

ANNUAL REPORT 2019

واحة الفرص الإستثمارية
An Oasis of Investment Opportunities

بورصة البحرين
BAHRAIN BOURSE





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**H.H. PRINCE KHALIFA
BIN SALMAN AL KHALIFA**

The Prime Minister
of the Kingdom of Bahrain



**H.M. KING HAMAD
BIN ISA AL KHALIFA**

The King
of the Kingdom of Bahrain



**H.H. PRINCE SALMAN
BIN HAMAD AL KHALIFA**

The Crown Prince,
Deputy Supreme Commander, &
First Deputy Prime Minister



CORPORATE INFORMATION

CORPORATE INFORMATION

Name

Bahrain Bourse

Logo



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.

Name of Subsidiary	Ownership	Country of Establishment	Establishment Date	License Category
Bahrain Clear B.S.C (c)	100%	Kingdom of Bahrain	23 rd May 2017	Licensed by Central Bank of Bahrain as Clearing, Settlement and Central Depository

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
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Kingdom of Bahrain

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Web: www.bahrainbourse.com

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Licensed by Central Bank of Bahrain as a licensed exchange

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◆◆ BHB has embarked on a sustainability drive to highlight the importance of Environmental, Social, Governance (ESG) reporting and disclosure standards to build a better and a more successful and sustainable business. ◆◆

Abdulkareem Ahmed Bucheery - Chairman

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 2017 as a clearing house with a disclosed capital of BD 5 million, and a paid up capital of BD 1 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 Exchanges “AFE”, 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

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

CHAIRMAN'S STATEMENT

Abdulkareem Ahmed Bucheery Chairman

2019 marked the listing of the first company on the Bahrain Investment Market “Sprinkle Holding BSC (closed)”, a specialized FinTech company. Bahrain Bourse looks forward to welcome future listings on the BIM in the coming years, as we further accelerate our efforts to attract a larger number of growth companies to the market.

Bahrain Bourse (BHB), and Bahrain Clear (BHC) (a fully-owned subsidiary of Bahrain Bourse) continued its efforts in 2019 on the successful implementation of its strategic roadmap 2016-2020 to end the year 2019 with remarkable legislative, administrative and technical achievements and tangible results while achieving the 2nd best performance across GCC markets (20.41%) and a growth in market capitalization by 23.6% to BD10.13 billion.

OPERATIONAL & LEGISLATIVE ENHANCEMENTS

In terms of operational developments, Bahrain Bourse implemented the new tick size framework which aims at enhancing market liquidity and providing more opportunities to investors to go in line with the implementation of international standards & global practice. The new tick size framework has been designed to achieve various objectives, mainly to mitigate investors risk in the event of price drops and limit excessive disruption to market volatility by allowing investors to place orders with smaller fractions. Furthermore, Bahrain Bourse has also successfully revamped its fees & commission model to be in line with regional standards.

Stakeholder engagement on key framework enhancements is critical to our business and its operations. Hence, on the legislative front, Bahrain Bourse issued a consultation paper on the implementation of the administrative fines framework on issuers in the event of non-compliance with the Listing Rules and any other applicable BHB rules, regulations and



directives as deemed appropriate. The administrative fines framework aims at enhancing issuer disclosure standards and transparency in the market and to ensure investors protection. In addition, Bahrain Clear, a fully-owned subsidiary of Bahrain Bourse, issued a consultation paper on the Delivery Versus Payment (DVP) Model Framework intended to enhance the market infrastructure and ensure its alignment with international standards and mitigates one of the main risks outlined by regional and international investors.

TECHNOLOGY ADOPTION

BHB is constantly working to improve technologies and provide modern and convenient services to its investors and various stakeholders. As part of BHB's digital transformation efforts, Bahrain Bourse started migrating to Amazon Web Services (AWS) to enable BHB to deliver its services more efficiently to all stakeholders, and therefore increase its competitiveness at a global level. Bahrain Bourse also embarked on various digital transformation projects within its efforts to enhance cost efficiency in order to streamline its business processes to benefit investors, issuers, and stakeholders.

Similarly, Bahrain Clear in cooperation with "BENEFIT" launched the electronic payment "Fawateer" to enable investors, brokers, custodians and issuers to pay all outstanding fees and commissions of all services provided by Bahrain Clear in a seamless and secure manner.

On the administrative front, Bahrain Bourse focused on

various initiatives aimed at developing its organizational talent and cultivating a culture focused on professionalism, diversity, and ongoing professional development in line with market requirements.

LISTINGS

2019 marked the listing of the first company on the Bahrain Investment Market "Sprinkle Holding BSC (closed)", a specialized FinTech company. Bahrain Bourse looks forward to welcome future listings on the BIM in the coming years, as we further accelerate our efforts to attract a larger number of growth companies to the market. BHB also remained active in terms of its debt and T-Bills listings with a total value of BD2.68 billion on the Bonds/Sukuk Market, and total value of BD2.27 billion on the T-Bills Market throughout the year.

AWARDS

This year, Bahrain Bourse was recognized as the first semi-government entity to receive the 'Thiqa' award Level 3 during the Information Security Forum 'Thiqa' (Trust) 2019 organized by the Information & eGovernment Authority (iGA). The recognition proves Bahrain Bourse's effective approach and commitment to the implementation of the international standards and best practices in information security.

STAKEHOLDER ENGAGEMENT

As part of its endeavor to attract international investments and strengthen links between listed companies and institutional

CHAIRMAN'S STATEMENT

BHB officially joined the United Nations Sustainable Stock Exchanges (SSE) initiative to demonstrate its voluntary commitment to promoting sustainable and transparent capital markets in cooperation with listed companies and other related stakeholders.

investors, Bahrain Bourse participated in two roadshows, in Dubai and Luxemborg. Both roadshows enabled BHB to actively engage with international investors and fund managers to highlight and showcase the opportunities available in Bahrain's capital market. Bahrain Bourse embarked on a new initiative during the year by collaborating with the Middle East Investor Relations Association (MEIRA) to establish the Bahrain Chapter to further develop and enhance best practices in Investor Relations (IR) across the Kingdom of Bahrain.

Bahrain Bourse plays a key role in the market which it operates and the wider community that it serves. Hence, BHB has embarked on a sustainability drive to highlight the importance of Environmental, Social, Governance (ESG) reporting and disclosure standards to build a better and a more successful and sustainable business. BHB officially joined the United Nations Sustainable Stock Exchanges (SSE) initiative to demonstrate its voluntary commitment to promoting sustainable and transparent capital markets in cooperation with listed companies and other related stakeholders. Under this umbrella, Bahrain Bourse hosted a bell ringing ceremony to promote "Gender Equality" and empower women in the capital markets sector. Similarly, Bahrain Bourse also hosted a bell ringing ceremony to demonstrate its commitment towards enhancing "Financial Literacy" and investment awareness through various programs and initiatives that grew over the years.



FINANCIALS

Looking into Bahrain Bourse's financial performance in 2019, BHB's gross revenue increased from BD 2,671,494 in 2018 to BD 3,120,239 in 2019 reporting an increase of 16.8%. Bahrain Bourse reported a deficit of BD 498,393 in 2019 compared to BD 393,081 in 2018. Shareholders' equity decreased from BD 5,199,612 as of 31st December 2018 to BD 4,701,219 as of 31st December 2019.

LOOKING FORWARD

This year marks Bahrain Bourse's 30th Anniversary since the exchange was formally established. Our track record over the past 30 years has provided us with a strong and deep foundation within the capital markets. As we gear up for further growth, we look forward to the next 30 years to help us build scale, capture unique opportunities across multiple asset classes, and serve our investor needs more holistically.

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 Khalifa bin Salman Al Khalifa, the Prime Minister, and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister of the Kingdom of Bahrain for their guidance and

continuous support to Bahrain Bourse, as well as their efforts to support the prosperity of the country in various areas.

I would also like to thank H.E. Zayed bin Rashid Al-Zayani, the Minister of Industry, Commerce, and Tourism (the 'Shareholder') for his continuous support extended to Bahrain Bourse in its various initiatives and programs. I also would 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 for their ongoing support to Bahrain Bourse.

I would like to also thank 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 achieved in the coming year. Most importantly, the employees of Bahrain Bourse and Bahrain Clear behind this entire operations, who are our most important assets. As we look forward to the next chapter of growth, we will continue to scale up our business and further diversify our asset classes to create a seamless and efficient marketplace for all our stakeholders.

Abdulkareem Ahmed Bucheery

Chairman of Bahrain Bourse and Bahrain Clear

CEO'S STATEMENT

Khalifa Bin Ebrahim Al Khalifa Chief Executive Officer

Bahrain Bourse has skillfully navigated the challenges of this evolving global backdrop and delivered a strong set of results in 2019 with 2nd best performance across GCC markets (20.41%), continuing to execute its strategy successfully across its core businesses.

The year 2019 turned out to be one of the best years for global markets since the onset of the global financial crisis a decade ago despite the backdrop of economic and political tensions. Similarly, the majority of the GCC financial markets performed positively well due to fund inflows following index inclusions, boosting higher levels of liquidity overall. Bahrain Bourse has skillfully navigated the challenges of this evolving global backdrop and delivered a strong set of results in 2019 with 2nd best performance across GCC markets (20.41%), continuing to execute its strategy successfully across its core businesses. With the rise in the Bahrain All Share Index in 2019 by 20.41% (2nd across the GCC markets), outperforming both MSCI GCC Countries Index (10.06%) and MSCI Frontier Markets Index (18.34%) and S&P GCC Composite Index (7.6%), the market capitalization increased by 23.6% to BD 10.13 billion by the end of the year, while Bahrain Islamic Index closed at 760.04 points, decreasing by 7.66% compared to its closing in December 2018. Trading volume stood at 1.157 billion shares representing 19.69% decrease compared to 2018, and trading value for the year stood at BD 286 million representing 11.56% decrease compared to 2019, with an average daily trading value of BD 1.16 million. The number of transactions conducted stood at 20,7112 transactions executed in 2019, 7.73% higher than 2018.

We remain committed to achieving operational excellence and are focused on driving efficiency through several initiatives including implementation of small tick size framework, adoption of AWS cloud technology to enhance performance, as well as joining BENEFIT's EFTS service 'Fawateer' to facilitate online payments. Whilst we strive to facilitate efficient



platforms, we attach the highest priority on establishing and maintaining confidence in the market for regional and international investors in capital markets. In this context, Bahrain Bourse has embarked on an ambitious regional and international roadshow plan attracting international fund managers with meetings held in Dubai, UAE and Luxembourg which included the participation of four listed companies including: Bahrain Telecommunications Company ('Batelco'), Ithmaar Holding, National Bank of Bahrain, and SICO BSC (c). The roadshows provide an opportunity for the senior management of listed companies to meet key decision makers from the world's largest international fund managers.

Change and transformation in the field of technology shape the expectations of various stakeholders including investors, issuers, members, and data vendors. In this context, we use technology as an important tool in the operations and services we conduct, in order to create products and platforms which meet the needs of the market players.

As a signatory to the United Nations Sustainable Stock Exchanges (SSE) initiative, which brings together more than 80 securities exchanges from around the world, Bahrain Bourse is a strong promoter of advancing sustainable practices internally as well as across listed issuers. Environmental, social and governance (ESG) criteria play an increasing role in investment decisions on international markets. Bahrain Bourse is contributing to this trend by encouraging issuers to expand disclosure in this area and helping investors better assess companies corporate social responsibility performance. This is the first year in which Bahrain Bourse reports on sustainability

as part of its annual report, which is aligned with BHB's strategy and aims to support the national economy and provide a sustainable trading environment that increases governance standards.

ENHANCING ACCESS VIA INNOVATIVE PLATFORMS

As financial markets evolve, exchange operators worldwide have been focusing on the challenges presented by technological innovation and evolving business models. Bahrain Bourse is attuned to these complexities and works closely with market participants and various stakeholders to thrive in this dynamic environment. To this end, we have worked collaboratively with market participants to link liquidity pools across multiple venues, and develop a broader universe of investors. Ultimately, we want to deliver greater liquidity and an enriched customer experience. In 2019, Bahrain Bourse launched the 'Bahrain Trade' platform in collaboration with participating banks which includes Khaleeji Commercial Bank (Khaleeji eTrade) and National Bank of Bahrain (AlWatani Trade). As a result, investors are able to open and account via participating banks and start trading instantaneously. The Bahrain Trade platform goes in line with BHB's efforts to enhance Bahrain Bourse's liquidity and depth, thereby strengthening its competitiveness and attracting local, regional and international investors. Due to these efforts, 2019 saw an active inflow of retail investors on the market.

The long-term trend is for exchanges to become integrated platforms where a broad range of products are seamlessly listed and traded, including offering traditionally traded over-the-counter services. BHB is progressing along this

CEO'S STATEMENT

trend to offer BHB Private Market, supported by innovations in trading platforms, connectivity, as well as the continued enhancements of capabilities to meet industry needs.

INVESTOR AWARENESS

BHB has undertaken an array of investor education and market development initiatives aiming to educate the general public about share investments. The year 2019 was no different and substantial amount of resources were allocated to this agenda as the focus remained on enhancing participation of retail investors in the stock market, translating savers into investors, instilling market discipline and promoting shareholder activism in the long run. BHB has always been receptive to the needs of our potential investors, and as such has devised a new program catered towards younger audience 'Smart Investor' program in collaboration with INJAZ Bahrain, targeting more than 5500 students within the first year. The Smart Investor was well received by the intended audience and BHB will continue to refine and present the initiative in a better way in 2020. The TradeQuest program continued its progress in its 21st edition. To mark the strides taken on this front and in line with BHB's strategic objective of 'Enhancing Market Literacy & Investor Protection', Bahrain Bourse held a 'Ring the Bell for Financial Literacy' to raise awareness and highlight the importance of this aspect.

Throughout the past year, BHB was keen to enhance its effective global presence and assert its leadership in the region through participation in several regional and international conferences and events as well as various engagement sessions held with members and issuers.

INVESTOR RELATIONS

To further develop and enhance best practices in Investor Relations (IR) across listed companies, Bahrain Bourse has established the Middle East Investor Relations Association (MEIRA) - Bahrain chapter along the founding members which includes Aluminium Bahrain ('ALBA'), Bank ABC, Bahrain

Telecommunications Company ('Batelco'), Ithmaar Holding, National Bank of Bahrain, and SICO BSC (c), and headed by Bahrain Bourse. Under the MEIRA-Bahrain chapter, the Certified Investor Relations Officer Program was rolled out.

INTERNATIONAL PARTNERSHIPS

The year 2019 also witnessed Bahrain Bourse and Bahrain Clear stepping up its efforts to establish collaborative relationships with its international counterparties. As at the end of 2019, Bahrain Clear had managed to advance discussions with Edaa in Kingdom of Saudi Arabia to enter into a Memorandum of Understanding (MoU). An MoU will enable clearing houses on both sides to work together and learn from each other's experiences to enhance market development.

LISTINGS

On the fixed income side, there were 2 bond/sukuk listings in 2019 with a total value of BD 2.68 billion, compared to 4 listings a year earlier. We also recorded 76 T-bills listings in 2019 with a total value of BD 2.27 billion, compared to 42 new T-bills listings a year earlier. Last year also witnessed listing of the first global FinTech company on Bahrain Investment Market, which will pave way for further listings in the future.

REGULATORY FRONT

On the regulatory front, BHB continued to strengthen its legal and regulatory environment by issuing consultation papers on the administrative fines framework for issuers, as well as the operational enhancements of the Delivery Versus Payment (DVP) model framework issued by Bahrain Clear, both of which aim to adopt best in class market & regulatory best practices.

AWARDS

Furthermore, Bahrain Bourse was recognized as the first Semi-Government Entity to Receive 3rd Level (Outstanding) in Information Security Forum 'Thiqa' (Trust) 2019 organized by the Information & eGovernment Authority (iGA). This



recognition is a testament to the Bourse's solid technical framework which meets the highest information security standards, as e-security is considered one of the key pillars of the capital markets globally.

FINANCIALS

As for the financial performance of Bahrain Bourse in 2019, operational efficiency remains key in today's market conditions. BHB reported a positive increase in its gross revenue by 16.8% from BD 2,671,494 in 2018 compared to BD 3,120,239 in 2019, while the total expenses during the year slightly increased by 8.1%, from BD 3,497,470 in 2018 to BD 3,782,196 in 2019. BHB recorded a deficit of BD 498,393 in 2019 compared to BD 393,081 in 2018.

BHB's total assets increased to BD 6,051,276 compared to BD 5,692,150 in 2018, while the total liabilities in 2019 were BD 1,350,057 against BD 492,538 in 2018. Shareholders' equity also decreased from BD 5,199,612 as of 31st December 2018 to BD 4,701,219 as of 31st December 2019.

ACKNOWLEDGMENTS

I am also happy to share that Bahrain Bourse has entered its Pearl Jubilee year in 2019. It's a privilege to be part of this institution and the capital markets ecosystem. Starting from humble beginnings ("AlJowhara Market"), Bahrain Bourse has swiftly evolved to offer 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 over a short period of time. This journey spans market reforms, building of an entire capital market ecosystem, innovative products, services & technology and, above all, high standards of ethics and Corporate Governance. With the continued support of all the stakeholders and the Central Bank of Bahrain, I am confident that BHB will reach greater heights in the years to come to achieve its vision: A regional multi-asset class marketplace leader.

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 to His Royal Highness Prince Khalifa bin Salman Al Khalifa, Prime Minister, and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister of the Kingdom of Bahrain for their continued support for the Bourse and its members.

I would also like to express my thanks and appreciation to the Chairman and members of BHB's Board of Directors for their efforts in developing the capital markets and their continuous support. I also thank Bahrain Bourse's management and employees for their dedication and hard work, wishing them greater success in further developing Bahrain Bourse and achieving its vision, mission, and objectives in the coming period. I would also like to extend my thanks to the listed companies and brokerage firms for their support and cooperation.

Khalifa bin Ebrahim Al-Khalifa

Chief Executive Officer (Bahrain Bourse)

Vice Chairman and Managing Director (Bahrain Clear)

BOARD OF DIRECTORS



**Abdulkarim Ahmed
Bucheery ✓**

Chairman

Independent & Non-Executive
Director

Joined the Board of Directors on
27th December 2016



**Marwan Khalid
Tabbara #**

Vice Chairman

Independent & Non-Executive Director

Joined the Board of Directors on
6th February 2011



**Rana Ebrahim
Faqihi ***

Board Member

Non-Independent & Non-Executive
Director

Joined the Board of Directors on
6th February 2011



Ali Yousif Fardan *

Board Member

Independent & Non-Executive Director

Joined the Board of Directors on
27th December 2016



Hassan Amin Jarrar #
Board Member

Independent & Non-Executive Director

Joined the Board of Directors on
27th December 2016



**Yaser Abduljalil
Alsharifi #**
Board Member

Independent & Non-Executive Director

Joined the Board of Directors on
27th December 2016



**Deena Ebrahim
Al-Ansari * ✓**
Board Member

Independent & Non-Executive Director

Joined the Board of Directors on
27th December 2016



**Abdulrahman Hamid
Al-Zayani ✓**
Board Member

Independent & Non-Executive Director

Joined the Board of Directors on
27th December 2016

* Member of the Executive Committee

Member of the Audit & Risks Committee

✓ Member of the Nomination, Remuneration & Corporate

Note: Deena Ebrahim Al-Ansari was appointed as a member of Nomination, Remuneration, and Corporate Governance Committee from 19th March 2019 to replace H.E. Mr. Aymen Tawfeeq Almoayed after his resignation from the Board.

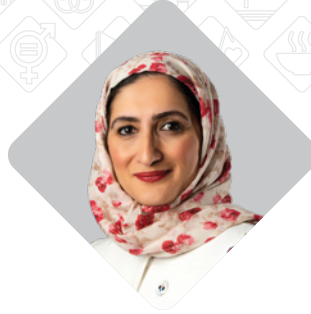
MANAGEMENT TEAM



**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

Senior Director of Operations
(Bahrain Clear)



**Abdulrahman Abdulla
Al-Shafei**

Senior Director of Risk Management
& Compliance



Hani Husain Al Mandeel

Senior Director of External Relations



Abdulla Mohamed Janahi

Director of Trading Operations



Shaikha Sameer AlZayani

Director of Listing & Disclosure



Marwa Faisal Al-Maskati

Director of Marketing & Business Development



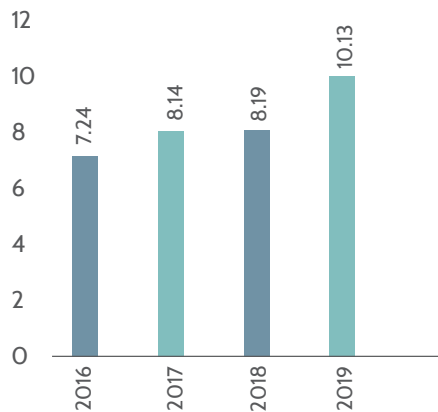
Hamad Abulfath Hasan

Director of Administration Affairs & HR

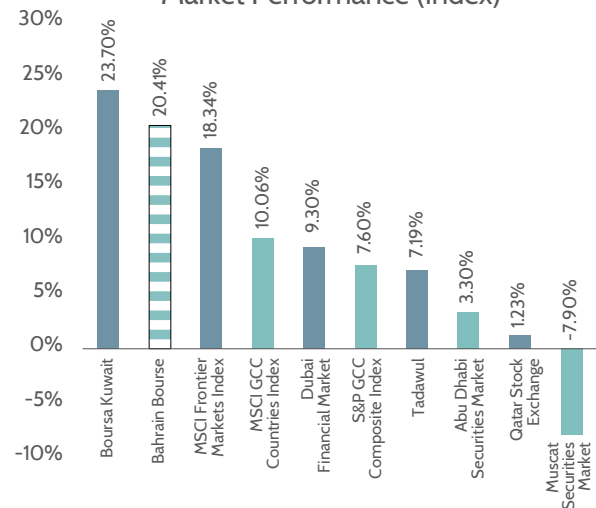
2019 HIGHLIGHTS

- ➔ **Market Capitalization increased by 23.62%**
- ➔ **Achieved 2nd Best Performance Across GCC**
- ➔ **Bahrain All Share Index increased by 20.41%**
- ➔ **Transactions increased by 7.37%**

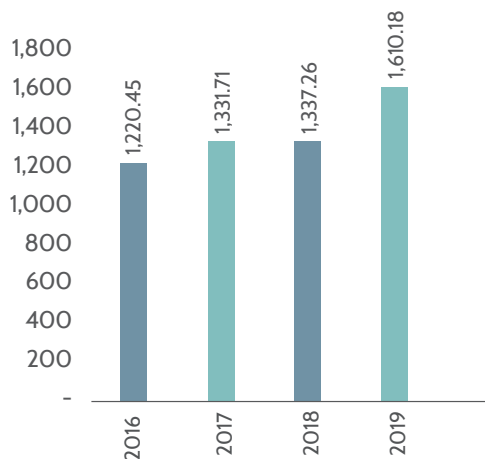
Market Capitalization
(BD Billion)



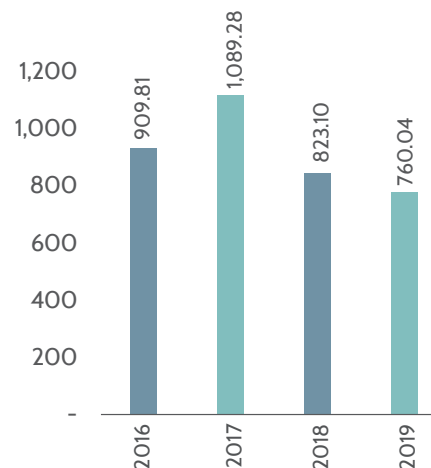
Market Performance (Index)



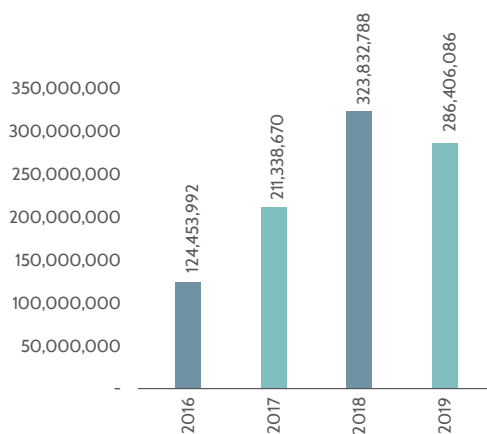
Bahrain All Share Index (Points)



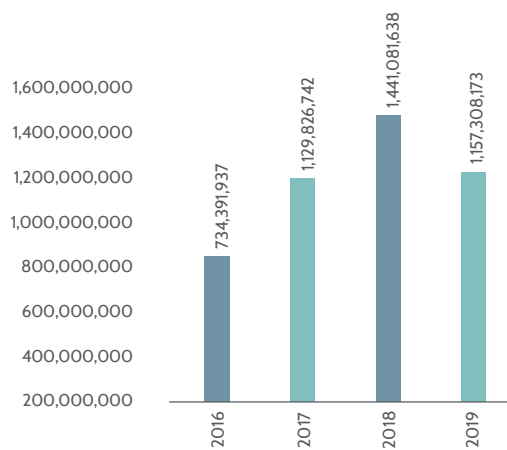
Bahrain Islamic Index (Points)



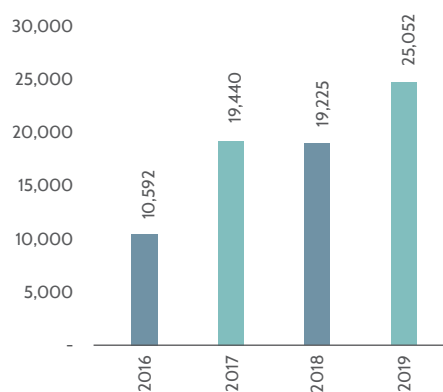
Value of Shares Traded (BD)



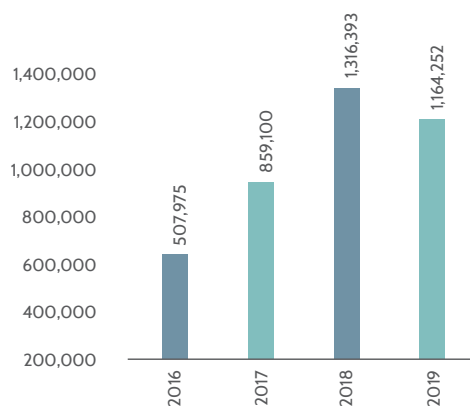
Volume of Shares Traded



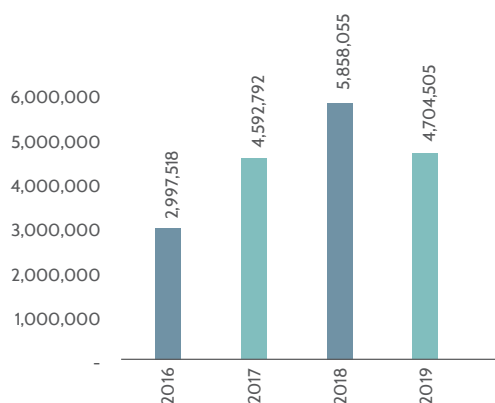
Number of Transactions



Average Daily Traded Value (BD)



Average Daily Traded Volume



KEY ACHIEVEMENTS

JANUARY

- Bahrain Bourse holds its semi-annual brokers meeting
- Bahrain Bourse & Bahrain Clear introduce fees revamp

FEBRUARY

- Bahrain Bourse joins UN's Sustainable Stock Exchanges Initiative
- Listing of 8 Treasury Bill Issues and Short-Term Islamic Lease (Ijarah) Sukuk worth BD 511 Million
- As part of its engagement with stakeholders, Bahrain Bourse held its 2nd Roundtable discussion with CEOs of listed companies
- Bahrain Bourse endorses CFA Society's "Mutamahin" Program

MARCH

- Bahrain Bourse and Bahrain Clear organize corporate access day in Dubai, alongside the HSBC MENAT Securities Forum 2019, which aims to strengthen links with international investment fund
- Bahrain Clear signs MOU with Saudi's Securities Depository Center Company (Edaa)
- Bahrain Bourse signs MoU with Tamkeen to support growth businesses to list on Bahrain Investment Market
- Bahrain Bourse rings the bell for gender equality as part of its commitment towards UN's Sustainable Stock Exchanges Initiative
- Bahrain Bourse Participates as a Co-Partner in the 2nd E-Payment & Online Banking Summit
- CBB issues Resolution No. (23) of 2019 for the Issuance of Regulations in respect of Short Selling and Giving Securities on Loan which paves way for further development of the capital markets
- C5 Accelerate hosts Bahrain Bourse as part of their Policy Hack Series
- Launch of Bahrain Trade portal (online trading platform) through KHC's 'Khaleeji eTrade' platform

JUNE

- 3rd semi-annual brokers meeting held as part of its ongoing community engagement
- Roll-out of Certified Investor Relations Officer ('CIRO') Program under the Investment Academy Umbrella in collaboration with MEIRA & BIBF

MAY

- Bahrain Clear joins BENEFIT's EFTS Network
- Listing of 10 Treasury Bill Issues and Short-Term Islamic Lease (Ijarah) Sukuk worth BD563 Million
- Implementation of smaller tick size Framework
- Launch of Bahrain Trade portal (online trading platform) through National Bank of Bahrain's Al Watani Trade
- Awareness session held on the "Fundamentals of Saving" targeted towards beneficiaries of the National Guidance Program in collaboration with Supreme Council of Women

APRIL

- Established the Middle East Investor Relations Association (MEIRA) - Bahrain Chapter to further advance Investor Relations landscape in the Kingdom of Bahrain along with six founding members which includes Aluminium Bahrain ('ALBA'), Bank ABC, Bahrain Telecommunications Company ('Batelco'), Ithmaar Holding, National Bank of Bahrain, and SICO BSC (c).
- Earned recognition as the first semi-government entity to receive 3rd level (Outstanding) in Information Security Forum 'Thiqa'
- Hosted final TradeQuest ceremony in its 21st edition for 2018-2019 with a total of BD 30,000 cash rewards
- Bahrain Bourse concludes Smart Investor program in its first edition which has targeted 76 schools and more than 5500 students within Grade 4 elementary level

JULY

- Listing of 15 Treasury Bill Issues and Short-Term Islamic Lease (Ijarah) Sukuk worth BD 982 Million
- Bahrain Clear issues a consultation paper on the enhancement of the Delivery Versus Payment (DVP) Model Framework
- Kick-off of Smart Investor Summer Event targeted towards enhancing financial literacy
- Bahrain Bourse turns to AWS Cloud Technology to enhance performance and resiliency for its stakeholders
- Bahrain 'All Share Index' closes at 9-Year high

AUGUST

- Participation in the Youth City 2030 Program
- Listing of BD 300 Million Government Development Bond - 18th Issue

SEPTEMBER

- International investor roadshow held in Luxembourg with the participation of four listed companies
- Workshop held on Sustainability and IR Digital Solutions

OCTOBER

- Ring the Bell for Financial Literacy
- Kick-Off of 2nd Edition of the Smart Investor Program in collaboration with INJAZ Bahrain

DECEMBER

- Listing of 6 Treasury Bill Issues and Short-Term Islamic Lease (Ijarah) Sukuk worth BD 371 Million
- Certified Investor Relations Officer ('CIRO') program held in collaboration with Middle East Investor Relations Association (MEIRA)
- Unveiling of first global finTech company listing on BIM - Sprinkle Holding BSC (closed)
- Go-Live of BENEFIT'S EFTS Service "Fawateer" for Online Payments
- Kick-off of TradeQuest 2019-2020 Challenge in its 22nd Edition
- Listing of 10 Treasury Bill Issues and Short-Term Islamic Lease (Ijarah) Sukuk worth BD 646 Million

NOVEMBER

- Consultation Paper issued on the Administrative Fines Framework for issuers
- Listing of BD 185 Million Government Development Bond - 19th Issue



STRATEGIC REVIEW

STRATEGIC REVIEW

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, & developing organizational talent.

In 2016, the Board of Directors approved a five-year strategy for "Bahrain Bourse", which runs until 2020. The strategy aims to deliver a series of milestones that will position Bahrain Bourse to play a dominant role regionally in alternative asset classes. The strategy aims to closely align the business growth drivers with the overarching guiding principles of the Kingdom of Bahrain's Economic Vision 2030: sustainability, competitiveness, and fairness.

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.



INTENSIFYING REGIONAL & GLOBAL OUTREACH

Roadshow

As part of Bahrain Bourse's endeavors to intensify regional & global outreach and increase international investors' inflow, two roadshows were conducted throughout the year. The first was held in Dubai, United Arab Emirates along the sidelines of the HSBC MENAT Securities Forum 2019. The event enabled Bahrain Bourse and Bahrain Clear to showcase key business development plans and proposed product roll-outs, in which 8 meetings were held with global custodian & leading investment funds.

The second roadshow was held in Luxembourg, in collaboration with HSBC which was held on the sidelines of the ALFI Global Distribution Conference. The roadshow involved a senior delegation comprising 11 representatives from 4 listed companies, representing BD 1.8 billion total market capitalization, where more than 30 one-to-one meetings were held with senior representatives of 9 fund managers. Participating listed companies included; Bahrain Telecommunications Company ('Batelco'), Ithmaar Holding, National Bank of Bahrain, and SICO BSC (c).



MOUs

In March 2019, Bahrain Clear, a fully owned subsidiary of Bahrain Bourse signed a Memorandum of Understanding (MoU) with Saudi's Securities Depository Center Company (Edaa), which builds upon strengthening bilateral cooperation in the dual listing of securities between Saudi Arabia and Bahrain. Our relationship with Edaa supports investor access on both markets and affirms Bahrain Clear and Edaa's desire to create an efficient linkage between Kingdom of Bahrain and Kingdom of Saudi Arabia markets.

To further bolster the support extended to Bahrain Investment Market (BIM) prospective issuers, Bahrain Bourse and Tamkeen (Labour Fund) signed an MoU to expand the scope of Tamkeen's Business Development Program to include support of growth businesses interested in listing on the Bahrain Investment Market (BIM).



CULTIVATING CAPITAL RAISING & INVESTMENT OPPORTUNITIES

BIM Listings

In December 2019, Bahrain Bourse unveiled the listing of the first company on Bahrain Investment Market (BIM) "Sprinkle Holding BSC (closed)" a specialized FinTech company, under the trading symbol SPKL.

Debt Listings

There were 2 bond/sukuk listings in 2019 with a total value of BD 2.68 billion, compared to 4 listings a year earlier. We also recorded 76 T-bills listings in 2019 with a total value of BD 2.27 billion, compared to 42 new T-bills listings a year earlier.

Short Selling & Borrowing

On March 2019, the Central Bank of Bahrain issued Resolution No. (23) of 2019 in relation to Issuance of Regulations in respect of Short Selling and Giving Securities on Loan. The issuance of the resolution is a key milestone in the development of the capital markets, which is expected to enhance market liquidity. Furthermore, the roll-out of this market feature within the capital market is expected to attract significant international investment interest and regional competitiveness as well as form a stepping stone towards the achievements of an Emerging market status. The next step encompasses Bahrain Bourse & Bahrain Clear to establish controls and procedures related to dealing in securities through lending and borrowing and short selling according to the provisions stipulated in the resolution.





ENHANCING MARKET LITERACY & INVESTOR AWARENESS

Sustainable Stock Exchanges (SSE)

In February 2019, Bahrain Bourse announced its voluntary commitment to UN's Sustainable Stock Exchanges Initiative ('SSE'). As a partner exchange, Bahrain Bourse aims to demonstrate its commitment to promoting sustainable and transparent capital markets in cooperation with listed companies and other related stakeholders. The SSE is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators and companies, can enhance corporate transparency on Environmental, Social, Governance (ESG) issues and encourage sustainable development. In support of this initiative, Bahrain Bourse held a 'Ring the Bell for Gender Equality' event to raise awareness on gender equality within capital markets to various stakeholders. The bell ringing ceremony brought together senior leaders within capital markets to share their experiences and advice with future leaders.

Women's economic empowerment is a key driver of sustainable development as well as a key corporate sustainability issue. Locally, Bahrain Bourse is committed to the Equal Opportunities Committee initiative spearheaded by the Supreme Council for Women. At a more global level, Bahrain Bourse is committed to the Sustainability Stock Exchanges initiative, of which gender equality is a pivotal factor. In addition, under the sustainability umbrella, Bahrain Bourse represented by MEIRA – Bahrain Chapter, held a workshop on sustainability to highlight the importance of ESG disclosure in meeting growing international investors' demands for listed companies.



Financial Literacy

Financial literacy forms a key part of Bahrain Bourse's strategy. This year marks the 22nd edition of the TradeQuest Program which targets high school and university students. As for the Smart Investor program, Bahrain Bourse recently launched the 2nd edition of the program in collaboration with INJAZ Bahrain, and reached out to 6,291 elementary students across 79 schools during its first year. In addition, it has been two years since Bahrain Bourse's collaboration with the BIBF under the Investment Academy to offer various public courses as well as professional certifications related to the capital market. The Investment Academy provided more than 600 professionals with expert training in a range of financial market topics.

To highlight the achievements made thus far within the context of financial literacy, a 'Ring the Bell for Financial Literacy' event was held as part of Bahrain Bourse participation in the World Investor Week initiated by the International Organization of Securities Commissions (IOSCO) and the World Federation of Exchanges (WFE).

STRATEGIC REVIEW (continued)



Middle East Investor Relations Association – Bahrain Chapter

In April 2019, Bahrain Bourse established the Middle East Investor Relations Association (MEIRA) - Bahrain Chapter to further advance Investor Relations landscape in the Kingdom of Bahrain along with six founding members which includes Aluminium Bahrain ('ALBA'), Bank ABC, Bahrain Telecommunications Company ('Batelco'), Ithmaar Holding, National Bank of Bahrain, and SICO BSC (c). Investor Relations (IR) is a prime consideration for listed companies, and hence it is necessary to be transparent and build trust. MEIRA – Bahrain Chapter has also announced the roll-out the Certified Investors Relations Program ('CIRO') in the Kingdom of Bahrain under the Investment Academy umbrella in collaboration with the Bahrain Institute of Banking & Finance ("BIBF"). The program was rolled out in Dec 2019 and inducted 11 students during the 1st batch. Further, an IR workshop was held to shed light on key trending themes in relation to Sustainability and Investor Relation (IR) Digital Solutions best practices in communicating effectively with investors and stakeholders.



CULTIVATING OPERATIONAL EFFICIENCY

Bahrain Bourse is committed towards operational excellence and efficiency through several initiatives, including enabling digital transformation, roll-out of Bahrain Trade platform, migration to cloud services, enhanced IT security, and implementation of a new tick size framework.

Enabling Digital Transformation

An internal digital transformation team was formed to bridge the physical and digital worlds together through identifying core processes that require automation and enhancement. The initiatives of the committee will revolve around the cultural, financial and procedural aspects of the Bourse while maintaining scalability, cost efficiency and security in all aspects, with the ultimate aim of streamlining business processes and enhancing the experience for all stakeholders.

Bahrain Trade

We have invested in advanced platforms to enable investors to swiftly access the market and execute trades, which aims to ultimately develop a broader universe of market participants and deepened liquidity pools. Bahrain Trade is one of the technology-based initiatives designed to offer an efficient trading execution platform for investors. To this end, this year has marked the launch of Khaleeji Commercial Bank's 'Khaleeji eTrade' platform and National Bank of Bahrain's AlWatani Trade, both platforms have enabled an enriched customer experience.





Cloud Technology

This year, Bahrain Bourse announced its migration to Amazon Web Services (AWS). The first phase of the migration includes moving backup and disaster recovery solutions to the cloud, with plans to adopt advanced data analytics services to build smart and innovative services. The migration enables increased availability and security along with higher speed and performance, while reducing operational costs at the same time.

IT Security Award

During the year, a number of Technical and Security assessments were conducted to our IT infrastructure setup, which enabled Bahrain Bourse to achieve 'Thiqa' award Level 3 by eGovernment Authority (iGA), first semi-government entity to receive such award. This high-level award comes in recognition of Bahrain Bourse's excellence in protecting its IT infrastructure after successfully completing the third level of the 'Thiqa' (Trust) IT Security Program, which aims to enhance awareness of the information security and the practices of the government entities in the Kingdom. The program requirements included an application phase for operations and self-evaluation, followed by an audit by the Information & eGovernment Authority (iGA) to ensure compliance. This achievement confirms Bahrain Bourse's commitment to maintain highest level of IT security standard.



Fawateer Service

Bahrain Clear has teamed up with BENEFIT, a leading electronic transactions company to launch the electronic payment "Fawateer" enabling investors, brokers, custodians and issuers to pay all outstanding fees and commissions of all services provided by Bahrain Clear in a seamless and secure manner. The launch of the "Fawateer" system comes as part of Bahrain Clear's dedicated efforts to ease and simplify the settlement cycle smoothly and efficiently for all stakeholders and streamline all payments which goes in line with Bahrain Clear's strategy to adopt the latest technology in order to reduce the time and effort required for payment and settlement.

Implementation of New Tick Sizes

This year saw the implementation of a new tick size framework which aims to unify all categories of listed financial instruments (excluding Debt and T-bill securities) at BD 0.001 & USD 0.001, in line with global best practices. The new tick size framework has been designed to mitigate investors risk in the event of price drops and limit excessive disruption to the market, revitalize companies with lower market capitalization, help incentivize investors due to narrower market spreads, and ensure a more precise market valuation of the instruments. Prices of financial instruments (excluding Debt and T-bill securities) traded are now determined with a greater precision.

STRATEGIC REVIEW (continued)

Additionally, and as part of our annual practice, we have recognized long-standing employees of Bahrain Bourse & Bahrain Clear during the Long-service Award Ceremony to recognize the efforts of 5 employees whom have spent 5, 10, 15, and 20 years in service respectively.



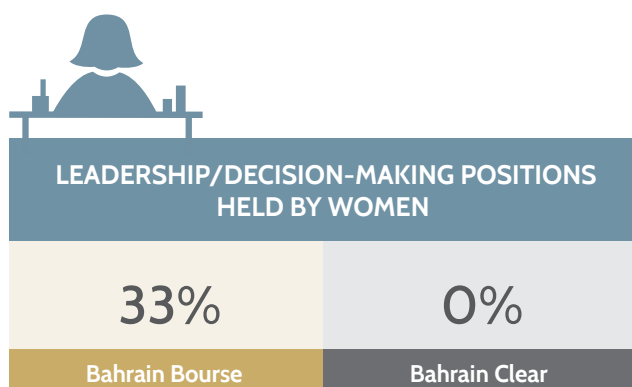
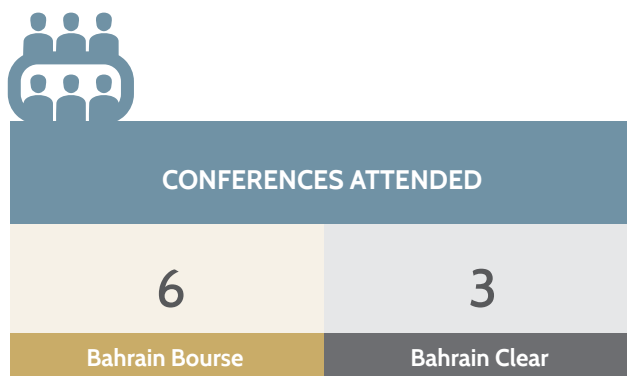
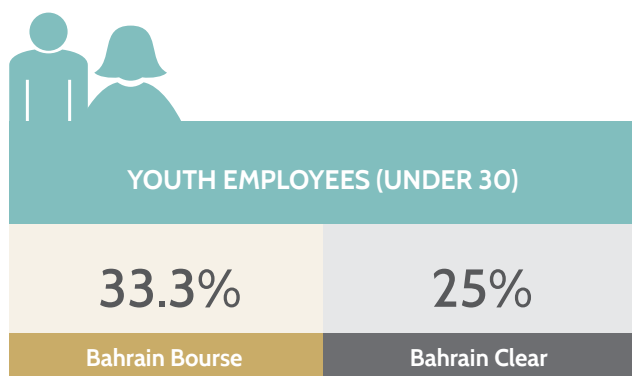
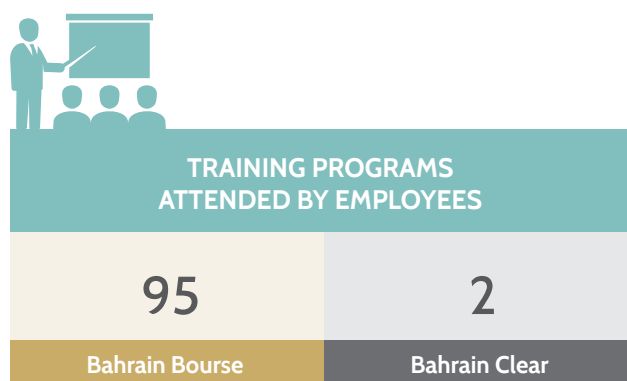
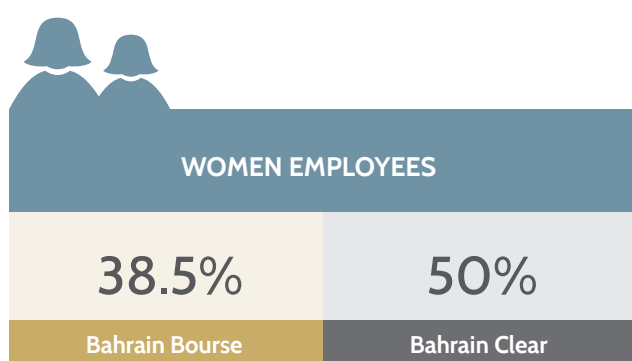
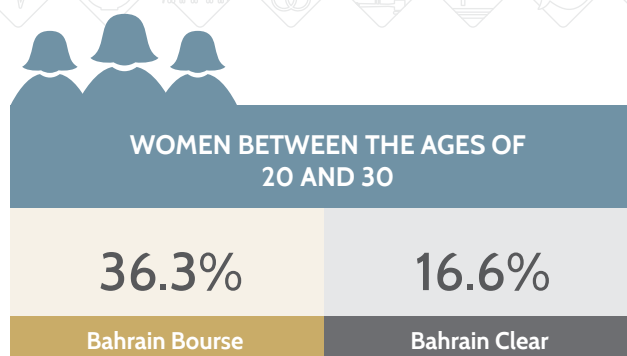
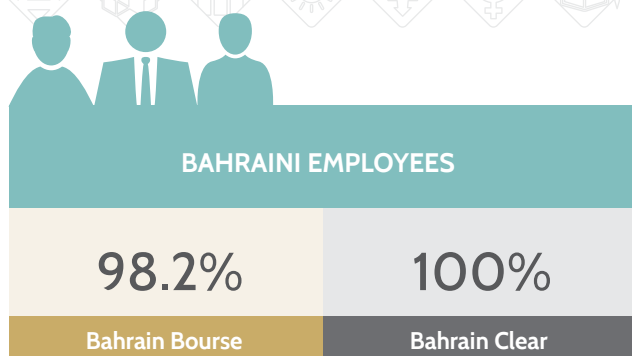
DEVELOPING ORGANIZATIONAL TALENT

Bahrain Bourse recognizes that employees are the integral part of the organization's success and growth and cultivating a culture focused on professionalism, diversity and ongoing professional development in line with market requirements. During the year, the focus has been on delivering an enhanced HR portal, offering our employees enhanced features in relation to the saving schemes offered, fostering talent growth through professional development and constant training needs analysis. We constantly evaluate the competencies of our staff to identify gaps and accordingly address them through providing the required professional training and development. Additionally, and as part of our annual practice, we have recognized long-standing employees of Bahrain Bourse & Bahrain Clear during the Long-service Award Ceremony to recognize the efforts of 5 employees whom have spent 5, 10, 15, and 20 years in service respectively.



This year, we have inducted five university students as part of the annual summer internship program, which provides university students the opportunity to gain on-job training experience to support and compliment their education in the practical field. The program forms part of Bahrain Bourse's on-going corporate social responsibility efforts.

Throughout the year, our employees took part in more than 97 training programs held locally, regionally, and globally.



STRATEGIC REVIEW (continued)

The employee number by company is shown below:

Total Number
of Employees

69

BAHRAIN BOURSE

57

BAHRAIN CLEAR

12

Total Number of
Female Employees

28

BAHRAIN BOURSE

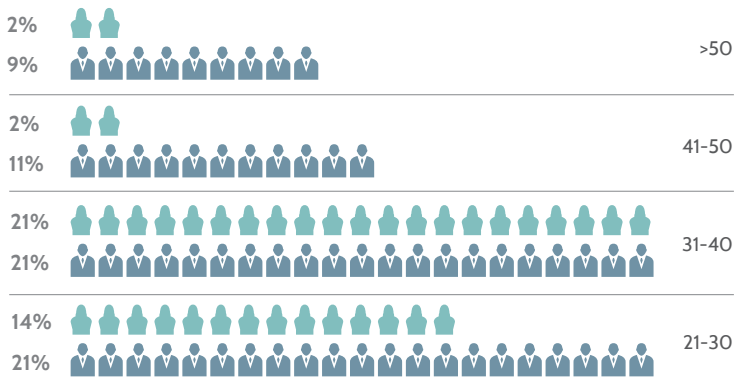
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BAHRAIN CLEAR

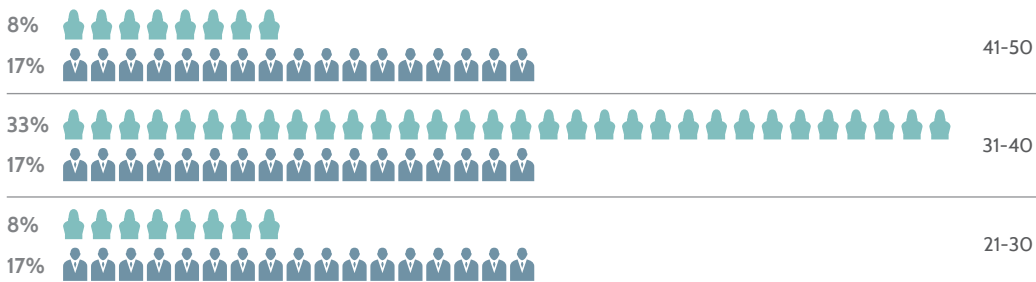
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The above statistics demonstrate the emphasis placed on recruiting youth with 33.3% of BHB's employees being below 30 years of age, and 25% of Bahrain Clear's employees are from the same age group

Bahrain Bourse Employee Age Distribution



Bahrain Clear Employee Age Distribution



STAKEHOLDER ENGAGEMENT

We place great emphasis on effective engagement with all of our stakeholders which enables us to make informed business and regulatory decisions and aims to build collaborative relationships and encourages clarity and transparency in the market. We constantly engage with our stakeholders through various platforms and communication channels, and their feedback is carefully considered to ensure decisions contribute to the overall benefit of all parties involved. Stakeholders includes: investors, issuers, members, community, employees, media, and market data vendors.



INVESTORS

Bahrain Bourse is actively engaged in constructive dialogues with existing and potential investors and stakeholders through various forms of engagement to assist in attracting new investors to the market.

Engagement Method:

Open dialogue, workshops, roadshows, seminars, conference and panel participations, periodic trading bulletins, Investors Guide, mobile app.



MEMBERS

Bahrain Bourse conducts a brokers meetings on a semi-annual basis to appraise members of most recent developments and planned roll-outs. In addition, members are also engaged on consultation papers issued by Bahrain Bourse to seek their feedback on key industry topics.

Engagement Method:

Open dialogue, Industry Working Groups, consultation papers, semi-annual brokers meeting, and jointly organized workshops and events.



EMPLOYEES

Bahrain Bourse recognizes that employees are the integral part of the organization's success and growth. Hence, utmost priority is given to recognition and reward programs, capacity building, competitive benefits, fairness and equality policies, and developing an open communication channels with management.

Engagement Method:

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



ISSUERS

Bahrain Bourse is actively engaged with all issuers in constructive dialogues in order to enhance the efficiency and performance of the market as well as improve the regulatory framework and adopt best international practices.

Engagement Method:

Rules, open dialogue, international investor roadshows, public/industry consultations, CEO lunch, bell-ringing ceremony, workshops and seminars, AGMs.



COMMUNITY

Bahrain Bourse holds various events, workshops, and runs extensive financial literacy programs (professional and non-professional) to promote for securities investment and attracting new retail investors segments to trade on the market.

Engagement Method:

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



MEDIA

Bahrain Bourse engages with media journalists through various communication mediums on a regular basis.

Engagement Method:

Press releases, periodic trading bulletins, daily & weekly trading report, interviews, thought leadership, press conferences, website, social media, TV coverage.



MARKET DATA VENDORS

Bahrain Bourse constantly engages with licensed data vendors whom are authorized to disseminate market data information in accordance with a standard 'Information License Agreement'. Bahrain Bourse aims to offer the highest level of transparency to all data vendor participants.

Engagement Method:

Market Notices, corporate actions, website.

SUSTAINABILITY AT BAHRAIN BOURSE

SUSTAINABILITY JOURNEY

Capital markets play a pivotal role in shaping the future of the global economy. At Bahrain Bourse, we value the importance of incorporating Environmental, Social and Governance (ESG) factors into our day to day business operations, in order to achieve sustainable growth and meet stakeholder expectations.

Highlights

**February
2019**

BHB signed a voluntary commitment to promote sustainability performance and transparency in capital markets

**March
2019**

BHB hosted a bell ringing ceremony as part of our commitment towards the UN's Sustainable Stock Exchanges Initiative

**September
2019**

BHB conducted 1-on-1 ESG engagement and introduction sessions with 6 listed companies representing 31.21% of the market cap.

**September
2019**

BHB hosted a workshop to deliver sustainability training targeting all listed companies in BHB, and promoted market education towards sustainability/ESG disclosure

**'Thiqa' Award
Level 3**

BHB recognized as the first semi-government entity to receive 'Thiqa' award Level 3 by the Information Security Forum 2019

**Bahrain ranked
2nd in
GCC for SDGs**

BHB recognized as the first semi-government entity to receive 'Thiqa' award Level 3 by the Information Security Forum 2019

OUR SUSTAINABILITY MISSION

BHB's sustainability agenda consists of four focus areas that are linked to our values and core business operations. The following are general goals BHB aims to implement to further its sustainability strategy:



Incentivize listed companies on a voluntary basis to implement ESG reporting standards



Highlight ESG initiatives to local and global investors and buy and sell-side analysts



Encourage sell-side analysts to incorporate ESG information into their research to assist investors in making sustainable decisions



Contribute to Bahrain's vision of a sustainable future and the Kingdom's development agenda

ENCOURAGING SUSTAINABILITY

BHB is a firm believer in the importance of sustainable and community-conscious approaches. It aims to set trends in standard practices across the industry. In light of this, regional ESG experts *Sustainability Excellence* delivered keynotes on sustainability and ESG implementation in September 2019, an event open to all listed companies.

In accordance with our commitment to ESG implementation, our sustainability approach is guided by an environmental, social and governance framework, and aligned with the UN SDGs where we have impact:



Bahrain Bourse's Sustainability Framework

ENVIRONMENT

SOCIAL

GOVERNMENT

ENVIRONMENT



SDG Alignment



ENVIRONMENTAL IMPACTS

ENVIRONMENTAL PRACTICES

DIGITAL TRANSFORMATION

Environmental Impacts

As a market influencer, we are dedicated to reducing our environmental footprint through a number of initiatives to manage energy and water consumption, atmospheric emissions, and electronic waste.

Our headquarters have undergone significant changes in the past two years. Office spaces were reduced whilst increasing staff numbers, without compromising the workspace environment, and we are in the process of digitizing operations to reduce paper and increase efficiency and security. This had a positive impact in many areas.

Environmental Impacts	2017	2018	2019
Electricity kWh	532	431	407
GHG emissions CO ₂ e (tons)	0.31	0.25	0.24
Emission intensity CO ₂ e (tons)/employee	0.0048	0.0040	0.0035
Energy usage (GJ)	1.92	1.55	1.47
Energy intensity (GJ/employee)	0.0295	0.0242	0.0212

Electricity requirements and consumption dropped by 19% in 2018 and by another 5% in 2019 with significant cost and impact reductions. This means that our Greenhouse Gas (GHG) Scope 2 emissions dropped 24% since 2017, and the emissions intensity per employee dropped by 18% in 2018, and a further 12% in 2019. Energy usage has fallen by 24% since 2017 and energy intensity per employee has fallen by 28%.

Environmental Practices

BHB has undertaken a number of initiatives for greener IT operations. Operating VMware infrastructure in our data center and migration to Amazon cloud services has allowed for lower power consumption and a higher utilization of space. BHB has also implemented a number of other initiatives to reduce power consumption, including using power-saving LED lights and implementing light-off rules after office hours, and motion-sensor lights in utility areas. Installation of energy efficient LED bulbs has ensured that bulbs are replaced only at their end of life to reduce unnecessary waste in the process.

Digital Transformation

Bahrain Bourse continues to deploy a number of digital initiatives to enable efficient processes such as eServices including the eIPO platform, and Fawateer services which aim to streamline business processes and enhance the stakeholder experience. Our digital transformation team oversees the identification of core processes that require automation and enhancement. These initiatives intersect to achieve a paperless and sustainable workplace. So far, the short-term impact has been a drop of 4% in paper consumption between 2017 and 2019. Furthermore, BHB now outsources some of its printing to specialized third party vendors, decreasing printing cartridge usage by 33% since 2017. With the implementation of environmentally considerate practices, personal computer waste also saw a 65% decrease from 6,773 tons in 2017 to 2,384 tons in 2019, despite an increase in staff numbers.

SUSTAINABILITY AT BAHRAIN BOURSE (continued)

Paper Consumption	2017	2018	2019
Usage	452,500	393,600	436,500

As we look forward to 2020, we expect further net reductions in resource use, thus minimizing our environmental impacts whilst adding value to all stakeholders.

SOCIAL



SDG Alignment



Nurturing
our Workforce

Female
Empowerment

Stakeholder
Engagement

Investing in the
Community and
Financial Literacy

Supporting
People with
Determination

Human Rights

Nurturing our Workforce

At Bahrain Bourse, we are committed to building a cohesive working environment for our team to nurture talent development and strengthen our team's capabilities. Bahrain Bourse's team comprises 69 employees, consisting of 61% non-managerial staff, 25% middle management staff and 14% senior management staff.

Workforce Overview





















2017	65	62	3
2018	64	62	2
2019	69	67	2
	Total workforce (excluding trainees, students and outsourced staff)	Employees on an indefinite or permanent contract	Employees on a fixed term or temporary contract

An essential element of caring for our workforce is safety. Therefore, we maintain a minimum of 10 specially trained employees for evacuation and other emergencies. BHB has a certified marshal team for fire drills, first aid, and other health responses such as vaccinations. Furthermore, in line with the national strategy of promoting an active and healthy lifestyle, BHB holds an annual employee Sports Day and annual health check-ups for all employees. In addition, BHB holds a number of social activities throughout the year to enhance employee engagement.

In 2019, BHB increased its recruitment numbers, whereby 63.6% of new recruits were women. BHB works to ensure a supportive atmosphere for employees, and the Code of Conduct and Ethics ensures fair treatment without discrimination based on race, gender, religion or any other factors.

BHB is proud to cultivate a female friendly environment that encourages women of all backgrounds to work with us and achieve their potential. Currently, the percentage of women working at BHB sits at 41%, a 17% increase from 2018. Females employees make up 41.17% of middle management positions and 30% of senior management employees. Further, 25% of our Board of Directors members are also female.

Workforce Age and Gender

2017		23	Employees age 21-30
2018		22	
2019		23	
2017		37	Employees age 31-50
2018		37	
2019		40	
2017		5	Employees age 51+
2018		5	
2019		6	
2017		38	Male employees
2018		40	
2019		41	
2017		27	Female employees
2018		24	
2019		28	
2017		9	Female employees in middle management
2018		6	
2019		7	
2017	-	-	Female employees in senior management
2018		3	
2019		3	

There are also undeniably good nationalization rates at BHB, which is in line with the Bahrain National Vision 2030. The level of national employees at BHB stands at 98.5%.

Nationalization

	Nationalization of senior management (%)	Nationalization among total workforce (%)	Total number of national employees
2017	75%	96%	63
2018	83%	96%	63
2019	100%	98%	68

Supporting staff to develop and grow sits at the core of BHB's values and practices, and the numbers are testament to this. We ensured an increase of 18% in the number of training days delivered with a total of 204 days in 2019, a 25% increase on 2018. In addition, as part of BHB's sustainability strategy, we organize social activities for our employees, which aim to raise funds benefit society, the organization and stakeholders. In addition to training programs, BHB also participates in career days to further position ourselves as an employer of choice for fresh graduates and job seekers. Our investment in people throughout the years has resulted in a low turnover rate of 0.11% in 2019. We also conduct an annual employee satisfaction survey to better understand employee feedback, motivation levels, and satisfaction.

Female Empowerment

An Equal Opportunities Committee was formed to oversee opportunities for gender equality in various aspects including training, social benefits, and employee development. The committee also ensures equal benefits and opportunities are accessible to both genders, whether by direct support in the workplace or indirect support for spouses and family.

The Committee reviews and enhances the policies currently in place to ensure incorporated objectives. The Committee focuses on internal enhancements and extends their outreach to stakeholders through various mediums, encouraging listed companies to compete with each other to excel in gender equality. Improvements should include, but not be limited to, number of women in managerial positions and female board members. In addition to the Committee, BHB boasts a return-to-work rate of 100% for all female employees after maternity leave.

SUSTAINABILITY AT BAHRAIN BOURSE (continued)

Stakeholder Engagement



BHB places significant value in stakeholder engagement throughout our sustainability journey to help us make informed business and regulatory decisions and build collaborative relationships, encouraging clarity and transparency in the market as well as to identify the most material topics.

Stakeholder engagement is an ongoing priority through a variety of channels including our workshops, forums, surveys, consultation papers as well as website and social media, and their feedback is carefully considered to ensure decisions contribute to the overall benefit of all parties involved. Full details of our stakeholder engagement can be found under the 'Stakeholder Engagement' section of this Annual Report.

To improve stakeholder satisfaction, we are developing our communication channels. One such channel is the Tawasul program, accessible via the National Portal¹ or through the Tawasul app. Users can also access the National Suggestions & Complaints System, 'Tawasul', through Bahrain Bourse's company website. The channel will also send automatic "satisfied" or "dissatisfied" surveys, and if a "dissatisfied" is received the complaint will be automatically reopened for further servicing. Furthermore, BHB appointed a dedicated Complaints Officer in 2019 to oversee official complaints received.

Investing in the Community and Financial Literacy

Community engagement and financial literacy forms an integral pillar in BHB's strategy. In 2019, BHB doubled its total volunteering hours from the previous year across a number of its financial literacy programs. Flagship programs include TradeQuest, Smart Investor and Investment Academy. BHB also provides development opportunities for new graduates and trainees to work as interns with the aim of providing on-the-job work experience. Furthermore, BHB continues to host several student internships in collaboration with the CFA Society's 'Mutamahin' program, enabling new graduates to develop their skills through on-the-job training.

Supporting People with Detereminaton

To accommodate the needs of People with Determination, BHB's Trading Floor facilities are purposely built on a single-floor equipped with slopes and accessible by elevator to ensure direct access, with complimentary wheelchair services provided for assistance. Bahrain Bourse is equipped to support individuals with a range of disabilities to make informed investments. The internal culture of the BHB is focused on upholding this standard of inclusion across the company.

Human Rights

BHB's Code of Conduct and Ethics follows and abides by all clauses in the Bahrain Labor Law. BHB's internal policies align themselves with the general rules and regulation of the Kingdom regarding human rights law under the Kingdom's constitution. BHB deals directly with vendors and third parties, to prevent any discrimination with external workers while incorporating a formal grievance mechanism for internal and/or external stakeholders. None of the grievances filed related to human rights violations.

¹ www.bahrain.bh

GOVERNANCE



SDG Alignment



Board of Directors

Ethics & Prevention of Corruption

Compliance

Data Privacy & Security

Investor Relations

Board of Directors

cultivating trust and confidence through good Corporate Governance is an ongoing focus of our strategy. Bahrain Bourse's upholds the highest standards in adherence to the governance framework as set by the Ministry of Industry, Commerce, and Tourism and Central Bank of Bahrain. We start by ensuring diversity and independence at the board level, and work to enforce a culture of ethical conduct throughout the company, hence female Board representation stands at 25%, while Board independence stands at 75%.

Ethics and Prevention of Corruption

BHB identifies risk appetite across the business and mitigates the risk exposure of strategic, operational, compliance and financial risks. BHB protects the company and customers by implementing several methods that we deem crucial to sustainable operations.

Ethics

BHB is mandated by our Code of Conduct and Ethics, and Anti-Money Laundering (AML) policy. We review operations multiple times per annum, with general fraud reviews, such as phishing simulations at least once a quarter with follow-ups.

Prevention of Corruption

BHB requires several signoffs before processing significant operations, reducing opportunities for corruption and ensuring alignment with policies of the Central Bank of Bahrain (CBB). In addition, BHB carries out an annual training workshop to its members and listed companies on how to identify fraudulent brokers. Any observed fraud is reported immediately to the relevant authorities.

Risk Governance and Compliance

The risk governance approach within BHB was created to ensure the organization is able to ensure proper implementation of the Risk Management policies, analyze and mitigate identified Key Risk Indicators, and embed Risk Management within the overall strategic plans using an enterprise risk management framework. The following diagram shows the internal structure that BHB follows to ensure effective risk governance:



Compliance

BHB follows a compliance strategy through the Risk and Compliance department which reviews all areas across the business as well as being the point of contact for the regulator.

The Risk and Compliance reports quarterly to the Board of Directors. 2019 saw an enhancement in board reporting as the department expanded its Compliance Status Report to include significant matters, such as: Issuer and Member's compliance with disclosure requirements, suspension of trading on Issuers, BHB and Bahrain Clear regulatory compliance, regulatory supervision and enforcement and general key changes.

SUSTAINABILITY AT BAHRAIN BOURSE (continued)

The Risk and Compliance department reviews high-risk investor account opening applications submitted to Bahrain Clear in order to ensure compliance with the CBB Rulebook in relation to Anti Money Laundering (AML); the Risk and Compliance department provides advice on customer acceptance and KYC requirements. The Risk and Compliance department is also a key member of the Investigation Committee where Compliance reviews surveillance and investigation cases, suggests a corrective course of action and follows-up on escalated cases.

Insider's Management is key within the BHB's Risk and Compliance department culture. All employees of BHB and the Bahrain Clear receive training by the Risk and Compliance department on management of insider information and ethical trading. Additionally, all insider information - alongside the connected persons combined with the key persons system - trigger upon trading which is publicly announced for transparency.

Fraud, AML and Financial Terrorism

BHB participates in raising awareness on fraud, AML and combating financial terrorism by providing training to employees and members and advising on these matters. Fraud risks are identified and circulated to the concerned departments and then controls are devised, implemented and reviewed.

BHB ensures ethical and fair-trading through the following:



Continuous monitoring of market activity and regular awareness sessions for brokers on key issues and violations facing the market, in order to minimize unfair advantages



Monthly "Investments & Saving" seminars targeting the public and offered for free to raise awareness on best market practices on managing an investment portfolio



Several layers of market surveillance to insure maximum due diligence



Multiple alerting platforms on various key market activities

The newly appointed Complaints Officer is an important tool in ensuring these measures are fully implemented and adhered to. Moreover, key employees within the organization receive International Compliance Association (ICA) certification.

Data Privacy and Security

Bahrain Bourse recognizes that data privacy and security is the essential cornerstone of a healthy, functioning marketplace. As such, we invest considerable time and expertise in our data privacy and security management.

IT Security and Business Continuity Management

BHB prides itself on its excellence in protecting its IT infrastructure. We successfully completed the third level of the 'Thiqa' [Trust] Information Security Program which aims to enhance information security controls and best practices of government entities in the Kingdom. The program was completed and audited by the Information and eGovernment Authority (iGA), to ensure BHB's compliance. It is noteworthy to mention that BHB was recognized as the first semi-government entity to receive the 'Thiqa' award Level 3 during the Information Security Forum in 2019 organized by the iGA, and underpins one of the significant clauses in our Code of Conduct and Ethics.

As the only private entity awarded with highest level of the Thiqa program which sits in line with ISO 27001, BHB also maintains stringent access control policies and constant monitoring of user access by using Security Information and Event Management system (SIEM²), access log-ins, and network zoning, ensuring confidential information is protected and secured. Plans for 2020 include data classification and disaster simulation exercises.

The SIEM² provides a full data log of all activities within all BHB's systems. This receives an annual review, or as and when the need arises. BHB also maintains a robust vulnerability management program with periodic self-performed vulnerability assessments with an endpoint security management system which includes batch management and device control management systems, in line with the existing information security policy.

At BHB, cyber security forms a central focus of our business operations to ensure market transparency through data integrity, availability and confidentiality. Numerous measures have been put in place to ensure cyber security risks are mitigated including raising awareness of internal compliance culture, disaster recovery center simulations, Information Security Policy and multiple backups on and off site.

² SIEM: a software solution that aggregates and analyses activity from many different resources across the entire IT infrastructure

BHB undertakes several steps to eliminate risks regarding customer data privacy, including physical access control, user access control, multiple backups, digitizing physical documents and data handling, destruction and retention agreements with 3rd party vendors.

Investor Relations

In late 2018, BHB signed an MoU with the Middle East Investor Relations Association (MEIRA), and the MEIRA Bahrain Chapter was formally inaugurated in April 2019. The 6 founding members from listed companies work hands on to improve IR best practice in Bahrain by delivering networking and training events to the local IR community, working to promote good governance and best IR practices, among other relevant IR topics.

In 2015 the UN announced a renewed global commitment to addressing poverty and climate change, and ensuring peace and prosperity by 2030. To guide these efforts, the 17 Sustainable Development Goals (SDGs) were adopted as a common set of objectives.



The SSE is a network connecting around 80 exchanges globally and focuses on sustainability disclosure of ESG factors. As a voluntary signatory to the SSE, BHB aims to promote company disclosures most relevant to capital markets, and our ESG Reporting Guidance is aligned with their respective SDGs.

Whilst Bahrain Bourse considers all SDGs to have significant importance, we have used this report to identify the areas that we can have immediate impact: SDG 5, 8, 10, 12 and 13.



In the greater regional context, the Kingdom of Bahrain ranked 76 of 162 countries for implementation of the Sustainable Development Goals, ranking 2nd amongst the GCC countries. BHB looks forward to further contributing to the SDGs as part of a sustainable marketplace and as a responsible corporate citizen.

WORLD STOCK MARKETS PERFORMANCE DURING 2019

Global Markets

The majority of global economies experienced a slowdown in 2019, in which the GDP growth rate of the global economy posted a growth of 3.0% during 2019, compared to 3.6% in 2018, while the inflation rate worldwide amounted to 3.4% compared to 3.6% in 2018. In addition, the US economy posted a 2.4% growth in 2019 compared to a growth of 2.9% in 2018. The interest rate of the Federal Reserve Bank fell from 2.50% in 2018 to 1.75% at the end of 2019.

Moreover, the economies of the European Union posted a 1.5% growth in 2019 against 2.2% in 2018, and the European Central Bank maintained an interest rate of 0.00% in 2019. The Bank of England also held its interest rate constant at 0.75% in 2019 against a rate of 0.75% in 2018.

The Real GDP Growth at Constant Prices (%)

Country	2019	2018
United States	2.4	2.9
United Kingdom	1.2	1.4
Germany	0.5	1.5
France	1.2	1.7
Japan	0.9	0.8
China	6.1	6.6

In Asia, China's economic growth reached 6.1% in 2019 compared to 6.6% in 2018. Similarly, the Japanese economy posted a growth of 0.9% in 2019 as the Bank of Japan maintained its interest rate at 0.1%. On the other hand, the Middle East and North Africa (MENA) economy witnessed a decline of 1.2% in 2019 compared to 0.1% in 2018.

With regard to oil prices, Brent price increased at the end of the year by US\$18.45 per barrel to close at US\$68.97 compared to US\$50.52 at the beginning of the year, posting an increase of 36.52%. Oman's oil price also decreased by US\$15.13 per barrel to close at US\$68.30, and posted a 28.46% increase during the same period.

Regarding currency prices, the Euro decreased against the U.S. Dollar by 2.26%, and the Sterling Pound increase by 3.94% against the U.S. Dollar compared to the beginning of the year. In addition, the Yen decreased by 0.87% during the same period.

In respect of the price of metals, the price of gold increased by 18.26% to reach US\$1,517.01 per ounce posting a growth of US\$234.28 per ounce in comparison to its price at the beginning of 2019. The price of silver also rose during the same period by 15.18%.

On the financial markets front, the American S&P500 index posted a growth of 28.88%, followed by the French CAC40 by 26.37%, the German DAX by 25.48%, the Shanghai Chinese index by 22.30%, followed by the Nikkei Japanese index by 18.20%, while the British FTSE100 index increased by 12.10% only.

Performance of International Financial Markets

Market	2019	2018	Growth (%)
US (S&P500)	3,230.78	2,506.85	28.88
Japan (NIKKEI225)	23,656.62	20,014.77	18.20
Germany (DAX)	13,249.01	10,558.96	25.48
France (CAC40)	5,978.06	4,730.69	26.37
UK (FTSE100)	7,542.44	6,728.13	12.10
China (SHANGHAI)	3,050.12	2,493.90	22.30

The Arabian Market

According to the International Monetary Fund (IMF), the real GDP of the Middle East and North Africa region decreased by 1.2% in 2019 against a growth of 0.1% in 2018, while the GDP of North Africa increased by 3.6% in 2019 compared to 4.6% in 2018. With regard to the real GDP of the Arabian Economies, Egypt, Morocco and Jordan reported the highest growth rates of 5.5%, 2.7%, and 2.2% respectively.

The Real GDP Growth at Constant Prices (%)

Country	2019	2018
Jordan	2.2	1.9
Morocco	2.7	3.0
Egypt	5.5	5.3
Lebanon	0.2	0.2

GCC Countries

Qatar	2.0	1.5
Kuwait	0.6	1.2
Saudi Arabia	0.2	2.4
Oman	0.0	1.8
UAE	1.6	1.7
Bahrain	2.0	1.8

WORLD STOCK MARKETS PERFORMANCE DURING 2019 (continued)

With reference to the performance of Arab and GCC financial markets, Boursa Kuwait reported the highest growth in its performance during 2019 by 23.68% followed by Bahrain Bourse with a growth of 20.41%.

Arab Stock Markets Performance

Markets (Points)	2019	2018	Annual Performance (%)
Egypt	13,961.56	13,035.77	7.10
Morocco	12,171.90	11,364.31	7.11
Lebanon	785.56	976.75	(19.57)
Jordan	1,815.20	1,908.81	(4.90)

GCC Countries

Dubai	2,764.86	2,529.75	9.29
Muscat	3,981.19	4,323.74	(7.92)
Abu Dhabi	5,075.77	4,915.07	3.27
Saudi Arabia	8,389.23	7,826.73	7.19
Kuwait	6,282.46	5,079.56	23.68
Bahrain	1,610.18	1,337.26	20.41
Qatar	10,425.51	10,299.01	1.23

The Local Market

The GDP growth of the Kingdom of Bahrain stood at 2.0% in 2019 compared to 1.8% in 2018, while the inflation rate reached 1.4% in 2019 compared to 2.1% in 2018.

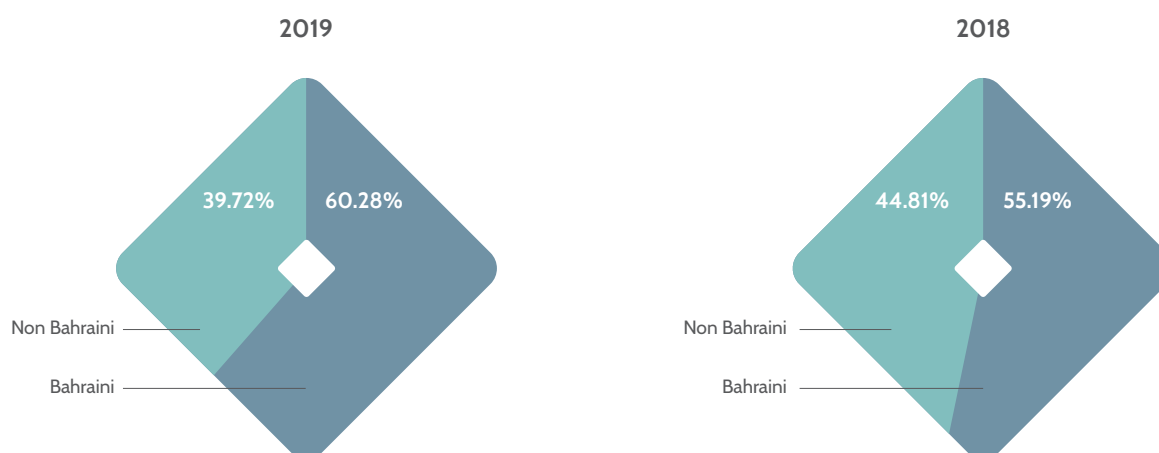
Bahrain All Share Index increased by 20.41% to close at 1,610.18 points at the end of 2019 thereby ending the year up by 272.92 points. As for "shares prices", at the end of the year, the prices of 14 companies increased, while the share prices of 10 companies remained unchanged, and the share prices of 20 companies decreased. The trading activity witnessed a decrease in the value of shares traded by 11.56% compared to 2018. The number of transactions also decreased by 19.69% compared to last year, while the volume of shares traded decreased by 7.73%.

The Commercial Banks Sector comprised 66.82% of the total trading value followed by the Services Sector comprising 16.34%, Investment Sector 12.53%, Industrial Sector 2.63%, Insurance Sector 1.04%, and the Hotels & Tourism Sector 0.37%. Ahli United Bank came on top of the most active companies in terms of the value of shares traded, in which the trading value was BD157.88 million, capturing around 55.12% of the total trading value at the Bourse, followed by GFH Financial Group comprising 8.19%, Bahrain Telecommunications Company B.S.C. 8.01%, BBK B.S.C. 5.20%, and APM Terminals Bahrain B.S.C. 3.58%.

As for the volume of shares traded, the Commercial Banks Sector represented 59.87% of total trading volume followed by the Investment Sector with 24.61%, Services Sector 11.93%, Industrial Sector 1.49%, Insurance Sector 1.23% and Hotels & Tourism Sector 0.46%. Ahli United Bank came first among the most active companies in terms of the volume of shares traded with 498.72 million shares traded, comprising 43.09% of the total shares traded at the Bourse, followed by GFH Financial Group 21.60%, Al Salam Bank - Bahrain 8.93%, Bahrain Telecommunication Company B.S.C. 5.69% and BBK B.S.C. 2.69%.

Trading by nationality figures show that Bahrainis comprised 60.28% of the total value of shares traded, while other nationalities comprised 39.72% of the total value of shares. The year 2019 ended with a total of 44 listed companies, 9 mutual funds, 14 Bonds/Sukuks, and 34 Treasury Bills and Short Term Islamic Ijarah Sukuk.

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



Market Capitalization

The market capitalization of Bahraini public shareholding companies listed on Bahrain Bourse increased to BD10.13 billion compared to BD8.20 billion at the beginning of the year, posting a growth of 23.62%. The Commercial Banks Sector accounted for 56.88% of the total market capitalization, followed by the Investment Sector with 22.05%, Services Sector 12.37%, Industrial Sector 6.01%, Insurance Sector 1.39%, and Hotels & Tourism Sector 1.29%. On the other hand, the Commercial Banks Sector reported a growth in the market capitalization of 46.20% compared to the beginning of the year. The market capitalization of the Services Sector and the Investment Sector were also up by 27.96% and 6.40% respectively, while the Insurance Sector and the Hotels & Tourism Sector decreased by 9.98% and 12.56% respectively, whereas the industrial Sector declined by 29.85%.

WORLD STOCK MARKETS PERFORMANCE DURING 2019 (continued)

Market Capitalization among Sectors (Million Dinars)

Sector	2019	2018	Change (%)	Relative Weight (%)
Commercial Banks	5,764.4	3,942.9	46.20	56.88
Investment	2,235.2	2,100.7	6.40	22.05
Services	1,253.9	979.9	27.96	12.37
Industrial	609.3	868.6	(29.85)	6.01
Hotels & Tourism	130.8	149.8	(12.65)	1.29
Insurance	141.1	156.7	(9.98)	1.39
Total Market	10,134.6	8,198.5	23.62	100.00

Financial Indicators

The financial indicators among sectors varied. The table below presents the growth of financial indicators at the end of 2019 compared to 2018.

Financial Indicators

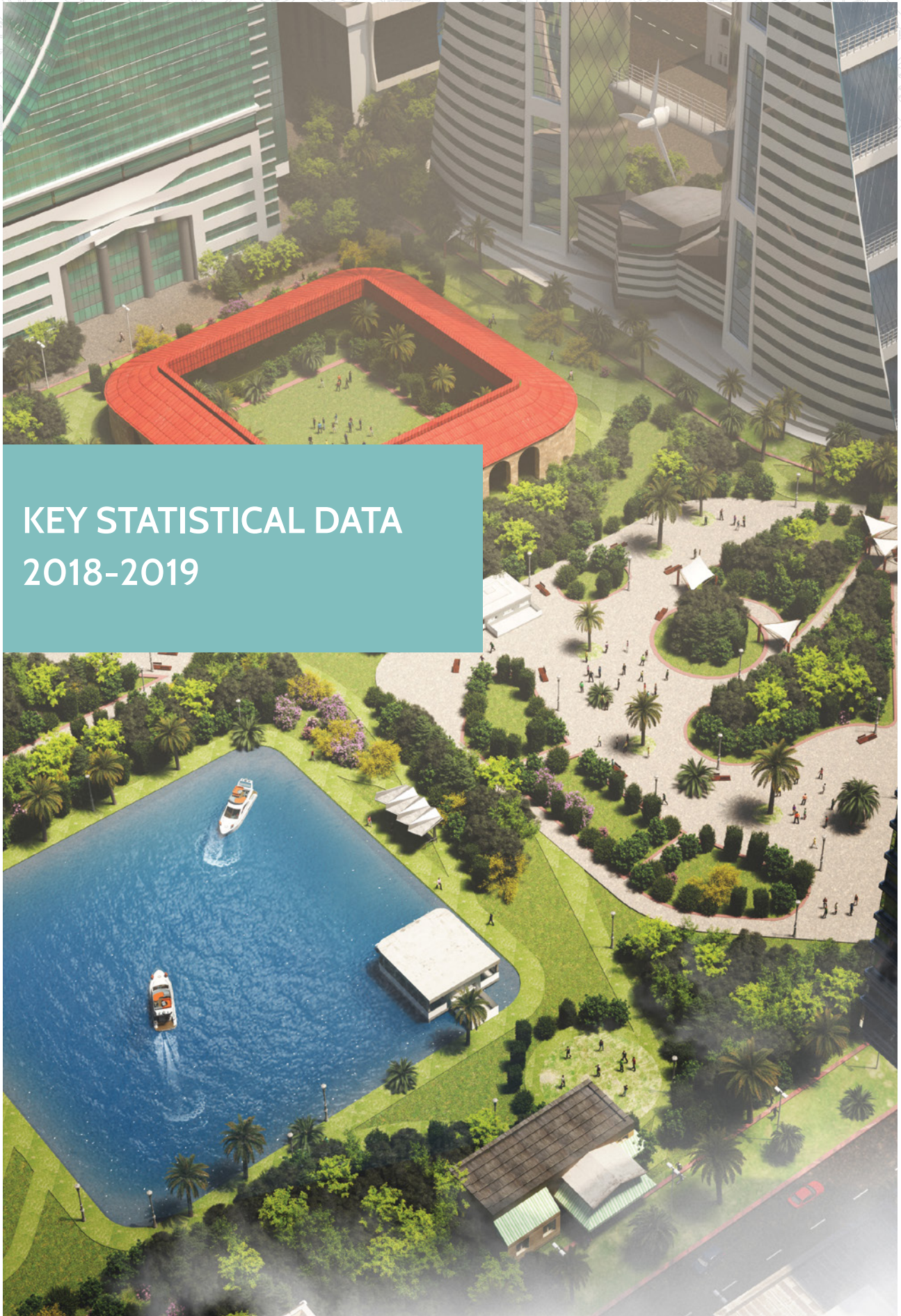
Sector	P/E (X)		Div. Yield (%)		P/BV (X)	
	2019	2018	2019	2018	2019	2018
Commercial Banks	13.21	10.02	4.10	5.68	1.77	1.19
Investment	8.03	8.27	3.54	4.41	0.66	0.61
Insurance	12.32	20.06	3.90	3.26	0.70	0.72
Services	11.65	12.44	6.92	7.43	1.21	0.98
Industrial	9.88	8.80	0.07	4.33	0.55	0.80
Hotels & Tourism	14.85	9.66	5.20	5.52	0.62	0.71
Total Market	11.27	9.69	4.10	5.37	1.11	0.88

Bahrain Clear

The total number of Bahraini public shareholding shares deposited at Bahrain Clear reached 35,450 billion shares as of 31, December 2019 comprising 99.98% of the total fully issued and paid shares compared to 33,677 billion shares at the beginning of the year posting a growth of 5.26%.

The market capitalization of Bahraini public shareholding shares deposited at Bahrain Clear reached BD10,201 billion at 31, December 2019 compared to BD8,267 billion at the beginning of the year recording an increase of 23.39%.

The number of nationalities registered at Bahrain Clear reached 100 nationalities, while the number of investors holding shares in Bahraini public shareholding companies reached 48,244 investors by 31 December, 2019 compared to 42,998 investors at the beginning of the year, posting a growth of 12.20%.



KEY STATISTICAL DATA 2018-2019

KEY STATISTICAL DATA 2018-2019

COMPARISON OF TRADING ACTIVITY

	2019	2018	Change	Change %
Total Market Capitalization (BD)	10,134,624,962	8,198,530,435	1,936,094,527	23.62
Value of Shares (BD)	286,406,086	323,832,788	(37,426,702)	(11.56)
Volume of Shares	1,157,308,173	1,441,081,638	(283,773,465)	(19.69)
No. of Transactions	20,712	19,225	1,487	7.73
Total Trading Days	246	246	0	0
Daily Average Value of Shares (BD)	1,164,252	1,316,393	(152,141)	(11.56)
Daily Average Volume of Shares	4,704,505	5,858,055	(1,153,551)	(19.69)
Daily Average No. of Transactions	84	78	6	8

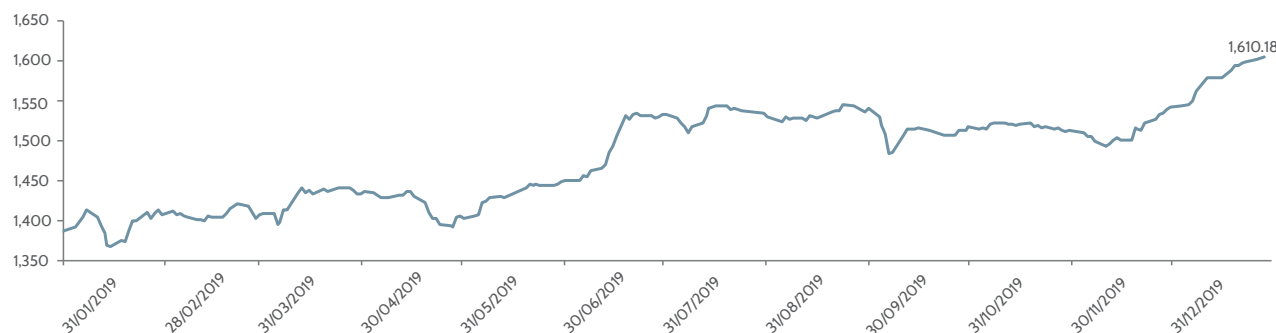
BAHRAIN BOURSE INDICES PERFORMANCE

Bahrain All Share Index	2019	2018	Change (points)	Change (%)
Year end	1,610.18	1,337.26	272.92	20.41
High	1,610.18	1,380.22	229.96	16.66
Low	1,325.76	1,257.88	67.88	5.40

Bahrain Islamic Index	2019	2018	Change (points)	Change (%)
Year end	760.04	823.10	(63.06)	(7.66)
High	853.13	1,139.60	(286.47)	(25.14)
Low	724.36	786.60	(62.24)	(7.91)

KEY STATISTICAL DATA 2018-2019 (continued)

BAHRAIN ALL SHARE INDEX PERFORMANCE DURING 2019 (POINTS)



Sectorial Indices	2019	2018	Change (%)
Bahrain All Share Index			
Commercial Banks	3,947.61	2,769.81	42.52
Investment	703.64	669.88	5.04
Insurance	1,458.28	1,619.89	(9.98)
Services	1,439.63	1,216.27	18.36
Industrial	674.05	960.84	(29.85)
Hotels & Tourism	2,336.09	2,677.69	(12.76)

No. of Listed Companies	2019	2018
Public	41	41
Closed	2	2
Non Bahraini	1	1
Total	44	44

No. of Listed T-bills	2019	2018
	34	42

No. of Listed Bonds & Sukuk	2019	2018
Bonds	9	10
Sukuk	5	5

No. of Listed Mutual Funds	2019	2018
	9	17

No. of Listed Real Estate Investment Trust	2019	2018
	1	1

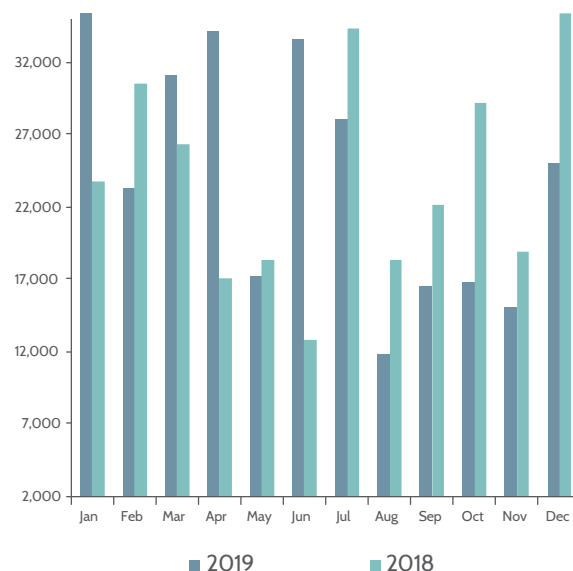
EQUITY TRADING ACTIVITY

Value (BD 000's)	2019	2018	Change (%)
Jan	35,411	23,679	49.55
Feb	23,069	30,351	(23.99)
Mar	30,820	26,111	18.03
Apr	33,901	16,863	101.04
May	17,028	18,231	(6.59)
Jun	33,378	12,642	164.03
Jul	27,866	34,001	(18.04)
Aug	11,785	18,167	(35.13)
Sep	16,559	22,073	(24.98)
Oct	16,686	28,894	(42.25)
Nov	15,042	18,707	(19.59)
Dec	24,860	74,113	(66.46)
Market	286,406	323,833	(11.56)

Value (BD 000's)	2019	2018	Change (%)
Jan	140,724	156,264	(9.94)
Feb	98,319	177,334	(44.56)
Mar	106,153	101,922	4.15
Apr	145,039	86,583	67.52
May	68,850	106,050	(35.08)
Jun	123,069	56,213	118.93
Jul	105,259	149,685	(29.68)
Aug	55,937	82,801	(32.44)
Sep	65,358	115,187	(43.26)
Oct	77,436	126,565	(38.82)
Nov	82,352	85,401	(3.57)
Dec	88,813	197,078	(54.93)
Market	1,157,308	1,441,082	(19.69)

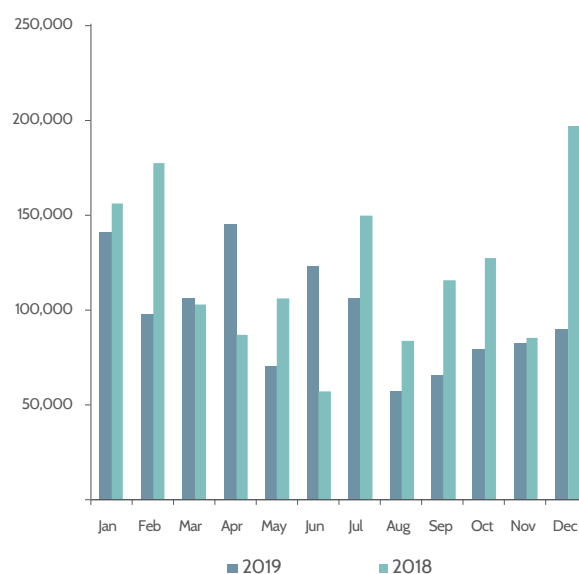
TOTAL VALUE OF SHARES TRADED

(BD 000's)



TOTAL VOLUME OF SHARES TRADED

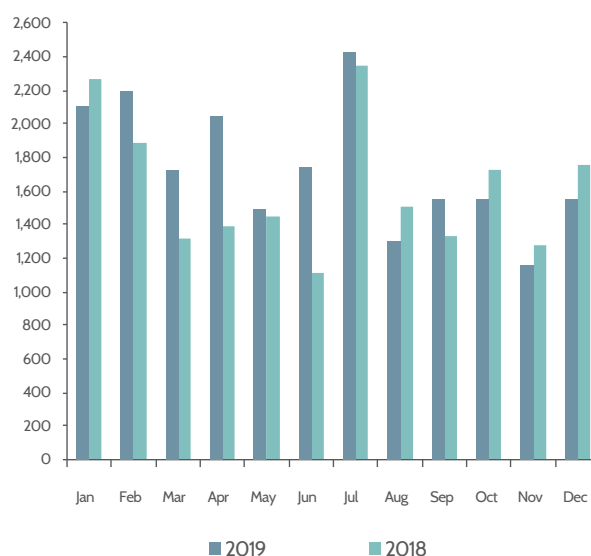
(000's SHARES)



KEY STATISTICAL DATA 2018-2019 (continued)

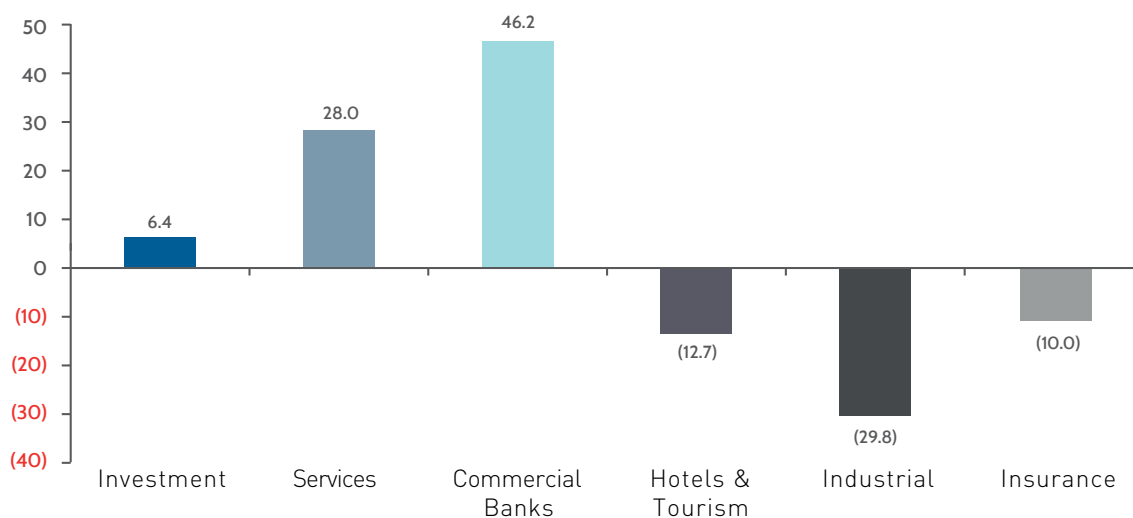
No. of Transactions	2019	2018	Change (%)
Jan	2,098	2,261	(7.21)
Feb	2,185	1,877	16.41
Mar	1,720	1,303	32.00
Apr	2,040	1,384	47.40
May	1,483	1,430	3.71
Jun	1,735	1,104	57.16
Jul	2,420	2,329	3.91
Aug	1,287	1,488	(13.51)
Sep	1,533	1,320	16.14
Oct	1,535	1,720	(10.76)
Nov	1,138	1,265	(10.04)
Dec	1,538	1,744	(11.81)
Market	20,712	19,225	7.73

TOTAL NUMBER OF TRANSACTIONS

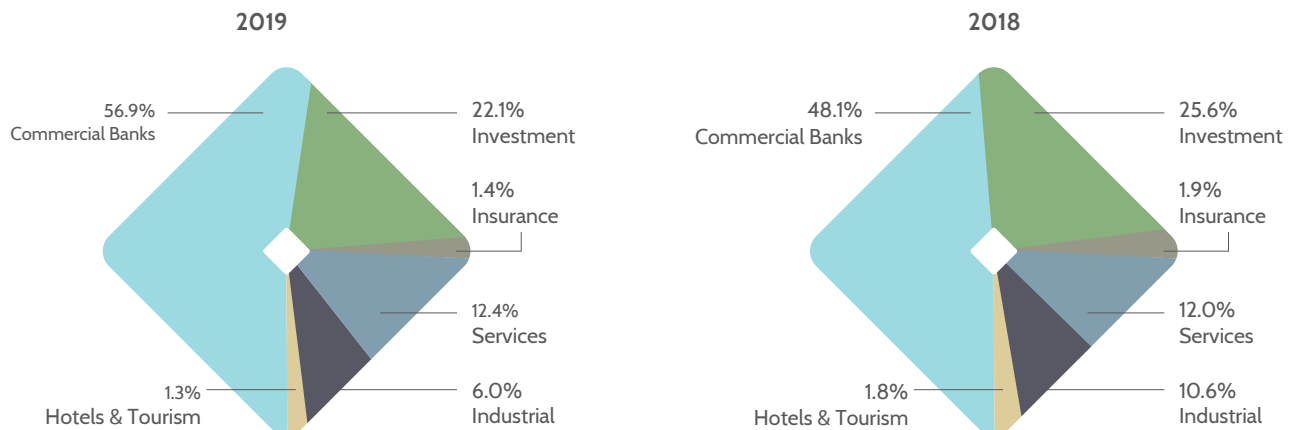


Market Cap (BD million)	2019	2018	Change (%)
Commercial Banks	5,764.4	3,942.9	46.2
Investment	2,235.2	2,100.7	6.4
Insurance	141.1	156.7	(10.0)
Services	1,253.9	979.9	28.0
Industrial	609.3	868.6	(29.8)
Hotels & Tourism	130.8	149.8	(12.7)
Market	10,134.6	8,198.5	23.6

SECTORIAL GROWTH IN MARKET CAPITALIZATION DURING 2019 (%)



THE BREAKDOWN OF MARKET CAPITALIZATION BY SECTORS

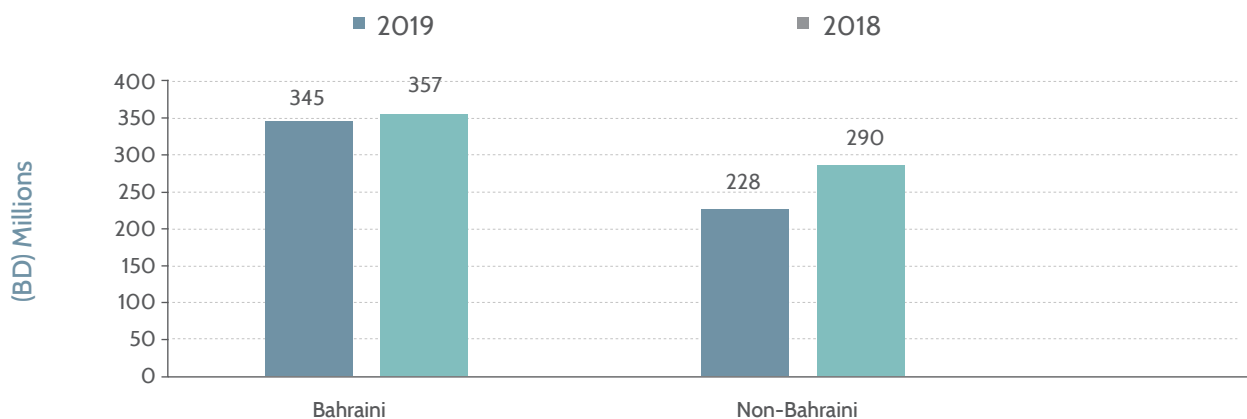


TRADING BY NATIONALITY

Volume	2019	2018	Change (%)
Bahraini	1,544,370,478	1,720,507,117	(10.24)
Non-Bahraini	770,245,868	1,161,656,159	(33.69)
Total	2,314,616,346	2,882,163,276	(19.69)

Value	2019	2018	Change (%)
Bahraini	345,309,818	357,427,248	(3.39)
Non-Bahraini	227,502,354	290,238,328	(21.62)
Total	572,812,172	647,665,576	(11.56)

TRADING BY NATIONALITIES (VALUE - BD)

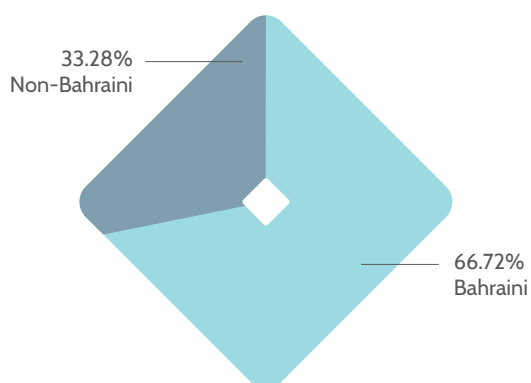


KEY STATISTICAL DATA 2018-2019 (continued)

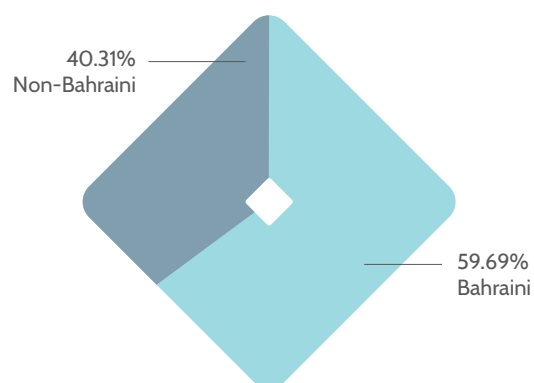
PERCENTAGE OF TRADING BY NATIONALITY-VOLUME (BUY & SELL)

	2019	2018
Bahraini	66.72%	59.69%
Non-Bahraini	33.28%	40.31%

2019



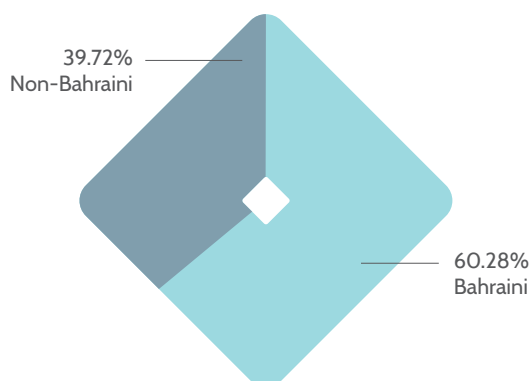
2018



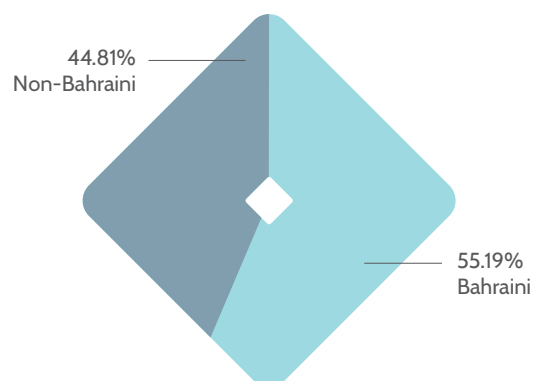
PERCENTAGE OF TRADING BY NATIONALITY-VALUE (BUY & SELL)

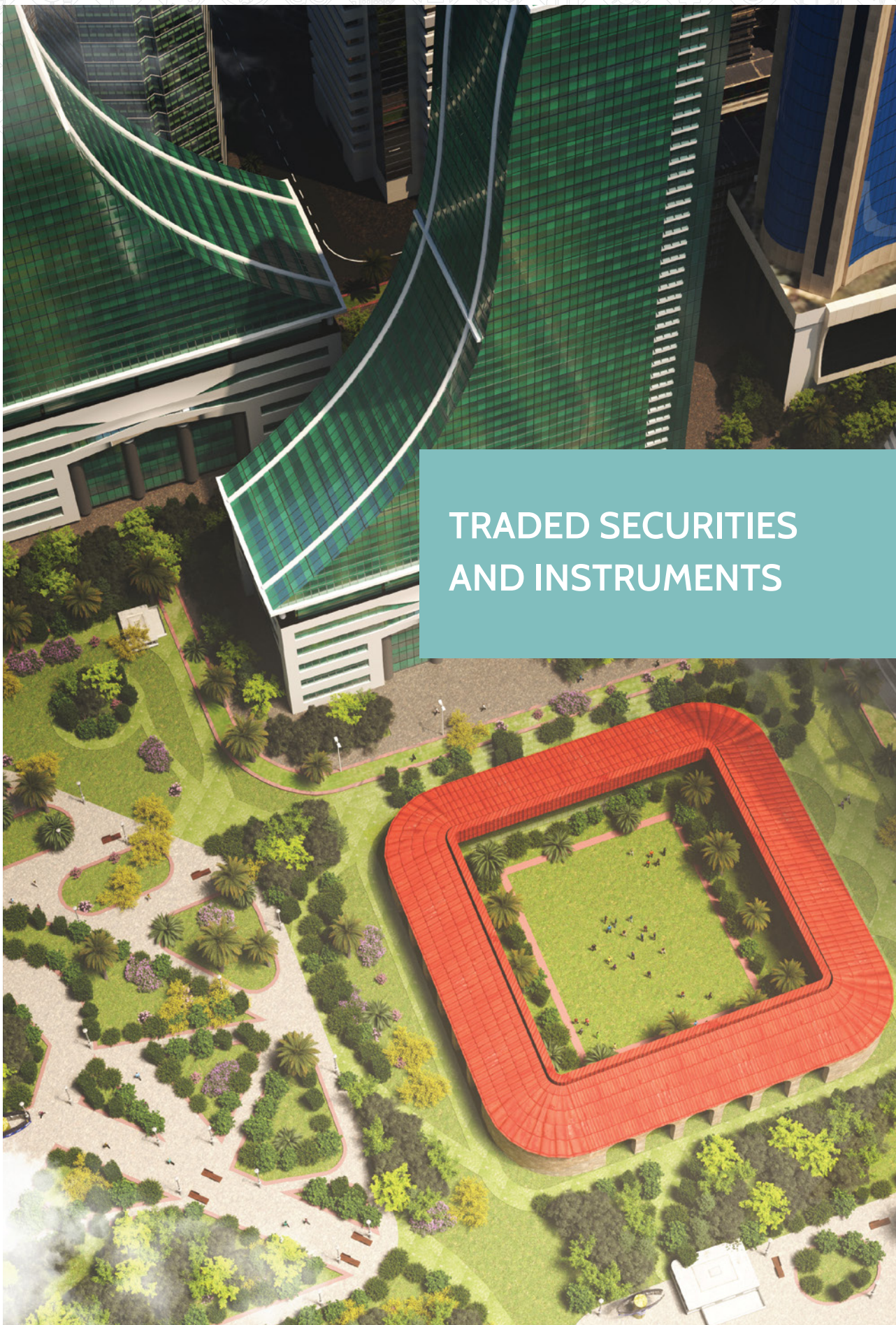
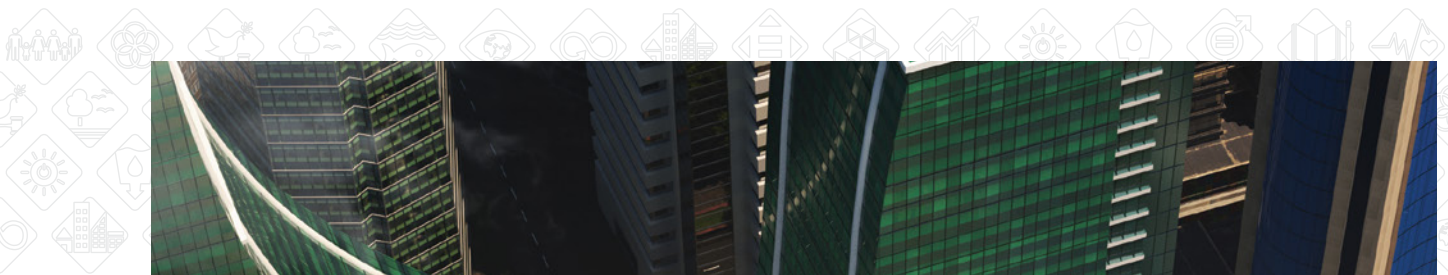
	2019	2018
Bahraini	60.28%	55.19%
Non-Bahraini	39.72%	44.81%

2019



2018





TRADED SECURITIES AND INSTRUMENTS

2019 Highlights

Key Achievements

Strategic Review
Brokers & Members

Stakeholder Engagement
Authorized Sponsors

Sustainability at Bahrain Bourse
Bahrain Bourse Fees & Commissions

World Stock Markets Performance
Bahrain Clear Fees

Corporate Governance Report

Key Statistical Data 2018- 2019

TRADED SECURITIES AND INSTRUMENTS

Listed Companies on Bahrain Bourse

Commercial Banks Sector

Ahli United Bank B.S.C.
 Al Salam Bank - Bahrain B.S.C.
 Bahrain Islamic Bank B.S.C.
 BBK B.S.C.
 Khaleeji Commercial Bank B.S.C.
 National Bank of Bahrain B.S.C.
 Ithmaar Holding B.S.C.

Investment Sector

Al Baraka Banking Group B.S.C.
 INOVEST B.S.C.
 Arab Banking Corporation B.S.C.
 Bahrain Commercial Facilities Company B.S.C.
 Bahrain Middle East Bank B.S.C.
 Esterad Investment Company B.S.C.
 GFH Financial Group B.S.C.
 Investcorp Holding B.S.C.
 TAIB Bank B.S.C.
 United Gulf Holding Company B.S.C.
 United Gulf Investment Corporation B.S.C.

Services Sector

Bahrain Ship Repairing and Engineering Company B.S.C.
 Bahrain Car Parks Company B.S.C.
 Bahrain Cinema Company B.S.C.
 Bahrain Duty Free Shop Complex B.S.C.
 BMMI B.S.C.
 Bahrain Telecommunications Company B.S.C.
 Trafco Group B.S.C.
 Nass Corporation B.S.C.
 Seef Properties B.S.C.
 Zain Bahrain B.S.C.
 APM Terminals Bahrain B.S.C.

Insurance Sector

Solidarity Bahrain B.S.C.
 Arab Insurance Group B.S.C.
 Bahrain Kuwait Insurance Company B.S.C.
 Bahrain National Holding Company B.S.C.
 Takaful International Company B.S.C.

Hotels & Tourism Sector

Bahrain Family Leisure Company B.S.C.
 Gulf Hotels Group B.S.C.
 Banader Hotels Company B.S.C.
 National Hotels Company B.S.C.

Industrial Sector

Bahrain Flour Mills Company B.S.C.
 Delmon Poultry Company B.S.C.
 Aluminium Bahrain B.S.C.

Industrial Sector

Bahrain Flour Mills Company B.S.C.
 Delmon Poultry Company B.S.C.
 Aluminium Bahrain B.S.C.

Closed Companies

SICO B.S.C. (c)
 United Paper Industries B.S.C. (c)

Non-Bahraini Companies

Bank Muscat S.A.O.G.

Bahrain Investment Market

Sprinkle Holding B.S.C. (c)

Listed Mutual Funds

Khaleej Equity Fund
 SICO Gulf Equity Fund
 Makaseb Arab Tigers Fund
 Makaseb Income Fund
 NBK Gulf Equity Fund
 NBK Qatar Equity Fund
 SICO Kingdom Equity Fund
 Markaz Arabian Fund
 SICO Fixed Income Fund

Listed Bonds & Sukuk

Government Development Bond - Issue 9
 Government Development Bond - Issue 11
 Government Development Bond - Issue 13
 Government Development Bond - Issue 14
 Government Development Bond - Issue 15
 Government Development Bond - Issue 16
 Government Development Bond - Issue 17
 Government Development Bond - Issue 18
 Government Development Bond - Issue 19
 Government Islamic Lease (Ijarah) Sukuk - Issue 22
 Government Islamic Lease (Ijarah) Sukuk - Issue 23
 Government Islamic Lease (Ijarah) Sukuk - Issue 24
 Government Islamic Lease (Ijarah) Sukuk - Issue 25

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

12 Months Treasury Bills - Issue 53
 12 Months Treasury Bills - Issue 54
 12 Months Treasury Bills - Issue 55
 12 Months Treasury Bills - Issue 56
 12 Months Treasury Bills - Issue 57
 12 Months Treasury Bills - Issue 58
 12 Months Treasury Bills - Issue 59
 12 Months Treasury Bills - Issue 60
 12 Months Treasury Bills - Issue 61
 12 Months Treasury Bills - Issue 62
 12 Months Treasury Bills - Issue 63
 12 Months Treasury Bills - Issue 64
 Short Term Islamic Lease (Ijarah) Sukuk - Issue 167
 Short Term Islamic Lease (Ijarah) Sukuk - Issue 168
 Short Term Islamic Lease (Ijarah) Sukuk - Issue 169
 Short Term Islamic Lease (Ijarah) Sukuk - Issue 170
 Short Term Islamic Lease (Ijarah) Sukuk - Issue 171
 Short Term Islamic Lease (Ijarah) Sukuk - Issue 172
 6 Months Treasury Bills - Issue 1767
 6 Months Treasury Bills - Issue 1771
 6 Months Treasury Bills - Issue 1775
 6 Months Treasury Bills - Issue 1781
 6 Months Treasury Bills - Issue 1784
 6 Months Treasury Bills - Issue 1788
 3 Months Treasury Bills - Issue 1776
 3 Months Treasury Bills - Issue 1777
 3 Months Treasury Bills - Issue 1778

3 Months Treasury Bills - Issue 1779
 3 Months Treasury Bills - Issue 1780
 3 Months Treasury Bills - Issue 1782
 3 Months Treasury Bills - Issue 1783
 3 Months Treasury Bills - Issue 1785
 3 Months Treasury Bills - Issue 1786
 3 Months Treasury Bills - Issue 1787

Listed REITs

Eskan Bank Realty Income Trust

Brokers & Members

Brokerage Firms

Ahli United Bank B.S.C.
 Al Ahlia Bahrain B.S.C. (c)
 BBK B.S.C. (c)
 Global Investment House B.S.C. (closed) - Suspended
 Mubasher Financial Services B.S.C. (c)
 SICO B.S.C. (c)
 United Gulf Bank B.S.C.
 Gulf Securities Company W.L.L.
 TAIB Securities W.L.L. - Suspended
 Tradeline Securities W.L.L.

Individual Brokers

Abdulla J. Zain Al-Abedeem Office
 Nasser Abbas Hasan Khisro 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

Authorized Sponsors

Keypoint Business Services W.L.L.
 KPMG Advisory W.L.L.
 SICO B.S.C. (c)
 BDO Consulting W.L.L.
 Almoayed Chambers Consultancy Co. W.L.L.
 Grant Thornton Advisory W.L.L.

BAHRAIN BOURSE FEES & COMMISSIONS

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 5,250 and Maximum of BD 15,750)	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 5,250 and Maximum of BD 84,000)	
Local Closed Shareholding Companies	BD 1,050	0.025% of the company's paid-up capital plus VAT (Minimum of BD 1,050 and Maximum of BD 6,300)	
Non-Bahraini Equities	0.1% of the company's paid-up capital plus VAT (Minimum of BD 2,100 and Maximum of BD 5,250)	15% of the Fee applicable on Bahraini shareholding companies plus VAT (Minimum of BD 2,100 and Maximum of BD 12,600)	
Preference Shares	0.5% of the par value of the outstanding shares plus VAT (Minimum of BD 2,100 and Maximum of BD 5,250)	BD 2,100	

1.2 Debt Securities

Issuer Type	Registration Fees	Annual Subscription Fees
Government	BD 1,575	BD 2,100
Private & Non-Bahraini	0.05% of Total Value plus VAT (Minimum of BD 2,100; Maximum of BD 5,250)	BD 2,100
Treasury Bills & Short-term Islamic Lease (Ijara) Sukuk	BD 31.5 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 315	BD 262.5
REITs	BD 2,100	BD 5,250 (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.

1.4 Bahrain Investment Market

	Registration Fees	Annual Subscription Fees
Bahrain Investment Market (Companies)	BD 1,050	0.3% of the company's paid-up capital plus VAT (Minimum of BD1,050 and Maximum of BD 6,300)
Bahrain Investment Market (Sponsors)	Not Applicable	BD 2,100

1.5 Issuer Services

	Fees	Frequency
Change of Company Name or Trading Symbol (or both) ²	BD 525	Applicable per Request
Proof of Listing Letter	BD 10.5	Applicable per Request

1.6 Corporate Actions

	Fees	Frequency
Capital Change	BD 0.525/shareholder; min BD 315 and max BD 5,250	Applicable per Request
Company Merge/ Takeover/Acquisition/ Share Swap	BD 0.525/shareholder; min BD 315 and max BD 5,250	Applicable per Request
Stock Splits	BD 0.525/shareholder; min BD 315 and max BD 5,250	Applicable per Request
Bonus Shares	BD 0.525/shareholder; min BD 315 and max BD 5,250	Applicable per Request
Other (e.g. rights issue)	BD 0.525/shareholder; min BD 315 and max BD 5,250	Applicable per Request
Delisting Processing Fee ³	BD 105/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 1,050	BD 525
Broker	BD 1,050	BD 525
Broker-Dealer	BD 5,250	BD 1,050
External Broker	BD 5,250	BD 1,050
External Broker-Dealer	BD 5,250	BD 1,050
Authorized Trader	BD 5,250	BD 1,050

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

2.2 Member Services

	Fees	Frequency
Leasing Broker Offices ⁶	BD 150 + BD 52.5 Trading Floor Service Fee /office	Applicable per Month
Online Trading Fee	BD 105/request	Applicable per Month
Remote Trading Workstation Service Fee	BD 157.5/request	Applicable per Month
Broker Digital Advertising on BHB Trading Floor	BD 10.5/business day/message capped at BD 157.5/month	Applicable per Request
Temporary Office Use in BHB (Depending on availability)	BD 52.5/office/day	Applicable per Request
Test Environment for Brokerage Companies (System & Connectivity)	BD 26.25/day	Applicable per Request
Brokerage Companies Merger	BD 525 from each party	Applicable per Request
Brokerage Company - Change of Name Request ⁷	BD 210 for each application	Applicable per Request

2.3 Electronic Connection with Trading System

	Fees	Frequency
Initial setup per PC (one-off payment)	BD 210/PC	Applicable per PC
Online User FIX Setup (one-off payment)	BD 1,050/setup	Applicable per Setup
Trading System User Access	BD 52.5/user/month	Applicable per User per Month
Password Reset	BD 5.25/request	Applicable per Request
Connectivity Cost per Workstation ⁸	BD 52.5/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)
Bahrain Investment Market	0.275% of Transaction Value	20% plus VAT	
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	

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 3.15.

¹⁰ BHB's Commission shall be a percentage of the prescribed brokerage commission.

2.5 Issued Reports

	Fees	Frequency
Issued Reports (soft or hard copy)	BD 1.05 /page capped at BD 52.5/report	Applicable per Request

3. INFORMATION PRODUCTS FEES

3.1 Information Products Fees ¹¹

	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	

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 CLEAR FEES

1. ISSUER FEES

1.1 Issuer Services			
	Fees		Frequency
IPO Services ¹	0.02% of the amount being raised plus VAT capped at BD 5,250		Applicable per Request
Issuing ISIN code for Non-listed Instruments	BD 21		Applicable per Request
Annual Central Depository Fees	Paid-up Capital	Fee	Min/Max Amount
	Up to BD 15 Million	0.0125% of Paid-up Capital plus VAT	Minimum of BD 1,050
	Amounts exceeding BD 15 Million	0.00625% of Paid-up Capital plus VAT	Maximum of BD 4,200
Management of Shareholders' Register	BD 0.525/shareholder (Minimum of BD 2,100; Maximum of BD 10,500)		Applicable per Annum
Issuance of Statements of Shareholder Register	BD 0.021/shareholder (Minimum of BD 52.5 for CDs, Minimum of BD 105 for Hard Copies)		Applicable per Request

1.2 Issued Reports		
	Fees	Frequency
Detailed Reports Requests (soft or hard copy)	BD 1.05/page capped at BD 52.5/report	Applicable per Request

1.3 AGM Services		
	Fees	Frequency
a AGM Management - 1 st Meeting		
i. Company Shareholders less than 500	BD 315	Applicable per Request
ii. Company Shareholders 501-1,000	BD 525	Applicable per Request
iii. Company Shareholders 1,001-2,000	BD 787.5	Applicable per Request
iv. Company Shareholders 2,001-3,000	BD 1,050	Applicable per Request
v. Company Shareholders 3,001-5,000	BD 1,575	Applicable per Request
vi. Company Shareholders 5,001-10,000	BD 2,100	Applicable per Request
iv. Company Shareholders more than 10,000	BD 2,625	Applicable per Request
b AGM Management - 2 nd Meeting (if 1 st meeting is adjourned due to insufficient quorum)	BD 525	Applicable per Request
c AGM Management - 3 rd Meeting (if 2 nd meeting is adjourned due to insufficient quorum)	BD 315	Applicable per Request

¹ Inclusive of temporary office for receiving bank for 10 business days.

1.4 Corporate Actions

	Fees	Frequency
Dividend Distribution Service ²	BD 0.525/shareholder; (Minimum of BD 315 and Maximum of BD 5,250)	Applicable per Request

2. CUSTODIAN FEES

2.1 Custodian Requests: Transfer of Securities

	Fees	Frequency
Transfer of securities to custody account or vice versa without change in beneficiary owner	BD 5.25 for each company	Applicable per Request

2.2 Electronic Connection with Equator System

	Fees	Frequency
Initial setup per PC (one-off payment)	BD 210/PC	Applicable per PC
Equator User Access	BD 52.5/user/month	Applicable per User per Month
Password Reset	BD 5.25/request	Applicable per Request
Connectivity Cost per Workstation	BD 52.5/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 5,250)	Applicable per Annum
Custody Admission Fees	BD 1,050	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 52.5 or 0.05% of trade value plus VAT whichever is the higher	Applicable per Occurrence
If the rejection reversal request (for Sale) or transfer request (for Buy) is executed by BHB on (T+4)	BD 262.5 or 0.05% of trade value plus VAT whichever is the higher	Applicable per Occurrence
If the rejection reversal request (for Sale) or transfer request (for Buy) is executed by BHB <u>beyond</u> (T+4)	BD 525	Applicable per Occurrence

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

BAHRAIN CLEAR FEES

3. MEMBER FEES

3.1 Electronic Connection with Equator System

	Fees	Frequency
Initial setup per PC (one-off payment)	BD 210/PC	Applicable per PC
Equator User Access	BD 52.5/user/month	Applicable per User per Month
Password Reset	BD 5.25/request	Applicable per Request
Connectivity Cost per Workstation ³	BD 52.5/connection/month	Applicable per Connection per Month

3.2 Issued Reports

	Fees	Frequency
Member Related Issued Reports (soft or hard)	BD 1.05/page capped at BD 52.5/report	Applicable per request

4. INVESTOR FEES

4.1 Investor Services

	Fees	Frequency
Opening of Investor Account (NIN) - Individuals	BD 4.2	Payable Once
Opening of Investor Account (NIN) - Companies	BD 9.45	Payable Once
Account Opening	BD 1.05	Payable Once
Transfer of Securities ⁴	BD 1.05	Applicable per Company
Transfer of Dual Listed Companies Shares From BHB (through Bahrain Clear)	BD 10.5	Applicable per Transaction
Withdrawal of Securities	BD 10.5	Applicable per Company
To Whom It May Concern Letter	BD 10.5	Applicable per Request
Lost Certificate Request	BD 26.25/company	Applicable per Request
Exempt Case No. 4 (Inheritance or Will) Securities Transfer	BD 5.25 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 10.25	Applicable per Company
Securities Account Statement – Hard Copy	BD 2.1 per statement (maximum two pages) BD 1.05 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

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 52.5	Payable per Company
Freeze & Pledge Release	BD 21/company	Applicable per Request
Additional Pledge Confirmation Letter ⁵	BD 10.5/request	Applicable per Request
Securities Freeze ⁶	BD 10.5/company	Applicable per Request

5. FINES

5.1 Brokerage Administrative Fines

	Settlement Default Amount	Fees	Frequency
Fines imposed on settlement beyond T+2	BD 1 - 200,000	BD 1,050	Applicable per Occurrence
	BD 200,001 - 400,000	BD 2,100	Applicable per Occurrence
	BD 400,001 - 600,000	BD 3,100	Applicable per Occurrence
	BD 600,001 - 800,000	BD 4,200	Applicable per Occurrence
	BD 800,001 & Above	BD 5,250	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 2019



CORPORATE GOVERNANCE REPORT 2019

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

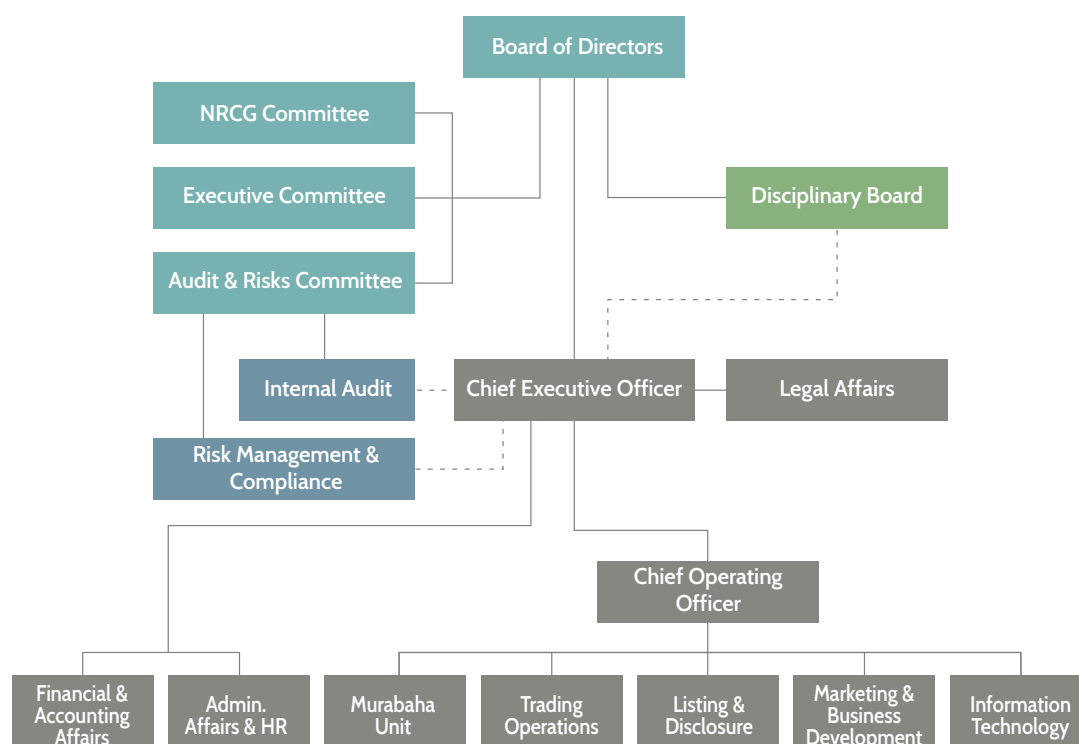
Bahrain Bourse was established as a Bahraini Closed Shareholding Company pursuant to Decree number (60) for the year 2010 to replace Bahrain Stock Exchange which was established in 1987. Bahrain Bourse is licensed as a stock exchange by the Central Bank of Bahrain and is fully owned by the Government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



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 eight directors who were appointed by Economic Development Board Resolution No. 3 of 2016 dated 27 December 2016 for a period of 3 years starting from resolution date. In accordance with Bahrain Bourse Memorandum and Articles of association, the membership of the current members of the Board of Directors is extended and valid until a resolution is issued by the Economic Development Board to appoint the members of the Board of Directors.

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 other laws or regulations as amended from time to time, 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 not limited to:
 1. The overall performance of the Bourse in accordance with the approved strategic plan.
 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 that relate to the requirements of listing on the Bourse, disclosure and dissemination of information that has a direct impact on the shares prices of listed companies in the Bourse, as well as preventing any transactions that involve any misuse of information.
 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 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 and regulations necessary for organizing the work and management of the company, 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 2019 (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 Rana Ebrahim Faqihi Deputy Chairperson Deena Ebrahim Al-Ansari Member	<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 is elected from among the members of the Committee at the first meeting after the appointment of its 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>

Audit & Risks Committee

Members	Brief Terms of Reference, Tasks and Responsibilities
Hassan Amin Jarrar Chairperson Marwan Khalid Tabbara Deputy Chairperson Yaser Abduljalil AlSharifi Member	<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 is elected from among the members of the Committee at the first meeting after the appointment of its 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>

Nomination, Remuneration, & Corporate Governance Committee

Members	Brief Terms of Reference, Tasks and Responsibilities
Abdulkarim Ahmed Bucheery Chairperson Abdulrahman Hamed AlZayani Deputy Chairperson Deena Ebrahim Al-Ansari Member	<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 is elected from among the members of the Committee at the first meeting after the appointment of its 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>

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 2019 was BHD 29,900 as approved by the Shareholder in 2019 Annual General Meeting. Sitting fees paid to the Board of Directors amounted to BHD 34,100.

Remuneration of Executive Management

Fixed and Variable Compensations and Remunerations

During 2019, the amount related to Executive Management's basic salaries and fixed allowances BHD 285,546.

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.

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 and procedures and with the applicable laws and regulations. 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.

CORPORATE GOVERNANCE REPORT 2019 (continued)

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 said 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 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 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.

DISCLOSURES RELATED TO MEMBERS OF THE BOARD OF DIRECTORS

The independence of the Board Members was defined in the Board Meeting held on January 17th, 2017.

Abdulkarim Ahmed Bucheery

- Chairman of the Board of Directors.
Chairperson of Nomination, Remuneration & Corporate Governance Committee.
- Independent & Non-Executive Director.
- Joined the Board of Directors on 27th December 2016.
- Qualifications:** Bachelors of Science in Economics – Majoring in Economics from the University of Aleppo – Syria 1976.
- Experience:** more than 44 years in several banking fields and Islamic Banking services.

	Membership	Company Name	Country
1	Chairman	Bahrain Clear	Bahrain
2	Board Member & Chairperson of Audit & Risks Committee	Alubaf Arab International Bank	Bahrain
3	Board Member	Beacon Private School	Bahrain
4	Deputy Chairman & Chairperson of Executive Committee	Naseej	Bahrain
5	Board Member	Nasser Vocational Training Centre	Bahrain
6	Member of Advisory Board	Arab Tourism Organization	Saudi Arabia
7	Honorary Chairman	Friends of Psychiatric Patients Society	Bahrain
8	Board Member	Bahraini Banks Advisory Board	Bahrain
9	Board Member	International Federation for Business Women	Bahrain
10	Partner & Chairman	KMH Management Solutions	Bahrain

CORPORATE GOVERNANCE REPORT 2019 (continued)

Marwan Khalid Tabbara

- Deputy Chairman of the Board of Directors.
Deputy Chairperson of Audit & Risks Committee.
- Independent & Non-Executive Director.
- Joined the Board of Directors on 6th February 2011.
- **Qualifications:** Masters of Engineering from Duke University-USA, Bachelors of Electrical Engineering from Duke University-USA, Bachelors of Economics from Duke University-USA.
- **Experience:** more than 5 years in the banking sector and more than 17 years in consultancy.

	Membership	Company Name	Country
1	Board Member	Stratum	Bahrain
2	Board Member	Bahrain Development Bank	Bahrain
3	Board Member	Bahrain Flour Mills	Bahrain
4	Board Member	Park Place	Bahrain
5	Board Member	Viacloud	Bahrain
6	Board Member	Bahrain Islamic Bank	Bahrain
7	Board Member	Geode Advisors	Bahrain

Hassan Amin Jarrar

- Member of the Board of Directors.
Chairperson of Audit & Risks Committee.
- Independent & Non-Executive Director.
- Joined the Board of Directors on 27th December 2016.
- **Qualifications:** Bachelors of Science in Business Administration – Finance from University of California – The United States of America.
- **Experience:** more than 30 years in banking sector.

	Membership	Company Name	Country
1	Independent & Non-Executive Member/ Chairperson of Audit & Internal Control Committee	Tamkeen	Bahrain
2	Board Member	Bahrain Association of Banks	Bahrain
3	Chairman	Liquidity Management Centre	Bahrain

Ali Yousif Fardan

- Member of the Board of Directors.
Chairperson of Executive Committee.
- Independent & Non-Executive Director.
- Joined the Board of Directors on 27th December 2016.
- **Qualifications:** Diploma in Executive Management from University of Bahrain and a graduate of York St John University in the United Kingdom.
- **Experience:** more than 42 years in several banking fields.

	Membership	Company Name	Country
1	Not a member of the Board of Directors of any other company.		

Rana Ebrahim Faqihi

- Member of the Board of Directors.
Deputy Chairperson of Executive Committee.
- Non-Independent & Non-Executive Director.
- Joined the Board of Directors on 6th February 2011.
- **Qualifications:** Masters of International Business Management - UK.
- **Experience:** around 17 years in the government and economic sectors.

	Membership	Company Name	Country
1	Board Member	Eskan Bank	Bahrain

CORPORATE GOVERNANCE REPORT 2019 (continued)

Abdulrahman Hamed AlZayani

- Member of the Board of Directors.
Deputy Chairperson of Nomination, Remuneration & Corporate Governance Committee.
- Independent & Non-Executive Director.
- Joined the Board of Directors on 27th December 2016
- **Qualifications:** Masters in International Commercial Law from University of Westminster – UK, and Bachelors in Marketing from Suffolk University – US.
- **Experience:** more than 17 years in business and investment sectors.

	Membership	Company Name	Country
1	Managing Director	Al Zayani Investments B.S.C. ©	Bahrain
2	Managing Director	Zayani Properties	Bahrain
3	Board Member	Euro Motors	Bahrain
4	Board Member	Zayani Motors	Bahrain
5	Board Member	Zayani Leasing	Bahrain
6	Board Member	Zayani Industries	Bahrain
7	Managing Director	Blueknight International Limited	Luxembourg
8	Managing Director	Immobiliers Des Poissoniers SA	Luxembourg
9	Managing Director	Kreiller S.A.R.L	Luxembourg
10	Managing Director	Riverton Capital Holding S.A.	United Kingdom
11	Board Member	Nortolk International Limited	United Kingdom
12	Board Member	Muna International Limited	United Kingdom
13	Board Member	Linlake Investments Limited	United Kingdom
14	Board Member	Greenight International Limited	United Kingdom
15	Board Member	Caldelwood International Limited	United Kingdom
16	Board Member	Manannan International Limited	United Kingdom
17	Board Member	Lakenight International Limited	United Kingdom
18	Board Member	Burlyfields International Limited	United Kingdom
19	Board Member	Caldelwood West 12 th Inc.	United Kingdom
20	Board Member	Acerowood International Limited	United Kingdom
21	Board Member	Bridcastle International Limited	United Kingdom

Deena Ebrahim Al-Ansari

- Member of the Board of Directors.
Member of the Executive Committee.
Member of Nomination, Remuneration & Corporate Governance Committee.
- Independent & Non-Executive Director.
- Joined the Board of Directors on 27th December 2016.
- **Qualifications:** Masters in Business Administration from University of Glamorgan – UK and Bachelors in Commerce from Concordia University – Canada.
- **Experience:** around 9 years in banking sector and 12 years in business sector.

	Membership	Company Name	Country
1	Deputy Chairperson	Al Ansari Lights and Design Co. W.L.L.	Bahrain
2	Deputy Chairperson	Alansari Modern Lights Co. W.L.L	Bahrain
3	Board Member	DK Al Ansari Enterprise W.L.L.	Bahrain
4	Board Member	Goldbx Global Holding W.L.L.	Bahrain
5	Board Member	The Beautyco	Bahrain
6	Board Member	The Mobile Spa W.L.L.	Bahrain
7	Board Member	The Beauty Co General Trading	United Arab Emirates
8	Board Member	Modern Beauty Trading	Saudi Arabia

Yaser Abduljalil AlSharifi

- Member of the Board of Directors.
Member of the Audit & Risks Committee.
- Independent & Non-Executive Director.
- Joined the Board of Directors on 27th December 2016.
- **Qualifications:** 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 24 years in the fields of auditing and investment.

	Membership	Company Name	Country
1	Member of the Executive Board	Bahrain FinTech Bay	Bahrain
2	Board Member	Bahrain Clear	Bahrain
3	Board Member	Bahrain Car Parks Company	Bahrain
4	Board Member	Bahrain Real Estate Investment (Edamah)	Bahrain
5	Board Member	KSK Holdings Company W.L.L.	Bahrain
6	Chairman	The Bahrain Institute for Pearls & Gemstones (Danat)	Bahrain

CORPORATE GOVERNANCE REPORT 2019 (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 2019, the Board held five 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

Members of the Board of Directors of Bahrain Bourse		(1/2019)	(2/2019)	(3/2019)	(4/2019)	(5/2019)
		19 March 2019	12 May 2019	27 June 2019	8 October 2019	12 December 2019
Abdulkarim Ahmed Bucheery	Chairman					
Marwan Khalid Tabbara	Deputy Chairman					
Hassan Amin Jarrar	Member			--		
Yaser Abduljalil AlSharifi	Member					
Rana Ebrahim Faqihi	Member		--	--	--	
Deena Ebrahim Al-Ansari	Member					
Ali Yousif Fardan	Member	--		--		
Abdulrahman Hamed AlZayani	Member					--


 - Attended

 - Participated through phone

Executive Committee Meetings

Members of the Board of Directors of Bahrain Bourse		(1/2019)	(2/2019)	(3/2019)	(4/2019)
		28 February 2019	12 June 2019	22 September 2019	24 November 2019
Ali Yousif Fardan	Chairperson				
Rana Ebrahim Faqihi	Deputy Chairperson		--	--	
Deena Ebrahim Al-Ansari	Member				

 - Attended

 - Participated through phone

Audit & Risks Committee Meetings

Members of the Board of Directors of Bahrain Bourse		(1/2019)	(2/2019)	(3/2019)	(4/2019)
		10 February 2019	5 May 2019	9 May 2019	30 October 2019
Hassan Amin Jarrar	Chairperson	👤👤👤	--	👤👤👤	👤👤👤
Marwan Khalid Tabbara	Deputy Chairperson	👤👤👤	👤👤👤	👤👤👤	👤👤👤
Yaser Abduljalil AlSharifi	Member	👤👤👤	📞👤	📞👤	👤👤👤

👤👤👤 - Attended

📞👤 - Participated through phone

Nomination, Remuneration, & Corporate Governance Committee

Members of the Board of Directors of Bahrain Bourse		(1/2019)	(2/2019)	(3/2019)	(4/2019)
		6 March 2019	29 May 2019	18 September 2019	18 November 2019
Abdulkarim Ahmed Bucheery	Chairperson	👤👤👤	👤👤👤	👤👤👤	👤👤👤
Abdulrahman Hamed AlZayani	Deputy Chairperson	👤👤👤	👤👤👤	📞👤	👤👤👤
Deena Ebrahim Al-Ansari	Member	Was not Appointed	👤👤👤	👤👤👤	👤👤👤

👤👤👤 - Attended

📞👤 - Participated through phone

AUDITORS

His Excellency Minister of Industry, Commerce, and Tourism, the Shareholder of Bahrain Bourse, has appointed Deloitte & Touche as external auditors for the year 2019.

BAHRAIN BOURSE CORPORATE GOVERNANCE - "COMPLY OR EXPLAIN" PRINCIPLE

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



CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

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, 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, 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 Board of Directors is 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Board of Directors for the consolidated financial statements

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

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

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 Management;
- Conclude on the appropriateness of the Management'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;

INDEPENDENT AUDITOR'S REPORT (continued)

- 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 those charged with governance 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.
- Nothing has come to our attention which causes us to believe that the Bourse has breached any of the applicable provisions of the Bahrain Commercial Companies Law of 2001 (and subsequent amendments), 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) or of its Memorandum and Articles of Association which would materially affect its activities or its consolidated financial position as at December 31, 2019; and
 - Satisfactory explanations and information have been provided to us by the Board of Directors in response to all our requests.

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:

- We have obtained all the information that we considered necessary for the purpose of our audit;
- The Bourse has maintained proper accounting records and the consolidated financial statements and the financial information included in the Board of Directors' report are in agreement therewith;

Deloitte & Touche – Middle East

Partner Registration No. 157

Manama, Kingdom of Bahrain

March 29, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Note	2019 (BD)	2018 (BD)
ASSETS			
Non-current assets			
Furniture and equipment	5	948,114	1,277,423
Right-of-use assets	6.1	696,529	-
Financial assets at amortised cost	7	1,000,000	1,000,000
Total non-current assets		2,644,643	2,277,423
Current assets			
Prepayments and other assets	8	177,390	186,345
Trade receivables	9	65,070	83,482
Cash and bank balances	10	3,164,173	3,144,900
Total current assets		3,406,633	3,414,727
Total assets		6,051,276	5,692,150
EQUITY AND LIABILITIES			
Equity			
Share capital	12	2,000,000	2,000,000
General reserve	13	2,000,000	2,000,000
Statutory reserve	14	401,075	401,075
Retained earnings		300,144	798,537
Total equity		4,701,219	5,199,612
Liabilities			
Non-current liabilities			
Provision for employees' end-of-service benefits	15	6,761	4,943
Lease liabilities	6.2	467,437	-
Total non-current liabilities		474,198	4,943

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

CONSOLIDATED STATEMENT OF

FINANCIAL POSITION (continued)

As at December 31, 2019

	Note	2019 (BD)	2018 (BD)
Current liabilities			
Contract liabilities	16	55,197	94,966
Lease liabilities	6.2	247,717	-
Trade payables		75,806	29,873
Accruals and other liabilities	17	497,139	362,756
Total current liabilities		875,859	487,595
Total liabilities		1,350,057	492,538
Total equity and liabilities		6,051,276	5,692,150
Off-balance sheet items			
Commitments under maintenance contracts		-	102,104
Guarantee deposits in custody		1,367,297	1,366,953

The consolidated financial statements on page 84 to 114 were approved by the Board of Directors on March 29, 2020 and signed on its behalf by:

Mr. Abdulkarim Ahmed Bucheery
Chairman

Mr. Marwan Khalid Tabbara
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, 2019

	Note	2019 (BD)	2018 (BD)
Operating income			
Subscription fees	16.1	1,689,457	1,659,420
Amount recovered from Mumtalakat	11	418,520	-
Commission income	18	388,044	459,520
Deposit and central depository registration		143,400	135,019
Trading data income		131,057	117,166
Smart investor		75,083	60,000
Advertising package		62,000	63,489
Trade-quest and hall income		52,050	64,850
Other operating income	19	160,628	112,030
Total operating income		3,120,239	2,671,494
Operating expenses			
Salaries and staff costs	20	(1,827,120)	(1,643,326)
General and administrative expenses	21	(1,107,719)	(1,285,614)
Depreciation of furniture and equipment	5	(427,133)	(521,530)
Depreciation of right-of-use assets	6.1	(252,195)	-
Interest expense on lease liabilities	6.1	(47,229)	-
Board of Directors remuneration	11	(66,900)	-
Board of Directors sitting fees	11	(53,900)	(47,000)
Total operating expenses		(3,782,196)	(3,497,470)
Operating loss for the year		(661,957)	(825,976)
Interest income		166,426	140,645
Financial support from the Government of Bahrain		-	250,000
Impairment (losses)/gains on trade receivables	9	(2,838)	41,720
Impairment (losses)/gains on other financial assets	10	(24)	530
Loss for the year		(498,393)	(393,081)
Other comprehensive income		-	-
Total comprehensive loss for the year		(498,393)	(393,081)

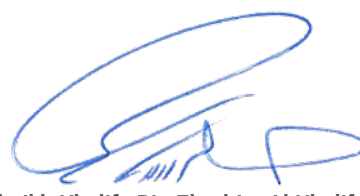
The consolidated financial statements on page 84 to 114 were approved by the Board of Directors on March 29, 2020 and signed on its behalf by:



Mr. Abdulkarim Ahmed Bucheery
Chairman



Mr. Marwan Khalid Tabbara
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, 2019

	Share Capital (BD)	General Reserve (BD)	Statutory Reserve (BD)	Retained Earnings (BD)	Total Equity (BD)
Balance as at January 1, 2019	2,000,000	2,000,000	401,075	798,537	5,199,612
Total comprehensive loss for the year	-	-	-	(498,393)	(498,393)
Balance as at December 31, 2019	<u>2,000,000</u>	<u>2,000,000</u>	<u>401,075</u>	<u>300,144</u>	<u>4,701,219</u>
Balance as at December 31, 2017	2,000,000	2,000,000	401,075	1,307,006	5,708,081
Transition adjustments on adoption of IFRS 9	-	-	-	(115,388)	(115,388)
Balance as at January 1, 2018	2,000,000	2,000,000	401,075	1,191,618	5,592,693
Total comprehensive loss for the year	-	-	-	(393,081)	(393,081)
Balance as at December 31, 2018	<u>2,000,000</u>	<u>2,000,000</u>	<u>401,075</u>	<u>798,537</u>	<u>5,199,612</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2019

	Note	2019 (BD)	2018 (BD)
Cash flows from operating activities			
Loss for the year		(498,393)	(393,081)
Adjustments for non-cash items:			
Provision for employees' end-of-service indemnity - charge	15	1,818	7,045
Depreciation of furniture and equipment	5	427,133	521,530
Depreciation of right-of-use assets	6.1	252,195	-
Interest expense on lease liabilities	6.1	47,229	-
Impairment losses on trade receivables	9	2,838	41,720
Impairment losses on other financial assets	10	24	530
Interest income		(166,426)	(140,645)
Cash flows before changes in working capital		66,418	37,099
<i>Changes in working capital:</i>			
Increase in prepayments and other assets		(8,210)	(41,305)
Decrease/(increase) in trade receivables		15,574	(31,089)
Decrease in contract liabilities		(39,769)	(36,652)
Increase/(decrease) in trade payables		45,933	(60,263)
Increase in accruals and other liabilities		134,383	15,124
Cash generated from operations		214,329	(117,086)
Employees' end-of-service indemnity paid		-	(27,204)
Net cash generated from operating activities		214,329	(144,290)
Investing activities			
Purchase of furniture and equipment	5	(97,824)	(72,225)
Term deposits with maturities more than three months, net	10	589,638	(532,598)
Interest received		183,591	160,537
Net cash used in investing activities		675,405	(444,286)
Cash flows from financing activity			
Repayment of lease liabilities	6.1	(280,799)	-
Net cash used in financing activity		(280,799)	-
Net increase/(decrease) in cash and cash equivalents		608,935	(588,576)
Cash and cash equivalents, at the beginning of year		1,120,109	1,708,685
Cash and cash equivalents, at the end of year	10	1,729,044	1,120,109

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

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”).

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs that are effective for the current year

In the current year, the Group has adopted IFRS 16 *Leases* as issued by the IASB in January 2016. The Standard replaces the existing guidance on leases, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*.

IFRS 16 results in lessees accounting for most leases within the scope of the Standard in a manner similar to the way in which finance leases are accounted for under IAS 17 *Leases*. The Standard requires lessees to recognize a ‘right of use’ asset and a corresponding financial liability on the balance sheet. The asset is amortized over the length of the lease and the financial liability is measured at amortized cost. The requirements for lessor accounting remains substantially unchanged.

The Group’s accounting policies for its leases are detailed in note 3.

The date of initial application of IFRS 16 for the Group is January 1, 2019. Upon adoption of IFRS 16, the Group has opted for the modified retrospective application permitted by the Standard.

Practical expedients used and impact of application of IFRS 16 *Leases*

During the first time application of IFRS 16 to operating leases, the Group has used the following practical expedients:

- Use of a single discount rate.
- Reliance on previous assessments on whether leases are onerous.
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. The recognized right-of-use assets relate to the following asset:

	December 31, 2019 (BD)	January 1, 2019 (BD)
Buildings and premises	696,529	933,537

The off-balance sheet lease obligations as of December 31, 2018 are reconciled as follows to the recognized lease liabilities as of January 1, 2019:

	(BD)
Operating lease commitments disclosed as of December 31, 2018	1,493,355
Discounted using the Group's incremental borrowing rate at the date of initial application	1,342,817
Less: short term leases	(21,854)
Adjustment in relation of exclusion of service charges	(387,426)
Lease liabilities recognized as at January 1, 2019	933,537
Of which are:	
Current lease liabilities	230,555
Non-current lease liabilities	702,982
	933,537

Impact of the application of IFRS 16 on assets, liabilities and equity as at January 1, 2019:

	As previously reported (BD)	IFRS 16 adjustments (BD)	As restated (BD)
Right-of-use assets	-	933,537	933,537
Net impact on total assets	-	933,537	933,537
Lease liabilities	-	933,537	933,537
Net impact on total liabilities	-	933,537	933,537
Net impact on retained earnings	-	-	-

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

The following table summarizes the impact on the statement of profit or loss for the year ended December 31, 2019.

	For the year ended December 31, 2019		
	As reported (BD)	IFRS 16 (BD)	Without adoption of IFRS 16 (BD)
General and administrative expenses	(1,107,719)	(280,799)	(1,388,518)
Depreciation of right-of-use assets (Note 6.1)	(252,195)	252,195	-
Interest expense on lease liabilities (Note 6.1)	(47,229)	47,229	-
Loss for the year	(498,393)	18,625	(479,768)

2.2 Other new and revised IFRSs applied with no material impact on the financial statements

In the current year the Group has applied the following IFRSs and interpretations that are effective for an annual period that begins on or after January 1, 2019. Their adoption did not have any material impact on the disclosures or on the amounts reported in the financial statements:

- Amendments to IFRS 9 *Prepayment Features with Negative Compensation and Modification of financial liabilities*: The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.
- Amendments to IAS 28 *Long term interests in associates and joint ventures*: The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity is not applied but that in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long term investments. The amendments also clarify that in applying IFRS 9, an entity does not take into account of any losses of the associate or joint venture, or any impairment losses on the net investments that arise from applying IAS 28.
- Annual Improvements to IFRSs 2015-2017 Cycle Amendments to *IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*.
- Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement* to clarify the accounting for defined benefit plan amendments, curtailments and settlements.
- *IFRIC 23 Uncertainty over Income Tax Treatments*

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- the effect of changes in facts and circumstances.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

2.3 New and revised IFRSs issued but not yet effective

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

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Material (effective from January 1, 2020).
- Amendments to IFRS 3 *Business Combinations* - Definition of a Business (effective from January 1, 2020).
- Amendments to *References to the Conceptual Framework in IFRS Standards* related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 (effective from January 1, 2020).
- Amendments to IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments*. Amendments regarding pre-replacement issues in the context of the IBOR reform (effective from January 1, 2020).
- IFRS 17 *Insurance Contracts* (effective from January 1, 2022).
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 related to the treatment of the sale or contribution of assets between an Investor and its Associate or Joint Venture (Effective date deferred indefinitely. Adoption is still permitted).

The Directors do not expect that the adoption of the above IFRSs 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 financial statements continue to be prepared on the going concern basis.

The principal accounting policies adopted are set out below.

Year ended December 31, 2019

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	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.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets (continued)

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 recognized in the Group's 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 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.

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 asset 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2019

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.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**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 customers.

Revenue from annual subscription fees is 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.

Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (effective from January 1, 2019)

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.

Leases (Prior to January 1, 2019)

The Group as lessee:

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance expenses and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the lease.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

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.

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. Refer to accounting policy above and Note 7.

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.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

5. FURNITURE AND EQUIPMENT

	Fixtures (BD)	Furniture and equipment (BD)	Computers (BD)	Vehicles (BD)	Total (BD)
Cost					
Balance, December 31, 2017	1,794,707	1,514,701	2,178,723	17,435	5,505,566
Additions	330	8,782	63,113	-	72,225
Balance, December 31, 2018	1,795,037	1,523,483	2,241,836	17,435	5,577,791
Additions	950	4,400	92,474	-	97,824
Balance, December 31, 2019	1,795,987	1,527,883	2,334,310	17,435	5,675,615
Accumulated depreciation					
Balance, December 31, 2017	854,447	1,167,109	1,739,848	17,434	3,778,838
Charge of the year	119,821	142,102	259,607	-	521,530
Balance, December 31, 2018	974,268	1,309,211	1,999,455	17,434	4,300,368
Charge of the year	119,880	141,299	165,954	-	427,133
Balance, December 31, 2019	1,094,148	1,450,510	2,165,409	17,434	4,727,501
Carrying amounts					
December 31, 2019	701,839	77,373	168,901	1	948,114
December 31, 2018	820,769	214,272	242,381	1	1,277,423

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

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 December 31, 2018	-
Transition adjustments on IFRS 16 adoption	933,537
Balance as at January 1, 2019	933,537
Depreciation during the year (Note 2.1)	(252,195)
Additions/modifications during the year	15,187
Balance as at December 31, 2019	696,529
Total cash outflow for leases:	
Year-ended December 31, 2019	280,799

The following are the amounts recognized in profit and loss for the year ended December 31, 2019:

	2019 (BD)
Depreciation of right-of-use assets (Note 2.1)	252,195
Interest expense on lease liabilities (Note 2.1)	47,229

The total cash outflow for leases amounted to BD 280,799 in relation to premises at Bahrain Financial Harbour and 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

Below is the maturity analysis of lease liabilities:

	2019 (BD)
Not later than 1 year	247,717
1 to 5 years	467,437
Later than 5 years	-
	467,437
	715,154

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

7. FINANCIAL ASSETS AT AMORTISED COST

During 2016, the Group invested in a Government Development Bond (Issue 11) amounting to BD 1 million. The bond has a 5 year maturity with an interest rate of 5.875% per annum and is carried at amortised cost. Considering that Bahrain Sovereign Debt is eligible for zero risk weighting, the Group does not recognise a loss allowance on Government debt instruments.

8. PREPAYMENTS AND OTHER ASSETS

	2019 (BD)	2018 (BD)
Prepaid expenses	124,190	137,116
Fiduciary asset (Note 17)	40	5,303
Accrued interest receivable	26,761	43,926
Saving scheme staff loan	25,985	-
Tax recoverable	414	-
	177,390	186,345

9. TRADE RECEIVABLES

	2019 (BD)	2018 (BD)
Subscription and registration fees receivable	366,709	375,449
Commissions receivable	4,204	3,614
Service fees receivable	12,401	5,700
Advertisement fee receivable	80,372	90,934
Other	10,743	14,306
	474,429	490,003
Loss allowance	(409,359)	(406,521)
	65,070	83,482

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.

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 customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

9. TRADE RECEIVABLES (continued)

Aging brackets	December 31, 2019			December 31, 2018		
	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)
<u>NOT CREDIT-IMPAIRED:</u>						
< 30 DAYS	31,476	9.29%	2,924	54,492	11.23%	6,119
31 – 60 DAYS	3,618	17.79%	644	18,809	21.34%	4,014
61 – 90 DAYS	11,687	29.42%	3,438	4,400	29.24%	1,287
91 – 180 DAYS	10,314	47.25%	4,873	3,994	47.25%	1,887
181 – 365 DAYS	14,101	47.25%	6,663	20,748	47.25%	9,803
> 365 DAYS	23,538	47.25%	11,122	7,865	47.25%	3,716
	<u>94,734</u>		<u>29,664</u>	<u>110,308</u>		<u>26,826</u>
<u>CREDIT-IMPAIRED:</u>						
< 1 YEAR	-	100%	-	-	100%	-
> 1 YEAR	<u>379,695</u>	<u>100%</u>	<u>379,695</u>	<u>379,695</u>	<u>100%</u>	<u>379,695</u>
	<u>379,695</u>		<u>379,695</u>	<u>379,695</u>		<u>379,695</u>
	<u>474,429</u>		<u>409,359</u>	<u>490,003</u>		<u>406,521</u>

The movement in the loss allowance was as follows:

	Credit impaired (BD)	Not credit impaired (collectively assessed) (BD)	Total (BD)
Balance as at January 1, 2019	379,695	26,826	406,521
Net increase in ECL allowance	-	2,838	2,838
Balance as at December 31, 2019	<u>379,695</u>	<u>29,664</u>	<u>409,359</u>

	Credit impaired (BD)	Not credit impaired (collectively assessed) (BD)	Total (BD)
Balance as at January 1, 2018 under IAS 39	383,363	-	383,363
Transition adjustment upon adoption of IFRS 9	-	64,878	64,878
Balance as at January 1, 2018 under IFRS 9	383,363	64,878	448,241
Net decrease in loss allowance	-	(38,052)	(38,052)
Recovery during the year	(3,668)	-	(3,668)
Balance as at December 31, 2018	<u>379,695</u>	<u>26,826</u>	<u>406,521</u>

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

10. CASH AND BANK BALANCES

	2019 (BD)	2018 (BD)
Cash on hand	1,413	916
Current accounts with banks	151,397	188,360
Call accounts with banks	213,601	308,552
Term deposits (original maturities of 3 months or less)	1,362,633	622,281
Cash and cash equivalents	1,729,044	1,120,109
Term deposits (original maturities of more than 3 months)	1,485,133	2,074,771
	3,214,177	3,194,880
Loss allowance	(50,004)	(49,980)
	3,164,173	3,144,900

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 365 days and earn interest at rates ranging between 2.5% and 4.25% (December 31, 2018: between 2.75% and 3.95%) 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.

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

	2019 (BD)	2018 (BD)
Balance beginning of year – calculated under IAS 39	-	-
Adjustment upon adoption of IFRS 9	-	50,510
Balance, beginning of year – calculated under IFRS 9	49,980	50,510
Net increase/(decrease) in loss allowance during the year	24	(530)
Balance end of year	50,004	49,980

11. TRANSACTIONS WITH RELATED PARTIES

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

During the year ended December 31, 2019, the Group received financial support from the Government of Bahrain amounting nil (December 31, 2018: BD 250,000) to finance the Group's financial commitments for the year.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

11. TRANSACTIONS WITH RELATED PARTIES (continued)

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:

	2019 (BD)	2018 (BD)
Salaries	274,098	222,244
Exceptional remuneration	36,000	-
Board of Directors sitting fees relating to Bahrain Bourse	38,900	34,600
Board of Directors remuneration relating to Bahrain Bourse	29,900	
Board of Directors remuneration relating to Bahrain Clear	37,000	
Board of Directors sitting fees relating to Bahrain Clear	15,000	12,400
	<u>430,898</u>	<u>269,244</u>

Amount recovered from Mumtalakat

During 2006, the Government of Bahrain transferred its ownership in certain companies listed on the Group to Bahrain Mumtalakat Holding Company B.S.C. (c) ("BMHC"). Contrary to the requirements of Article 4 of Law Decree 4/1987, these transfers were not executed through the Group. The Group claimed BD 418,500 from the Ministry of Finance which was fully recovered in 2013 and 2014. A final amount of BD 418,520 has been recovered from BMHC during September 2019, with all amounts due from this transaction now settled in full.

12. 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.

13. 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.

14. 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.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

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

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

	2019 (BD)	2018 (BD)
Balance, beginning of year	4,943	25,102
Charge for the year	1,818	7,045
Settlements during the year	-	(27,204)
Balance, at the end of year	6,761	4,943

16. CONTRACT LIABILITIES

Unsatisfied performance obligations with respect to advertising and other fees received amounted to BD 55,197 as at December 31, 2019 (December 31, 2018: BD 94,966).

	2019 (BD)	2018 (BD)
Balance at the beginning of the year	94,966	131,618
Received during the year	2,087,920	1,698,198
Amount recognised during the year (Note 16.1)	(2,127,689)	(1,734,850)
Balance at the end of the year	55,197	94,966

16.1 Amount recognised as revenue in relation to subscription fees amounted to BD 1,689,457 during the year (2018: BD 1,659,420).

17. ACCRUALS AND OTHER LIABILITIES

	2019 (BD)	2018 (BD)
Premises and maintenance accruals	241,931	189,980
Leave and air tickets payable	135,720	120,665
Board of Directors remuneration	66,900	
Fiduciary liability (Note 8)	40	5,303
Accrued staff costs	9,176	7,073
Other payables	43,372	39,735
	497,139	362,756

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

18. COMMISSION

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

	2019 (BD)	2018 (BD)
Regular commission	311,687	335,831
Commission on exempted transactions and special dealings	76,357	123,689
	<u>388,044</u>	<u>459,520</u>

19. OTHER OPERATING INCOME

	2019 (BD)	2018 (BD)
Corporate action	24,792	-
AGM organisation income	24,500	-
Pledge income	19,971	-
Remote trading income	19,650	21,600
Investor guide income	11,000	9,500
Office service income	11,463	6,050
Connectivity income	9,600	3,000
Trading system's user access	7,950	-
Registration fees	6,280	16,260
Equator user access	5,450	-
Outdoor ticker	2,320	9,941
Display board income	-	2,000
Other revenues	17,652	43,679
	<u>160,628</u>	<u>112,030</u>

20. SALARIES AND STAFF COSTS

	2019 (BD)	2018 (BD)
Basic salary	1,207,045	1,123,966
GOSI	219,659	211,122
Allowances and other staff benefits	204,441	229,181
Exceptional remuneration	96,980	-
Saving scheme	49,316	40,818
Others	49,679	38,239
	<u>1,827,120</u>	<u>1,643,326</u>

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2019 (BD)	2018 (BD)
Rentals – BFH	-	275,257
Premises and maintenance expenses	828,862	742,207
Service – BFH	115,033	115,033
Conferences and subscriptions	59,127	52,254
Consumables	33,222	30,897
Rentals – Amwaj	29,940	29,940
Professional fees	25,519	24,126
Others	16,016	15,900
	<u>1,107,719</u>	<u>1,285,614</u>

22. 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.

	2019 (BD)	2018 (BD)
Financial assets:		
Financial assets at amortised cost	1,000,000	1,000,000
Trade receivables	65,070	83,482
Other receivables	53,200	49,229
Cash and bank balances	<u>3,164,173</u>	<u>3,144,900</u>
	<u>4,282,443</u>	<u>4,277,611</u>
Financial liabilities:		
Contract liabilities	55,197	94,966
Lease liabilities	715,154	-
Trade payables	75,806	29,873
Accruals and other liabilities	<u>497,139</u>	<u>362,756</u>
	<u>1,343,296</u>	<u>487,595</u>

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

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.

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, 2019, 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, 2018 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 7 provides further details on the loss rate applied as well as the loss allowances on trade receivables.

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

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 following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. 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)
2019				
Contract liabilities	55,197	-	-	55,197
Lease liabilities	60,666	187,051	467,437	715,154
Trade payables and accruals	263,471	247,307	62,167	572,945
	<u>379,334</u>	<u>434,358</u>	<u>529,604</u>	<u>1,343,296</u>
2018				
Contract liabilities	94,966	-	-	94,966
Trade payables and accruals	160,205	213,843	18,581	392,629
	<u>255,171</u>	<u>213,843</u>	<u>18,581</u>	<u>487,595</u>

The table below summarises the maturity of the Group's financial assets at 31 December 2019 and 2018 based on contractual undiscounted obligation:

	1 – 3 Months (BD)	3 Months to 1 year (BD)	More than 1 year (BD)	Total (BD)
2019				
Trade receivables	39,775	12,879	12,416	65,070
Cash and bank balances	1,729,044	1,435,129	-	3,164,173
Investment held at amortised cost	-	-	1,000,000	1,000,000
Other receivables	53,200	-	-	53,200
	<u>1,822,019</u>	<u>1,448,008</u>	<u>1,012,416</u>	<u>4,282,443</u>
2018				
Trade receivables	66,281	13,052	4,149	83,482
Cash and bank balances	1,120,109	2,024,791	-	3,144,900
Investment held at amortised cost	-	-	1,000,000	1,000,000
Other receivables	49,229	-	-	49,229
	<u>1,235,619</u>	<u>2,037,843</u>	<u>1,004,149</u>	<u>4,277,611</u>

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS (continued)

Year ended December 31, 2019

23. 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.

24. OFF-BALANCE SHEET ACCOUNT

Off-balance sheet account includes:

	2019 (BD)	2018 (BD)
Commitments under maintenance contracts	-	102,104
Guarantee deposits in custody from financial intermediaries	<u>1,367,297</u>	<u>1,366,953</u>