chairman’s Statement (Continued)

Acknowledgements

On behalf of myself and Bahrain Bourse’s Board of Directors and Management team, I would like to express my thanks and sincere appreciation to His Majesty King Hamad bin Isa bin Salman Al Khalifa, King of the Kingdom of Bahrain and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander of the Armed Forces, and Prime Minister for their guidance and continuous support to Bahrain Bourse, and their ongoing efforts to support the prosperity of the country.

I would like to extend my gratitude to H.E. the Minister of Industry and Commerce (the current and previous ‘Shareholder’) for their continuous support extended to Bahrain Bourse and Bahrain Clear during his tenure. I would also like to thank the Chairman and Board Members of the Central Bank of Bahrain (CBB), and the Governor of the CBB H.E. Rasheed Mohammed Al-Maraj and all CBB employees for their ongoing support to Bahrain Bourse. I would also like to thank the Board of Directors for the efforts they have put to develop the Bourse during the year.

I would like to extend my thanks and gratitude to our issuers, investors, and members and custodians, and stakeholders for their continued support and confidence as we look forward to another year of key milestones to achieve in the coming year. Most importantly, I thank the employees of Bahrain Bourse and Bahrain Bourse for their outstanding efforts during the year.

Abdulkarim Ahmed Bucheery
Chairman



Our results are a testament to the progress of BHB over the years that has been focused towards cultivating capital raising and investment opportunities and enhancing operational efficiency.

CEO's Statement

Delivering through a coherent, consistent strategy

⌘ The year 2022 marked a key milestone within the regional capital markets, the launch of the region's first digital exchange hub – Tabadul.

Khalifa bin Ebrahim Al-Khalifa
Chief Executive Officer

CEO's Statement (Continued)

Global equity markets witnessed volatility and sharp declines during 2022, after demonstrating one of the biggest gains globally last year. This was mainly driven by the global inflation and unprecedented hike in interest rates as well as the impact of the Russia-Ukraine war, oil market prices, volatile global financial markets, and global supply chain disruptions. While GCC equity markets reported consistent gains at the beginning of the year, the gains were offset by losses for the rest of the year, resulting in a mixed performance for individual markets. The MSCI GCC Index and the S&P GCC Index ended the year with a decline of 6.4% and 8.1% respectively.

Bahrain Bourse's Market Performance

As the majority of GCC markets recorded slight gains by the end of the 2022, Bahrain Bourse ranked 3rd amongst GCC stock exchanges. Bahrain All Share Index closed at 1,895.26 points at the end of the year 2022, registering a growth of 5.45%. The market capitalization similarly increased from BD 10.82 billion in 2021 to BD 11.41 billion in 2022. However, the value of shares traded in 2022 decreased from BD 195.68 million in 2021 reaching BD 169.79 million in 2022, recording a decrease of 13.23%. The volume of shares traded also declined in comparison to 2021 by 47.27%, reaching 0.54 billion shares in 2022 compared to 1.02 billion shares in 2021. Similarly, the number of transactions declined by 16.79%.

Value of shares traded

BD 169.79m

2021: BD 195.68 million

Volume of shares traded

0.54 billion shares

2021: BD 1.02 billion shares

Strategic Priorities

During 2022, Bahrain Bourse focused on strengthening its linkages and cooperation with GCC Markets by collaborating with Abu Dhabi Securities Exchange (ADX), Muscat Securities Exchange (MSX) and Muqassa, the Securities Clearing Center Company in Saudi Arabia, going in line with bolstering the goals and objectives set towards the Financial Services Sector Development Strategy 2022-2026 in terms of strengthening GCC linkages.

Launch of Tabadul Exchange Hub

The year 2022 marked a key milestone within the regional capital markets, the launch of the region's first digital exchange hub – Tabadul by Bahrain Bourse and Abu Dhabi Securities Exchange (ADX) in July 2022. Based on the mutual market access model, Tabadul enables investments across Bahrain Bourse and Abu Dhabi and enables investors to trade directly on both exchanges through licensed brokers in both markets.

Tabadul was the result of the signed strategic partnership agreement in November 2021 between ADX and BHB to implement a cross-border plan in trading and post-trading environments. The platform will support the continued sustained growth in both markets by expanding the respective investor bases and serving to meet the broadened horizons of investors. The launch of Tabadul reflects upon BHB's commitment to enhance coordination with GCC Bourses in line with the Financial Services Sector Development Strategy of the Economic Recovery Plan that prioritizes capital market development.

In October 2022, Muscat Stock Exchange joined the Tabadul platform following a cooperation agreement signing between Bahrain Bourse and Muscat Stock Exchange. The agreement aims to achieve synergies, enhance market liquidity and promote innovative products and services as well as facilitate trading of investors in both markets and support sustainable growth.

Arab Federation of Capital Markets Conference

During the year, Bahrain Bourse was honored to host the Arab Federation of Capital Markets Annual Conference titled "AFCM Annual Conference: Bahrain 2022", following the handover of the presidency of the AFCM from Saudi Arabia to the Kingdom of Bahrain. Organizing and hosting the Arab Federation of Capital Markets Annual Conference offered a unique opportunity for regional and international exchanges, brokerage firms, and regulators to discuss key capital market topics and exchange experience and expertise, and paved the way for further collaboration between key capital market participants to support the development of the capital markets on a local and regional level and streamline interconnectivity.

CEO's Statement (Continued)

Bahrain All Share Index

5.45%

Bahrain All Share Index closed at 1,895.26 points at the end of the year 2022, registering a growth of 5.45%.

Regulatory Developments

In order to promote further transparency and fairness across the market, Bahrain Bourse implemented the Issuers Violations Framework in January 2023 which covers 19 violations. The Issuers Violations Framework stipulates the rules for imposing monetary fines and/or sanctions, and the violations framework that apply for non-compliance to the Listing Rules, and any other applicable BHB business rules, regulations and directives as deemed appropriate. The Administrative Fines framework falls in line with Bahrain Bourse's role as an SRO, and is in line with IOSCO's Principles of Securities Regulation pertaining to self-regulation.

Bahrain Private Market

The year 2022 witnessed the launch of Bahrain Private Market, a new comprehensive platform for closed shareholding companies that aims to provide a full suite of bespoke share registrar services in a secure and electronic format in accordance with issued Law No. (09) of 2022 in relation to commercial registration services published in the Official Gazette No. (3594). The platform will serve as a unique one-stop-shop for closed shareholding companies, which aims to provide a range

CEO's Statement (Continued)

The year 2022 witnessed the launch of Bahrain Private Market, a new comprehensive platform for closed shareholding companies that aims to provide a full suite of bespoke share registrar.

of services and tailored solutions, as well as greater flexibility with the opportunity to trade shares between existing shareholders. The launch of Bahrain Private Market aims to provide a more transparent and efficient offering for closed shareholding companies, providing unique opportunities in the private company secondary trading market.

Awards

As a testament to Bahrain Bourse's ongoing commitment to further develop the capital market on various operational aspects, BHB received a total of four awards during the year 2022. For the 2nd consecutive year, BHB has been awarded by His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander of the Armed Forces, within the top government agencies awarded for their excellence in customer service for the year 2021. The award is a result of Bahrain Bourse's efforts to serve all parties related to the capital markets sector, and demonstrates its commitment to provide open communication channels to meet the needs of all stakeholders.

In addition, BHB has been accorded with two prestigious award for exemplary performance in the area of enhancing Sustainability and Financial Literacy awareness. Bahrain Bourse was named 'Sustainable

Stock Exchange of the Year - GCC 2022' by Global Banking & Finance Review and 'Best Investor Awareness Financial Literacy Initiatives' – Stock Exchange – Bahrain 2022' by International Finance.

In recognition of Bahrain Bourse's continuous dedication over the years to contribute to the Kingdom's capital markets development, BHB was also awarded by Global Business Outlook for Outstanding Contribution to Capital Markets Development.

Financials

Bahrain Bourse achieved a net profit of BD 224,081. The total operating revenues amounted to BD 4.79 million in 2022 compared to BD 3.56 million in 2021, recording an increase of approximately 35%. The total operating expenses were BD 4.57 million in comparison to BD 4.01 million in 2021, reporting an increase of 14%. The year 2022 was an exceptional year for Bahrain Bourse. Our results are a testament to the progress of BHB over the years that has been focused towards cultivating capital raising and investment opportunities and enhancing operational efficiency. We believe that Bahrain Bourse's solid infrastructure, and optimistic strategy will drive more opportunities to the Bahraini capital market to achieve higher profitability in the upcoming years.

Acknowledgements

On behalf of myself and Bahrain Bourse's employees, I would like to express my sincere thanks and gratitude to His Majesty King Hamad bin Isa Al Khalifa, and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander of the Armed Forces, and Prime Minister for their continued support to the Bourse and its members.

I would like to extend my gratitude to H.E. the Minister of Industry and Commerce (the current and previous 'Shareholder') for their continuous support extended to Bahrain Bourse and Bahrain Clear during his tenure. I would also like to express my thanks and appreciation to the Chairman and members of BHB's Board of Directors for their unwavering support in developing the capital markets and their continuous oversight and guidance.

Bahrain Bourse's achievements would not have been possible without the continuous dedication and steadfast commitment of the team, whom have played a significant role in ensuring operational resilience during turbulent times.

I would also like to extend my deepest gratitude to our stakeholders and market participants including brokers, listed companies, custodians, investors, and brokerage firms for their continuous support and active engagement in further advancing the market.

Khalifa bin Ebrahim Al-Khalifa
Chief Executive Officer

Management Team



Khalifa Bin Ebrahim Al Khalifa
Chief Executive Officer (Bahrain Bourse)
Vice Chairman & Managing Director
(Bahrain Clear)



Narjes Farookh Jamal
Chief Operating Officer



Mohammed Khalid Hamed
Chief Audit Executive



Abdulla Jaffar Abdin
Chief Operating Officer (Bahrain Clear)



Abdulla Mohamed Janahi
Director of Trading Operations

Management Team (Continued)



Shaikha Sameer AlZayani
Director of Listing & Disclosure



Marwa Faisal Al-Maskati
Director of Marketing & Business
Development



Hamad Abulfath Hasan
Director of Administration Affairs & HR



Hussain Abdulmohsen Aljamri
Director of Information Technology



Mohannad Mousa Alatari
Projects Management Director

Strategic Review



Strategic Review

Bahrain Bourse's vision, mission, and strategy are closely aligned with Bahrain's Economic Vision 2030 overarching guiding principles: sustainability, competitiveness, and fairness. With over three decades of growth and progress to build upon, our strategic efforts and journey are focused on achieving Bahrain Bourse's vision to become 'A regional multi-asset class marketplace leader'. Bahrain Bourse's strategy, spans across five key strategic goals covering: intensifying regional & global outreach, cultivating capital raising & investment opportunities, enhancing market literacy & investor awareness, cultivating operational efficiency, and developing organizational talent.

Throughout 2022, Bahrain Bourse continued its efforts to achieve its strategic goals, focusing on intensifying regional and global outreach particularly in line with bolstering the goals and objectives set towards the Financial Services Sector Development Strategy 2022-2026 in terms of strengthening GCC linkages.

BHB's corporate strategy aims to drive regional leadership through focusing on the following key strategic goals and priorities as outlined below.

KEY STRATEGIC GOALS	
	Intensifying Regional & Global Outreach
	Cultivating Capital Raising & Investment Opportunities
	Enhancing Market Literacy & Investor Awareness
	Cultivating Operational Efficiency
	Developing Organizational Talent

Intensifying Regional & Global Outreach

Arab Federation of Capital Markets Annual Conference

Bahrain Bourse has been an active member in the Arab Federation of Capital Markets (AFCM) for more than a decade, striving to further advance its efforts to develop the Federation's capabilities and support the development of the capital markets on a local and regional level. During the year, the presidency of the AFCM was handed over from Kingdom of Saudi Arabia to the Kingdom of Bahrain. Accordingly, Bahrain Bourse hosted the Arab Federation of Capital Markets Annual Conference titled "AFCM Annual Conference: Bahrain 2022" under the patronage of HE Shaikh Salman bin Khalifa Al Khalifa, Minister of Finance and National Economy in March 2022.

The Arab Federation of Capital Markets Annual Conference is the largest event for exchanges and financial markets in the Middle East. The conference was held virtually, while the AFCM Board Meeting and General Assembly were held physically gathering more than 21 AFCM members which included CEOs of MENA-based stock exchanges, brokerage firms, custodians, and clearing houses.

During May 2022, Bahrain Bourse also headed a delegation from the Arab Federation of Capital Markets during an official visit to the London Stock Exchange. The event was hosted by the London Stock Exchange Group (LSEG), and attended by more than 19 delegates from the Arab Federation of Capital Markets to support AFCM's cooperation development with other international exchanges and explore cooperation opportunities across markets.



Strategic Review (Continued)



GCC Cooperation & Linkages

During the year, Bahrain Bourse focused on strengthening its linkages and cooperation with GCC Markets by collaborating with Abu Dhabi Securities Exchange (ADX), Muscat Securities Exchange (MSX) and Muqassa, the Securities Clearing Center Company in Saudi Arabia, going in line with bolstering the goals and objectives set towards the Financial Services Sector Development Strategy 2022-2026 in terms of strengthening GCC linkages.

In July 2022, Bahrain Bourse launched the "Tabadul" platform in collaboration with Abu Dhabi Securities Exchange (ADX). The unique launch was held with the attendance of the Minister of Finance and National Economy, HE Shaikh Salman bin Khalifa Al-Khalifa. Tabadul was the result of the signed strategic partnership agreement in November 2021 between ADX and BHB to implement a cross-border plan in trading and post-trading environments. Tabadul allows investments across Bahrain Bourse and Abu Dhabi and enable investors to trade directly on both exchanges through licensed brokers in both markets.

To further solidify and expand 'Tabadul' platform, BHB signed a Memorandum of Understanding (MoU) with Muscat Stock Exchange (MSX) to link both markets and enable direct trading on Bahrain Bourse and Muscat Stock Exchange. The agreement aims to achieve synergies, enhance market liquidity and promote innovative products and services as well as facilitate trading of investors in both markets and support sustainable growth. This comes in line with bolstering the goals and objectives set towards the Financial Services Sector Development



Strategy 2022-2026 in terms of strengthening GCC linkages.

At the beginning of the year, Bahrain Clear, Bahrain Bourse's fully owned subsidiary, signed a Memorandum of Understanding (MoU) with Muqassa, the Securities Clearing Center Company in Saudi Arabia. The MoU seeks to foster the exchange of information and experiences in order to develop central clearing in both countries, as well as to explore collaboration opportunities concerning central clearing development and training services.

Virtual Roadshows

In line with Bahrain Bourse's efforts to expand outreach and engagement with international investors, Bahrain Bourse and Bahrain Clear have successfully participated in the virtual HSBC Markets & Securities Services (MSS) Middle East, North Africa, and Turkey (MENAT) Forum.

The forum welcomed global custodians, investors, and representatives from a number of international financial institutions, where one-to-one discussions were held with investors from leading international financial institutions and fund managers to showcase key regulatory and market developments within the capital market in the pipeline as well as opportunities offered by listed companies on Bahrain Bourse.

Board Seat Representations

Over the years, Bahrain Bourse has become an active member in key regional associations and federations, playing a vital role in the development of capital markets in the region. This year, Bahrain Bourse has been re-elected as Board Members of the Arab Federation of Capital Markets to represent the Gulf Region along with the Saudi Exchange (Tadawul). BHB looks forward to enhance the investment environment by promoting the various investment opportunities available in the region.

Strategic Review (Continued)



BHB's current seat representations include: the Arab Federation of Capital Markets, Africa & Middle East Depositories Association (AMEDA), Middle East Investor Relations Association (MEIRA), and the World Forum of CSDs.

Cultivating Capital Raising & Investment Opportunities

Listings

During 2022, the shares of Kuwait Finance House K.S.C.P. commenced trading on Bahrain Bourse, following the successful cross-listing of KFH on BHB. To commemorate the commencement of trading of KFH shares, a ringing bell ceremony was held in the presence of Minister of Industry and Commerce & Minister in Charge of Bahrain Bourse, HE Mr. Zayed R. Alzayani, and Chairman of Kuwait Finance House (KFH), Mr. Hamad Abdulmohsen Al Marzouq and executive management of KFH along with CEOs of listed companies, representatives from the CBB, Board Members, and executive management of Bahrain Bourse.

The listing marks a significant step toward achieving Bahrain Bourse's strategic goals of attracting new companies from leading financial institutions, and is set to further expand BHB's investor base and enhance liquidity in the market.

Following the cross-listing of KFH under the Non-Bahraini Companies Sector, the total number of listed companies at Bahrain Bourse now stands at 43.

Debt Listings

During 2022, there were 3 bond/sukuk listings in 2022 with a total value of BD 500 million, compared to 6 listings with a value of BD 1 million in 2021. Total value of listed bonds/sukuk amounted to BD 500 million as of end of 2022. BHB also recorded 75 T-bills listings in 2022 with a total value of BD 4.63 billion, compared to 76 T-bills with a total value of BD 4.73 billion in 2021.

Murabaha

Since the launch of the Murabaha service for banks and corporates in 2020, a total of ten local banks are currently offering this service through BHB's platform. The Murabaha service is provided through the utilization of Sharia'a-compliant Ijara Sukuk issued by the Central Bank of Bahrain as the underlying asset for the undertaking of Murabaha transactions.

Last year, the activity of Murabaha witnessed positive performance, where the total value of Murabaha trades reached BD 3.89 billion, reporting growth of 31% compared to

BD 2.96 billion during 2021. The number of transactions amounted to 1,010 during 2022, increasing by 41% in comparison to 718 trades last year.

Enhancing Market Literacy & Investor Awareness

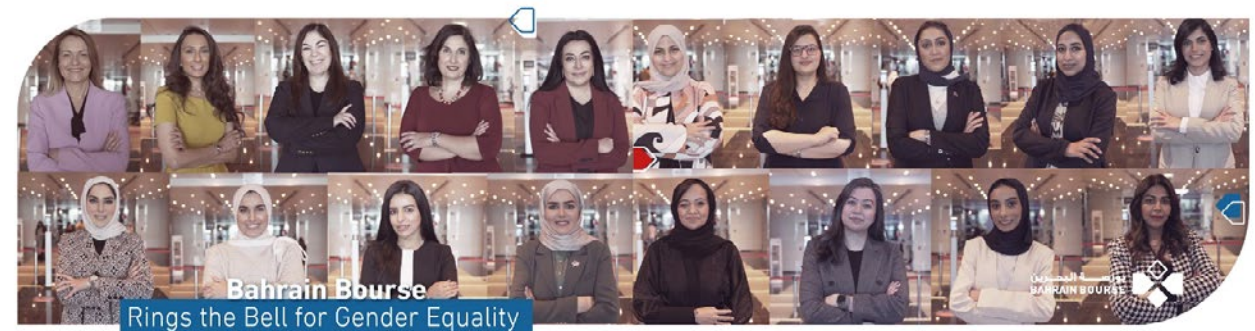
Environment, Social, Governance Considerations

Bahrain Bourse continued its ESG efforts to build upon Bahrain Bourse's ESG strategy that has been formulated in 2020. During the year, Bahrain Bourse, in collaboration with United Nations Sustainable Stock Exchanges Initiative, hosted a training workshop on 'Task Force on Climate-related Financial Disclosures (TCFD)'. The workshop featured experts from United Nations Sustainable Stock Exchanges Initiative (SSE) to shed light on climate-related financial disclosures for listed companies.

The training workshop is in line with Bahrain Bourse's sustainability action plan to promote capacity building on sustainability and green finance products, as well as the importance of sustainability in the financial sector.

As part of BHB's focus on nurturing its workforce and ensuring quality health and wellbeing of all employees, Bahrain Bourse and Bahrain Clear held a session on "Breast Cancer Awareness", to raise awareness of breast cancer and means of its prevention. Bahrain Bourse and Bahrain Clear employees also participated in Bahrain Sports Day.

In line with Bahrain Bourse's active role in promoting gender equality and empowering women in the capital markets sector, BHB has joined 188 global exchanges in the annual United Nations "Ring the Bell for Gender Equality" initiative, which took place virtually in conjunction with the celebration of International Women's Day. Bahrain Bourse has participated in this initiative for the 4th consecutive year, to feature key executive females in leadership positions from several listed companies as well as other key stakeholders, and showcase how participants from key stakeholders are actively pursuing their efforts to promote gender equality within their organizations.



Strategic Review (Continued)



Financial Literacy

Enhancing financial literacy and spreading investment awareness remains a key pillar in Bahrain Bourse’s strategy. With the easing of COVID-19 restrictions, BHB resumed its awareness programs in a physical format. In May 2022, BHB held the TradeQuest Awards Ceremony under the patronage of the Central Bank of Bahrain, honoring the top finalists and concluding the 2021-2022 TradeQuest Program. Later during the year, Bahrain Bourse kicked off the 24th edition of the TradeQuest Program, with the participations of 10 private schools, 10 government schools, and 7 universities.

In addition, BHB in collaboration with INJAZ Bahrain kicked off the 5th edition of the Smart Investor Program. The 4th edition of the program was concluded with the “Smart Investor National Competition”, a competition launched for the first time for the Smart Investor Program’s participants with the aim of encouraging engagement and inspiring students to participate and utilize their learnings during the program. BHB also participated in the “Youth City 2030” Program hosted by the Ministry of Youth and Sport Affairs. Bahrain Bourse’s participation in the “Youth City 2030” involved a series of awareness sessions covering basic concepts about money management, savings and financial planning to aid young students aged 9-12 to make sound financial decisions. Sessions were followed with various edutainment activities to instill the concepts learned during the sessions.

As with Bahrain Bourse’s most recent program that targets Bahraini graduates, BHB launched the 2nd edition of the Capital Markets Apprenticeship Program in February 2022. The program is an on-the-job training program aimed at developing practical experience in the

Capital Markets Sector, and it stems directly from Bahrain Bourse’s belief in the necessity of fostering investor education and instilling financial literacy across all age groups.

Bahrain Bourse continued its fruitful collaboration with the BIBF, launching a series of webinars under the umbrella of the Investment Academy. The webinars aim to spread awareness about the importance of the financial and investment culture. This initiative is in line with the BHB’s strategy aimed at achieving its vision of enhancing financial awareness for various segments of society.

To further promote financial literacy and raise awareness on the importance of financial inclusivity, Bahrain Bourse participated in IOSCO’s sixth annual World Investor Week (“WIW”). As part of the week’s events, BHB hosted a virtual ‘Ring the Bell for Financial Literacy’ event through a video campaign, featuring key participants from various listed companies as well as other key stakeholders to highlight and showcase Bahrain Bourse’s various awareness programs. BHB also launched an Educational Series campaign focused on capital markets for the general public.

Number of Students Taking Part in BHB’s Various Awareness Programs	
	2022
Smart Investor	8,289
TradeQuest	204
Investment Academy	714
Capital Market Apprenticeship Program	8
Total	9,215

Investor Relations

Following three years of establishing the Middle East Investor Relations Association (MEIRA) chapter in the Kingdom of Bahrain, Bahrain Bourse continued its efforts to encourage engagement of best Investor Relations (IR) practices across listed companies. During June 2022, BHB and MEIRA held an IR workshop on “How to create an award-winning IR program”. The workshop was attended by more than 40 IR practitioners and stakeholders from various listed companies, discussing key implications regarding the best practices in annual reports and IR programs from an investor relations perspective. The workshop comes as part of MEIRA’s and Bahrain Bourse’s joint efforts to develop IR capabilities and advance listed companies investor relations programs and promote best IR practices in the region.

To further complement Bahrain Bourse’s efforts to promote IR in Bahrain’s capital market, BHB announced hosting the upcoming MEIRA 2023 Annual Conference on 13th November 2023, the biggest Investor Relations (IR) event in the MENA Region. Hosting the MEIRA Conference comes in line with BHB’s commitment in playing an active role to develop IR practices and BHB’s sustainability strategy that aims to enhance financial awareness.

The conference aims to provide delegates with a networking platform and to foster debate about market challenges and best practices, while also educating participants and stakeholders about the significance of IR, transparency, and corporate governance. The event will also act as a knowledge hub for market professionals to network, discuss the latest industry trends, digital IR solutions, and gain access to a large network of IR industry partners, as well as develop a comprehensive IR ecosystem in the region.

Strategic Review (Continued)

Cultivating Operational Efficiency

eAGM Services

Bahrain Clear, Bahrain Bourse’s fully-owned subsidiary has been continuously working on enhancing post-trade services, going in line with Bahrain Clear’s role to enhance capital markets infrastructure with the overall aim of protecting shareholders’ rights. In February 2022, Bahrain Clear in collaboration with Lumi, the leading global provider of AGM technology, launched a comprehensive value-added services for both public shareholding companies and closed companies to offer eAGM and eVoting services including Board Elections.

This major milestone aims to complement and build upon the success achieved in previous years in terms of offering electronic AGM services. Providing eAGM services also aims to embrace best corporate governance and investor relations practices whilst maintaining higher shareholder engagement.

Implementation of Violations Framework for Issuers

In accordance with Bahrain Bourse’s Listing Rules and following CBB’s approval, Bahrain Bourse approved the implementation of the Issuers Violations Framework. The Issuers Violations Framework stipulates the rules for imposing monetary fines and/or sanctions, and the violations framework that apply for non-compliance to the Listing Rules, and any other applicable BHB business rules, regulations and directives as deemed appropriate.

The issuance of the Issuers Violations Framework is a vital step towards the prevention of the violations and its associated risk in the market which aims to promote transparency and fairness and enhance issuer disclosure resulting in enhanced investor protection across the market and comes in line with Bahrain Bourse’s commitment to position Bahrain’s capital market at the forefront of adopting global financial market standards.

Awards

As a testament to Bahrain Bourse’s steadfast dedication to further develop the capital market on various operational aspects, BHB received a total of four awards during the year 2022. For the 2nd consecutive year, BHB has been awarded by HRH Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, within the top government agencies awarded for their excellence in customer service for the year 2021. The award is a result of Bahrain Bourse’s efforts to serve all parties related to the capital markets sector, and demonstrates its commitment to provide open communication channels to meet the needs of all stakeholders.

In addition, BHB has been accorded with two prestigious award for exemplary performance in the area of enhancing sustainability and investment awareness. Bahrain Bourse was named ‘Sustainable Stock Exchange of the Year - GCC 2022’ by Global Banking & Finance Review and ‘Best Investor Awareness Financial Literacy Initiatives’ – Stock Exchange – Bahrain 2022’ by International Finance.

In recognition of Bahrain Bourse’s continuous dedication over the years to contribute to the Kingdom’s capital markets development, BHB was also awarded by Global Business Outlook for Outstanding Contribution to Capital Markets Development.

Subsidiary Review

Bahrain Clear

Bahrain Clear was established in 2017 as a clearing house and central depository, and is independently responsible for clearing, settlement and central depository services. Bahrain Clear also offers value-added post-trade services. Bahrain Clear is a fully owned subsidiary of Bahrain Bourse with paid-up capital of BD one million.

As Bahrain Clear is working on expanding the scope of services it offers to both investors and issuers, Bahrain Clear launched Bahrain Private Market, in accordance with issued Law No. (09) of 2022 in relation to commercial registration services published in the Official Gazette No. (3594). Bahrain Private Market is a new comprehensive platform for closed shareholding companies that aims to provide a full suite of bespoke share registrar services in a secure and electronic format.

Bahrain Private Market offers a range of services for closed shareholding companies which includes change of partners (trading between existing shareholders), authorized signatories, directors, and company type and mergers.

In addition, closed shareholding companies can transfer company ownership, increase/decrease in capital, preform pledging and unpledging transactions, discharge & lifting, and judicial custodianship. The platform also provides additional add-on services such as AGM management services (physical and eAGM), cash dividend distributions, share options, and auction services, eVoting, and consolidated statements.

Whilst ensuring its fiduciary responsibility of undertaking cash dividend distributions under the Amanat Program established in 2020, Bahrain Clear successfully distributed the cash dividend distribution for the year ended 31st December 2022 of which BD 224.9 million in relation to annual cash dividends, and BD 4.1 million in relation to unclaimed cash dividends.. Bahrain Clear managed the distribution process on behalf of 33 listed securities whom have declared dividends for the year ended 31st December 2022 including interim dividends on Bahrain Bourse and all investors received their dividends via IBAN bank transfers. Bahrain Clear will continue its efforts to update KYC information and IBAN details to reach out to the entitled shareholders until the unclaimed dividends are completely distributed.

Developing Organizational Talent

One of the key pillars of Bahrain Bourse’s strategy focuses on the development of employees and elevating overall organizational talents talent. During the year, BHB continued to provide employees with training opportunities to enhance their performance and at the same time encourage career advancement.

BHB organized various events throughout the year, to continue its efforts in maintaining employees’ engagement, interaction, and satisfaction which included: Bahraini Women’s Day, Breast Cancer Awareness, Eid Al Adha, Eid Al Fitr, Sports Day, and National Day.



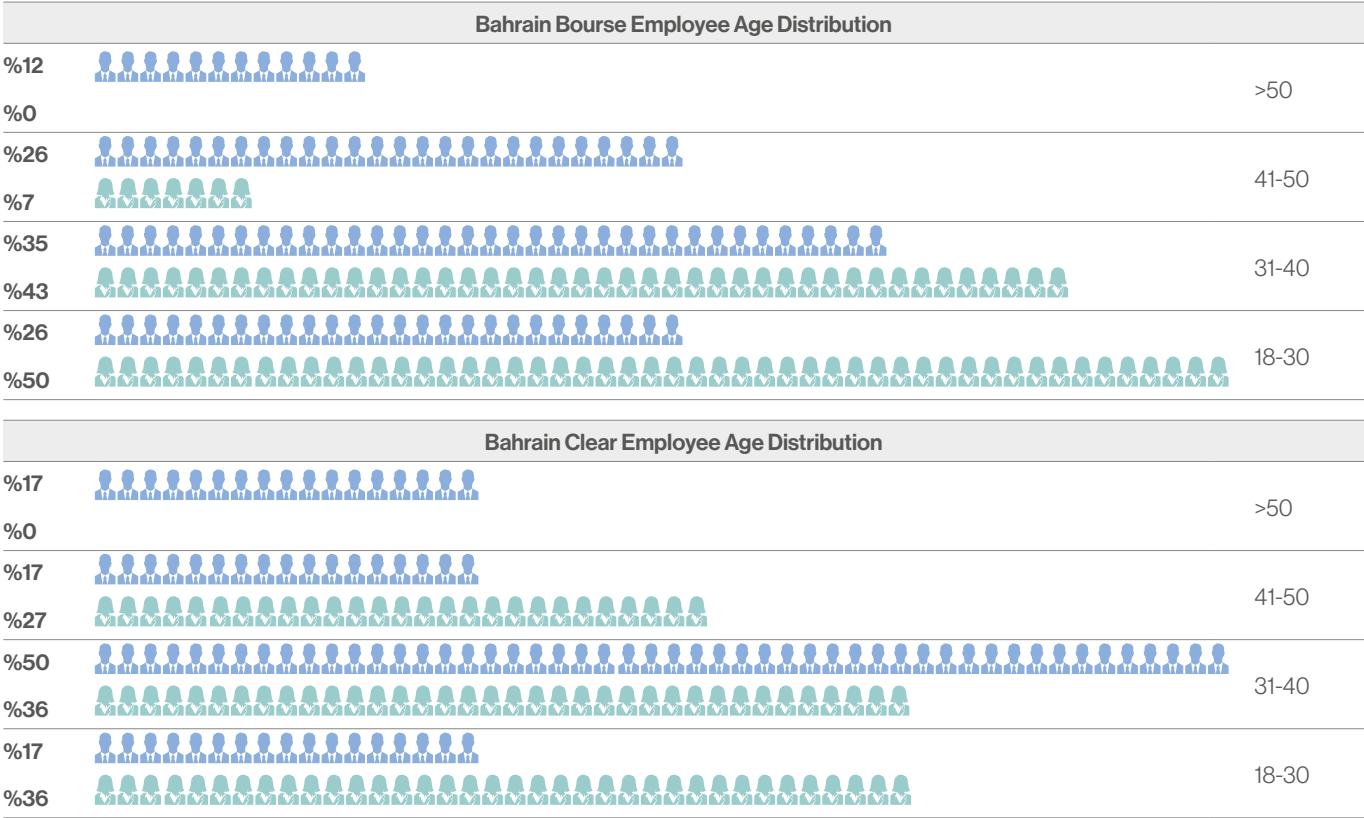
Strategic Review (Continued)

BAHRAINI EMPLOYEES		WOMEN EMPLOYEES	
99%	100%	45%	48%
Bahrain Bourse	Bahrain Clear	Bahrain Bourse	Bahrain Clear
YOUTH EMPLOYEES (UNDER 30)		LEADERSHIP/DECISION-MAKING POSITIONS HELD BY WOMEN	
35.5%	21.7%	40%	0%
Bahrain Bourse	Bahrain Clear	Bahrain Bourse	Bahrain Clear
WOMEN BETWEEN THE AGES OF 20 AND 30		TRAINING PROGRAMS ATTENDED BY EMPLOYEES	
46.4%	27.3%	50	11
Bahrain Bourse	Bahrain Clear	Bahrain Bourse	Bahrain Clear

The employee number by company is shown below:

Total Employees	Female Employees	Female Board Members
85	39	25%

The above statistics demonstrate the emphasis placed on recruiting youth with 35.5% of BHB's employees being below 30 years of age, and 21.7% of Bahrain Clear's employees are from the same age group.



Sustainability Review

Sustainability Review


STRATEGY OVERVIEW

Bahrain Bourse's Sustainability Strategy is intrinsically linked to the United Nations Sustainability Development Goals (SDGs) and the United Nations Global Compact (UNGC) principles. By aligning ourselves with the UN SDGs or UNGC principles, we leverage every opportunity to mainstream our economic and financial objectives with broader environmental, social and governance (ESG) considerations.

Through a range of ambitious initiatives discussed in the report, we are not just raising awareness and encouraging action on the SDGs amongst our employees but are also positioning ourselves as a Champion of Change within the wider community and region. Our success is measured by


the positive impact we create on the welfare of our people, our natural environment and our community and the way we conduct our business and how we raise awareness through the conversations we have with our key stakeholders, and success can only be made possible if the partnerships we create with all our stakeholders are built on trust, respect and a shared vision for our tomorrow.

This is a summary of Bahrain Bourse's sustainability-related initiatives. To view the full Sustainability Report, please visit Bahrain Bourse website on www.bahrainbourse.com




Environment

The impacts of climate change and environmental degradation are some of the greatest threats that we, as a nation, collectively face. Although the impacts may differ geographically and so are our contributions, it is our common responsibility to address these challenges within the means available to us. Bahrain Bourse's Environmental Statement recognizes our responsibility to help protect the planet and minimize our environmental impact as an organization.



Social & Community Impact

Our social investment strategy is crafted with a commitment to give back to our people and communities, primarily addressing their long-term ability to lead healthy and productive lives. Therefore, we have significantly invested in providing and supporting education, financial training, and wellbeing for our people and communities.



Governance & Management

Bahrain Bourse upholds the highest standards of integrity in adherence to the principles of corporate governance in an effective manner in accordance with the legislations issued by the Central Bank of Bahrain and the Ministry of Industry and Commerce, and in fulfilment of the responsibility of the Board of Directors in the overall control, supervision and enhancement of compliance with the requirements of corporate governance.

Sustainability Review (Continued)

ESG AT BAHRAIN BOURSE

ESG Governance at Bahrain Bourse

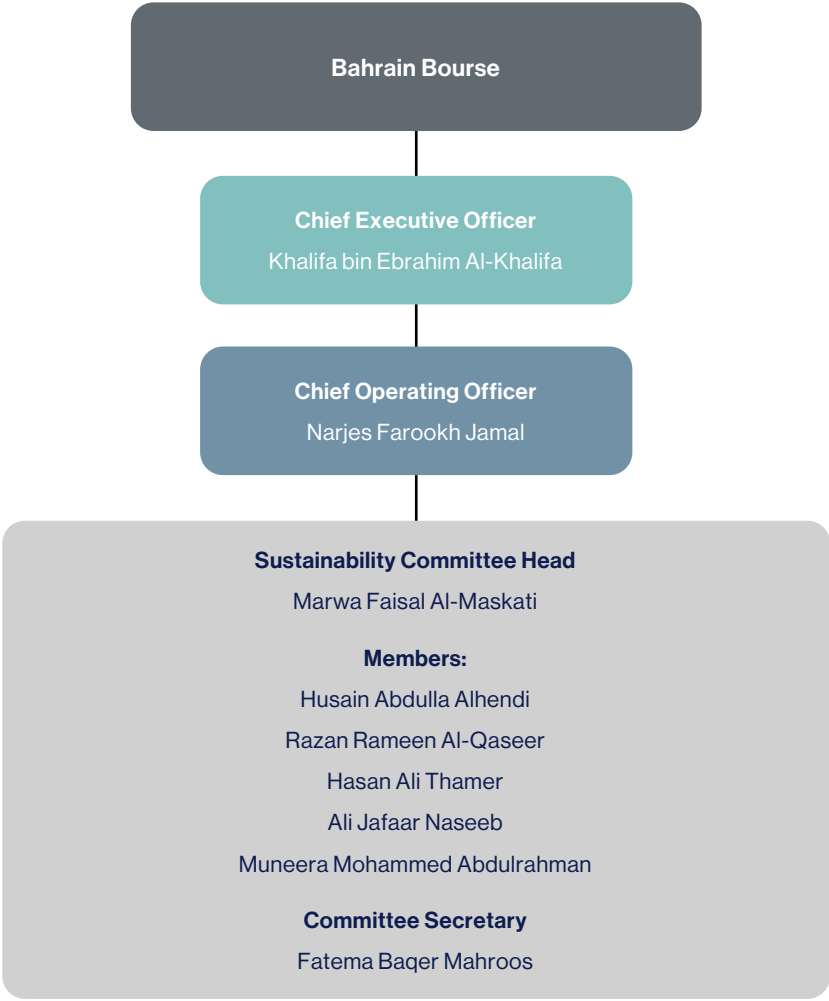
The ESG agenda is creating change as it spreads across the corporate landscape and is beginning to inform and influence every aspect of business as organizations re-appraise their purpose and performance in the light of current ESG demands. ESG is rapidly demanding a high-priority status in the minds and discussions amongst Chief Executives and Boards across sectors and industries within our marketplace.

Bahrain Bourse joined 112 other exchanges globally whom have voluntarily expressed their commitment towards promoting the advancement of sustainability in capital markets' activities. We have formally integrated a new ESG committee, comprising sustainability Subject Matter Experts (SMEs) from across the business divisions and functions, to the existing governance structure in order to operationalize and manage our Sustainability/ ESG Action Plan and Framework.

ESG Framework

In line with the COP26 the Kingdom of Bahrain have made public commitments towards decarbonization and carbon neutrality. The Kingdom has made a commitment to reduce 30% Carbon Emissions by the year 2035 and achieve net-zero by 2060. This is a collective challenge that faces everyone – governments, businesses, civil society, communities. It also means that scrutiny of industries and individual businesses will rise. We all have a role to play in many aspects of ESG as there is a strong story to tell. And of course, it's by no means only about the 'E' linked to Climate Action. The other parts of the ESG equation - including but not limited to Inclusion, Diversity and Gender Equity; Social Impact; Support for Communities; Strong Governance and Ethics; Accountability and Transparency; and Learning & Development – are critical success metrics as well. But given that, we all have a common yet differentiated responsibility, it is critical that we engage our direct and indirect stakeholders as we embark on this journey.

We are committed to the Net-Zero Carbon targets set at COP26. We aim to decarbonize to the extent possible and are taking putting in place the appropriate measures and mechanisms across our operations to reduce our emissions while optimizing our operations.



Sustainability Review (Continued)

OUR SUSTAINABILITY JOURNEY

With sustainability at the heart of our strategy, we are actively involved in creating a generation of well-informed and skilled individuals who are ready to tackle sustainability related issues and balance our needs related to environmental, social and economic risks and opportunities for the sustainable future of Bahrain. Bahrain Bourse issued an updated ESG Voluntary Reporting Guideline for listed companies

This is our 4th Sustainability Report, and it demonstrates our continued commitment to deliver on the goals and initiatives for Bahrain's capital markets, in line with the Stock Exchange's ESG Reporting Guidelines. In order to promote transparency, accountability and to share our performance globally, the 2022 Sustainability Report clearly sets out our strategy and provides comprehensive information on how our various initiatives and practices are ingrained within the broader ESG strategy. We believe that good corporate ESG practices are fundamental to our continued success and the delivery of an enhanced business performance.

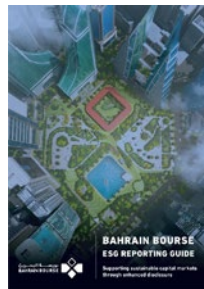
► Feb. 2019



- Bahrain Bourse announced its voluntary commitment to the United Nations Sustainable Stock Exchanges (SSE) initiative to promote sustainable and transparent capital markets in cooperation with listed companies and other related stakeholders
- Conducted 1-on-1 ESG engagement and introduction



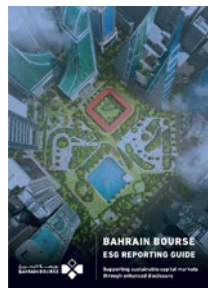
► June 2020



- Bahrain Bourse issued an ESG Voluntary Reporting Guideline for listed companies



► May 2020



- Bahrain Bourse and Middle East Investor Relations Association (MEIRA) Hold Investor Relations (IR) Workshop



► Sept. 2021



- BHB published guide to sustainable finance in collaboration with HSBC
- BHB formally integrated a new ESG committee and team to the existing governance structure



► Dec. 2022



- Bahrain Bourse issues its 1st Sustainability Report



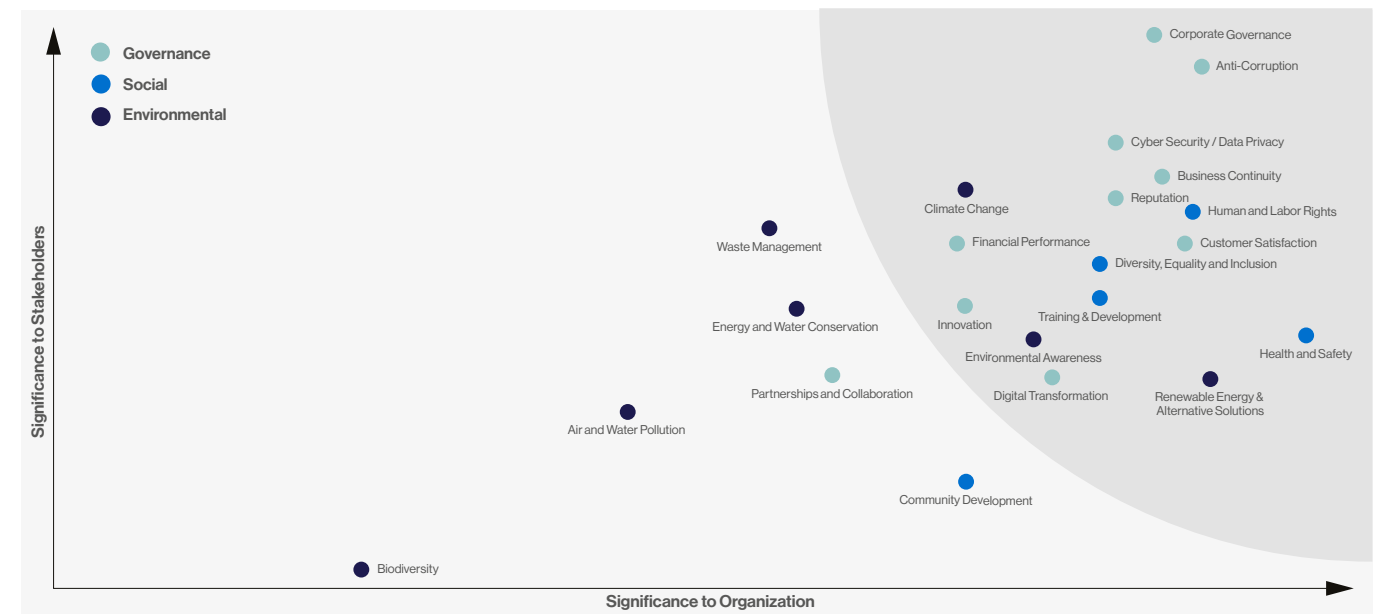
Sustainability Review (Continued)

MATERIALITY ASSESSMENT

We conducted a materiality assessment based on surveys sent out to key internal and external stakeholders, inviting them to validate their previous sustainability survey priority issues and/or provide us with new/emerging issues. It also gives us the opportunity to reinforce our understanding of the issues that impact us from an environmental, social and governance perspective, and to also be able to prioritize some or all of these issues. Based on our materiality assessment, a materiality matrix was developed

to measure and visualize the influence of each topic on Bahrain Bourse's business and how our partners and stakeholders prioritize the same from their perspective.

As a result, 12 materiality topics were selected based on interlinking priorities and relevance to Bahrain Bourse's 2022 reporting cycle; and the chosen topics were reviewed to highlight the importance of Bahrain Bourse's role in driving the capital markets towards ESG disclosure.



MATERIALITY TOPICS

Our ESG reporting framework closely aligns with our own guidelines on ESG reporting. We have identified and prioritized 12 materiality topics, based on the materiality assessment, grouped under 3 broad themes (Environmental Performance, Social & Community Impact and Governance & Management)

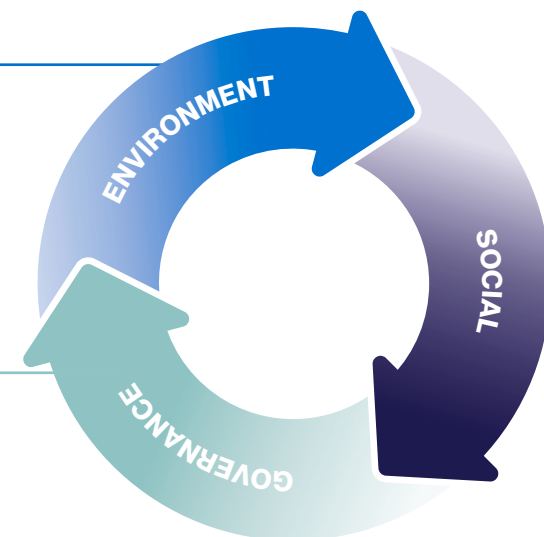
that are at the core of shared values for us and our stakeholders. Given the nature of our business model, governance and social materiality issues remain at the top of our priority list, as indicated in the matrix.

ENVIRONMENTAL PERFORMANCE

- Environmental Sustainability
- Circular Economy
- Digital Transformation

GOVERNANCE & MANAGEMENT

- Data Privacy / Cyber Security
- Stakeholder Engagement
- Business Ethics
- Risk Management and Compliance

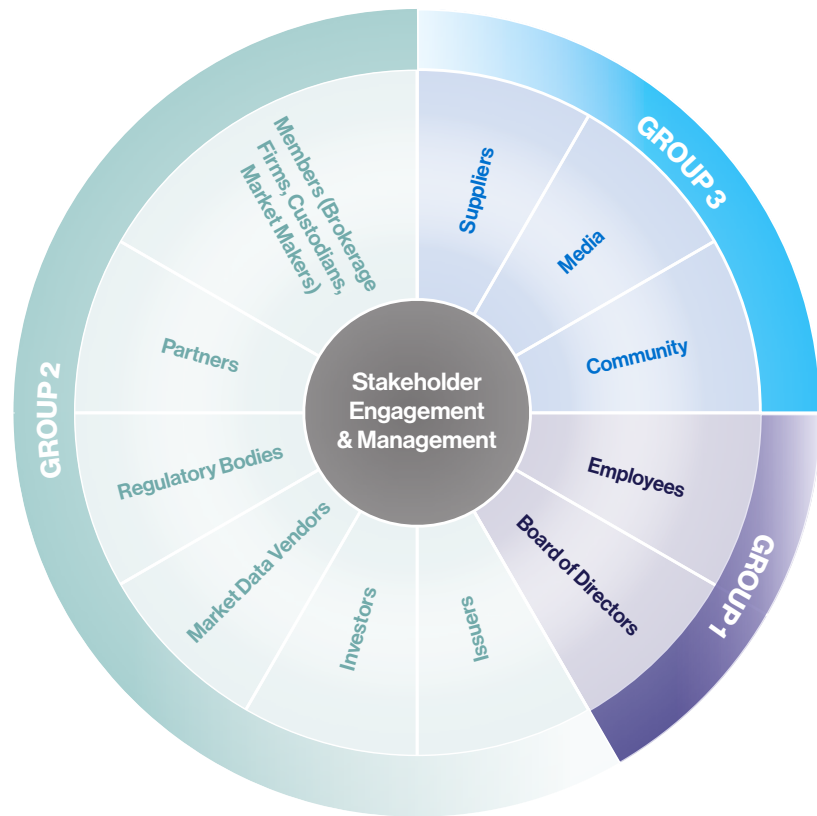


SOCIAL & COMMUNITY IMPACT

- Employee Health & Wellbeing
- Inclusion, Diversity and Equal Opportunity
- Community Investment
- Human Rights
- Training and Development

Sustainability Review (Continued)

STAKEHOLDER ENGAGEMENT & MANAGEMENT



Stakeholder Engagement Framework

Our ability to foster strong relationships with a wide spectrum of stakeholders is built on long-term trust and mutual respect. Engaging with every stakeholder is unique and there is no 'one-size fits all' approach. Several externalities during the pandemic have transformed the way we engage with our stakeholders. Tech-based transformation has provided us with opportunity to enhance our outreach and the way we communicate with each other.

We have categorized our key stakeholders based on the influence they have to directly impact us and our reputation. Each group will require a bespoke approach for engagement based on shared-values, influence, and impact. 'Group 1' encompasses our employees and the Board of Directors and is naturally the closest relationship based on the impact we have on each other. Similarly, 'Group 2' and 'Group 3' form the subsequent layers of our stakeholder groups and are categorized in broad terms, using generic stakeholder categories that apply to most industries, i.e., regulatory bodies, investors, issuers, members, community, employees, media, market data vendors, and partners. It is important to reiterate that grouping of our stakeholders is in no way an indication of priority in terms of our commitment to these groups; but is specifically linked to our ability to ensure every stakeholder is well integrated in our processes to ensure the broader outcomes of our ESG strategy. Our continuous and seamless stakeholder engagement and open dialogue aims to ensure that we remain relevant and inclusive, as well as creating long-term value for our wider stakeholder group.

ESG Key Achievements 2022

- 2022 Capital Markets Apprenticeship Program – Kick-Off
- Bahrain Bourse hosts "Ring the Bell" for Gender Equality
- Bahrain Bourse recognizes Earth Hour – 26 March 2022
- Bahrain Bourse conducted the TCFD workshop – 24 May 2022
- TradeQuest 2022 - 2023
- Bahrain Bourse launches WhatsApp Chatbot - 5 April 2022
- Smart Investor National Competition 2021-2022
- Youth City 2030 Competition
- Bahrain Bourse accorded two prestigious awards In relation to sustainability and investor awareness
- Bahrain Bourse and Abu Dhabi Securities Exchange (ADX) launches Tabadul Exchange Hub
- Bahrain Bourse hosts 'Ring the Bell' for Financial Literacy' as part of IOSCO's World Investor Week 2022
- Bahrain Bourse signs "Tabadul" Cooperation Agreement with Muscat Stock Exchange
- Bahrain Bourse organizes Breast Cancer Awareness – November 2022
- Bahrain Bourse holds Bahrain Investment Market Workshop for "Beban" Entrepreneurs
- Bahrain Bourse kicks off the 24th Edition of the TradeQuest Challenge 2022 - 2023

World Stock Markets' Performance during 2022

Global Markets

The majority of global economies experienced moderate economic growth in 2022. Global growth slowed down from 5.9% in 2021 to 2.9% in 2022 and 1.7% in 2023 in terms of real GDP. Furthermore, global inflation rose from 4.7% in 2021 to 8.8% in 2022 but declined to 6.5% in 2023. The US economy expanded by 1.9% in 2022 compared to an increase of 5.9% in 2021¹.

The Federal Reserve hiked interest rates 7 times from 0.25% - 0.50% to 4.25% - 4.50% throughout 2022 to tame inflation. The economies of the European Union further grew by a growth of 3.3% in 2022 compared to 5.3% in 2021. The European Central Bank hiked interest rates to 2.5% in 2022 compared to 0.0% in 2021. The British economy experienced a growth of 3.6% in 2022 compared to an increase of 7.4% in 2021. The Bank of England further increased its base rate at 9 consecutive meetings, taking the base rate from 0.25% to 3.5% which is the highest level in 14 years².

The Real GDP Growth at Constant Prices %

Country	2022	2021
United States	1.9	5.9
United Kingdom	3.6	7.4
Germany	1.5	2.6
France	2.5	6.8
Japan	1.2	2.2
China	2.7	8.1

After a strong rebound in 2021, growth in the East Asia and Pacific region slowed markedly in 2022 to an estimated 3.2%. In China, growth is estimated to have slowed to 2.7% in 2022, with the exception of 2020, this represents the weakest pace of growth since the mid-1970s.

Output in the Middle East and North Africa region rebounded in 2022, expanding by an estimated 5.7% which represents the region's highest growth rate in a decade, as oil exporters enjoyed windfalls from increased oil and gas prices and rising production.

With regard to oil prices, the price of Brent oil increased by US\$5.58 per barrel to close 2022 at US\$82.82 compared to US\$77.24 in 2021, posting an increase of 7.22%³.

In terms of currency prices, the Euro depreciated against the U.S. Dollar by 6.27%, and the Sterling Pound depreciated against the U.S. Dollar by 10.84% compared to the beginning of the year. Contrastingly, the U.S. Dollar appreciated against the Japanese Yen by 15.44% during the same period.

As for metal prices, the price of gold slightly increased by 0.05% to reach US\$1,801.00 per ounce compared to an annual average of US\$1,800.00 in 2021. The price of silver also fell during the same period by 13.49%.

On the financial markets front, the UK FTSE100 had an international lead as the index posted a growth of 0.91%. On the other hand, other international financial markets tumbled. The Japanese NIKKEI225 witnessed a decline by 9.37%, the French CAC40 declined by 9.50%, the German DAX fell by 12.35%, the Chinese shanghai decreased by 15.13% and the US S&P500 fell by 19.44%.

Performance of International Financial Markets

Market	2022	2021	Growth (%)
US (S&P500)	3,839.50	4,766.18	(19.44)
Japan (NIKKEI225)	26,094.50	28,791.71	(9.37)
Germany (DAX)	13,923.59	15,884.86	(12.35)
France (CAC40)	6,473.76	7,153.03	(9.50)
UK (FTSE100)	7,451.74	7,384.54	0.91
China (SHANGHAI)	3,089.26	3,639.78	(15.13)

1. Source: (International Monetary Fund, IMF | World Bank)

2. Source: (Forbes | Bank of England | European Central Bank | Trading Economics)

3. Source: (World Bank | Trading Economics | Federal Reserve Bank of St. Louis)

World Stock Markets’ Performance during 2022 (Continued)

The Arabian Market

According to the International Monetary Fund (IMF), the real GDP of the Middle East region grew by 5.6% in 2022 compared to an increase of 4.0% in 2021. Whereas, the GDP of North Africa grew by 4.1% in 2022 compared to an increase of 5.3% in 2021.

With regards to the real GDP of Arabian Economies, Kuwait recorded the highest performance with a growth rate of 8.5%. Most of the Arabian economies experienced moderate growth in their GDP during 2022. Nonetheless, Morocco and Jordan witnessed the least growth in GDP with growth rates of 1.2% and 2.5% respectively. On the other hand, Lebanon experienced a 5.4% decline in 2022.

The Real GDP Growth at Constant Prices (%)

Country	2022	2021
Jordan	2.5	2.2
Morocco	1.2	7.9
Egypt	6.6	3.3
Lebanon	(5.4)	(7.0)

GCC Countries

Country	2022	2021
Qatar	4.0	1.5
Kuwait	8.5	1.3
Saudi Arabia	8.3	3.2
Oman	4.5	3.1
UAE	5.9	3.9
Bahrain	3.8	2.2

With reference to the performance of Arab and GCC financial markets, BSE (Beirut Stock Exchange) reported the highest growth in its performance during 2022 by 42.63% followed by the Egyptian Exchange with a growth of 22.00%. With the exception of Morocco, Saudi Arabia and Qatar the majority of the Arabian and GCC markets have experienced remarkable growth in 2022.

Arab Stock Markets Performance

Market Indices (Points)			
Markets	2022	2021	Annual Performance (%)
Egypt	14,578.21	11,949.18	22.00
Morocco	10,720.25	13,358.32	(19.75)
Lebanon	1,410.28	988.79	42.63
Jordan	2,501.60	2,118.65	18.08
GCC Countries			
Dubai	3,336.07	3,195.91	4.39
Muscat	4,857.44	4,129.54	17.63
Abu Dhabi	10,188.57	8,488.36	20.03
Saudi Arabia	10,478.46	11,281.71	(7.12)
Kuwait	7,292.12	7,043.16	3.53
Bahrain	1,895.27	1,797.25	5.45
Qatar	10,681.07	11,625.81	(8.13)

World Stock Markets’ Performance during 2022 (Continued)

The Local Market

The Kingdom of Bahrain's GDP grew by 3.8% in 2022 compared to the previous year's growth of 2.2%. Prices across the Kingdom moderately appreciated on average in 2022 with expected inflation rate of 3.2% in contrast to the deflated prices experienced by the country in 2021 with a deflation rate of 0.6%.

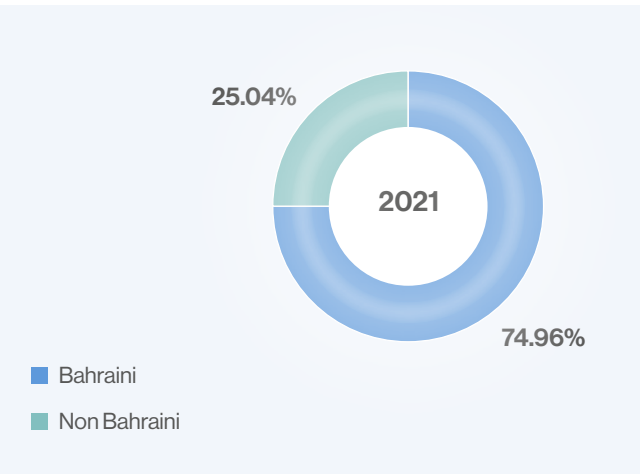
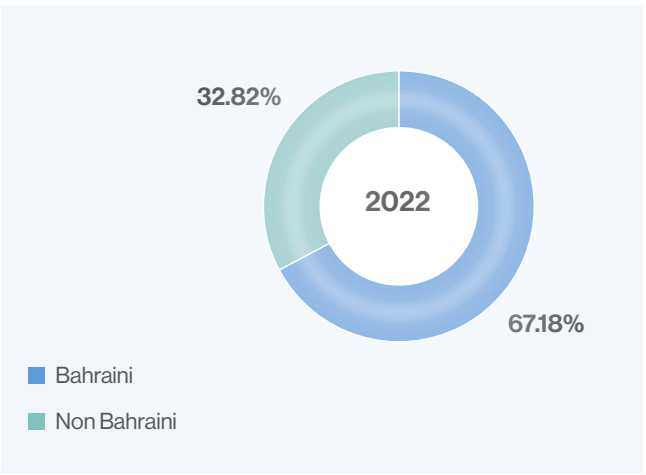
Bahrain All Share Index surged by 5.45% to close at 1,895.27 points at the end of 2022 thereby ending the year up by 98.02 points. As for shares prices at the end of the year, the prices of 13 companies increased, while the share prices of 8 companies remained unchanged, and the share prices of 22 companies declined. The trading activity witnessed a decrease in the value of shares traded by 13% compared to 2021. The volume of shares decreased by 47% compared to last year and the number of transactions decreased by 17%.

The Financials Sector comprised 45.38% of the total traded value followed by the Materials Sector comprising 37.10%, Communications Services Sector 7.23%, Non-Bahraini Companies 4.31%, Consumer Discretionary Sector 1.37%, Industrials Sector 1.53%, Real Estate Sector 0.93% and Consumer Staples Sector 1.02%. Aluminum Bahrain B.S.C. (ALBH) came on top of the most active companies in terms of the value of shares traded, in which the traded value was BD63 million, capturing around 37.10% of the total trading value at the Bourse, followed by Ahli United Bank B.S.C. (AUB) comprising 12.44%, GFH Financial Group B.S.C. (GFH) 7.99%, Bank of Bahrain and Kuwait B.S.C. (BBK) 6.52% and Bahrain Telecommunications Company B.S.C. (BATELCO) 6.35%.

As for the volume of shares traded, the Financials Sector represented 74.71% of total traded volume followed by the Materials Sector with 10.02%, Industrials Sector 2.10%, Communications Services Sector 5.48%, Real Estate Sector 1.84%, Consumer Discretionary 1.22% and Consumer Staples Sector 0.97%. GFH Financial Group B.S.C. (GFH) came first among the most active companies in terms of the volume of shares traded with 116.50 million shares traded, comprising 21.69% of the total shares traded at the Bourse, followed by Al Salam Bank B.S.C. (SALAM) 19.96%, Ahli United Bank B.S.C. (AUB) 10.62%, Aluminum Bahrain B.S.C. (ALBH) 10.02% and Ithmaar Holding B.S.C. (ITHMR) 5.89%.

Trading by nationality figures show that Bahrainis comprised 67.18% of the total value of shares traded, while other nationalities comprised 32.82% of the total value of shares. The year 2022 ended with a total of 43 listed companies, 3 mutual funds, 18 Bonds/Sukuks and 34 Treasury Bills and Short Term Islamic Ijarah Sukuk.

Percentage of Value of Trading in Terms of Nationality (Buy & Sell)



World Stock Markets’ Performance during 2022 (Continued)

Market Capitalization

The local market capitalization of Bahraini public shareholding companies listed on Bahrain Bourse appreciated by 5.78% to BD11.41 billion compared to BD10.79 billion at the beginning of the year. The Financials Sector accounted for 73.62% of the total market capitalization, followed by the Materials Sector with 13.57%, Communications Services Sector 7.68%, Consumer Discretionary Sector 1.74%, Consumer Staples Sector 1.28%, Industrials Sector 1.20% and Real Estate Sector 0.91%.

Market Capitalization among Sectors (Million Dinars)

Sector	2022	2021	Change (%)	Relative Weight (%)
Materials	1,547.8	1,136.00	36.25	13.57
Industrials	137.1	145.27	(5.62)	1.20
Consumer Discretionary	198.26	180.58	9.79	1.74
Consumer Staples	146.26	146.58	(0.22)	1.28
Financials	8,398.66	8,032.61	4.56	73.62
Communications Services	876.43	1,063.72	(17.61)	7.68
Real Estate	104.38	110.69	(5.70)	0.91
Total Market	11,408.89	10,815.45	5.49	100.00

Financial Indicators

The financial indicators among sectors varied. The table below presents the growth of financial indicators at the end of 2022 compared to 2021.

Financial Indicators

Sector	P/E (X)		Div. Yield (%)		P/BV (X)	
	2022	2021	2022	2021	2022	2021
Materials	3.41	116.06	7.31	N/A	1.03	1.05
Industrials	13.65	9.13	6.55	10.10	1.53	1.29
Consumer Discretionary	31.11	42.18	5.05	3.76	0.82	0.74
Consumer Staples	12.76	19.08	4.31	3.78	1.07	1.09
Financials	14.52	18.81	2.84	1.52	1.26	1.30
Communications Services	11.99	16.35	6.2	4.91	1.38	1.74
Real Estate	15.64	19.25	3.28	3.00	0.56	0.60
Total Market	9.83	20.35	3.81	1.89	1.21	1.26

Bahrain Clear Statistics

The total number of Bahraini public shareholding shares deposited at Bahrain Clear reached 38,790 billion shares as of 31, December 2022 comprising 100% of the total fully issued and paid shares compared to 37,329 billion shares at the beginning of the year posting a growth of 3.91%.

The market capitalization of Bahraini public shareholding shares deposited at Bahrain Clear reached BD 11,409 billion as of 31, December 2022 compared to BD 11,226 billion at the beginning of the year recording a growth of 5.48%.

The number of nationalities registered at Bahrain Clear reached 100 nationalities, while the number of investors holding shares in Bahraini public shareholding companies reached 74,281 investors by 31 December, 2022 compared to 59,171 investors at the beginning of the year, posting a growth of 25.54%.

Key Statistical Data
2021-2022

Key Statistical Data 2021-2022

COMPARISON OF TRADING ACTIVITY

	2022	2021	Change	Change %
Total Market Capitalization (BD)	11,408,886,817	10,815,451,307	593,435,510	5.49
Value of Shares (BD)	169,788,862	195,678,822	(25,919,160)	(13.24)
Volume of Shares	536,936,026	1,018,674,066	(481,738,040)	(47.29)
No. of Transactions	17,474	21,015	(3,541)	(16.85)
Total Trading Days	246	245	1	0
Daily Average Value of Shares (BD)	690,199	798,808	(108,610)	(13.60)
Daily Average Volume of Shares	2,182,667	4,157,853	(1,975,187)	(47.50)
Daily Average No. of Transactions	71	86	(15)	(17)

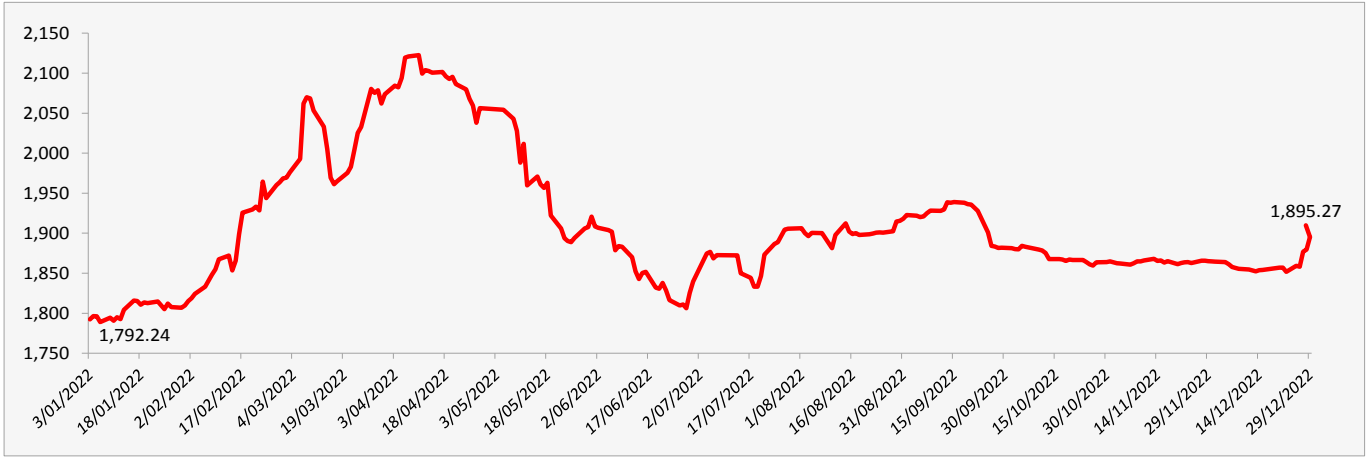
BAHRAIN BOURSE INDICES PERFORMANCE

Bahrain All Share Index	2022	2021	Change (points)	Change (%)
Year end	1,895.27	1,797.25	98.02	5.45
High	2,122.51	1,797.25	325.26	18.10
Low	1,788.93	1,447.55	341.38	23.58

Bahrain Islamic Index	2022	2021	Change (points)	Change (%)
Year end	663.13	751.72	(88.59)	(11.78)
High	764.10	756.50	7.60	1.00
Low	650.92	610.58	40.34	6.61

Key Statistical Data 2021-2022 (Continued)

BAHRAIN ALL SHARE INDEX PERFORMANCE DURING 2022 (POINTS)



Sectorial Indices	2022	2021	Change (%)
Bahrain All Share Index			
Materials	5,007.66	3,675.35	36.25
Industrials	2,871.22	3,042.22	(5.62)
Consumer Discretionary	3,332.98	3,035.81	9.79
Consumer Staples	3,003.89	3,010.64	(0.22)
Financials	6,691.20	6,402.47	4.51
Communications Services	2,437.08	2,957.86	(17.61)
Real Estate	3,008.29	3,190.20	(5.70)

No. of Listed Companies (including REITs)	2022	2021
Public	40	40
Closed	1	1
Non Bahraini	2	1
Total	43	42

No. of Listed T-bills	2022	2021
	33	34

No. of Listed Bonds & Sukuk	2022	2021
Bonds	15	14
Sukuk	3	3

No. of Listed Mutual Funds	2022	2021
	3	3

No. of Companies listed on the Bahrain Investment Market (BIM)	2022	2021
	0	1

Key Statistical Data 2021-2022 (Continued)

EQUITY TRADING ACTIVITY

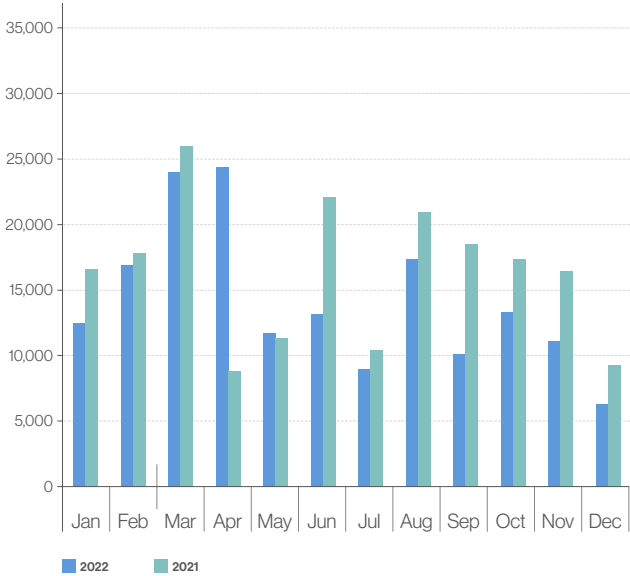
Value (BD000)

	2022	2021	Change (%)
Jan	12,508	16,580	(24.56)
Feb	16,934	17,791	(4.81)
Mar	24,010	25,998	(7.65)
Apr	24,341	8,827	175.77
May	11,684	11,368	2.78
Jun	13,177	22,106	(40.39)
Jul	8,966	10,389	(13.70)
Aug	17,375	20,969	(17.14)
Sep	10,097	18,531	(45.51)
Oct	13,281	17,389	(23.63)
Nov	11,097	16,447	(32.53)
Dec	6,319	9,314	(32.16)
Market	169,789	195,708	(13.24)

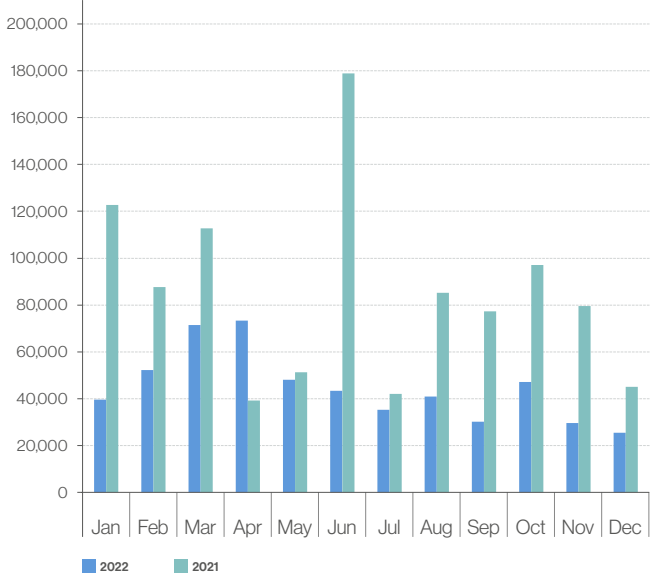
Volume (000)

	2022	2021	Change (%)
Jan	39,678	122,689	(67.66)
Feb	52,277	87,704	(40.39)
Mar	71,388	112,728	(36.67)
Apr	73,319	39,241	86.84
May	48,124	51,297	(6.19)
Jun	43,456	178,894	(75.71)
Jul	35,265	42,002	(16.04)
Aug	40,841	85,171	(52.05)
Sep	30,206	77,272	(60.91)
Oct	47,160	97,054	(51.41)
Nov	29,674	79,617	(62.73)
Dec	25,547	45,006	(43.24)
Market	536,936	1,018,674	(47.29)

Total Value of Shares Traded



Total Volume of Shares Traded



Key Statistical Data 2021-2022 (Continued)

EQUITY TRADING ACTIVITY (Continued)

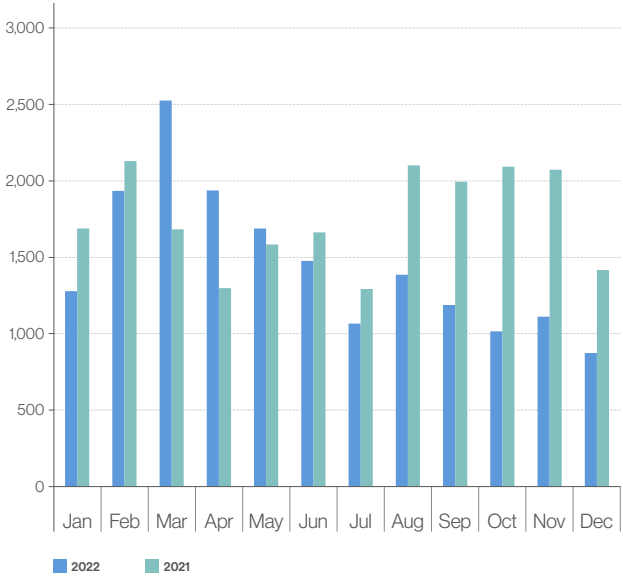
No. of Transactions

	2022	2021	Change (%)
Jan	1,277	1,688	(24.35)
Feb	1,933	2,130	(9.25)
Mar	2,525	1,682	50.12
Apr	1,936	1,297	49.27
May	1,688	1,584	6.57
Jun	1,476	1,663	(11.24)
Jul	1,067	1,292	(17.41)
Aug	1,385	2,101	(34.08)
Sep	1,187	1,994	(40.47)
Oct	1,015	2,093	(51.51)
Nov	1,112	2,073	(46.36)
Dec	873	1,418	(38.43)
Market	17,474	21,015	(16.85)

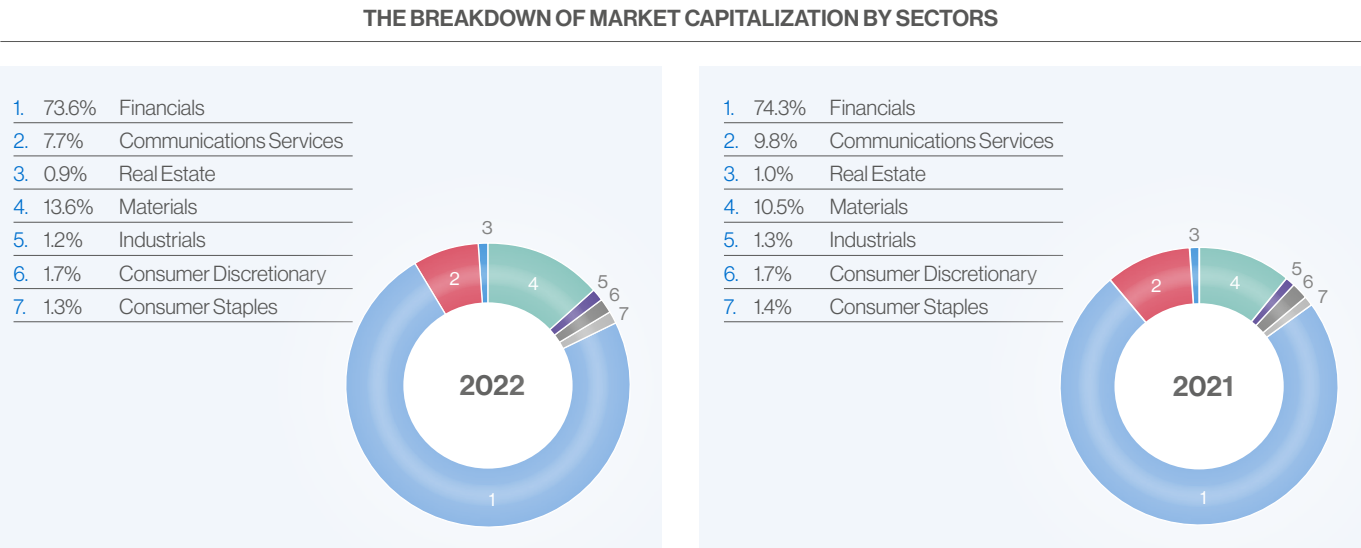
Market Cap (BD million)

	2022	2021	Change (%)
Materials	1,547.8	1,136.0	36.3
Industrials	137.1	145.3	(5.6)
Consumer Discretionary	198.3	180.6	9.8
Consumer Staples	146.3	146.6	(0.2)
Financials	8,398.7	8,032.6	4.6
Communications Services	876.4	1,063.7	(17.6)
Real Estate	104.4	110.7	(5.7)
Market	11,408.9	108.2	5.5

Total Number of Transactions



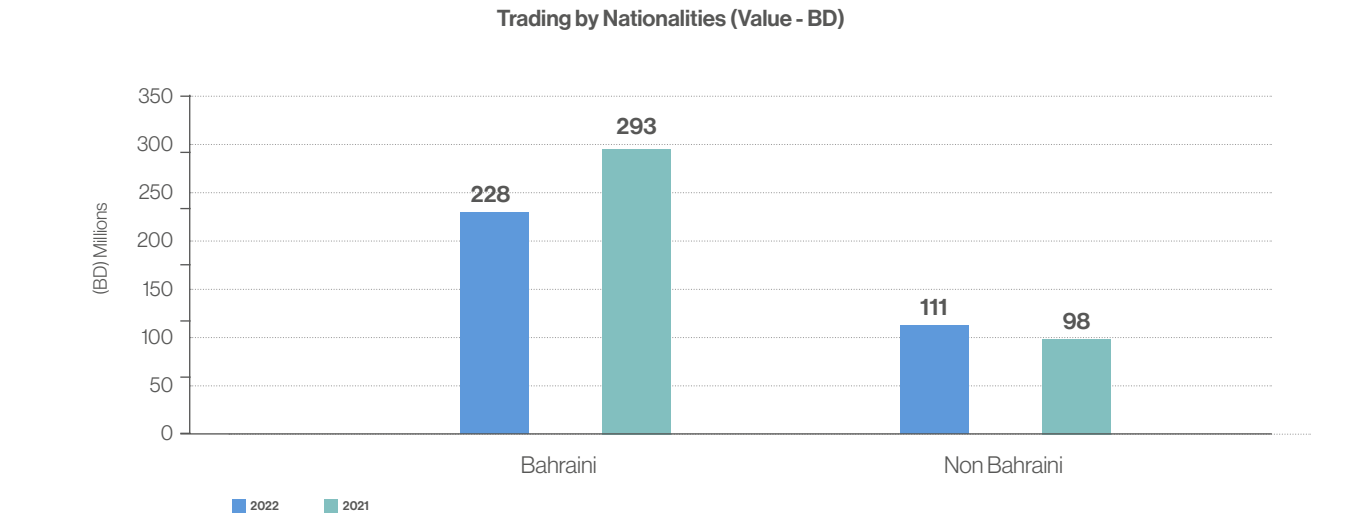
Key Statistical Data 2021-2022 (Continued)



TRADING BY NATIONALITY

Volume	2022	2021	Change (%)
Bahraini	777,098,711	1,498,862,785	(48.15)
Non Bahraini	296,773,341	538,485,347	(44.89)
Total	1,073,872,052	2,037,348,132	(47.29)

Value	2022	2021	Change (%)
Bahraini	228,117,425	293,389,191	(22.25)
Non Bahraini	111,460,297	98,026,853	13.70
Total	339,577,722	391,416,044	(13.24)



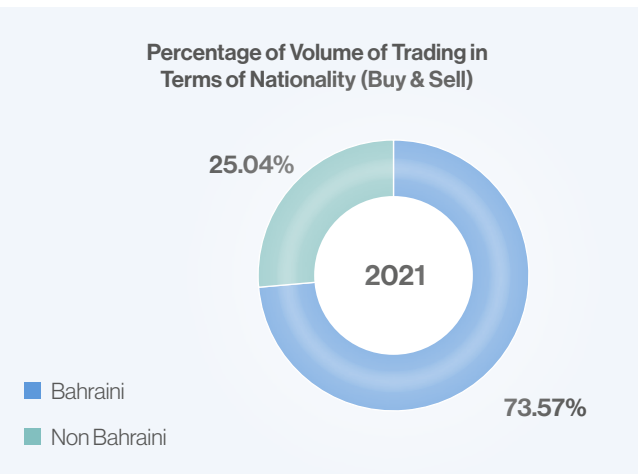
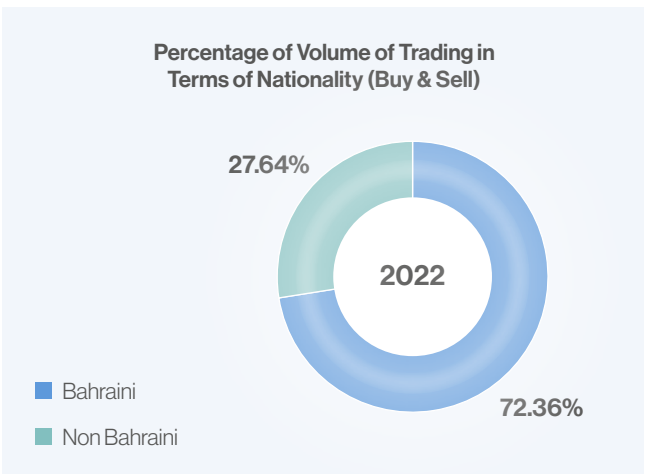
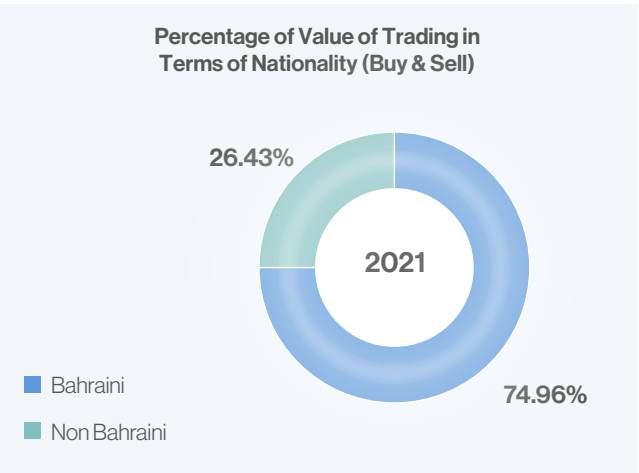
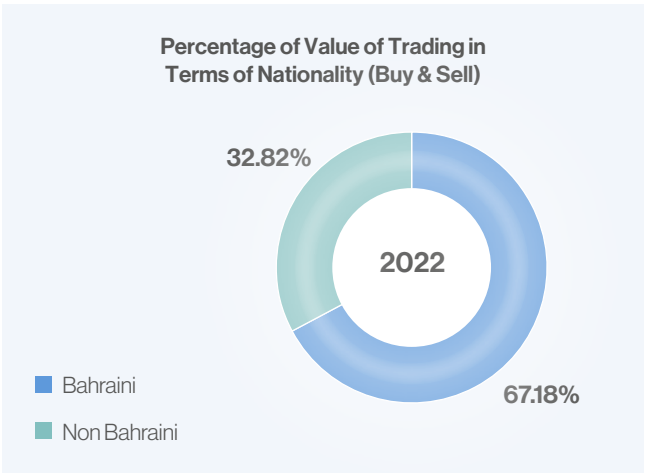
Key Statistical Data 2021-2022 (Continued)

PERCENTAGE OF TRADING BY NATIONALITY-VOLUME (BUY & SELL)

	2022	2021
Bahraini	72.36%	73.57%
Non Bahraini	27.64%	26.43%

PERCENTAGE OF TRADING BY NATIONALITY-VALUE (BUY & SELL)

	2022	2021
Bahraini	67.18%	74.96%
Non Bahraini	32.82%	25.04%



Traded Securities and Instruments

Traded Securities and Instruments

Listed Companies on Bahrain Bourse

Materials

Aluminium Bahrain B.S.C.

Industrials

APM Terminals Bahrain B.S.C.
Bahrain Ship Repairing and Engineering Company B.S.C.
Nass Corporation B.S.C.

Consumer Discretionary

Bahrain Duty Free Shop Complex B.S.C.
Bahrain Family Leisure Company B.S.C.
Banader Hotels Company B.S.C.
Gulf Hotels Group B.S.C.
National Hotels Company B.S.C.

Consumer Staples

Bahrain Flour Mills Company B.S.C.
BMMI B.S.C.
Delmon Poultry Company B.S.C.
Trafco Group B.S.C.

Financials

Ahli United Bank B.S.C.
Al Baraka Banking Group B.S.C.
Al Salam Bank B.S.C.
Arab Banking Corporation B.S.C.
Arab Insurance Group B.S.C.
Bahrain Commercial Facilities Company B.S.C.
Bahrain Islamic Bank B.S.C.
Bahrain Kuwait Insurance Company B.S.C.
Bahrain Middle East Bank B.S.C.
Bahrain National Holding Company B.S.C.
Bank of Bahrain and Kuwait B.S.C.
Esterad Investment Company B.S.C.
GFH Financial Group B.S.C.
INOVEST B.S.C.
Ithmaar Holding B.S.C.
Khaleeji Commercial Bank B.S.C.
National Bank of Bahrain B.S.C.
Solidarity Bahrain B.S.C.
Takaful International Company B.S.C.
United Gulf Holding Company B.S.C.
United Gulf Investment Corporation B.S.C.

Communications Services

Bahrain Cinema Company B.S.C.
Bahrain Telecommunications Company B.S.C.
Zain Bahrain B.S.C.

Real Estate

Bahrain Car Parks Company (Amakin) B.S.C.
Eskan Bank Realty Income Trust
Seef Properties B.S.C.

Non-Bahraini Companies

Bank Muscat S.A.O.G.
Kuwait Finance House K.S.C.P.

Closed Companies

SICO B.S.C. (c)

Listed Mutual Funds

NBK Gulf Equity Fund
NBK Qatar Equity Fund
Markaz Arabian Fund

Listed Bonds & Sukuk

Government Development Bond - Issue 13
Government Development Bond - Issue 15
Government Development Bond - Issue 19
Government Development Bond - Issue 20
Government Development Bond - Issue 21
Government Development Bond - Issue 22
Government Development Bond - Issue 23
Government Development Bond - Issue 24
Government Development Bond - Issue 25
Government Development Bond - Issue 26
Government Development Bond - Issue 27
Government Development Bond - Issue 28
Government Development Bond - Issue 29
Government Development Bond - Issue 30
Government Islamic Lease (Ijarah) Sukuk - Issue 22
Government Islamic Lease (Ijarah) Sukuk - Issue 23
Government Islamic Lease (Ijarah) Sukuk - Issue 26
Sukuk Al Musharaka (Investment DAR Sukuk Co.) - 2010*

*Matured as of 26th Oct. 2010

Traded Securities and Instruments (Continued)

Brokers & Members

Brokerage Firms

Ahli United Bank B.S.C.
Al Ahlia Bahrain B.S.C. (closed)
BBK B.S.C.
Mubasher Financial Services B.S.C. (c)
SICO B.S.C. (c)
United Gulf Bank B.S.C.
Gulf Securities Co. W.L.L.
Tradeline Securities W.L.L.

Tabadul Hub

Al Dar Shares and Bonds Company L.L.C.
Mena Corp Financial Services L.L.C.
BHM Capital Financial Services P.S.C.
Arqaam Securities L.L.C.
International Securities L.L.C.
AL Ramz Capital L.L.C.

Individual Brokers

Abdulla Jaffer Zain Al-Abdeen Office

Member Firms

SICO Funds Services Company B.S.C.
Gulf Custody Company B.S.C. (c)
HSBC Bank Middle East Limited Bahrain
Standard Chartered Bank Bahrain
Citibank N.A. Bahrain
First Abu Dhabi Bank (FAB)

Authorized Sponsors

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Listed T-Bills & Short-Term Islamic Lease (Ijarah) Sukuk

12 Months Treasury Bills - Issue 89
12 Months Treasury Bills - Issue 90
12 Months Treasury Bills - Issue 91
12 Months Treasury Bills - Issue 92
12 Months Treasury Bills - Issue 93
12 Months Treasury Bills - Issue 94
12 Months Treasury Bills - Issue 95
12 Months Treasury Bills - Issue 96
12 Months Treasury Bills - Issue 97
12 Months Treasury Bills - Issue 98
12 Months Treasury Bills - Issue 99
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/203
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/204
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/205
Short Term Islamic Lease (Ijarah) Sukuk Issue SL/206
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/207
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/208
6 Months Treasury Bills - Issue 1923
6 Months Treasury Bills - Issue 1927
6 Months Treasury Bills - Issue 1931
6 Months Treasury Bills - Issue 1937
6 Months Treasury Bills - Issue 1940
6 Months Treasury Bills - Issue 1944
3 Months Treasury Bills - Issue 1933
3 Months Treasury Bills - Issue 1934
3 Months Treasury Bills - Issue 1935
3 Months Treasury Bills - Issue 1936
3 Months Treasury Bills - Issue 1938
3 Months Treasury Bills - Issue 1939
3 Months Treasury Bills - Issue 1941
3 Months Treasury Bills - Issue 1942
3 Months Treasury Bills - Issue 1943
3 Months Treasury Bills - Issue 1945

Bahrain Bourse Fees & Commissions

As of 31st December 2022

1. Applicants and Issuers Listing Fees

1.1 Equity Securities ¹			
Equities	Listing/Registration Fees	Annual Subscription Fees	
Local Equities (Public Shareholding Companies)	0.1% of the company's paid-up capital plus VAT (Minimum of BD 5,500 and Maximum of BD 16,500)	Paid-up Capital	Fee
		The first BD 10 Million of the company's paid-up capital	0.13% of paid-up Capital plus VAT
		Amounts exceeding BD 10 Million up to BD 50 Million	0.07% of paid-up Capital plus VAT
		Amounts exceeding BD 50 Million	0.035% of paid-up capital plus VAT
		(Minimum of BD 5,500 and Maximum of BD 88,000)	
Local Closed Shareholding Companies	BD 1,100	0.025% of the company's paid-up capital plus VAT (Minimum of BD 1,100 and Maximum of BD 6,600)	
Non-Bahraini Equities	0.1% of the company's paid-up capital plus VAT (Minimum of BD 2,200 and Maximum of BD 5,500)	15% of the fee applicable on Bahraini shareholding companies plus VAT (Minimum of BD 2,200 and Maximum of BD 13,200)	
Preference Shares	0.5% of the par value of the outstanding shares plus VAT (Minimum of BD 2,200 and Maximum of BD 5,500)	BD 2,200	

1.2 Debt Securities		
Issuer Type	Registration Fees	Annual Subscription Fees
Government	BD 1,650	BD 2,200
Private & Non-Bahraini	0.05% of total value plus VAT (Minimum of BD 2,200 and maximum of BD 5,500)	BD 2,200
Treasury Bills & Short-term Islamic Lease (Ijara) Sukuk	BD 33 payable upon listing (one-off payment)	

1.3 Investment Funds & Real Estate Investment Trusts (REITs)		
Fund Type	Registration Fees	Annual Subscription Fees
Mutual Funds	BD 330	BD 275
REITs	BD 2,200	BD 5,500 (for units amounting up to USD 250 Million)
		BD 10,500 (for units amounting above USD 250 Million)

¹ The registration and annual subscription fees for shareholding companies whose securities are accepted for trading on Bahrain Bourse is calculated based on the company's total paid up capital, which includes ordinary shares and preference shares.

Bahrain Bourse Fees & Commissions (Continued)

As of 31st December 2022

1. Applicants and Issuers Listing Fees (Continued)

1.4 Bahrain Investment Market		
	Registration Fees	Annual Subscription Fees
Bahrain Investment Market (Companies)	BD 1,100	0.3% of the company's paid-up capital plus VAT (Minimum of BD 1,100 and maximum of BD 6,600)
Bahrain Investment Market (Sponsors)	Not Applicable	BD 2,200

1.5 Issuer Services		
	Fees	Frequency
Change of Company Name or Trading Symbol (or both) ²	BD 550	Applicable per Request
Proof of Listing Letter	BD 11	Applicable per Request

1.6 Corporate Actions		
	Fees	Frequency
Capital Change	BD 0.550/shareholder; min BD 330 and max BD 5,500	Applicable per Request
Company Merge/ Takeover/ Acquisition/ Share Swap	BD 0.550/shareholder; min BD 330 and max BD 5,500	Applicable per Request
Stock Splits	BD 0.550/shareholder; min BD 330 and max BD 5,500	Applicable per Request
Bonus Shares	BD 0.550/shareholder; min BD 330 and max BD 5,500	Applicable per Request
Other (e.g. rights issue)	BD 0.550/shareholder; min BD 330 and max BD 5,500	Applicable per Request
Delisting Processing Fee ³	BD 110/per request	Applicable per Request

2. Membership Fees

2.1 Membership Registration & Annual Subscription		
Type of Membership	Registration Fees ⁴	Annual Subscription Fees ⁵
Discount Broker	BD 1,100	BD 550
Broker	BD 1,100	BD 550
Broker-Dealer	BD 5,500	BD 1,100
External Broker	BD 5,500	BD 1,100
External Broker-Dealer	BD 5,500	BD 1,100
Authorized Trader	BD 5,500	BD 1,100

2 Only applicable in the event of elective change of name/symbol.
3 Fees shall not be applicable in the event of maturity of security.
4 Applicable upon Admission.
5 Applicable per Annum.

Bahrain Bourse Fees & Commissions (Continued)

As of 31st December 2022

2. Membership Fees (Continued)

2.2 Member Services		
	Fee	Frequency
Leasing Broker Offices ⁶	BD 150 + BD 55 Trading Floor Service Fee /office	Applicable per Month
Online Trading Fee	BD 110/request	Applicable per Month
Remote Trading Workstation Service Fee	BD 165/request	Applicable per Month
Broker Digital Advertising on BHB Trading Floor	BD 11/business day/message capped at BD 165/month	Applicable per Request
Temporary Office Use in BHB (Depending on availability)	BD 55/office/day	Applicable per Request
Test Environment for Brokerage Companies (System & Connectivity)	BD 27.5/day	Applicable per Request
Brokerage Companies Merger	BD 550 from each party	Applicable per Request
Brokerage Company - Change of Name Request ⁷	BD 220 for each application	Applicable per Request

2.3 Electronic Connection with Trading System

	Fees	Frequency
Initial setup per PC (one-off payment)	BD 220/PC	Applicable per PC
Online User FIX Setup (one-off payment)	BD 1,100/setup	Applicable per Setup
Trading System User Access	BD 55/user/month	Applicable per User per Month
Password Reset	BD 5.5/request	Applicable per Request
Connectivity Cost per Workstation ⁸	BD 55/connection/month	Applicable per Connection per Month

2.4 Brokerage Commission

	Brokerage Commission ⁹	BHB's Commission ¹⁰	Frequency
Equities	0.275% of Transaction Value	20% plus VAT	Applicable per Transaction (Buy & Sell)
Fixed Income (Bonds & Sukuk)	0.08% of Transaction Value	20% plus VAT	
Treasury Bills	0.01% of Transaction Value	20% plus VAT	
REITs	0.275% of Transaction Value	20% plus VAT	
Bahrain Trade Platform	0.20% of Transaction Value	20% plus VAT	

2.5 Issued Reports

	Fees	Frequency
Issued Reports (soft or hard copy)	BD 1.1 /page capped at BD 55/report	Applicable per Request

3. Information Products Fees

3.1 Information Products ¹¹

6 Includes 1 Trading User Access for free & 1 Clearing, Settlement, Central Depository & Registry System User Access for free from Bahrain Clear.
7 This fee is not applicable in the event of a merger.
8 In the event that Members have both Trading & Clearing, Settlement, Central Depository & registry System on the same PC, only one connectivity cost shall apply.
9 Minimum Commissions of BD 3.30
10 BHB's Commission shall be a percentage of the prescribed brokerage commission.
11 All Information Products are subject to a separate Information License Agreement. Prices denoted above are exclusive of VAT. For companies domiciled in Bahrain, additional VAT will be applicable. For companies domiciled outside of Bahrain, information product fees will be zero-rated.

Bahrain Bourse Fees & Commissions (Continued)

As of 31st December 2022

	Real-time Information	Delayed Information	Frequency
Market Coverage	BD 6,000	BD 3,600	Applicable per Annum
Information Vending Enterprise License, Limited Business Use	BD 10,000	N/A	
Information Vending Enterprise License, Unlimited Business Use	BD 18,000	N/A	
Information Vending Enterprise License, Unlimited Use	BD 20,000	N/A	
Trading Enterprise License (Members of Bahrain Bourse only)	BD 10,000	N/A	
Subscriber Enterprise License (Subscribers under direct Agreement with BHB)	BD 4,000	N/A	
Historic Information, End of Day Database, Delayed Data	N/A	BD 4,000	
Corporate Actions	N/A	BD 2,000	
Issuer information	N/A	BD 1,000	
Website Ticker	N/A	BD 2,000	

3.2 Individual Access

	Fees	Frequency
Market Coverage Private Use	BD 5/user	Applicable per Month
Market Coverage Business Use	BD 10/user	Applicable per Month

3.3 Connection Administration

	Fees	Frequency
First Connection to BHB's Primary Data Centre	BD 3,500	Applicable per Annum
Each Additional Connection to BHB's Primary Data Centre	BD 2,500	
First Connection to BHB's Disaster Recovery Data Centre	BD 1,000	
Each additional connection to BHB's Disaster Recovery Data Center	BD 800	

Bahrain Clear Fees

As of 31st December 2022

1. Issuer Fees

1.1 Issuer Services				
	Fees			Frequency
IPO Services ¹	0.02% of the amount being raised plus VAT capped at BD 5,500			Applicable per Request
Issuing ISIN code for Non-listed Instruments	BD 22			Applicable per Request
Annual Central Depository Fees	Paid-up Capital	Fee	Min/Max Amount	Applicable per Annum
	Up to BD 15 Million	0.0125% of Paid-up Capital plus VAT	Minimum of BD 1,100	
	Amounts exceeding BD 15 Million	0.00625% of Paid-up Capital plus VAT	Maximum of BD 4,400	
Management of Shareholders' Register	BD 0.550/shareholder (Minimum of BD 2,200; Maximum of BD 11,000)			Applicable per Annum
Issuance of Statements of Shareholder Register	BD 0.022/shareholder (Minimum of BD 55 for CDs, Minimum of BD 110 for Hard Copies)			Applicable per Request

1.2 Issued Reports

	Fees	Frequency
Detailed Reports Requests (soft or hard copy)	BD 11/page capped at BD 55/ report	Applicable per Request

1.3 AGM Services

	Fees	Frequency
a- AGM Management - 1 st Meeting		
Company Shareholders less than 500	BD 330	Applicable per Request
Company Shareholders –501-1,000	BD 550	Applicable per Request
Company Shareholders 1,001-2,000	BD 825	Applicable per Request
Company Shareholders 2,001-3,000	BD 1,100	Applicable per Request
Company Shareholders 3,001-5,000	BD 1,650	Applicable per Request
Company Shareholders 5,001-10,000	BD 2,200	Applicable per Request
Company Shareholders more than 10,000	BD 2,750	Applicable per Request
b- AGM Management - 2 nd Meeting (if 1 st meeting is adjourned due to insufficient quorum)	BD 550	Applicable per Request
c- AGM Management – 3 rd Meeting (if 2 nd meeting is adjourned due to insufficient quorum)	BD 330	Applicable per Request

1 Inclusive of Temporary Office for Receiving Bank for 10 Business Days.

Bahrain Clear Fees (Continued)

As of 31st December 2022

1. Issuer Fees (Continued)

1.4 Corporate Actions		
	Fees	Frequency
Dividend Distribution Service ²	BD 0.550/shareholder; (Minimum of BD 330 and Maximum of BD 5,500)	Applicable per Request

2. Custodian Fees

2.1 Custodian Requests: Transfer of Securities		
	Fees	Frequency
Transfer of securities to custody account or vice versa with-out change in beneficiary owner	BD 5.5 for each company	Applicable per Request

2.2 Electronic Connection with Equator System		
	Fees	Frequency
Initial setup per PC (one-off payment)	BD 220/PC	Applicable per PC
Equator User Access	BD 55/user/month	Applicable per User per Month
Password Reset	BD 5.5/request	Applicable per Request
Connectivity Cost per Workstation	BD 55/ connection/month	Applicable per Connection per Month

2.3 Custody Subscriptions		
	Fees	Frequency
Annual Custody Subscription Fees	Average portfolio value for the previous year X 0.0025% plus VAT; (Minimum of BD 5,500)	Applicable per Annum
Custody Admission Fees	BD 1,100	Applicable upon Admission

2.4 Custodian (DVP) Late Confirmation Penalty (After T+2)		
	Fees	Frequency
If the rejection reversal request (for Sale) or transfer request (for Buy) is executed by BHB on (T+3)	BD 55 or 0.05% of trade value plus VAT whichever is higher	Applicable per Occurrence
If the rejection reversal request (for Sale) or transfer request (for Buy) is executed by BHB on (T+4)	BD 275 or 0.05% of trade value plus VAT whichever is higher	Applicable per Occurrence
If the rejection reversal request (for Sale) or transfer request (for Buy) is executed by BHB beyond (T+4)	BD 550	Applicable per Occurrence

2 In the event of both Bonus and Cash dividend distribution, the higher fees shall apply.

Bahrain Clear Fees (Continued)

As of 31st December 2022

3. Member Fees

3.1 Electronic Connection with Equator System		
	Fees	Frequency
Initial setup per PC (one-off payment)	BD 220/PC	Applicable per PC
Equator User Access	BD 55/user/month	Applicable per User per Month
Password Reset	BD 5.5/request	Applicable per Request
Connectivity Cost per Workstation ³	BD 55/ connection/month	Applicable per Connection per Month

3.2 Issued Reports		
	Fees	Frequency
Member Related Issued Reports (soft or hard)	BD 1.1/page capped at BD 55/report	Applicable per request

4. Investor Fees

4.1 Investor Services		
	Fees	Frequency
Opening of Investor Account (NIN) - Individuals	BD 4.4	Payable Once
Opening of Investor Account (NIN) - Companies	BD 9.9	Payable Once
Account Opening	BD 1.1	Payable Once
Transfer of Securities ⁴	BD 1.1	Applicable per Company
Transfer of Dual Listed Companies Shares From BHB (through Bahrain Clear)	BD 11	Applicable per Transaction
Withdrawal of Securities	BD 11	Applicable per Company
To Whom It May Concern Letter	BD 11	Applicable per Request
Lost Certificate Request	BD 27.5/company	Applicable per Request
Exempt Case No. 4 (Inheritance or Will) Securities Transfer	BD 5.5 Payable by each party for each listed company transfer	Applicable per Company
Exempt Cases No. 1 to 3 (IPO, Dealings in Bahraini Companies Outside Bahrain, Transfer of Securities between Spouses) Securities Transfer	20% of the Broker's Commission of the Transferred Securities Market Value payable by each party (Transferor & Transferee) plus VAT with a Minimum of BD 11	Applicable per Company
Securities Account Statement – Hard Copy	BD 2.2 per statement (maximum two pages) BD 1.1 per each additional page	Applicable per Statement

3 In the event that Members have both Trading & Equator system on the same PC, only one connectivity cost shall apply.

4 Excludes exempt cases.

Bahrain Clear Fees (Continued)
As of 31st December 2022

4. Investor Fees (Continued)

4.2 Securities Freeze, Pledge, & Release		
	Fees	Frequency
Pledge Registration	0.075% of the market value using previous day closing price plus VAT with a minimum of BD 55	Payable per Company
Freeze & Pledge Release	BD 22/company	Applicable per Request
Additional Pledge Confirmation Letter ⁵	BD 11/request	Applicable per Request
Securities Freeze ⁶	BD 11/company	Applicable per Request

5. Fines

5.1 Brokerage Administrative Fines			
	Settlement Default Amount	Fee	Frequency
Fines imposed on settlement beyond T+2	BD 1 - 200,000	BD 1,100	Applicable per Occurrence
	BD 200,001 - 400,000	BD 2,200	Applicable per Occurrence
	BD 400,001 - 600,000	BD 3,300	Applicable per Occurrence
	BD 600,001 - 800,000	BD 4,400	Applicable per Occurrence
	BD 800,001 & Above	BD 5,500	Applicable per Occurrence

⁵ This fee will be imposed on the Financial Institution (Pledgee) not the investor.
⁶ Imposed on the Expert being appointed by Court Order. If no Expert is appointed, this fee is not applicable.

Corporate Governance
Report & Other
Disclosures

Corporate Governance Report & Other Disclosures

1- CORPORATE GOVERNANCE REPORT

BAHRAIN BOURSE CORPORATE GOVERNANCE POLICY

Bahrain Bourse seeks to apply the rules and principles of corporate governance in an effective manner in accordance with the legislations issued by the Central Bank of Bahrain and the Ministry of Industry and Commerce, and in fulfillment of the responsibility of the Board of Directors in the overall control, supervision and enhancement of compliance with the requirements of corporate governance. Such compliance will contribute to improving the performance of the Bourse and thus help in enhancing the efficiency of the capital market and attract more domestic and foreign investments.

The implementation of the best standards of corporate governance is one of the top priorities of the Bahrain Bourse, because good governance plays a key role in building investors' confidence. Corporate governance enhances the level of disclosure and transparency and thus protects the interests of all stakeholders, thereby contributing to the strengthening of the position of the Kingdom of Bahrain as a financial center.

COMPANY AND SHAREHOLDER INFORMATION

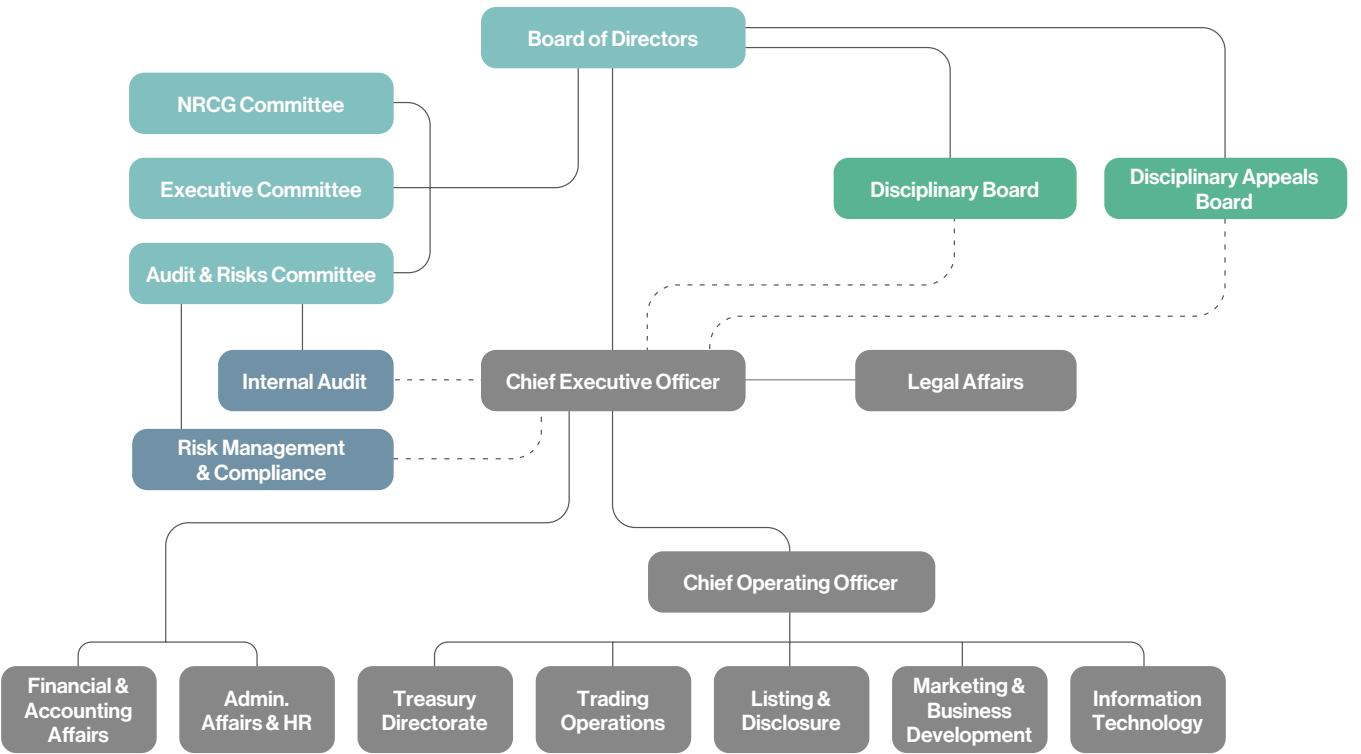
Bahrain Bourse was established as a Bahraini Closed Shareholding Company pursuant to Decree number (60) for the year 2010 to replace Bahrain Stock Exchange which was established in 1987. Bahrain Bourse is licensed by the Central Bank of Bahrain as a stock exchange and a Self-Regulatory Organization, and it is fully owned by the Government of The Kingdom of Bahrain.

The Bourse is governed by the laws and resolutions of the Central Bank of Bahrain (Capital Market Sector), the Central Bank of Bahrain's Rulebook – Volume 6 (Capital Markets), Commercial Companies Law, and the Implementing Regulations Commercial Companies Law.

The authorized capital of the company is BD10,000,000/- (Bahrain Dinar ten million), divided into ten million shares of a nominal value of BD1/- per share. The issued and paid up capital amounts to BD2,000,000/- (Bahraini Dinar two million) divided into two million shares.

The Minister of Industry, Commerce, and Tourism was appointed to perform the tasks of the shareholder in Bahrain Bourse Company in accordance with Decree No. (12) of 2016 issued on 16 February 2016.

BAHRAIN BOURSE GOVERNANCE STRUCTURE



Corporate Governance Report & Other Disclosures (Continued)

BOARD OF DIRECTORS INFORMATION

Composition of the Board of Directors

The Board of Directors of Bahrain Bourse is comprised of not less than five directors and not more than eleven, to be appointed by a resolution of the Economic Development Board with the approval of the Central Bank of Bahrain in accordance with the provisions of the Memorandum and Articles of Association of Bahrain Bourse.

The Bourse's Board is comprised of nine directors who were appointed by Economic Development Board Resolution No. 1 of 2020 dated 14th June 2020 for a period of 3 years starting from resolution date.

Duties and Responsibilities of the Board of Directors

- All members of the Board of Directors of Bahrain Bourse shall have full understanding of all the duties and responsibilities of the Board of Directors stipulated by the "Commercial Companies Law of the Kingdom of Bahrain" and any further laws or regulations correlated to the Bourse's operations to be followed and amended from time to time when required, especially the following:
 - The role of the Board with respect to the executive management of the Bourse ((executive management members are appointed and supervised by the Board)).
 - The responsibility of the members of the Board in demonstrating sincerity and honesty towards the Bourse and the shareholder.
- The duties and responsibilities of the Board are stipulated in the Articles of Association and Board of Directors' Charter. They include but are not limited to:
 1. The overall performance of the Bourse in accordance with the approved strategic plan and key performance indicators.
 2. Ensuring the preparation of the financial statements and that they are prepared in a proper manner that reflects the actual financial position of the Bourse.
 3. Monitoring the performance of the executive management.
 4. Ensuring that there is no conflict of interest of any kind and prevent any dealings that may cause rise to conflict of interest.
 5. Fixing and controlling the remuneration and compensation of the executive management of the Bourse.
 6. Making changes to the compensation and remuneration of the executive management and members of the Board of Directors as may be deemed in the best interest of the Bourse.
 7. Ensuring the integrity and fairness of the financial and accounting systems, including the independence of the audit, having in place the necessary internal control systems, and more specifically risk management and control systems for financial transactions and Bourse operations, in addition to ensuring the presence of a system for compliance with the applicable laws, regulations and related standards.
 8. Monitoring the duties that the Bourse should comply with or perform, including but not limited to, matters related to the requirements of trading and listing on the Bourse, disclosure and dissemination of information that has a direct impact on the shares prices of listed companies in the Bourse in order to provide a fair and efficient trading market, as well as preventing any transactions that involve any misuse of information by putting in place all required regulations.
 9. Complying with all the provisions of the Bourse's incorporation documents, including but not limited to the Memorandum and Articles of Association of the Bourse and all related rules, regulations, decrees and resolutions.
 10. Approval of all fees in general, including admission and registration fees, commissions and penalties whether they are related to administrative issues or the operations of the Bourse.
 11. Developing and putting in place the systems, regulations, rules and policies necessary for organizing the work and management of the company, policies to appoint and remove directors, chief executive officer and employees along with determining their duties, salaries and the guarantees that they should provide, if any, and the purchase and sale of property, rights and concessions, whether movable or fixed, leasing and authorization to withdraw funds and collateral owned by the company and the transfer and sale thereof, approval of taking legal action to protect the company's interests before the courts as plaintiff or defendant, write-off of assets, termination of concessions, whether for or without consideration, take decisions on how to use the company's funds, and the determining and imposing of fines and penalties for violations by the members and companies listed on the Bourse.
- The Board members are collectively and individually responsible for performing these tasks and responsibilities. The Board may delegate specific tasks to committees. However, the Board may not delegate the task of ensuring having in place a comprehensive adequate, effective and transparent corporate governance framework.

Corporate Governance Report & Other Disclosures (Continued)

Transactions that Require the Approval of the Board of Directors

The rules, regulations, policies, and BHB Corporate Governance Policy Manual with its related appendices, determine the financial and other transactions that require the approval of the Board of Directors, which is including the Board members and all related parties.

Board Committees

The Board of Directors has formed a number of committees to support the Board in carrying out its responsibilities. These committees include the Executive, Nomination and Remuneration Committee, Audit and Risk Committee, and Corporate Governance Committee.

Executive Committee	
Members	Brief terms of reference, tasks, and responsibilities
Ali Yousif Fardan Chairperson	<ul style="list-style-type: none">The Board of Directors appoints the members of the Committee who will be at least three for a term of three years, subject to renewal in concurrence with the term of the Board of Directors.A committee chairperson and a deputy chairperson is elected amongst the members of the Committee during the first meeting post appointing the members, provided that he/ she shall be an independent director. The majority of the members shall be independent non-executive directors.The attendance of at least a majority of the members, provided that the Chairperson or Deputy Chairperson is among them, shall constitute a quorum.The Committee shall hold minimum of four meetings in a year.The Committee conducts an annual self-assessment of the performance of the Committee / members and report the findings and recommendations to the Board of Directors. This shall be carried out in accordance with the assessment process approved by the Board of Directors and its committees. <p>Summary of Responsibilities: recommend ways and means to develop Bahrain Bourse, and instruct the Executive Management to prepare the studies and reports related to the Bourse.</p>
Matthew John Deakin Deputy Chairperson	
Narjes Mohamed Alqaseer Member	

Audit & Risks Committee	
Members	Brief terms of reference, tasks, and responsibilities
Hassan Amin Jarrar Chairperson	<ul style="list-style-type: none">The Board of Directors appoints the members of the Committee who will be at least three for a term of three years, subject to renewal in concurrence with the term of the Board of Directors.A committee chairperson and a deputy chairperson is elected from among the members of the Committee during the first meeting post appointing the members, provided that he/ she shall be an independent director. The majority of the members shall be independent directors.The attendance of at least a majority of the members, provided that the Chairperson or Deputy Chairperson is among them, shall constitute a quorum.The Committee shall hold minimum of four meetings in a year.The Committee conducts an annual self-assessment of the performance of the Committee / members and report the findings and recommendations to the Board of Directors. This shall be carried out in accordance with the assessment process approved by the Board of Directors and its committees. <p>Summary of Responsibilities: The Committee oversees the internal audit program, the internal control systems and the performance of the external auditor. It reviews compliance with legislative and legal requirements, oversees risk management and reviews risk management policies and strategy.</p>
Yaser Abduljalil AlSharifi Deputy Chairperson	
Deena Ebrahim Al-Ansari Member	

Corporate Governance Report & Other Disclosures (Continued)

Nomination, Remuneration, & Corporate Governance Committee	
Members	Brief terms of reference, tasks, and responsibilities
Abdulkarim Ahmed Bucheery Chairperson	<ul style="list-style-type: none">The Board of Directors appoints the members of the Committee who will be at least three independent and non-executive members, for a term of three years, subject to renewal in concurrence with the term of the Board of Directors.A committee chairperson and a deputy chairperson is elected from amongst the members of the Committee during the first meeting post appointing the members.The meeting attendance quorum is at least a majority of the members, provided that the Chairperson or Deputy Chairperson is among them.The Committee shall hold minimum of two meetings in a year.The Committee conducts an annual self-assessment of the performance of the Committee / members and report the results and recommendations to the Board of Directors. This shall be carried out in accordance with the assessment process approved by the Board of Directors and its committees. <p>Summary of Responsibilities: the Committee nominates qualified candidates to be members in the Board of Directors, recommends the qualified candidates to fill in Executive Management to the Board, reviews the Remuneration Policy of the Board and the Executive Management, oversees the implementation of corporate governance rules and principles in the Bourse and reviews the instructions issued by the regulatory authorities regarding corporate governance.</p>
Saleh Hasan Husain Deputy Chairperson	
Abdulrahman Hamed AlZayani Member	

Directors' Remuneration

The remuneration for the members of the Board of Directors is determined by a resolution by the shareholder in accordance with the Articles of Association of the Bourse and the Commercial Companies Law.

Board of Directors' remuneration for the year 2022 was BHD 76,000 as approved by the Shareholder in 2022 Annual General Meeting. Sitting fees paid to the Board of Directors amounted to BHD 35,100 as per the consolidated financial statements.

Members of Board of Directors		Number of Meetings	Sitting Fees for Attending Board and Committees Meetings For the Year 2021	Directors' Remuneration For the Year 2021
Abdulkarim Ahmed Bucheery	Chairman of the Board of Directors	8	4,800	12,591.549
Ali Yousif Fardan	Deputy Chairman of the Board of Directors	8	4,400	8,394.366
Hassan Amin Jarrar	Member of the Board of Directors	7	3,900	7,845.070
Abdulrahman Hamed AlZayani	Member of the Board of Directors	7	3,500	7,845.070
Deena Ebrahim Al-Ansari	Member of the Board of Directors	8	4,000	8,394.366
Yaser Abduljalil AlSharifi	Member of the Board of Directors	6	3,000	6,295.777
Saleh Hasan Husain	Member of the Board of Directors	7	3,500	7,845.070
Matthew John Deakin	Member of the Board of Directors	8	4,000	8,394.366
Narjes Mohamed Alqaseer	Member of the Board of Directors	8	4,000	8,394.366
Total			BHD 35,100	BHD 76,000

Corporate Governance Report & Other Disclosures (Continued)

Remuneration of Executive Management

Fixed and Variable Compensations and Remunerations

During 2022, the total amount of basic salaries, fixed allowances, bonuses based on year-end performance appraisals, of the highest six management salaries was BHD 606,819.

Evaluating the Performance of the Board of Directors and Committees

The performance of the Board and the committees is evaluated through self- assessment, or through external parties, by reviewing their tasks and responsibilities. The assessment also includes reviewing the level of achievement with regard to the implementation of plans and programs designed to develop the performance of the Bourse, according to the approved assessment policy and procedure for Board members assessment. A Board evaluation was performed in 2022 and all recommendations and observations stated in the evaluation were rectified and taken into consideration.

CODE OF CONDUCT

A code of conduct has been issued by the Bourse. The code of conduct that embodies the values of the Bourse enhances compliance with work regulations, procedures, applicable laws and regulations, rules, and policies. It also enhances the commitment to avoiding conflict of interest and separating personal interests from the interests of the Bourse, as well as to other best practice principles. All employees and Board members must adhere to the best professional practices and integrity in their dealings with all the concerned parties, and thereby help in enhancing the confidence of stakeholders.

WHISTLE BLOWING POLICY

As part of the Bourse efforts to ensure the highest level of professionalism, integrity and accountability, a whistle blowing policy has been approved and included in the Corporate Governance Policy Manual of the Bourse to ensure that irregularities and breaches get reported. The Bourse have also approved the policies, procedures and mechanisms necessary for maintaining the highest level of professionalism in carrying out Bourse operations and building trust and confidence between the Bourse and all the parties dealing with it. According to these mechanisms, the staff will be encouraged to report any practices that violate the rules of the Code of Conduct or any illegal acts and effective measures will be implemented with regard to accountability. This will lead to enhancing the standards of honesty and integrity in all the activities of the Bourse.

The mentioned policies, procedures and mechanisms will also provide the necessary protection for the employees who report irregularities by ensuring complete confidentiality. The overseeing of this policy will be the direct responsibility of the Audit and Risks Committee. Any reported issues will be then redirected to the relevant committee within the Board for immediate investigation.

COMPLAINTS POLICY

The Board of Directors approved the complaints policy to organize the process of receiving complaints from outside parties and define the mechanism by which the Bourse deals with complaints received and resolves them. Furthermore, complaints now can be submitted to the Bourse through “Tawasul” platform as well, which is available at the Government of Bahrain’s website.

INSIDERS’ POLICY

Bahrain Bourse Insiders’ Policy is applicable on its employees and Board Members. It is applied to ensure fairness and integrity of trading in the capital market and enhance the standards of transparency and clarity in such transactions.

COMPLIANCE AND ANTI-MONEY LAUNDERING

The function of compliance aims to protect the Bourse from the risk of violating the laws and regulatory controls that govern the internal operations of the Bourse, or the rules that are issued by the legislative and regulatory authorities. The ultimate purpose is to help in the management and minimization of risks arising from non-compliance with rules, laws and regulations.

As part of its role in this regard, the Audit and Risks Committee oversees the process of compliance and follows up on the implementation of the instructions of the internal and external regulators by reviewing periodic reports on compliance. It also monitors the Bourse’s compliance with corporate governance in terms of disclosure and transparency requirements, as well as ensuring and following up on anti-money laundering policies and procedures.

CONFLICT OF INTERESTS

No member of the Board of Directors shall vote on any agreement, arrangement or any other proposal in which he or she has personal interest.

Every member shall declare to the Board his/ her personal interest, whether direct or indirect, if any, in any transaction, contract or any proposals for the account of the Bourse, and such declaration shall be recorded in the minutes of the relevant meeting. Such member of the Board shall not participate in any deliberations or vote on decisions related to this matter.

Corporate Governance Report & Other Disclosures (Continued)

DISCLOSURES RELATED TO MEMBERS OF THE BOARD OF DIRECTORS

The independence of the Board Members was defined in the first Board Meeting held on 2nd July 2020.

Abdulkarim Ahmed Bucheery
<ul style="list-style-type: none">Chairman of the Board of DirectorsChairperson of Nomination, Remuneration & Corporate Governance CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Bachelors of Science in Economics – Majoring in Economics from the University of Aleppo – Syria 1976.Experience: more than 47 years in several banking fields and Islamic Banking services.

Board Memberships in Other Companies

Membership	Company Name	Country
Chairman	Bahrain Clear	Bahrain
Board Member & Chairperson of Audit & Risks Committee	Alubaf Arab International Bank	Bahrain
Board Member	Beacon Private School	Bahrain
Board Member	Nasser Vocational Training Centre	Bahrain
Member of Advisory Board	Arab Tourism Organization	Saudi Arabia
Honorary Chairman	Friends of Psychiatric Patients Society	Bahrain
Board Member	Bahraini Banks Advisory Board	Bahrain
Board Member	International Federation for Business Women	Bahrain
Partner & Chairman	KMH Management Solutions	Bahrain
Chairman	Montreal Motors Co. W.L.L	Bahrain
Chairman	Safagat W.L.L	Bahrain
Board Member & Chairperson of Audit & Risk Committee	AJM Kooheji Group B.S.C	Bahrain

Ali Yousif Fardan
<ul style="list-style-type: none">Deputy Chairman of the Board of DirectorsChairperson of Executive CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Diploma in Executive Management from University of Bahrain and a graduate of Executive Management studies from Wharton University –US.Experience: more than 45 years in several banking fields and 33 years in executive management.

Board Memberships in Other Companies

Membership	Company Name	Country
Board Member	International Islamic Financial Market	Bahrain
Member of Board of Trustees	Waqf fund	Bahrain

Corporate Governance Report & Other Disclosures (Continued)

DISCLOSURES RELATED TO MEMBERS OF THE BOARD OF DIRECTORS (Continued)

Hassan Amin Jarrar
<ul style="list-style-type: none">Member of the Board of DirectorsChairperson of Audit & Risks CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Bachelors of Science in Business Administration – Finance from University of California – The United States of America.Experience: more than 33 years in banking sector.

Board Memberships in Other Companies

Membership	Company Name	Country
Independent & Non-Executive Member / Chairperson of Audit & Internal Control Committee	Tamkeen	Bahrain
Board Member	Bahrain Association of Banks	Bahrain
Chairman	Liquidity Management Centre (Until September 2022)	Bahrain

Abdulrahman Hamed AlZayani
<ul style="list-style-type: none">Member of the Board of DirectorsMember of Nomination, Remuneration & Corporate Governance CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Masters in International Commercial Law from University of Westminster – UK, and Bachelors in Marketing from Suffolk University - US.Experience: more than 20 years in business and investment sectors.

Board Memberships in Other Companies

Membership	Company Name	Country
Managing Director	Al Zayani Investments B.S.C. ©	Bahrain
CEO	A2Z Exclusive W.L.L.	Bahrain
Director	Zayani Properties	Bahrain
Director	Euro Motors	Bahrain
Director	Zayani Motors	Bahrain
Director	Zayani Leasing	Bahrain
Director	Zayani Industries	Bahrain
Director	Blueknight International Limited	Luxembourg
Director	Immobiliers Des Poissoniers SA	Luxembourg
Director	Kreiller S.A.R.L	Luxembourg
Director	Riverton Capital Holding S.A.	United Kingdom
Director	Nortolk International Limited	United Kingdom
Director	Muna International Limited	United Kingdom
Director	Linlake Investments Limited	United Kingdom
Director	Greennight International Limited	United Kingdom
Director	Caldelwood International Limited	United Kingdom
Director	Manannan International Limited	United Kingdom
Director	Lakenight International Limited	United Kingdom
Director	Burlyfields International Limited	United Kingdom
Managing Director	Caldelwood West 12 th Inc.	United Kingdom
Director	Acerowood International Limited	United Kingdom
Director	Bridcastle International Limited	United Kingdom
Board Member	Mazad B.S.C	Bahrain

Corporate Governance Report & Other Disclosures (Continued)

DISCLOSURES RELATED TO MEMBERS OF THE BOARD OF DIRECTORS (Continued)

Deena Ebrahim Al-Ansari
<ul style="list-style-type: none">Member of the Board of DirectorsMember of the Audit & Risks CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Masters in Business Administration from University of Glamorgan – UK and Bachelors in Commerce from Concordia University – Canada.Experience: around 12 years in banking sector and 15 years in business sector.

Board Memberships in Other Companies

Membership	Company Name	Country
Deputy Chairperson	Alansari Modern Lights Co. W.L.L	Bahrain
Board Member	Goldbx Global Holding W.L.L.	Bahrain
Board Member	The Beautyco	Bahrain
Board Member	The Beauty Co General Trading	United Arab Emirates
Board Member	Modern Beauty Trading	Saudi Arabia

Yaser Abduljalil AlSharifi
<ul style="list-style-type: none">Member of the Board of DirectorsDeputy Chairperson of Audit & Risks CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Certified Public Accountant (CPA), holder of Bachelors Degree in Business Administration from University of Massachusetts – US, and Diploma in Accounting from University of Bahrain.Experience: more than 27 years in the fields of auditing and investment.

Board Memberships in Other Companies

Membership	Company Name and the Date the Membership Ended	Country
Chairman of Audit and Risk	Bahrain Car Parks Company Until September 2022	Bahrain
Board Member & Deputy chairman of Executive & Investment Committee	Bahrain Clear Until October 2022	Bahrain
Board Member	Bahrain Real Estate Investment (Edamah) Until 3rd July 2022	Bahrain
Director	South City Until 3rd July 2022	Bahrain
Chairman and Member of Audit and Risk Committee	The Bahrain Institute for Pearls & Gemstones (Danat)	Bahrain
Deputy Chairman	Benefit	Bahrain
Director	Hawar Holdings Until 3rd July 2022	Bahrain
Member of Executive Committee	Bahrain Islamic Bank Until 13th September 2022	Bahrain

Corporate Governance Report & Other Disclosures (Continued)

DISCLOSURES RELATED TO MEMBERS OF THE BOARD OF DIRECTORS (Continued)

Matthew John Deakin		
<ul style="list-style-type: none">Member of the Board of DirectorsDeputy Chairperson of Executive CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 14th June 2020Qualifications: Associate member of the Institute of Chartered Accountants of England and Wales.Experience: more than 39 years in banking sector.		
Board Memberships in Other Companies		
Memberships	Company Name	Country
Partner & Board Member	KMH Management Solutions	Bahrain
Member of Risk Committee	National Bank of Bahrain	Bahrain
Management Counsel	Montreal Motors Co. W.L.L	Bahrain
Saleh Hasan Husain		
<ul style="list-style-type: none">Member of the Board of DirectorsDeputy Chairperson of Nomination, Remuneration, & Corporate Governance CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 14th June 2020Qualifications: Masters Degree from Brunel University- UK.Experience: more than 37 years in various banking sector.		
Board Memberships in Other Companies		
Membership	Company Name	Country
Board Member	Solidarity Holding Group	Bahrain
Narjes Mohamed Alqaseer		
<ul style="list-style-type: none">Member of the Board of DirectorsMember of the Executive CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 14th June 2020Qualifications: Bachelors in Management & Marketing - University of Bahrain, and Diploma in Electrical Engineering from University of Bahrain.Experience: around 17 years in financial consultancy.		
Board Memberships in Other Companies		
Memberships	Company Name	Country
Board Member	Conserving Bounties	Bahrain
Board Member	Al-Mustaqbal Society	Bahrain

Corporate Governance Report & Other Disclosures (Continued)

BOARD AND COMMITTEES MEETINGS AND ATTENDANCE RECORD

Board Meetings

Board meetings are held regularly in accordance with the provisions of Bourse's Articles of Association upon the invitation of the Chairman of the Board of Directors, or the request of two members of the Board.

During the year of 2022, the Board held four meetings, while for the Board Committees, four meetings were held by the Executive Committee, four meetings were held by Audit and Risks Committee, and four meetings were held by Nomination, Remuneration, and Corporate Governance Committee. The tables below show the attendance record of the meetings held by the Board of Directors and its committees during the period.

Board of Directors Meetings

		(1/2022)	(2/2022)	(3/2022)	(4/2022)
		15 th March 2022	23 rd June 2022	2 nd October 2022	11 th December 2022
Members of the Board of Directors					
Abdulkarim Ahmed Bucheery	Chairman	✓	✓	✓	✓
Ali Yousif Fardan	Deputy Chairman	✓	✓	✓*	✓*
Hassan Amin Jarrar	Member	✓*	✓	-	✓*
Abdulrahman Hamed AlZayani	Member	✓*	✓*	✓*	✓
Deena Ebrahim Al-Ansari	Member	✓*	✓*	✓*	✓*
Yaser Abduljalil AlSharifi	Member	✓*	✓*	✓	-
Saleh Hasan Husain	Member	-	✓*	✓	✓
Matthew John Deakin	Member	✓	✓*	✓	✓
Narjes Mohamed Alqaseer	Member	✓*	✓*	✓*	✓*
✓ Physically Attended the Meeting					
✓* Virtually Participated in the Meeting					

Executive Committee Meetings

		(1/2022)	(2/2022)	(3/2022)	(4/2022)
		15 th February 2022	5 th June 2022	6 th September 2022	22 nd November 2022
Members of the Board of Directors					
Ali Yousif Fardan	Chairperson	✓	✓*	✓	✓
Matthew John Deakin	Deputy Chairperson	✓	✓*	✓*	✓
Narjes Mohamed Alqaseer	Member	✓*	✓*	✓*	✓*
✓ Physically Attended the Meeting					
✓* Virtually Participated in the Meeting					

Corporate Governance Report & Other Disclosures (Continued)

BOARD AND COMMITTEES MEETINGS AND ATTENDANCE RECORD (Continued)

Audit & Risks Committee Meetings

		73(1/2022)	74(2/2022)	75(3/2022)	76(4/2022)
		28 th February 2022	9 th May 2022	3 rd August 2022	7 th November 2022
Members of the Board of Directors					
Hassan Amin Jarrar	Chairperson	✓*	✓*	✓	✓*
Yaser Abduljalil AlSharifi	Deputy Chairperson	✓*	✓*	✓*	-
Deena Ebrahim Al-Ansari	Member	✓*	✓*	✓*	✓*

✓ Physically Attended the Meeting
✓* Virtually Participated in the Meeting

Nomination, Remuneration, & Corporate Governance Committee

		(1/2022)	(2/2022)	(3/2022)	(4/2022)
		8 th March 2022	14 th June 2022	25 th September 2022	5 th December 2022
Members of the Board of Directors					
Abdulkarim Ahmed Bucheery	Chairperson	✓	✓	✓	✓
Saleh Hasan Husain	Deputy Chairperson	✓*	✓	✓	✓
Abdulahman Hamed AlZayani	Member	-	✓*	✓*	✓*

✓ Physically Attended the Meeting
✓* Virtually Participated in the Meeting

AUDITORS

His Excellency Minister of Industry, Commerce, the Shareholder of Bahrain Bourse, has appointed Deloitte & Touche as external auditors for the year 2022.

BAHRAIN BOURSE CORPORATE GOVERNANCE - “COMPLY OR EXPLAIN” PRINCIPLE

No disclosures are needed due to compliance to all corporate governance principles.

2- OTHER DISCLOSURES

Bahrain Bourse has successfully completed the year 2022 with 'zero' penalties imposed by the Central Bank of Bahrain. However during the year, the CBB imposed a financial penalty on Bahrain Bourse's fully-owned subsidiary Bahrain Clear amounting to BD 2000 pertaining to the management of General Meetings.

Consolidated Financial Statements and Independent Auditor’s Report
Year ended December 31, 2022

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Independent Auditor’s Report

To the Chairman and Members of Board
Bahrain Bourse B.S.C. (c)
Manama, Kingdom of Bahrain

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Bahrain Bourse B.S.C. (c) (the “Bourse”) and its subsidiary (collectively, referred to as the “Group”) which comprise of consolidated statement of financial position as at December 31, 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Other Information

The Directors are responsible for the other information. The other information comprises the Annual Report, which is expected to be made available to us after the date of this auditor’s report. The other information does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the consolidated financial statements

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

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

Independent Auditor’s Report (continued)

To the Chairman and Members of Board
Bahrain Bourse B.S.C. (c)
Manama, Kingdom of Bahrain

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on legal and regulatory requirements

As required by the Bahrain Commercial Companies Law of 2001 (and subsequent amendments) and Volume 6 of the Central Bank of Bahrain (CBB) Rulebook, we report that:

- a) the Bourse has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) we are not aware of any violations during the year of the Commercial Companies Law, the CBB and Financial Institutions Law No. 64 of 2006 (as amended), the CBB Rule Book (Volume 6, applicable provisions of Volume 6 and CBB directives) or the terms of the Bourse’s memorandum and articles of association that would have had a material adverse effect on the business of the Bourse or on its financial position; and
- c) satisfactory explanations and information have been provided to us by Directors in response to all our requests.

Deloitte & Touche

Deloitte & Touche – Middle East
Partner Registration No. 157
Manama, Kingdom of Bahrain
20 March 2023

Consolidated Statement of Financial Position

As at December 31, 2022

	Note	2022 BD	2021 BD
ASSETS			
Non-current assets			
Furniture and equipment	5	875,295	955,686
Right-of-use assets	6.1	1,315,219	200,577
Investments at amortized cost	8	19,434,793	-
Term deposit	7	9,422,962	-
Total non-current assets		31,048,269	1,156,263
Current assets			
Cash and bank balances	7	14,202,829	26,296,717
Investments at amortised cost	8	3,763,251	16,341,027
Trade receivables	9	218,877	110,233
Prepayments and other assets	10	700,563	566,498
Total current assets		18,885,520	43,314,475
Total assets		49,933,789	44,470,738
EQUITY AND LIABILITIES			
Equity			
Share capital	11	2,000,000	2,000,000
General reserve	12	2,000,000	2,000,000
Statutory reserve	13	423,483	401,075
Accumulated losses		(612,569)	(814,242)
Total equity		3,810,914	3,586,833
Liabilities			
Non-current liabilities			
Provision for employees' end-of-service benefits	17	12,192	10,672
Lease liabilities	6.2	1,090,056	-
Total non-current liabilities		1,102,248	10,672
Current liabilities			
Unclaimed dividend payable – Amanat	14	42,809,124	38,303,062
Annual dividend payable – Amanat	15	830,228	1,489,423
Contract liabilities	18	179,294	37,071
Lease liabilities	6.2	238,218	217,199
Trade payables		193,371	202,353
Accruals and other liabilities	19	770,392	624,125
Total current liabilities		45,020,627	40,873,233
Total liabilities		46,122,875	40,883,905
Total equity and liabilities		49,933,789	44,470,738
Off-balance sheet items			
Contingencies and commitments	31	1,600,286	1,803,704

The consolidated financial statements were approved by the Board of Directors on 20 March 2023 and signed on its behalf by:

Mr. Abdulkarim Ahmed Bucheery
Chairman

Mr. Ali Yusuf Fardan
Vice Chairman

Shaikh Khalifa Bin Ebrahim Al Khalifa
Chief Executive Officer

The attached notes form an integral part of these consolidated financial statements

Consolidated Statement of Profit or Loss and other Comprehensive Income

Year Ended December 31, 2022

	Note	2022 BD	2021 BD
Income			
Subscription fees	20	1,614,844	1,675,572
Interest income	26	1,618,271	622,432
Commission income	21	531,539	442,626
Deposit and central depository registration	22	179,091	223,688
Other income	23	849,159	592,556
Total operating income		4,792,904	3,556,874
Expenses			
Salaries and staff costs	24	(2,457,695)	(2,299,018)
General and administrative expenses	25	(1,548,619)	(1,198,447)
Depreciation of furniture and equipment	5	(263,354)	(228,263)
Depreciation of right-of-use assets	6	(273,996)	(264,889)
Interest expense on lease liabilities	6	(25,159)	(21,267)
Total expenses		(4,568,823)	(4,011,884)
Profit/loss for the year		224,081	(455,010)
Other comprehensive income		-	-
Total comprehensive income/loss for the year		224,081	(455,010)

The consolidated financial statements were approved by the Board of Directors on 20 March 2023 and signed on its behalf by:

Mr. Abdulkarim Ahmed Bucheery
Chairman

Mr. Ali Yusuf Fardan
Vice Chairman

Shaikh Khalifa Bin Ebrahim Al Khalifa
Chief Executive Officer

The attached notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

Year Ended December 31, 2022

	Share capital BD	General reserve BD	Statutory reserve BD	Accumulated losses BD	Total equity BD
Balance as at January 1, 2021	2,000,000	2,000,000	401,075	(359,232)	4,041,843
Total comprehensive loss for the year	-	-	-	(455,010)	(455,010)
Balance as at December 31, 2021	2,000,000	2,000,000	401,075	(814,242)	3,586,833
Balance as at January 1, 2022	2,000,000	2,000,000	401,075	(814,242)	3,586,833
Total comprehensive income for the year	-	-	-	224,081	224,081
Transfer to statutory reserve	-	-	22,408	(22,408)	-
Balance as at December 31, 2022	2,000,000	2,000,000	423,483	(612,569)	3,810,914

The attached notes form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

	Note	2022 BD	2021 BD
Cash flows from operating activities			
Profit/loss for the year		224,081	(455,010)
Adjustments for non-cash items:			
Depreciation of furniture and equipment	5	263,354	228,263
Depreciation of right-of-use assets	6.1	273,996	264,889
Interest expense on lease liabilities	6.2	25,159	21,267
Impairment losses on trade receivables	9	81,396	19,599
Reversal of impairment losses on financial assets	7	(2,294)	(5,326)
Provision for employees' end-of-service benefits	17	1,520	1,403
Loss of disposal of furniture and equipment		13	-
Interest income		(1,618,271)	(622,432)
Cash flows before changes in working capital		(751,046)	(547,347)
<i>Changes in working capital:</i>			
(Decrease)/increase in prepayments and other assets		182,326	(185,722)
Increase in trade receivables		(190,040)	(52,985)
Increase in contract liabilities		142,223	27,005
(Decrease)/increase in trade payables		(8,982)	28,899
Increase in unclaimed dividend payable – Amanat		4,506,062	5,662,483
(Decrease)/increase in annual dividend payable – Amanat		(659,195)	1,410,714
Increase in accruals and other liabilities		146,267	296,189
Cash generated from operations		3,367,615	6,639,236
Interest expense on lease liabilities		(25,159)	(21,267)
Net cash generated from operating activities		3,342,456	6,617,969
Investing activities			
Purchase of furniture and equipment	5	(182,976)	(203,903)
Purchase of investments at amortised cost	8.1	(26,169,314)	(26,327,871)
Proceeds from maturity of investments at amortised cost	8.1	19,312,297	39,153,768
Term deposits with maturities more than three months, net		(9,735,945)	(749,989)
Interest received		1,301,880	714,536
Net cash (used in)/generated from investing activities		(15,474,058)	12,586,541
Cash flows from financing activity			
Repayment of principal lease liabilities		(277,563)	(272,999)
Net cash used in financing activity		(277,563)	(272,999)
Net (decrease)/increase in cash and cash equivalents		(12,409,165)	18,931,511
Cash and cash equivalents, at beginning of year		24,857,933	5,926,422
Cash and cash equivalents, at end of year	7	12,448,768	24,857,933

The attached notes form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

Year Ended December 31, 2022

1. GENERAL INFORMATION

Bahrain Bourse B.S.C. (c) (the “Bourse”) was incorporated in the Kingdom of Bahrain as a closed shareholding company under commercial registration (CR) number 76907 dated December 13, 2010 issued by the Ministry of Industry, Commerce and Tourism according to Law Decree No. 60 for the year 2010 to replace Bahrain Stock Exchange (BSE) that was established in 1987. The Bourse is licensed by the Central Bank of Bahrain (“CBB”) and accordingly is subject to the regulations and supervision of the CBB. The Bourse is engaged in financial market activities by offering a capital markets platform, while acting as the intellectual and business hub for all capital market participants.

During October 2016, the Bourse established a new wholly-owned closed shareholding company in the Kingdom of Bahrain under the commercial name of Bahrain Clear B.S.C. (c) (the “Subsidiary”) and CR number 105050-1. The Subsidiary commenced its operations on July 17, 2017, being engaged to carry clearing and settlement activities. These financial statements incorporate the financial statements of the Bourse and its subsidiary, (collectively referred to as the “Group”).

Unclaimed cash dividends fund and annual dividends fund

Investor protection funds program “Amanat” was established according to board resolution no. 2020/3 dated April 27, 2020 and ministerial cabinet resolution No. 2020/48-2 after coordination with the CBB to ensure investor protection, management, and administration of cash dividend distribution for all listed companies.

Two independent funds were established; unclaimed cash dividends fund and annual dividends fund to manage unclaimed cash dividends fund and annual dividends fund respectively.

2. ADOPTION OF NEW AND REVISED STANDARDS (IFRSs)

2.1 New and revised Standards applied with no material impact on the financial statements

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework:
The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use:
The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

2. ADOPTION OF NEW AND REVISED STANDARDS (IFRSs) (Continued)

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts–Cost of Fulfilling a Contract:
The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle: The Annual Improvements include amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

2.2 New and revised standards issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts (effective from January 1, 2023).
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2024).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies (effective from January 1, 2023).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates (effective from January 1, 2023).
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from January 1, 2023).

The Directors do not expect that the adoption of the above Standards will have a material impact on the Group’s financial statements in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRSs and the applicable requirements of the Bahrain Commercial Companies Law of 2001 (and subsequent amendments), the Central Bank of Bahrain (the “CBB”) and Financial Institution Law No. 64 of 2006 (as amended), the CBB Rulebook (Volume 6) and the CBB directives and regulations (as contained in Volume 6 of the CBB Rulebook).

The consolidated financial statements are prepared under the historical cost convention and presented in the Bahraini Dinar (“BD”), being the functional currency of the Group.

Going concern

Management has assessed the Group’s ability to continue on a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors of the Group is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

The principal accounting policies adopted are set out below.

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statement of the Bourse and the entity controlled by the Bourse (its subsidiary made up to December 31 each year). Control is achieved when the Bourse has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect those returns through its power over the investee.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Bourse and to the non-controlling interests' even if this result in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

As stated in note 1, the Group invested in the Subsidiary from inception at cost and therefore no goodwill arose.

Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditure is capitalised only when it is probably that the future economic benefits associated with the expenditure will flow to the Group. The cost of furniture and equipment is depreciated by equal annual instalments over the estimated useful lives of the assets are as follows:

Fixtures	15 years
Furniture and equipment	5 – 10 years
Computers and software	5 years
Vehicles	5 years

Gains or losses arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and are recognised in profit or loss.

Impairment of tangible assets

At each reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss previously been recognised. The reversal of the loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of financial assets.

Classification of financial assets

Financial assets are classified as follows:

- Financial assets at amortized cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial assets at Fair Value Through Profit or Loss (FVTPL)

The classification and measurement category of financial assets, except for equity instruments and derivatives, are assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment:

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test:

The Group assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Group's cash and bank balances, trade receivables and debt instruments are classified as financial assets at amortized cost.

Financial assets at FVOCI

A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in Other Comprehensive Income (OCI). Interest income is calculated using the effective interest method. Foreign exchange gains/losses and impairment are recognized in profit or loss. On de-recognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.

For an equity instrument; upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to the statement of profit or loss. Dividends are recognized in profit or loss when the right to receive has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value. Changes in fair values and dividend income are recorded in statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

A loss allowance for expected credit losses (ECL) is recognized on investments in debt instruments (except for Bahrain Sovereign Debt) that are measured at amortized cost or at FVOCI, trade receivables, deposits with banks, contract assets and financial guarantee contracts, as applicable. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realized and the time value of money.

The Group incorporates forward-looking information based on expected changes in macro-economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Impairment of trade receivables, contract assets and lease receivables

The Group always recognizes lifetime ECL for these categories of financial assets using the simplified approach.

Impairment of other financial assets

The Group recognizes expected credit loss (ECL) for cash at banks using the general approach.

Under this approach the Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date with the risk of default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

The Group considers a financial asset to have a low credit risk when the asset has external credit rating of 'investment grade' and there is no past due amounts.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset, have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the borrower;
- A breach of contract, such as default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter into bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated at FVTPL are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the consolidated statement of financial position when a legally enforceable right to set-off such amounts exists and when the Group intends to settle on a net benefits basis or to realise the assets and settle the liabilities simultaneously.

Provision for employees' end-of-service benefits

The Group provides end-of-service benefits to all its expatriate employees in accordance with the Bahrain Labour Law. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of the employment.

For Bahraini employees, the Group makes contributions to the Social Insurance Organisation calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Revenue recognition

The Group's main revenue streams consist of annual subscription fees, transaction fees and other service revenues.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a service to a customer.

Revenue from annual subscription fees and private market platform income are recognized over time as the services are provided. The amounts to be collected from subscribers at December 31 are recognized as trade receivable.

Revenue related to transaction-based fees is recognized as revenue at the point in time when the transaction takes place.

Revenue from the electronic display screen advertising, is recognized overtime as the service is provided. The Group recognizes a contract liability when the customer performs first by prepaying the performance obligation, until such time the service is provided by the Group.

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

Transactions made in currencies other than the Group's functional currency (foreign currencies) are recognised in functional currency at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the reporting date. All differences are taken in the profit or loss.

Contingent assets and liabilities

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Leases

The Group as lessee:

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following where applicable:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amount expected to payable by the lessee under the residual value guarantees;
- The exercise price of the purchase option, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated amortization (over the shorter period of lease term and useful life of the underlying asset) and impairment losses.

The Group recognizes a provision when it incurs an obligation for costs to dismantle and remove a leased asset or restore the site on which it is located.

Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

In the process of applying the entity's accounting policies, which are described in note 3, and due to the nature of operations, the management did not have to make judgements that may have a significant effect on the amounts recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2022

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

4.2 Key sources of estimation uncertainty

4.2.1 Measurement of the expected credit loss allowance

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group's management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4.2.2 Useful life of furniture and equipment

The Group's management determines the useful lives of furniture and equipment. The depreciation charge for the year will change significantly if the actual life is different from the estimated useful life of the asset.

4.2.3 Incremental borrowing rate for leases

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

5. FURNITURE AND EQUIPMENT

	Fixtures BD	Furniture and equipment BD	Computers and Software BD	Vehicles BD	Total BD
Cost					
Balance, January 1, 2021	1,803,769	1,528,336	2,534,427	16,901	5,883,433
Additions	3,349	8,062	192,492	-	203,903
Balance, December 31, 2021	1,807,118	1,536,398	2,726,919	16,901	6,087,336
Additions	17,114	9,674	156,188	-	182,976
Disposal	-	(1,425)	(19)	-	(1,444)
Balance, December 31, 2022	1,824,232	1,544,647	2,883,088	16,901	6,268,868

Accumulated depreciation

Balance, January 1, 2021	1,214,304	1,501,660	2,176,786	10,637	4,903,387
Charge of the year	120,443	9,979	96,461	1,380	228,263
Balance, December 31, 2021	1,334,747	1,511,639	2,273,247	12,017	5,131,650
Charge of the year	121,119	9,224	131,631	1,380	263,354
Disposal	-	(1,422)	(9)	-	(1,431)
Balance, December 31, 2022	1,455,866	1,519,441	2,404,869	13,397	5,393,573

Carrying amounts

December 31, 2022	368,366	25,206	478,219	3,504	875,295
December 31, 2021	472,371	24,759	453,672	4,884	955,686

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

6. LEASES

The Group only operates as a lessee.

6.1 Right-of-use assets

The recognized right-of-use assets relating to the Group's office premises at Bahrain Financial Harbour which are leased by the Group, for a term of 5 years.

	Total BD
Balance as at January 1, 2021	461,400
Additions during the year	4,066
Depreciation during the year	(264,889)
Balance as at December 31, 2021	200,577
Additions/modifications during the year	1,388,638
Depreciation during the year	(273,996)
Balance as at December 31, 2022	1,315,219

The following are the amounts recognized in profit and loss for the year ended December 31:

	2022 BD	2021 BD
Depreciation of right-of-use assets	(273,996)	(264,889)
Interest expense on lease liabilities	(25,159)	(21,267)

The total cash outflow for leases amounted to BD 302,722 (2021: BD 294,266) in relation to premises at Bahrain Financial Harbour and BD 29,940 (2021: BD 29,940) in relation to premises at Amwaj which has been classified as a short term lease. At the reporting date, none of the property leases in which the Group is the lessee, contain variable lease payment terms.

6.2 Lease liabilities

	2022 BD	2021 BD
Balance, January 1	217,199	486,132
Additions	1,388,638	4,066
Accretion of interest	25,159	21,267
Payments	(302,722)	(294,266)
Balance, December 31,	1,328,274	217,199

Below is the allocation of lease liabilities as at December 31:

	2022 BD	2021 BD
Current lease liabilities	238,218	217,199
Non-current lease liabilities	1,090,056	-
	1,328,274	217,199

Below is the maturity analysis of lease liabilities as at December 31:

	2022 BD	2021 BD
Not later than 1 year	306,533	223,199
1 to 5 years	1,213,779	-
	1,520,312	223,199
Less: unearned interest	(192,038)	(6,000)
	1,328,274	217,199

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

7. CASH AND BANK BALANCES

	2022 BD	2021 BD
Cash on hand	661	1,124
Current accounts with banks	180,189	274,376
Call accounts with banks	825,484	400,363
Bank balances relating to unclaimed cash dividends and annual dividends	6,220,118	23,451,458
Term deposits relating to unclaimed dividends and annual dividends (note 28) (original maturities of 3 months or less)	4,800,000	-
Term deposits (original maturities of 3 months or less)	422,316	730,612
Cash and cash equivalents	12,448,768	24,857,933
Term deposits (original maturities of more than 3 months)	1,779,066	1,466,083
	14,227,834	26,324,016
Expected credit loss	(25,005)	(27,299)
	14,202,829	26,296,717
Term deposits relating to unclaimed dividends and annual dividends (note 28) (original maturities of more than 1 year)	9,422,962	-
	23,625,791	26,296,717

The bank balance includes interest income amounting to BD 691,150 under call accounts (December 31, 2021: BD 113,703) earned on unclaimed dividend and annual dividend bank call accounts.

Cash and cash equivalents include cash in hand, current accounts, call accounts and term deposits with original maturities of 3 months or less.

The original maturity of term deposits varies between 30 to more than 365 days and earn interest at rates ranging between 3.75% and 5.45% (December 31, 2021: between 2.25% and 3.55%) per annum. All bank accounts and term deposits are denominated in Bahrain Dinars. All bank balances are held with locally incorporated banks. Current accounts with banks are non-interest bearing.

Bank name	Credit ratings	December 31, 2022		December 31, 2021	
		Bank balance BD	Interest income BD	Bank balance BD	Interest income BD
Ahli United Bank	S&P BBB	14,151,074	699,414	14,579,000	84,366
Central Bank of Bahrain	S&P B+	576,770	-	2,270,495	-
Kuwait Finance House	Unrated	265,340	45,157	3,926,986	26,944
National Bank of Kuwait	S&P A	302,366	29,057	2,507,760	7,760
Bank of Bahrain and Kuwait	Fitch B+	7,711,099	127,896	814,360	222
Khaleeji Commercial Bank	Moody's B3	-	15,585	911,112	29,967
Ithmaar Bank	Unrated	616,969	30,888	784,181	20,288
Alsalam Bank	Unrated	-	8,165	502,481	19,808
National Bank of Bahrain	Fitch B+	26,517	-	26,517	-
		23,650,135	956,162	26,322,892	189,355

The movement of the expected credit loss on cash and bank balances is as follows:

	2022 BD	2021 BD
Balance, beginning of year	27,299	32,625
Net decrease in expected credit loss during the year	(2,294)	(5,326)
Balance end of year	25,005	27,299

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

8. INVESTMENTS AT AMORTISED COST

	2022 BD	2021 BD
Treasury bills (note 8.1)	3,763,251	16,341,027
Government Development Bond (note 8.2)	19,434,793	-
	23,198,044	16,341,027

Below is the allocation of investment at amortised cost as at December 31:

	2022 BD	2021 BD
Non-current assets	19,434,793	-
Current assets	3,763,251	16,341,027
	23,198,044	16,341,027

8.1 The movement of the Treasury bills are as follows:

	2022 BD	2021 BD
Balance at January 1,	16,341,027	28,166,924
Purchase of investments at amortised cost	6,734,521	26,327,871
Proceeds from maturity of investments at amortised cost	(19,312,297)	(38,153,768)
Balance at December 31,	3,763,251	16,341,027

8.2 The movement of the Government Development Bond is as follows:

	2022 BD	2021 BD
Balance at January 1,	-	1,000,000
Purchase of investments at amortised cost	19,434,793	-
Proceeds from maturity of investments at amortised cost	-	(1,000,000)
Balance at December 31,	19,434,793	-

8.3 Investments at amortised cost represents treasury bills and Bond of BD 3,763,251 and 19,434,793 (2021: BD 16,341,027 and nil) which carry average interest rate of 6.22% and 5.3% (2021: 1.71% and nil) respectively and will mature in December 2023, March 2025, May 2027 and July 2027. Considering that Bahrain Sovereign Debt is eligible for zero risk weighting, the Group does not recognise a loss allowance on Government debt instruments.

9. TRADE RECEIVABLES

	2022 BD	2021 BD
Subscription and registration fees receivable	396,302	410,263
Commissions receivable	1,545	1,371
Service fees receivable	18,190	9,368
Advertisement and central registry fees receivable	69,127	60,785
AGM meeting fees receivable	2,625	11,603
Private Market	241,000	-
Other	23,523	68,882
	752,312	562,272
Expected credit loss	(533,435)	(452,039)
	218,877	110,233

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables is estimated using a provision matrix by reference to past default experience and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

9. TRADE RECEIVABLES (Continued)

A trade receivable is written-off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables based on the Group's provision risk matrix. As the Group's historical credit loss experience does not show significantly different loss patterns from different customers segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

	December 31, 2022			December 31, 2021		
	Estimated total gross carrying amount at default BD	Expected credit loss rate %	Lifetime ECL BD	Estimated total gross carrying amount at default BD	Expected credit loss rate %	Lifetime ECL BD
Aging brackets						
Not credit-impaired:						
< 30 days	17,373	11.52%	2,001	14,044	8.86%	1,244
31 – 60 days	514	19.30%	99	2,192	16.74%	367
61 – 90 days	15,538	28.96%	4,500	8,553	26.72%	2,285
91 – 180 days	253,823	43.38%	110,107	11,159	43.38%	4,841
181 – 365 days	30,578	43.38%	13,265	96,882	43.38%	42,027
> 365 days	54,791	43.38%	23,768	49,747	43.38%	21,580
	372,617		153,740	182,577		72,344
Credit-impaired:						
> 1 year	379,695		379,695	379,695	100%	379,695
	752,312		533,435	562,272		452,039

The movement in the expected credit loss was as follows:

	Credit impaired BD	Not credit impaired (collectively assessed) BD	Total BD
Balance as at January 1, 2021	379,695	52,745	432,440
Net increase in ECL allowance	-	19,599	19,599
Balance as at December 31, 2021	379,695	72,344	452,039
Net increase in ECL allowance	-	81,396	81,396
Balance as at December 31, 2022	379,695	153,740	533,435

10. PREPAYMENTS AND OTHER ASSETS

	2022 BD	2021 BD
Prepaid expenses	240,433	345,810
Fiduciary asset (note 19)	8,856	81,060
Accrued interest receivable	441,397	125,006
Due from employees	9,739	11,444
Tax recoverable	138	3,178
	700,563	566,498

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

11. SHARE CAPITAL

The share capital of the Group consists of 10,000,000 authorised shares of BD 1 each. The share capital issued and fully paid consists of 2,000,000 shares fully owned by the Government of Bahrain.

12. GENERAL RESERVE

To enhance the equity base, a general reserve has been created with a resolution of the Group's Board of Directors. There has been no transfer to general reserve during the year. There is no restriction on the distribution of such reserve.

13. STATUTORY RESERVE

As required by the Bahrain Commercial Companies Law and the Group's Articles of Association 10% of the profit for the year is to be transferred to a statutory reserve until the reserve's balance reaches 50% of the issued share capital. The Group may resolve to discontinue such transfers when the reserve equals 50% of the issued share capital. The reserve is not available for distribution. Statutory reserves of the Subsidiary amounting to BHD 135,351 (2021: BHD 55,015) are included within retained earnings / (accumulated losses) and not available for distribution.

14. UNCLAIMED DIVIDEND PAYABLE - AMANAT

	2022 BD	2021 BD
Unclaimed cash dividends amount payable at beginning of the year	38,303,062	32,640,579
Dividends received during the year	450	2,850,941
Dividends transferred from annual dividend during the year	8,621,797	6,205,822
Dividends disbursed during the year	(4,116,185)	(3,394,280)
Unclaimed cash dividends amount payable at the year end	42,809,124	38,303,062

It represents amount received in respect of dividends which are not claimed by various shareholders of listed entities for a period more than 6 months and these amounts are deposited in separate bank accounts. Amanat manages the unclaimed cash dividends fund and its distribution to the respective shareholders when claimed. However, the amounts have no fixed repayment dates.

15. ANNUAL DIVIDEND PAYABLE - AMANAT

	2022 BD	2021 BD
Annual dividends amount payable at beginning of the year	1,489,423	78,709
Dividends received during the year	232,883,629	174,795,432
Dividends transferred to Unclaimed dividend during the year	(8,621,797)	(6,205,822)
Dividends disbursed during the year	(224,921,027)	(167,178,896)
Annual dividends amount payable at the year end	830,228	1,489,423

It represents the dividends which will be distributed to the entitled shareholders of listed entities within a period of 6 months from the dividend entitlement date in accordance with the applicable procedures and guidelines. Any dividend, not claimed within 6 months, will be transferred to unclaimed cash dividends fund. The annual dividend fund is maintained in a separate bank account.

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

16. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties included in the consolidated statement of profit or loss and other comprehensive income are as follows:

Transactions with key management personnel

Key management personnel are those having the authority and responsibility of planning and directing the Group's operations. Key management personnel include board members, chief executive officer and operation executive director. There were no trading transactions between the key management personnel and the Group during the year. The salaries and allowances paid to key management personnel during the year are as follows:

	2022 BD	2021 BD
Key management salaries	399,750	435,600
Board of Directors remuneration and sitting fees:		
Board of Directors sitting fees relating to Bahrain Bourse	36,300	34,600
Sitting fees relating to disciplinary board	-	1,200
Board of Directors remuneration relating to Bahrain Bourse	76,000	41,400
Board of Directors remuneration relating to Bahrain Clear	52,000	36,400
Board of Directors sitting fees relating to Bahrain Clear	24,700	15,600
Total	189,000	129,200

17. PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

The movement of the provision for employees' end-of-service benefits is as follows:

	2022 BD	2021 BD
Balance, beginning of year	10,672	9,269
Charge for the year	1,520	1,403
Balance, at end of year	12,192	10,672

18. CONTRACT LIABILITIES

Unsatisfied performance obligations with respect to subscriptions received, central registry, private market platform and other fees received amounted to BD 179,294 as at December 31, 2022 (December 31, 2021: BD 37,071).

	2022 BD	2021 BD
Balance at the beginning of the year	37,071	10,066
Received during the year	2,254,118	2,056,019
Amount recognised during the year	(2,111,895)	(2,029,014)
Balance at the end of the year	179,294	37,071

18.1 Amount recognised as revenue in relation to subscription fees, private market place and central depository registration amounted to BD 1,614,844, BD 100,417 and BD 112,937 respectively during the year (2021: BD 1,675,572 and BD 110,815).

19. ACCRUALS AND OTHER LIABILITIES

	2022 BD	2021 BD
Premises and maintenance accruals	282,513	153,115
Leave and air tickets payable	72,053	108,204
Board of Directors remuneration	128,000	77,800
Fiduciary liability (note 10)	8,856	81,060
Accrued staff costs	160,625	2,437
Other payables	118,345	201,509
	770,392	624,125

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

20. SUBSCRIPTION FEES

	2022 BD	2021 BD
Public shareholding companies	1,516,260	1,578,238
Bonds	36,334	31,834
Custodians	25,000	28,750
Others	37,250	36,750
	1,614,844	1,675,572

21. COMMISSION INCOME

Commission fee is recognised at the point in time, and consists of the following:

	2022 BD	2021 BD
Regular commission	172,198	207,375
Commission on exempted transactions and special dealings	359,341	235,251
	531,539	442,626

22. DEPOSIT AND CENTRAL DEPOSITORY REGISTRATION

Deposit and central depository registration consist of the following:

	2022 BD	2021 BD
Central depository	66,154	112,873
Central registration services	112,937	110,815
	179,091	223,688

23. OTHER INCOME

	2022 BD	2021 BD
Trading data income	167,751	153,711
Private market platform income	100,417	-
Pledge income	151,455	110,779
Penalty income	-	35,684
Smart investor	18,600	35,100
Advertising package	17,813	30,750
Trade-quest and hall income	33,849	17,743
Acquisition and merger income	40,000	18,000
Remote trading income	18,450	19,800
Connectivity income	12,650	11,750
Registration fees	11,750	12,250
Investor guide income	10,600	10,550
Trading system's user access	8,550	9,000
Equator user access	6,050	6,000
Corporate action	78,366	51,834
Office rent and service income	10,480	5,050
Outdoor ticker	-	2,580
AGM organisation income	42,610	32,200
Other revenues	119,768	29,775
	849,159	592,556

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

24. SALARIES AND STAFF COSTS

	2022 BD	2021 BD
Basic salary	1,576,629	1,595,029
Government organisation social insurance	303,778	291,664
Allowances and other staff benefits	429,367	279,623
Exceptional remuneration	37,052	29,967
Saving scheme	65,900	63,790
Others	44,969	38,945
	2,457,695	2,299,018

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2022 BD	2021 BD
Premises and maintenance expenses	764,524	652,731
Service charges in relation to premises at Bahrain Financial Harbour	115,919	115,033
Conferences and subscriptions	194,495	136,408
Consumables	50,832	47,272
Rent expense in relation to premises at Amwaj	29,940	29,940
Consultation and audit fees	42,423	33,216
Board of Directors remuneration (note 16)	128,000	77,800
Board of Directors sitting fees (note 16)	61,000	51,400
Loss allowance for impairment, net (note 27)	79,102	14,273
Others	82,384	40,374
	1,548,619	1,198,447

26. INTEREST INCOME

	2022 BD	2021 BD
Interest income on term deposits	88,312	74,801
Interest income on government development bond	-	19,959
Interest income on term deposits (pertaining to unclaimed cash dividends fund)	406,962	-
Interest income on investments at amortised cost (pertaining to unclaimed cash dividends fund)	662,109	413,118
Interest income on bank call accounts (pertaining to unclaimed cash dividends fund)	460,888	114,554
	1,618,271	622,432

27. LOSS ALLOWANCE FOR IMPAIRMENT, NET

	2022 BD	2021 BD
Impairment of losses on trade receivables (note 9)	81,396	19,599
Reversal of impairment loss on cash and bank balances (note 7)	(2,294)	(5,326)
	79,102	14,273

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2022

28. UNCLAIMED AND ANNUAL DIVIDEND FUNDS (AMANAT) ASSETS AND LIABILITIES

The Fiduciary liabilities consists of:

	2022 BD	2021 BD
Unclaimed cash dividends payable (note 14)	42,809,124	38,303,062
Annual dividends payable (note 15)	830,228	1,489,423
	43,639,352	39,792,485

The assets consists of:

	2022 BD	2021 BD
Bank balances relating to unclaimed cash dividends fund	5,136,058	21,691,883
Bank balances relating to annual dividends fund	823,064	1,478,655
Bank balances under distribution (pertaining to unclaimed cash dividends and annual dividends)	259,224	280,920
Term deposits relating to unclaimed dividends and annual dividends (original maturities of 3 months or less)	4,800,000	-
Term deposits relating to unclaimed dividends and annual dividends (original maturities of more than 1 year) (note 7)	9,422,962	-
Total cash and bank balance	20,441,308	23,451,458
Investments at amortised cost (note 8)	23,198,044	16,341,027
	43,639,352	39,792,485

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's financial assets and financial liabilities are categorised at amortised cost. There were no financial instruments measured at FVTPL or FVOCI.

	2022 BD	2021 BD
Financial assets:		
Investments at amortised cost	23,198,044	16,341,027
Term Deposits	9,422,962	
Trade receivables	218,877	110,233
Other assets	459,992	217,510
Cash and bank balances	14,202,829	26,296,717
	47,502,704	42,965,487
Financial liabilities:		
Lease liabilities	1,328,274	217,199
Trade payables	193,371	202,353
Unclaimed dividend payable – Amanat	42,809,124	38,303,062
Annual dividend payable – Amanat	830,228	1,489,423
Accruals and other liabilities	770,392	624,125
	45,931,389	40,836,162

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk (such as foreign exchange risk, interest rate risk, and equity price risk), credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework.

There has been no change to the Group's exposure to the above financial risks or the manner in which it manages and measures the risk.

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2022

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group's activities expose it primarily to the financial risk in changes in foreign exchange rates and interest rates:

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

There are no foreign currencies denominated monetary assets and liabilities as at the reporting dates. Accordingly, the Group is not exposed to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest bearing assets consist of term deposits with banks and investment in bond at fixed interest rate. Accordingly, the Group is not exposed to significant interest rate risk.

The Group does not have interest bearing liabilities as at the reporting dates.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2022, the Group maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the financial assets as stated in the statement of financial position.

The Group's liquid funds are deposited with banks and financial institutions that are rated the equivalent of investment grade.

The Group has an investment in Bahrain Government Bond eligible for zero risk weighting. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before December 31, 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Note 9 provides further details on the loss rate applied as well as the expected credit loss on trade receivables.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting commitments associated with financial liabilities. The Group manages the maturities of the Group's assets and liabilities in way to be able to maintain adequate liquidity.

The Group has unutilised bank overdraft facility of BD 854,660 (2021: BD 854,660) with local commercial bank.

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities except for lease liabilities as disclosed in note 6.2. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest (if applicable) and principal cash flows.

	1 – 3 Months BD	3 Months to 1 year BD	More than 1 year BD	Total BD
2022				
Lease liabilities	56,941	181,277	1,090,056	1,328,274
Unclaimed dividend payable – Amanat	42,809,124	-		42,809,124
Annual dividend payable – Amanat	830,228	-		830,228
Trade payables and other liabilities	666,662	297,101	-	963,763
	44,362,955	478,378	1,090,056	45,931,389
2021				
Lease liabilities	71,413	145,786	-	217,199
Unclaimed dividend payable – Amanat	38,303,062	-	-	38,303,062
Annual dividend payable – Amanat	1,489,423	-	-	1,489,423
Trade payables and other liabilities	551,956	274,522	-	826,478
	40,415,854	420,308	-	40,836,162

The table below summarises the maturity of the Group's financial assets at 31 December 2022 and 2021 based on contractual undiscounted obligation:

	1 – 3 Months BD	3 Months to 1 year BD	More than 1 year BD	Total BD
2022				
Trade receivables	26,825	192,052	-	218,877
Cash and bank balances	12,423,763	1,779,066	-	14,202,829
Investments at amortised cost	-	3,764,251	19,434,793	23,199,044
Term Deposits	-	6,000,000	3,422,962	9,422,962
Other assets	459,992	-	-	459,992
	12,910,580	11,735,369	22,857,755	47,503,704
2021				
Trade receivables	20,893	61,173	28,167	110,233
Cash and bank balances	24,845,015	1,451,702	-	26,296,717
Investments at amortised cost	-	16,341,027	-	16,341,027
Other assets	217,510	-	-	217,510
	25,083,418	17,853,902	28,167	42,965,487

30. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and the fair value estimates.

There are no financial assets and liabilities measured at fair value at the reporting dates.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to their short-term nature.

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2022

31. CONTINGENCIES AND COMMITMENTS

	2022 BD	2021 BD
Commitments under maintenance contracts (note 31.1)	345,798	554,948
Guarantee deposits in custody	882,480	876,748
Guarantee bond	372,008	372,008
	1,600,286	1,803,704

31.1 Below is the maturity analysis of commitment under maintenance contracts:

	2022 BD	2021 BD
Not later than 1 year	209,150	209,150
1 to 5 years	136,648	345,798
	345,798	554,948

32. COMPARATIVE INFORMATION

Certain comparative balances were reclassified in order to align with the current year presentation.

33. SUBSEQUENT EVENT

The Directors of the Bourse have proposed to pay a cash dividend of amounting to BHD 25,000 for the year ended December 31, 2022 and accordingly, the proposed dividend has not been accounted for in these consolidated financial statements.