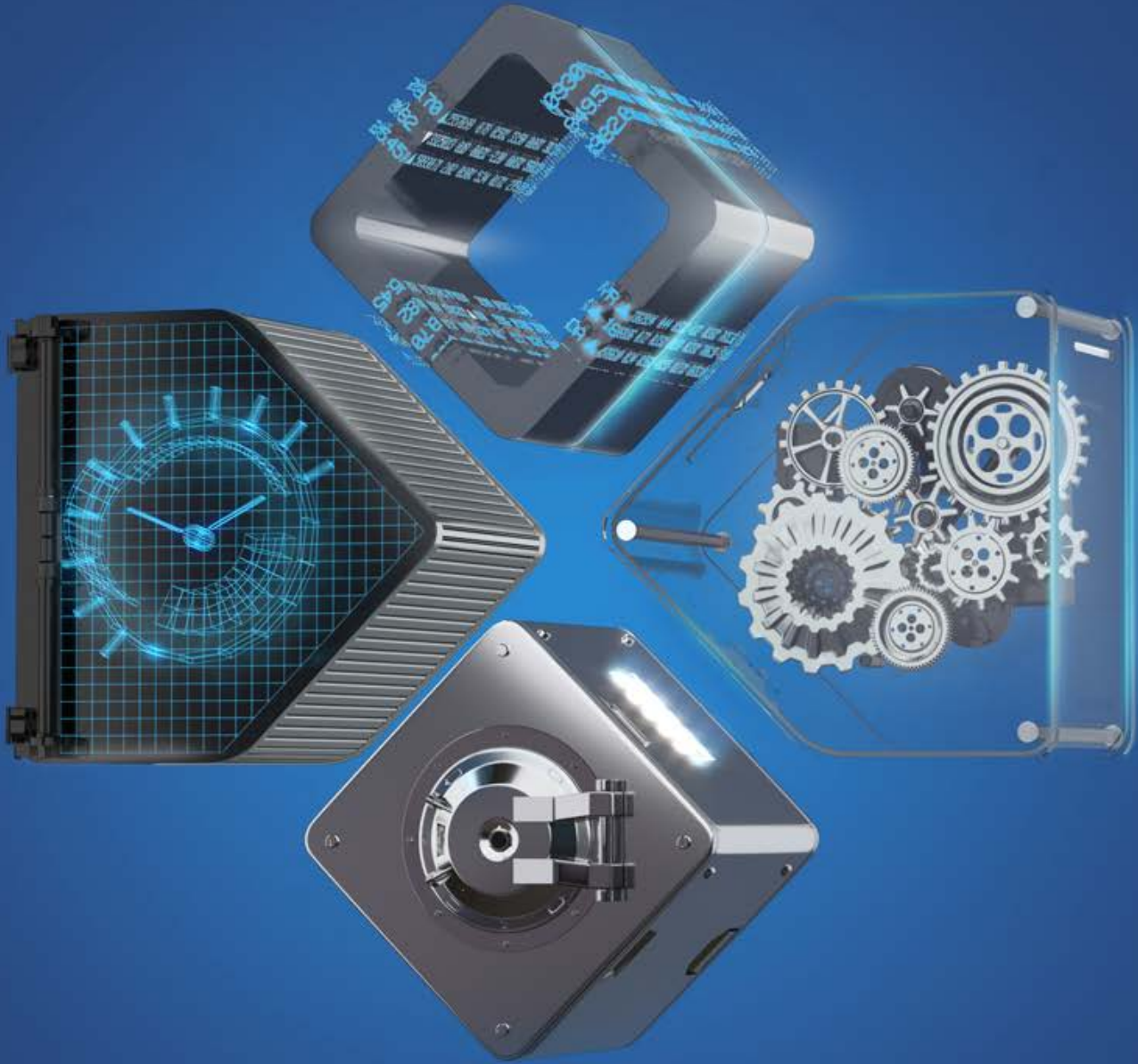


بورصة البحرين
BAHRAIN BOURSE



An Oasis of Investment
Opportunities

Annual Report 2020

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



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



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.

Subsidiary Companies

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 14-35
Road 4626, Block 346
Bahrain Financial Harbour
Harbour Gate - Level 4
P.O. Box 3203
Manama
Kingdom of Bahrain

Helpdesk: +973 17 261260
Email: info@bahrainbourse.com
Social Media:      @bahrainbourse
Web: www.bahrainbourse.com
Bahrain Bourse Mobile App:  



Scan QR code to view the online version of this annual report

Licensed by Central Bank of Bahrain as a licensed exchange

Overview

Resilient. Focused. Innovative.

Bahrain Bourse has taken various initiatives to adapt and continue its operations smoothly during the rise of the COVID-19 pandemic. To ensure the safety of investors, Bahrain Bourse announced the closure of its trading floor to the public as a preventative measure in March 2020.

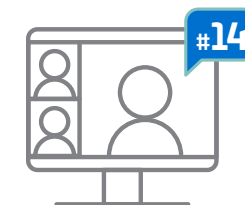
Further, to ensure the safety of BHB's employees, a fast turnaround has taken place to implement a swift transition to 'Working From Home' to go in line with the Government's efforts to ensure the safety of the employees as well as smooth and uninterrupted business operations, which comes as a testament to our business resiliency.

COVID-19 Impact on the Business Environment

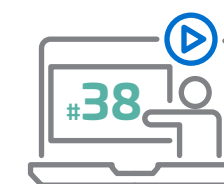
Employees Working from Home



Number of Virtual AGMs



Hybrid Events and Awareness Workshops



Workshops Attendees



About Bahrain Bourse

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

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

Our history extends back to 1987, which marked the establishment of “Bahrain Stock Exchange (BSE)”, the predecessor of “Bahrain Bourse (BHB)”. Since then, Bahrain Stock Exchange has achieved milestone successes, largely attributed

to the support of the Government of Kingdom of Bahrain and the collaboration provided by its stakeholders. In 2010, Bahrain Bourse was established in accordance with Law No. 60 for the year 2010 as a shareholding company to replace its predecessor Bahrain Stock Exchange. Bahrain Bourse is the sole entity in the Kingdom of Bahrain licensed by the Central Bank of Bahrain to act as a licensed exchange.

Bahrain Clear, a fully-owned subsidiary of Bahrain Bourse, was established in June 2017 as a clearing house with a disclosed capital of BD5 million, and a paid up capital of BD1 million. Bahrain Clear is licensed by the Central Bank of Bahrain and offers pre and post trade services to investors as well as a range of services including transactions

depository, clearing, settlement, central registry and registration.

Since its establishment, BHB has joined several regional and international organizations such as Arab Federation of 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.



About Bahrain Bourse (continued)

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



2020 Highlights

Market Capitalization
(BD Billion)

BD 9.28

2020	9.28
2019	10.13
2018	8.19
2017	8.14
2016	7.24

Bahrain All Share Index
(Points)

1,489.78

2020	1,489.78
2019	1,610.18
2018	1,337.26
2017	1,331.71
2016	1,220.45

Market Performance
(Index)

Boursa Kuwait	(11.70%)
Dubai Financial Market	(9.90%)
Muscat Securities Market	(8.10%)
Bahrain Bourse	(7.50%)
Abu Dhabi Securities Market	(0.60%)
MSCI GCC Countries Index	0.05%
Qatar Stock Exchange	0.10%
MSCI Frontier Markets Index	1.65%
S&P GCC Composite Index	2.06%
Tadawul	3.60%

2020 Highlights
(continued)

Bahrain Islamic Index
(Points)

650.19

2020	650.19
2019	760.04
2018	823.10
2017	1,089.28
2016	909.81

Value of Shares Traded
(BD)

BD 212,799,606

2020	212,799,606
2019	286,406,086
2018	323,832,788
2017	211,338,670
2016	124,453,992

Average Daily Traded Value
(BD)

BD 865,039

2020	865,039
2019	1,164,252
2018	1,316,393
2017	859,100
2016	507,975

Number of Transactions

19,309

2020	19,309
2019	25,052
2018	19,225
2017	19,440
2016	10,592

Volume of Shares Traded

1,209,306,129

2020	1,209,306,129
2019	1,157,308,173
2018	1,441,081,638
2017	1,129,826,742
2016	734,391,937

Average Daily Traded Volume

4,915,879

2020	4,915,879
2019	4,704,505
2018	5,858,055
2017	4,592,792
2016	2,997,518

Key Achievements

January	February	March
<ul style="list-style-type: none">Bahrain Bourse Adopts its New Listing RulesBahrain Bourse Promotes Integration of Environmental, Social, and Governance Best PracticesBahrain Bourse Joins TawasulBahrain Bourse holds Bahrain Investment Market Workshop for Bahrain Award for Entrepreneurship Winners	<ul style="list-style-type: none">Bahrain Bourse Issues a Resolution to List Treasury Bill and Short-Term Islamic Lease (Ijarah) Sukuk IssuesBahrain Bourse Enhances Corporate Actions TimelineBahrain Bourse Holds Workshop on Key Investor Relations Themes in 2020 under MEIRA Bahrain Chapter	<ul style="list-style-type: none">Bahrain Bourse Holds Bahrain Investment Market Workshop for Kuwait-Based Scale-upsBahrain Bourse Hosts Bell Ringing Ceremony for the 2nd Consecutive Year as part of its Commitment towards UN's Sustainable Stock Exchanges InitiativeBahrain Clear Announces Offering of Virtual AGM Management Service for Listed Companies
April	May	June
<ul style="list-style-type: none">Bahrain Clear Appointed as Paying Agent to Undertake Cash Dividend DistributionCommencement of Subscription in the 20th Issue of the Government Development Bond through Bahrain Bourse	<ul style="list-style-type: none">Bahrain Bourse Lists BD300 Million Government Development Bond – 20th IssueBahrain Bourse Establishes ‘Amanat’ Investor Protection Funds ProgramFAB and Bahrain Clear Sign a Depository Agent (Custodian) AgreementBahrain Bourse and BIBF Hold the Monthly Investments and Saving Seminar RemotelyBahrain Bourse in Cooperation with MEIRA Hold a Webinar on the Importance of Investor Communication during COVID-19Bahrain Clear Launches Skiplino Queue Management SystemBahrain Bourse Launches Murabaha Service	<ul style="list-style-type: none">Bahrain Bourse Announces Top Finalists for the 2019-2020 TradeQuest Program during a Virtual CeremonyBahrain Bourse Issues Environmental, Social and Governance (ESG) Voluntary Reporting Guideline for Listed Companies

Key Achievements
(continued)

July	August	September
<ul style="list-style-type: none">Bahrain Bourse Holds Virtual RoadshowCommencement of Subscription in the 26th Issue of the Government Islamic Leasing (Ijarah) Sukuk through Bahrain BourseBahrain Clear Representative Elected as President of AMEDACommencement of Subscription in the 21st Issue of the Government Development Bond through Bahrain BourseBahrain Bourse Lists BD150 Million Government Islamic Leasing (Ijarah) Sukuk – 26th IssueBahrain Bourse Holds a Webinar on the Importance of ESG Reporting	<ul style="list-style-type: none">Bahrain Bourse Lists BD150 Million Government Development Bond – 21st IssueBahrain Chamber and Bahrain Bourse Organize an E-Majlis Webinar Shedding the light on Key Services and Benefits for Investors	<ul style="list-style-type: none">Bahrain Bourse Adopts New Procedures for Listed Companies with Accumulated Losses
October	November	December
<ul style="list-style-type: none">Bahrain Bourse Participates in IOSCO's 2020 World Investor Week to Promote Investor EducationBahrain Bourse Achieves Excellence in Customer Service Award via the National Suggestions & Complaints System ‘Tawasul’Ahli United Bank Launches Bahrain Trade under its AUB Trader PlatformBahrain Bourse Adopts Women Empowerment & “Working From Home” Initiatives	<ul style="list-style-type: none">Bahrain Bourse in Cooperation with MEIRA Hold a Meeting for MEIRA Chapter MembersBahrain Bourse Elected by the Consensus as Members of the Arab Federation of Exchanges Board of DirectorsBahrain Bourse and the Supreme Council for Environment Sign an MoU	<ul style="list-style-type: none">Bahrain Bourse and Israel Diamond Exchange Sign an MoUBahrain Bourse Representative Appointed as Board Member in the Hope FundBahrain Bourse Joins Middle East Investor Relations Association (‘MEIRA’) Board of DirectorsBahrain Bourse Concludes its Participation as a Partner in the 3rd Virtual GCC E-Payments & Online Banking SummitBahrain Bourse and Bahrain Clear Honor Long Serving Employees

Chairman's Statement

“Operational resiliency at Bahrain Bourse ensured the achievement of multiple forefronts on the legislative and technical aspects to ensure the implementation of BHB’s strategy that aims at positioning BHB as a dominant regional hub for alternative asset classes.”

Abdulkareem Ahmed Bucheery
Chairman of Bahrain Bourse and
Bahrain Clear



The year 2020 witnessed the establishment of the Amanat Investor Protection Funds Program. The program was launched to ensure investor protection, management and administration of cash dividend distribution for all listed companies.

The year 2020 was a year of unprecedented challenges and changes due to the COVID-19 pandemic. The COVID-19 triggered the global closures of businesses and lockdowns, impacted oil prices, and affected the volatility of financial markets worldwide. The steadfast commitment of the management team of Bahrain Bourse (BHB) has been able to convert challenges into achievements despite the adverse market conditions. Operational resiliency at Bahrain Bourse ensured the achievement of multiple forefronts on the legislative and technical aspects to ensure the implementation of BHB’s strategy that aims at positioning BHB as a dominant regional hub for alternative asset classes.

Legislative Achievements

In terms of legislative developments, Bahrain Bourse began the year 2020 by adopting its new listing rules. The roll-out of the new listing rules comes in line with BHB’s ongoing efforts to contribute to the development of the equities market by offering a more attractive and flexible platform for both investors and issuers which will in return boost liquidity in the market. The listing rules included enhancing the corporate actions timeline, and the implementation of new procedures related to listed companies with accumulated losses of 20% and above of its share capital.

The year 2020 witnessed the establishment of the Amanat Investor Protection Funds Program. The program was launched to ensure investor protection, management and administration of cash dividend distribution for all listed companies. The roll-out of the program is part of BHB’s strategic plans to ensure an up-to-date and comprehensive register for investors to enable swift cash dividends in the future.

As part of Bahrain Bourse’s ongoing efforts to develop the capital market in the Kingdom of Bahrain, and following the adoption of the new listing rules, BHB introduced amendments to the corporate action timeline to provide further flexibility for shareholders to conduct their trading transactions post the recommendation of declaration of dividends announced during the General Meeting date.

Within the same context, Bahrain Bourse adopted new procedures for listed companies with accumulated losses of 20% and above of its share capital. The new procedures aim to promote fairness and enhance transparency in the market to protect and assist investors and others in taking well-informed investment and trading decisions.

Innovative Services

Bahrain Bourse in collaboration with the Central Bank of Bahrain (CBB) has introduced the Murabaha service this year for banks and corporates to go in line with BHB’s strategic goal of “Cultivating Capital Raising & Investment Opportunities”. With the launch of the service by eight financial institutions, the service aims to meet the growing needs of interbank, corporate and retail clients, which supports Bahrain Bourse’s efforts to expand and diversify its provided services and cater to various market segments through a new and unique line of service.

In addition, Bahrain Clear (Bahrain Bourse’s fully-owned subsidiary) rolled-out its Virtual AGM Management Service to listed companies within its efforts to enhance its post-trade services and going line with the precautionary measures taken to fully support investors, issuers, and all related stakeholders during the COVID-19 pandemic. Bahrain Clear also offered the Skiplino service as

part of Bahrain Clear’s efforts towards digital transformation. The Skiplino service provides an alternative channel for serving investors which aims at enhancing efficiency and increasing the accessibility of Bahrain Clear’s services to investors.

Work is currently under way in collaboration with Bahrain Clear to establish and ensure readiness of the infrastructure of Bahrain’s Private Market for closed shareholding companies. The market will offer a suite of new and unique services to closed companies. The project has reached its final phases, and we look forward to the launch upon completion of all regulatory requirements.

In line with Bahrain Bourse’s strategy to cultivate operational efficiency, BHB was included under AUB’s Trader to complement Bahrain Bourse’s expansion strategy for Bahrain Trade’s network, and aims to encourage active retail participation and increase its accessibility through various online trading platforms.

Expanding Regional & Global Outreach

Bahrain Bourse continued its efforts to attract international investments in 2020 by holding a virtual roadshow in collaboration with HSBC with participation from a number of regional and international financial institutions and investment banks. The roadshow showcased Bahrain Bourse’s market developments and plans in the pipeline.

Bahrain Bourse also signed a Memorandum of Understanding (MoU) with Israel Diamond Exchange (IDE) to explore areas of mutual interest and joint cooperation between the two exchanges, hoping that this MoU will help explore joint initiatives that will create efficient commercial opportunities between the Kingdom of Bahrain and State of Israel.

Chairman’s statement
(continued)

This year, Bahrain Bourse achieved “Excellence in Customer Service Award” via the National Suggestions & Complaints System ‘Tawasul’, for its exceptional performance and efficient response via ‘Tawasul’. The award recognizes BHB’s efforts to ensure open communication channels with all capital market stakeholders, which further enhances the transparency and fairness in the Bourse and helps meet the needs of all stakeholders.

Furthermore, Bahrain Clear signed a Depository Agent (Custodian) Agreement with First Abu Dhabi Bank (FAB) to offer custody services to regional and international investors. The agreement is in line with Bahrain Clear’s efforts to enhance post-trade services and expand outreach to regional and global investors.

Enhancing Market Literacy & Investment Awareness

Despite the challenges of conducting programs during 2020, Bahrain Bourse continued most of its awareness and financial literacy programs in a virtual manner. BHB kicked-off the 3rd edition of the Smart Investor Program, and continued conducting the Investment and Saving Sessions in collaboration with Bahrain Institute of Banking & Finance (BIBF). BHB also took part in IOSCO’s 2020 World Investor Week (WIW) for the 3rd consecutive year to demonstrate its ongoing commitment towards enhancing market literacy and investor awareness in collaboration with local, regional, and international organizations. As part of its participation in the WIW, Bahrain Bourse virtually rang the market-opening bell for financial literacy to join over 35 other global exchanges to mark the occasion

over a week of bell-ringing activities, and demonstrate its ongoing commitment towards enhancing market literacy and investor awareness in collaboration with local, regional, and international organizations.

During the year, Bahrain Bourse joined the Middle East Investor Relations Association (‘MEIRA’) Board of Directors. This milestone has been achieved following BHB’s efforts to promote and develop best practices in Investor Relations (IR) and enhance transparency across the Kingdom’s capital market.

ESG

As part of Bahrain Bourse’s efforts to promote sustainability and transparency in Bahrain’s capital market, BHB issued its Environmental Social & Governance (ESG) voluntary reporting guidelines for listed companies. The guidelines aim to encourage and assist listed companies in disclosing ESG information that investors can utilize to make informed and responsible investment decisions. The issuance of the guidelines also demonstrates BHB’s formal commitment as a Partner Exchange Member of the Sustainable Stock Exchanges (SSE) initiative and a member of the World Federation of Exchanges to drive sustainability in the capital market of the Kingdom of Bahrain. Bahrain Bourse also signed an MoU with the Supreme Council for Environment to encourage listed companies to comply with the environmental rules and requirements and to disclose information related to environmental compliance in its issued reports.

Awards

This year, Bahrain Bourse achieved “Excellence in Customer Service Award” via the National Suggestions & Complaints System ‘Tawasul’, for its exceptional performance and efficient response via ‘Tawasul’. The award recognizes BHB’s efforts to ensure open communication channels with all capital market stakeholders, which further enhances the transparency and fairness in the Bourse and helps meet the needs of all stakeholders.



Financials

Looking into Bahrain Bourse’s financial performance in 2020, BHB achieved an operating revenue of BD 3,038,940 (including the operating income, interest income, and the Government’s financial support to Bahrain Clear’s employees due to the COVID-19) pandemic compared to BD 2,868,145 in 2019 (after excluding BD 418,520 for one of non-recurring revenue items), reporting an increase of approximately 6%. The total operating expenses decreased slightly from BD 3,782,196 in 2019 to BD 3,621,214 during 2020. The deficit also declined by to BD 582,274 in 2020 compared to BD 914,051 in 2019.

Chairman’s statement
(continued)

Despite the challenges of conducting programs during 2020, Bahrain Bourse continued most of its awareness and financial literacy programs in a virtual manner.

Acknowledgements

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

I would also like to take this opportunity to pay tribute to the late Royal Highness Prince Khalifa bin Salman Al-Khalifa who played a dominant role in supporting the development of the capital markets sector in the Kingdom of Bahrain to be in line with other regional and international markets.

I would like to extend my gratitude to 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 would also like to thank the Chairman and Board Members of the Central Bank of Bahrain (CBB), and the Governor of the CBB H.E. Rasheed Mohammed Al-Maraj and all CBB employees for their ongoing support to Bahrain Bourse. I would also like to thank the Board of Directors, whose term has ended this year, for the efforts they have put to develop the Bourse during their tenure.

I would like to extend my thanks and gratitude to our issuers, investors, and members and custodians, and stakeholders for their continued support and confidence as we look forward to another year of key milestones achieved in the coming year. Most importantly, I thank the talented team of professionals behind Bahrain Clear and Bahrain Bourse, whom have shown strong resilience and adaptability during this exceptional year.

Abdulkarim Ahmed Bucheery
Chairman of Bahrain Bourse and Bahrain Clear

CEO's Statement

A significant milestone took place during 2020 on the legislative front in which BHB adopted its new Listing Rules. The new listing rules aim to clarify the regulatory and organizational framework governing all operational aspects of Bahrain Bourse, particularly future listings.

Khalifa bin Ebrahim Al-Khalifa
Chief Executive Officer (Bahrain Bourse)
Vice Chairman and Managing Director (Bahrain Clear)



Value of Bond/Sukuk listings
in 2020

BD 575 M

Value of T-bills listings
in 2020

BD 4.8 M

The disruptions triggered by the COVID-19 pandemic during 2020 have undoubtedly impacted various sectors and affected the global economy and financial markets at an unprecedented level. While the key global equity market indices closed the year with high gains mainly triggered by vaccine announcement and roll-out plans, the GCC equity market indices underperformed their global peers and the majority ended 2020 on a negative note mainly led by the impact of the COVID-19 pandemic and the decline in crude oil prices. The S&P GCC Composite Index ended the year with a decline of 1.72% while the MSCI Frontier Markets Index increased slightly by 1.65%.

Bahrain Bourse's Market Performance

Bahrain Bourse (BHB) was not an exception to the overall negative performance of GCC equity markets during 2020, where Bahrain All Share Index ended the year at 1,489.78 points with a decline of 7.48% compared to 1,610.18 points in 2019. Similarly, Bahrain Islamic Index ended the year at 650.19 points compared to 760.04 points, decreasing by 14.45% compared to its closing in 2019. The value of shares traded stood at BD 212.80 million compared to BD 286.41 million in 2019, decreasing by 25.70% YoY, whereas the volume of shares traded stood at 1.157 billion shares compared to 1.209 billion shares, increasing by 4.49% YoY. The number of transactions declined by 6.77% YoY, from 20,712 transactions in 2019 to 19,309 transactions in 2020.

Business Agility during Covid-19

Despite the negative indicators in Bahrain Bourse's overall trading performance, BHB was able to navigate the year and implement its planned projects successfully. BHB has taken various

initiatives to adapt and continue its operations smoothly during the rise of the COVID-19 pandemic. To ensure the safety of investors, Bahrain Bourse announced the closure of its trading floor to the public as a preventative measure in March 2020. Further, to ensure the safety of BHB's employees, a fast turnaround has taken place to implement a swift transition to 'Working From Home' to go in line with the Government's efforts to ensure the safety of the employees as well as smooth and uninterrupted business operations, which comes as a testament to our business resiliency. Moving forward past the pandemic, BHB also introduced women empowerment & "Working From Home" initiatives with the aim of improving the working environment to foster a healthy work-life balance for employees across the organization.

Murabaha Launch

During the year, Bahrain Bourse in cooperation with the Central Bank of Bahrain (CBB) launched the sukuk-based Murabaha service to banks and corporates which is provided through the utilization of Sharia'a-compliant Ijara Sukuk, as the underlying asset for all the Murabaha transactions. The launch of the service goes in line with BHB's efforts to enhance the diversification of its services by providing new Shariah-compliant financing solutions and alternative investment options to meet the requirements of a broader range of institutional and individual investors. Since the launch of the Murabaha service, a total of eight banks initiated roll-out of the Murabaha services to its underlying client base which includes: Al Baraka Banking Group, Al Baraka Islamic Bank, NBB, Bahrain Islamic Bank, Al Salam Bank-Bahrain, Khaleeji Commercial Bank, National Bank of Kuwait, and SICO.

Legislative Achievements

A significant milestone took place during 2020 on the legislative front in which BHB adopted its new listing rules. The new listing rules aim to clarify the regulatory and organizational framework governing all operational aspects of Bahrain Bourse, particularly future listings. Within the new listing rules, BHB made amendments to the corporate actions timeline to provide shareholders with additional timeframe and flexibility in conducting their trading transactions. In addition, Bahrain Bourse implemented new procedures related to listed companies with accumulated losses of 20% and above of its share capital based on the financial results of the third quarter 2020. The procedures are intended to protect and assist investors in conducting well-informed investment decisions.

Bahrain Clear's Achievements

The year 2020 witnessed another remarkable achievement by establishment of the 'Amanat' Investor Protection Funds Program. The 'Amanat' Investor Protection Funds Program has been established as part of BHB's continuous efforts to develop the capital market infrastructure and ensure market transparency and investor protection. In addition, Bahrain Clear (Bahrain Bourse's fully-owned subsidiary), was appointed as paying agent to undertake cash dividend distribution with the aim of facilitating cash distribution and making the payment process more efficient through direct deposit into shareholders' bank accounts. Bahrain Clear also welcomed on board First Abu Dhabi Bank as a custodian going in line with its efforts to enhance post-trade services and expand outreach to regional and global investors.

CEO's statement
(continued)

“ To demonstrate its ongoing commitment towards enhancing market literacy and investor awareness, Bahrain Bourse participated in IOSCO's 2020 World Investor Week for the third consecutive year to raise awareness on the importance of financial literacy extended to various target groups.”

Within its efforts to adapt to the COVID-19 pandemic, Bahrain Clear started offering virtual AGM Management Service to listed companies that enhanced participation in AGMs and encouraged listed companies to utilize the latest technology for conducting AGMs . Bahrain Bourse also offered the Skiplino Queue Management System allowing investors to pre-book online appointments via smart phones.

International Partnerships & Global Outreach

As part of its efforts to attract international investments, Bahrain Bourse in collaboration with HSBC held a virtual roadshow with the participation of a number of regional and international financial institutions and investment banks. The roadshow seeks to build on last year's roadshow, where Bahrain Bourse engaged during the year with regional and international financial institutions and investment banks and showcased BHB's recent market developments and plans in the pipeline.

On the international level, Bahrain Bourse signed an MoU with Israel Diamond Exchange to explore areas of mutual interest and joint cooperation between the two exchanges, and develop channels of communication and foster the relationship between Bahrain Bourse and Israel Diamond Exchange.

Bahrain Trade

Bahrain Bourse continued its efforts to expand Bahrain Trade's network during 2020, in which Ahli United Bank launched Bahrain Trade under its AUB Trader Platform to further encourage active retail participation and increase its accessibility through various online trading platforms.

Financial Literacy

To ensure continuity to its awareness programs, Bahrain Bourse continued conducting the monthly saving and investment sessions in its virtual format in cooperation with Bahrain Institute of Banking & Finance (BIBF) to ensure higher reach out. More than 450 beneficiaries attended the sessions that were offered at three levels to address the different needs and expectations of different categories: beginners, intermediate, and advanced. BHB also kicked off a digital version of the Smart Investor Program. To demonstrate its ongoing commitment towards enhancing market literacy and investor awareness, Bahrain Bourse participated in IOSCO's 2020 World Investor Week for the third consecutive year to raise awareness on the importance of financial literacy extended to various target groups. Bahrain Bourse also concluded the TradeQuest Program by announcing the winners in a virtual ceremony to ensure the safety of all participants.

ESG

Bahrain Bourse advanced its efforts to promote sustainability and transparency in Bahrain's capital market in 2020 by issuing its Environmental, Social & Governance (ESG) voluntary reporting guidelines for listed companies. The guidelines aim to increase awareness and understanding of the importance and benefits of ESG reporting and assist listed companies to address ESG issues in their reporting to meet the requirements of institutional investors for material ESG information. Since the launch of the guidelines, Bahrain Bourse has seen a higher number of uptake from listed companies to embrace ESG disclosure as part of their investor engagement. Within the same context, Bahrain Bourse

signed an MoU with the Supreme Council for Environment to encourage listed companies to comply with the environmental rules and requirements and to disclose information related to environmental compliance in its issued reports. In addition, Bahrain Bourse has taken a step forward towards the implementation of its ESG strategy by adopting women empowerment and "Working from Home" initiatives aimed at promoting and empowering employees across the organization, particularly female employees at BHB.

Memberships

Bahrain Bourse has been keen to participate actively in international activities of federations and associations related to the capital market. As a result, BHB has been elected by the consensus of the members, in addition to Tadawul, as members of the Arab Federation of Exchange's Board of Directors to represent the Arab Gulf Region. Bahrain Clear has been also elected to preside the Africa and Middle East Depositories Association (AMEDA). This, in return, enhances the confidence of various parties related to the capital market and supports Bahrain Bourse's role to develop the capital market sector locally and regionally.

Following the launch of the Middle East Investor Relations Association (MEIRA) Chapter in Bahrain last year, Bahrain Bourse joined the association's Board of Directors to support its efforts to promote and develop best practices in Investor Relations (IR) and enhance transparency across the Kingdom's capital market.

Awards

Furthermore, Bahrain Bourse was recognized for achieving "Excellence in Customer Service Award" via the National Suggestions & Complaints System 'Tawasul', for its exceptional performance and efficient response via Tawasul. This recognition under the patronage of His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, awarded the top twenty performing government entities within the National Suggestion & Complaint

CEO's statement
(continued)



System 'Tawasul' in 2020 through a virtual awarding ceremony. Bahrain Bourse joined Tawasul in January 2020, and through consistent and efficient performance, was able to attain the award for the first time since joining 'Tawasul', which comes as a testament to the Bourse's solid framework and response time turnaround in resolving complaints.

Listings

On the fixed income side, there were three bond/sukuk listings in 2020 with a total value of BD 575 million, compared to two listings with a value of BD 2.68 billion in 2019. BHB also recorded 77 T-bills listings in 2020 with a total value of BD 4.80 billion, compared to 76 new T-bills with a total value of BD 2.27 billion in 2019.

Gender Equality

On the administrative front, Bahrain Bourse adopted a unique initiative this year as part of its efforts in promoting gender equality. The initiative aims to foster a healthy work-life balance for female employees within the organization through adopting flexible "Working From Home" measures. BHB also hosted at the beginning of the year a "Ring the Bell for Gender Equality" event for the 2nd consecutive year as part of its commitment towards UN's Sustainable Stock Exchanges Initiative.

Financials

As for the financial performance of Bahrain Bourse in 2020, BHB reported an operating income of BD 2,635,027 in comparison to BD 2,701,719 during 2019 (after excluding one of the non-recurring revenue items), posting a decline of approximately 2.5%. The total operating expenses also decreased slightly from BD 3,782,196 in 2019 to BD 3,621,214 in 2020. BHB recorded a deficit of BD 587,976 in 2020 compared to BD 498,393 in 2019.

With the advent of 2021, Bahrain Bourse remains confident in its strategic plan and proven ability to continue delivering solid results in more volatile times. BHB looks forward to bolster its global and regional linkages, and broaden its products and services portfolio to provide an even better strategic fit for a diverse and growing investor base. With the continued support of all stakeholders and especially the Central Bank of Bahrain, Bahrain Bourse is confident that it will realize its vision: A regional multi-asset class marketplace leader.

Acknowledgments

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

I would also like to take this opportunity to pay tribute to the late Royal Highness Prince Khalifa bin Salman Al-Khalifa who played a dominant role in the development of the financial sector in the Kingdom of Bahrain.

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 oversight and guidance. I would also like to express my gratitude to the integral role played by the previous Board of Directors during their tenure from 6th February 2011 to 13th June 2020 in developing the Bourse and their support and contribution towards its success during their tenure.

Bahrain Bourse's achievements would not have been possible without the continuous dedication and commitment of its team in maintaining streamlined and efficient operations throughout this challenging and volatile year for the global economy. The steadfast commitment of the team ensured a safe 'Working from Home' transition to ensure everyone's safety as well as seamless and secure connectivity to all team members to ensure operational resilience.

I would also like to extend my thanks to all stakeholders including brokers, listed companies, custodians, investors, 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



Ali Yousif Fardan *
Vice Chairman

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



Hassan Amin Jarrar #
Member

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



Yaser Abduljalil Alsharifi #
Member

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

Board of Directors
(continued)



Deena Ebrahim Al-Ansari * # ✓
Member

Independent & Non-Executive Director
Joined the Board of Directors on
27th December 2016
Member of the Executive Committee and
Nomination, Remuneration, & Corporate
Governance Committee until 13th June 2020.
Member of the Audit & Risks Committee from
14th June 2020



Abdulrahman Hamid Al-Zayani ✓
Member

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



Saleh Hasan Husain ✓
Member

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



Narjes Mohamed Alqaseer *
Member

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



Matthew John Deakin *
Member

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

* Member of the Executive Committee.
Member of the Audit & Risks Committee.
✓ Member of the Nomination, Remuneration, and Corporate
Governance Committee.

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
Chief Risk and Compliance Officer



Hani Husain Al Mandeel
Senior Director of External Relations

Management Team (continued)



Abdulla Mohamed Janahi
Director of Trading Operations



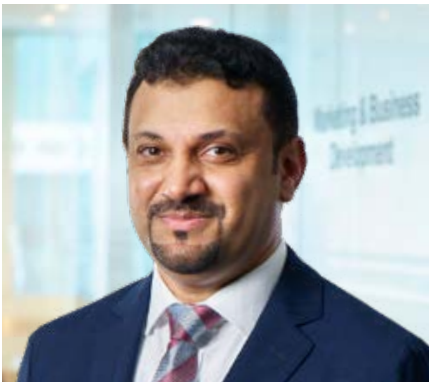
Shaikha Sameer AlZayani
Director of Listing & Disclosure



Marwa Faisal Al-Maskati
Director of Marketing & Business
Development



Hamad Abulfath Hasan
Director of Administration Affairs & HR



Hussain Abdulmohsen Aljamri
Acting /Assistant Director of Information
Technology

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.

Strategic Review

Bahrain Bourse’s Strategy

Bahrain Bourse’s vision, mission, and strategy are closely aligned with Bahrain’s Economic Vision 2030 overarching guiding principles: sustainability, competitiveness, and fairness. Our continuous strategic efforts are focused on achieving Bahrain Bourse’s vision to become ‘A regional multi-asset class marketplace leader’. Bahrain Bourse’s five-year strategy, spans across five key strategic goals covering: intensifying regional & global outreach, cultivating capital raising & investment opportunities, enhancing market literacy & investor awareness, cultivating operational efficiency, and developing organizational talent. Throughout 2020,

Bahrain Bourse continued to conduct its business operations in accordance with its strategic roadmap. Looking back over a period of five years, we have successfully navigated through our strategic plan and achieved several milestones, all of which aim to position Bahrain Bourse in a dominant role regionally in alternative asset classes. The achievements to date aim to pave way for further successes in the next strategic plan. Underpinning our strategy is a commitment to our core values. The key strategic goals of 2015-2020 strategic plan are outlined below.



Intensifying Regional & Global Outreach

Virtual Roadshows

As part of Bahrain Bourse’s endeavors to intensify regional & global outreach and increase international investors’ inflow, a virtual roadshow was held in collaboration with HSBC, with participation from a number of regional and international financial institutions and investment banks. The event enabled Bahrain Bourse and Bahrain Clear to showcase key business development plans and proposed product roll-outs, including highlights on the enhancement of the Delivery vs Payment (DVP) Model 2 and enhanced Corporate Actions, ESG Guidelines, and the establishment of the Amanat Investor Protection Fund.

Board Seat Representations

We recognize the vital role of capital market-related associations and federations in setting standards and benchmarks across the capital market landscape, and therefore we have worked closely with our partners to secure board seat representations in key regional associations and federations including the Arab Federation of Exchanges (AFE), Africa & Middle East Depositories Association (AMEDA), Middle East Investor Relations Association (MEIRA), and the Hope Fund.

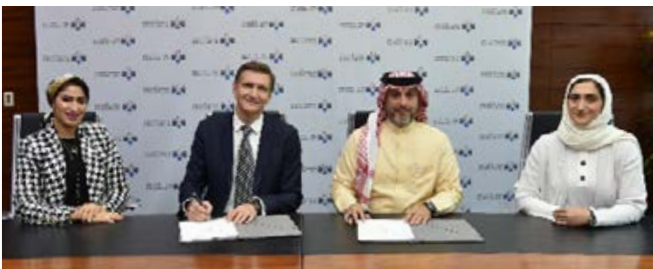


Strategic Review
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Intensifying Regional & Global Outreach (continued)

MOUs

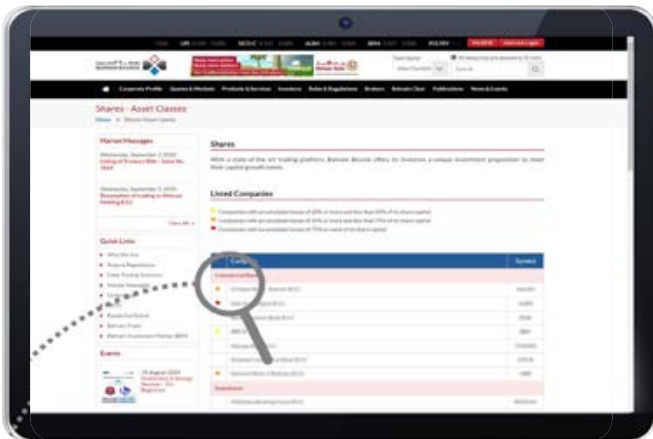
As we seek new boundaries and explore new opportunities, Bahrain Bourse signed MOUs with Supreme Council for Environment & Israel Diamond Exchange (IDE), and Sustainability Excellence. These MOUs aim to build stepping stones for both parties to share knowledge and expertise and align efforts to achieve our mutual objectives.



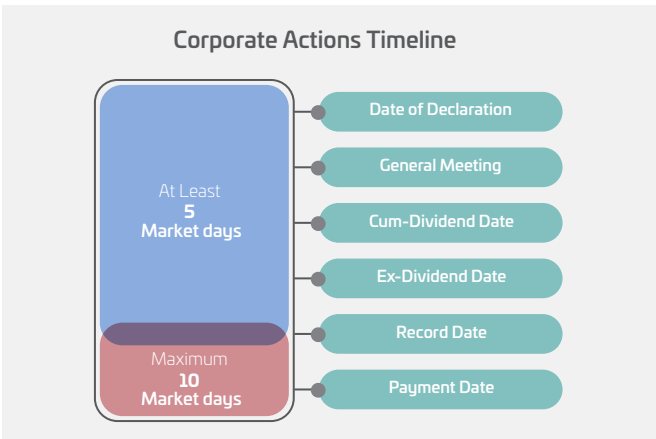
Cultivating Capital Raising & Investment Opportunities

Regulatory Framework Enhancements

A development that has crucial implications for the future is the new Listing Rules. The new Listing Rules aim to clarify the regulatory and organizational framework governing all operational aspects of Bahrain Bourse, particularly future listings. The new Listing Rules were introduced following feedback received from various market participants. The new Listing Rules aim to fast track future listings and attract a broader spectrum of asset classes. In addition, Bahrain Bourse also implemented amendments to the Corporate Actions Timeline and mechanism to provide specific timeframes in relation to recommendation of declaration of a dividend of listed companies (including bonus shares, if any), the rate and amount per share, the Record Date, the Cum-Dividend Date, the Ex-Dividend Date and the Payment Date. The amendments to the corporate action timeline aims to provide shareholders with additional timeframe and flexibility in conducting their trading transactions.



Furthermore, Bahrain Bourse also implemented in relation to listed companies with accumulated losses of 20% and above of its share capital based on the financial results of Q3 2020. The new procedures aim to classify and color-flag listed companies with accumulated losses, which aim to enable investors and other stakeholders to clearly identify the financial position of listed companies and make informed investment decisions. As per the new procedures, listed companies with accumulated losses have been classified into three categories upon disclosure of their respective financial results: the first category will include companies with losses between 20% and less than 50% of their share capital (yellow-flagged), the second category will include companies with losses of 50% up to 75% of their share capital (orange-flagged), and the third category will encompass companies with accumulated losses of 75% and above of its share capital (red-flagged).



Strategic Review
(continued)

Debt Listings

There were 3 bond/sukuk listings in 2020 with a total value of BD575 million, compared to 2 listings with a value of BD 2.68 billion in 2019. BHB also recorded 74 T-bills listings in 2020 with a total value of BD 635 million, compared to 76 new T-bills with a total value of BD 2.27 billion in 2019.

Murabaha – Broadening Product Portfolio

Building on our existing capital markets capabilities, extensive preparatory work was undertaken in 2019 to pave way for the roll-out of Murabaha service for banks and corporates in 2020, which is provided through the utilization of Sharia'a-compliant Ijara Sukuk as the underlying asset for all the Murabaha transactions. The roll-out of the Ijara Sukuk-based Murabaha aims to enhance product development and complement our existing asset classes offerings and address innovation within Islamic finance, which is expected to deepen Islamic debt market in the Kingdom. The service is set to attract further regional and international interest to help better address the shariah-compliant financing solutions on behalf of a growing range of businesses and individuals. Since its roll-out, Bahrain Bourse has on-boarded a total of eight financial institutions including:

- Al Baraka Banking Group (ABG)
- Al Baraka Islamic Bank BSC (c)
- Al Salam Bank-Bahrain
- Bahrain Islamic Bank (BISB)
- Khaleeji Commercial Bank
- National Bank of Bahrain (NBB)
- National Bank of Kuwait
- SICO BSC (c)

Bahrain Clear Services

As part of its ongoing post-trade services enhancement, Bahrain Clear has been appointed on behalf of issuers as Paying Agent to undertake cash dividend distribution. This initiative comes as part of Bahrain Clear's role to enhance capital markets infrastructure, with the overall aim of protecting clients' securities transactions, facilitating cash distribution and making the payment process more efficient through direct deposit into shareholders' bank accounts. Bahrain Clear continued to grow in scope during 2020 as it welcomed on board First Abu Dhabi Bank as a custodian to expand outreach to regional and global investors. Bahrain Clear also rolled out Skiplino, a cloud-based queue management system.

The year 2020 witnessed another remarkable achievement by establishing the 'Amanat' Investor Protection Funds Program to ensure investor protection and management and administration of cash dividend distribution for all listed companies. The 'Amanat' Investor Protection Funds Program has been established as part of BHB's continuous efforts to develop the capital market infrastructure and ensure market transparency and investor protection. Under 'Amanat', two independent funds have been established: 'Accumulated Cash Dividends Fund' (unclaimed for a period of 6 months), and the 'Annual Cash Dividends Fund', which aims to address the growing rate of unclaimed dividends

and ensure an adequate provision for the treatment of unclaimed dividends by delegating the asset management role of the funds to Bahrain Clear. As of 31st December 2020, a total of approximately BD 35 million of unclaimed dividends has been deposited into the Amanat Fund.

Further, within its efforts to adapt to the COVID-19 pandemic imposed restrictions, Bahrain Clear rolled-out offering of virtual AGM Management Service to listed companies aimed at facilitating accessibility to investors and enhanced participation in AGMs via virtual platforms.

Enhancing Market Literacy & Investor Awareness

Environment, Social, Governance Considerations

Our Environmental, Social, Governance (ESG) journey kicked off in February 2019, with Bahrain Bourse announcing its voluntary commitment to UN's Sustainable Stock Exchanges Initiative ('SSE'). In June 2020, Bahrain Bourse issued a voluntary ESG guideline for listed companies, which recommends a set of 32 KPIs aligned with international standards as recommended by World Federation of Exchanges and Sustainable Stock Exchanges Initiative. The voluntary reporting guide is also aligned with United Nations Sustainable Development Goals and Bahrain Vision 2030. According to the Sustainable Stock Exchanges Initiative, Bahrain Bourse's voluntary guideline ranked amongst top 12 global exchanges out of a total of 55 exchanges with ESG reporting guidelines capturing all the recommended sustainability international standards. Following the issuance of the guidance and webinars held, we have seen a significant increase in the number of listed companies embracing and reporting on ESG metrics.



"Bahrain Bourse Environment, Social, Governance (ESG) guideline"

Strategic Review
(continued)

Enhancing Market Literacy & Investor Awareness (continued)



As part of Bahrain Bourse’s commitment towards the Sustainable Stock Exchanges (SSE) initiative, Bahrain Bourse held a ‘Ring the Bell for Gender Equality’ event for the 2nd consecutive year to raise awareness on gender equality within capital markets to various stakeholders. The bell ringing ceremony aims to shed light on the importance of advancing gender equality through voluntary guidance documents, internal policies, training, mentoring, raising awareness, and educating market participants on gender equality and the role of gender diversity in enhancing business performance.

Financial Literacy

Financial literacy forms a key part of Bahrain Bourse’ 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 3rd edition of the program, in its electronic version, in collaboration with INJAZ

Bahrain. The Smart Investor program’s workshops will be delivered across 60 schools. Both Government and Private schools will be targeted with the support of educators and volunteers targeting 5000 students within Grade 4 elementary level throughout this academic year. In addition, it has been three 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. Throughout the year, the Investment Academy provided more than 276 training hours across 75 sessions benefitting more than 700 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’s participation in the World Investor Week initiated by the International Organization of Securities Commissions (IOSCO) and the World Federation of Exchanges



Strategic Review
(continued)

(WFE). As part of Bahrain Bourse’s participation in the World Investor Week, Bahrain Bourse virtually rang the market-opening bell for financial literacy to join over 35 other global exchanges to mark the occasion over a week of bell-ringing activities, to demonstrate its ongoing commitment towards enhancing market literacy and investor awareness in collaboration with local, regional, and international organizations. Despite the COVID-19 pandemic and given the restrictions imposed on events, Bahrain Bourse’s activities focused on the production of educational content for its various programs, investor awareness content, and offered a focused virtual seminar session on the fundamentals of saving and investing open to the public.

Throughout the year, a total of 38 hybrid events and awareness workshops were organized with a total of 1557 attendees. Topics covered ranged from value proposition of Bahrain Investment Market, key Investor Relations themes and importance of investor communication during Covid-19 in collaboration with Middle East Investor Relations Association, and importance of ESG reporting.

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, joining of Tawasul portal, Skiplino Queue Management system, and launch of investor satisfaction survey.

Enabling Digital Transformation

Q3 2019 marked the kick-off of the digital transformation journey. The digital transformation team continued its efforts in identifying core processes that require automation and enhancement, focusing on streamlining internal and external processes to enhance the experience of all stakeholders.

Bahrain Trade

Building upon the efforts initiated in 2019, Bahrain Bourse announced the expansion of its Bahrain Trade network to include Ahli United Bank under its AUB Trader Platform to further encourage active retail participation and increase its accessibility through various online trading platforms.

Enriching the Customer Experience

As part of its ongoing efforts to enhance customer experience, Bahrain Bourse & Bahrain Clear launched a series of initiatives including an Investor Satisfaction Survey, Skiplino Queue Management System, and joining of ‘Tawasul’ the National Suggestions & Complaints System.

In line with Bahrain Clear’s efforts to adopt the latest financial technology in order to enhance its customer services, a cloud-based queue management system was launched in collaboration with Skiplino, allowing investors to pre-book online appointments via smart devices, which aims to provide convenience and reduce the queuing time.

Furthermore, Bahrain Bourse was recognized for achieving “Excellence in Customer Service Award” via the National Suggestions & Complaints System ‘Tawasul’, for its exceptional performance and efficient response via Tawasul. This recognition

under the patronage of His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, awarded the top twenty performing government entities within the National Suggestion & Complaint System ‘Tawasul’ in 2020 through a virtual awarding ceremony. Bahrain Bourse joined Tawasul in January 2020, and through consistent and efficient performance, was able to attain the award for the first time since joining ‘Tawasul’, which comes as a testament to the Bourse’s solid framework and response time turnaround in resolving complaints.



“Bahrain Bourse was recognized for achieving “Excellence in Customer Service Award” via the National Suggestions & Complaints System ‘Tawasul’, for its exceptional performance and efficient response via Tawasul”

Strategic Review
(continued)



Developing Organizational Talent

Creating a strong and diverse culture built around our values is a key enabler in our strategy. During this challenging year, the focus has been on delivering an enhanced HR procedures delivering increased benefits and flexibility, in order to ensure alignment of the policies with the staff’s development and contribution to Bahrain Bourse’s goals. The enhanced HR procedures aim to install a performance-based culture. Additionally, and as part of our annual practice, we have recognized long-standing employees of Bahrain Bourse & Bahrain Clear during a virtual Long-service Award Ceremony which was held to recognize the efforts of 25 employees whom have spent 5,10, 15, and 20 years in service respectively. Fair and equitable recognition schemes is important to keep our staff motivated and engaged.

Women’s economic empowerment is a key driver of sustainable development as well as a key corporate sustainability issue. Hence, as part of our sustainability activities, and as per recommendations presented by Bahrain Bourse ‘Gender Equality Committee’, Bahrain Bourse (BHB) adopted a number of women

empowerment & “Working From Home” initiatives to promote and empower employees across the organization, particularly female professionals in the workplace. The initiatives adopted aim to foster a healthy work-life balance for female professionals within the organization through adopting flexible “Working From Home” measures. The initiative aims to promote “Working from Home” targeted towards female employees within their 3rd trimester, flexibility of female employees to “Work from Home” for up to one year post-natal period, and a flexible “Working From Home” schedule for all other employees for a period of up to one month.

Creating a conducive working environment built around our core values is an integral aspect of our growth. Hence, to ensure employees’ constant engagement, satisfaction, commitment, and to maintain high levels of morale during the turbulent pandemic period, a limited number of social employee-catered events were held during the year, which included: Sports Day, Camping Day, International Women’s Day, Bahraini Women’s Day, and National Day.



Strategic Review
(continued)

BAHRAINI EMPLOYEES		WOMEN EMPLOYEES	
98.3%	100%	40.3%	41.1%
Bahrain Bourse	Bahrain Clear	Bahrain Bourse	Bahrain Clear

YOUTH EMPLOYEES (UNDER 30)		LEADERSHIP/DECISION-MAKING POSITIONS HELD BY WOMEN	
38.7%	35.2%	40%	0%
Bahrain Bourse	Bahrain Clear	Bahrain Bourse	Bahrain Clear

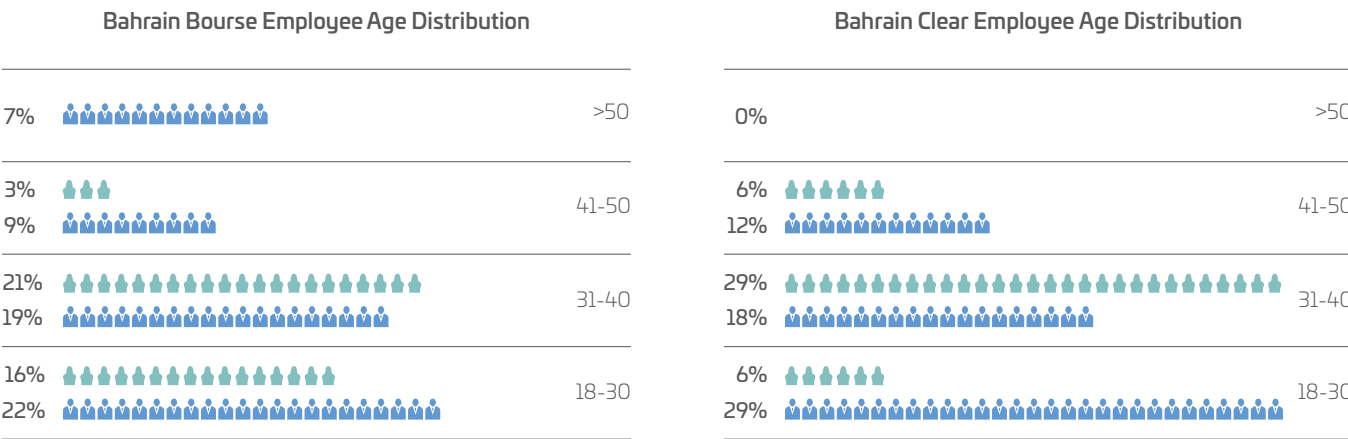
WOMEN BETWEEN THE AGES OF 20 AND 30		TRAINING PROGRAMS ATTENDED BY EMPLOYEES	
40%	14.2%	25	
Bahrain Bourse	Bahrain Clear		

The employee number by company is shown below:

Total number of employees	Bahrain Bourse	Bahrain Clear
79	62	17

Number of female employees	Bahrain Bourse	Bahrain Clear
32	25	7

The above statistics demonstrate the emphasis placed on recruiting youth with 38.7% of BHB’s employees being below 30 years of age, and 35.2% of Bahrain Clear’s employees are from the same age group.



Sustainability at Bahrain Bourse

In 2020, BHB formulated its ESG Strategy. This involved the introduction of strategic goals that focus on key elements associated with the BHB’s move towards sustainability.

Our strategic goals and action plan defines the ambitions for BHB to accomplish its ESG endeavour, supported by short- and medium-term actions.


Sustainability at Bahrain Bourse

OUR ESG JOURNEY

Capital markets play a pivotal role in shaping the future of the global economy. At BHB, we value the importance of incorporating Environmental, Social, and Governance (ESG) factors into our day-to-day business operations, to achieve sustainable growth and meet stakeholder expectations. Currently the Kingdom of Bahrain (Bahrain) ranks 76 in the UN Sustainable Development Goals (SDGs) Global Ranking and one of the top two countries in the GCC.


This ESG insert is aligned with United Nations Sustainable Development Goals (UN SDGs) and provides BHB’s updates and achievements across ESG aspects covering the year 2020. We believe that good corporate ESG practices are fundamental to our continued success and the delivery of enhanced business performance.

2020 Key Market Statistical Data




5% female board representation across listed companies

5%




4.65% female CEOs across listed companies

4.65%




Value of Shares traded by female investors amounted to BHD 208 million

BHD 208m



28.08% of female investors across the capital market

28.08%



14 listed companies reporting on ESG consist of 33% from the total listed companies and covering 77.68% from the weight from total market capitalisation

33%

2020 ESG Highlights

- January 2020**

BHB joined the National Suggestions & Complaints System ‘Tawasul’, in line with its efforts to further enhance its communication with key stakeholders.

BHB conducted an IR event, which the concept of ESG reporting was presented to all listed companies followed by 1-to-1 engagement sessions with key market players.
- May 2020**

Bahrain Clear launched a Skiplino Queue Management System, allowing investors to pre-book online appointments via smart phones.
- June 2020**

BHB issued an ESG Voluntary Reporting Guideline for listed companies.
- June 2020**

Bahrain Bourse presented its ESG Voluntary Reporting Guideline in the Directors Development Programme for Women (DDPW) webinar.
- July 2020**

BHB provided ESG updates and key developments areas pertaining to Sustainability in it virtual Roadshow Programme for international clients.

BHB achieved excellence in Customer Service Award via ‘Tawasul’.
- October 2020**

BHB adopted women empowerment and “working from home” initiatives to promote and empower employees across the organisation, particularly female professionals in the workplace.

BHB signed a Memorandum of Understanding (MoU) with the Supreme Council for Environment (SCE) to enhance areas of cooperation related to environmental conservation and protection.
- November 2020**

BHB was elected by the Arab Federation of Exchanges (AFE) to be a member of the federation’s board of directors, representing the Gulf region.
- December 2020**

BHB rolled out its Investor Satisfaction Survey, with the aim of seeking investors’ feedback and evaluation on products and services, to enhance the level of investor-related services.

Sustainability at Bahrain Bourse
(continued)

ESG AT BHB

BHB ESG Strategy

In 2020, BHB formulated its ESG Strategy. This involved the introduction of strategic goals that focus on key elements associated with the BHB’s move towards sustainability. Our ESG strategy’s key themes include:

Promote collaboration and dialogue between companies, and investors

Promote market education and sustainability/ESG disclosure

Promote internal capacity of the exchange in meeting the SSE initiative requirements

Promote the development of sustainable financial products such as ESG indices

Promote digital innovation through ESG data dissemination

Our strategic goals and action plan defines the ambitions for BHB to accomplish its ESG endeavour, supported by short- and medium-term actions.

BHB ESG Initiatives

This year, we signed an MoU with Sustainability Excellence which aims to deploy ESG-related initiatives that promote sustainability values and practices among BHB’s listed companies and investors. Sustainability Excellence delivered keynotes on sustainability and ESG implementation in 2020 in accordance with our commitment to ESG and our sustainability approach which is aligned with the UN SDGs. Together with Sustainability Excellence, we conducted a series of engagement sessions and workshops with listed companies to encourage dialogue between investors and listed companies on key ESG issues and developed a collaborative research report on the status of sustainability in Bahrain’s capital market based on key ESG information.

When BHB issued an ESG Voluntary Reporting Guideline for listed companies in 2020, we held a webinar on the importance

of ESG Reporting in July 2020. The webinar was a part of a series of workshops aimed at enhancing awareness and understanding of the importance and benefits of ESG reporting and encouraging listed companies to disclose ESG information. The webinar was attended by over 30 representatives from listed companies and other financial institutions.

BHB Materiality Matrix

We seek to identify and respond to existing and emerging global and regional matters that present risks as well as opportunities to the organisation and its key stakeholders. In 2020, we conducted a materiality assessment based on peer reviews and third-party expert opinions, to identify the most material ESG topics that are of importance to the organisation and our stakeholders. Based on our materiality assessment, 12 material topics were selected. A materiality matrix was developed to define our understanding of the influence of each topic on stakeholders’ decisions and impacts on BHB’s business.

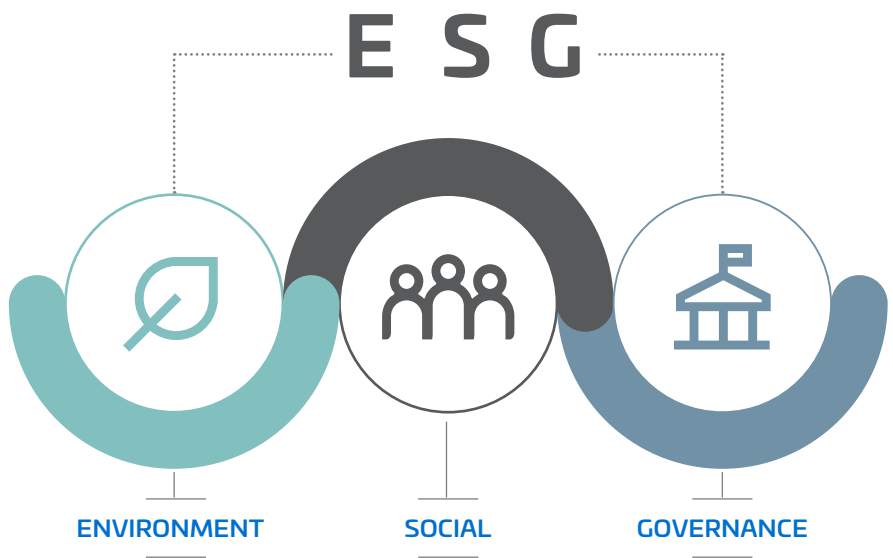


Sustainability at Bahrain Bourse
(continued)

ESG Framework

The importance of sustainable and community-conscious approaches is essential to BHB. We aim to be a leader in setting ESG trends in standard practices across the industry.

Bahrain Bourse’s Sustainability Framework



Alignment with the UN SDGs

We have aligned our ESG framework to international frameworks that help direct our business operations. In particular, we focus on the UN SDGs and the goals that are most relevant to our organisation and stakeholders.

Bahrain Bourse’s Sustainability Framework

ENVIRONMENT	SOCIAL	GOVERNANCE
Environmental Practices	Nurturing our Workforce	Ethics & prevention of Corruption
Digital Transformation	Female Empowerment	Compliance
	Stakeholder Engagement	Investor Relations
	Community Investment & Financial literacy	Data Privacy and Security
	Supporting People with Determination	
	Human Rights	

Sustainability at Bahrain Bourse
(continued)

BHB's 2020 ESG Impact



Bahrain Bourse's Sustainability Framework

ENVIRONMENT	SOCIAL	GOVERNANCE
Signed an MoU with the SCE to enhance cooperation related to environmental practices.	BHB's workforce was composed of 59% male and 41% female employees of which 7 females are in middle management position and 3 females are in senior management position.	Emphasized to our stakeholder's importance to AML practice through an Anti-Money Laundering (AML) Statement. Zero incidents related to fraud, money laundering or financial terrorism occurred in 2020.
Reduced total Greenhouse Gas (GHG) emissions generated by 14%.	Deployed strict COVID-19 health and safety measures including periodic disinfection, provision of personal protective equipment (PPE), and installation of Artificial Intelligence (AI)-powered smart thermal detectors. In addition, BHB offers work from home working environment as part of the precautionary measures.	BHB's Board of Directors is composed of nine members which are all independent and non-executive. There are seven male members and two female members in the board.
Introduced Laserfiche to replace our traditional physical filing system for business process automation and data analytics.	99% nationalisation rate in 2020 across workforce and 100% nationalisation rate across senior management.	Zero actual security breaches.
Adopted paperless communication tools across the organisation, i.e., DocuSign.	The Skiplino digital queue management system was launched, allowing investors to pre-book online appointments and que digitally.	Initiated Tawasul – the National Suggestions & Complaints System and achieved excellence in Customer Service Award via 'Tawasul'.
50% of directorates have updated their processes to become completely paperless.	Continued with our series of financial literacy programmes including Smart Investor Programme, TradeQuest Programme and Investment Academy.	BHB joined MEIRA's Board of Directors.

Sustainability at Bahrain Bourse
(continued)

ENVIRONMENT



Environmental Practices	Digital Transformation
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Environmental Practices

As a market influencer, we are dedicated to reducing our environmental footprint through several initiatives to enhance environmental management including energy and water consumption, atmospheric emissions, and waste. This year, BHB signed a MoU with the SCE to enhance areas of cooperation related to environmental conservation and protection. The MoU aims to encourage listed companies to comply with the environmental rules and regulations and to disclose information related to environmental compliance in its issued reports.

BHB's commitment to the United Nations Sustainable Stock Exchanges (SSE) initiative sets out to promote sustainable and transparent capital markets in cooperation with listed companies and other related stakeholders. BHB is fully committed to promoting sustainability both internally and among our listed

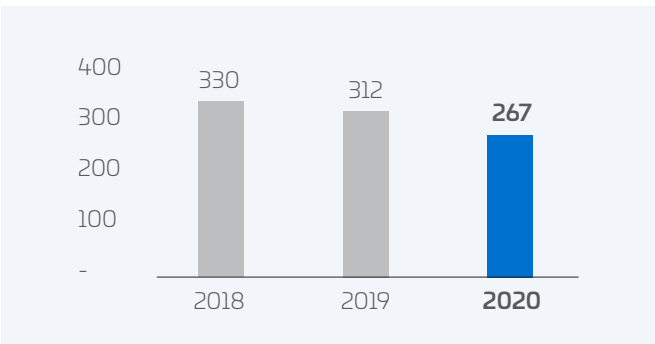
SDG Alignment



issuers. Following its commitment to the SSE initiative, BHB has rolled-out a series of strategic sustainability initiatives aimed at further enhancing transparency and disclosure of sustainability/ ESG information across BHB and our listed companies.

In 2020, we reduced our electricity consumption by 14%. Similarly, our total direct and indirect energy consumption decreased by 15% between 2019 to 2020. This year, the energy intensity per employee dropped to an average of 17 Giga Joules (GJ). The total emission generated by BHB amounted to 267 metric tons of carbon dioxide equivalent – a 14% reduction from the previous year. The emission intensity per employee was 3.38 – a remarkable reduction of 25% from the previous year. This decrease in figures is an outcome of lower office occupancy levels due to the introduction of working from home policies.

Total emissions (MTCO₂eq)



Total energy consumption (GJ)



Environmental Impacts	2018	2019	2020
Electricity consumption (Mega-Watt hour; MWh)	431	407	349
Energy intensity (GJ/employee)	25	22	17
Emission Intensity (MTCO ₂ eq/ employee)	5.16	4.53	3.38

Through DocuSign, one of the paperless communication tools adopted across BHB, we have saved a noticeable amount of wood (300 kg), water (7,378 litres), carbon (705 kg) and general waste (49 kg).

Sustainability at Bahrain Bourse
(continued)

Digital Transformation

The impacts of COVID-19 have accelerated the BHB digital transformation journey as we digitalised various internal processes to ensure business continuity. This year, we expanded E-signatures across BHB, incorporated a complaints page on our website and automated internal BHB forms.

In 2019, BHB embarked on a digital transformation journey. The Internal Audit directorate decided to keep all audit evidence in electronic format instead of taking physical copies. Additionally, the directorate is in the process of acquiring an Audit Management Software to perform audit processes in the most efficient and effective manner. Since 2017, we have stopped using printed board packs (containing reports and other material) during board meetings, and instead use an electronic portal and application for sharing via emails. We also introduced the Laserfiche archiving system that replaces the traditional physical filing system for business process automation and data analytics. These initiatives also achieved our aim to become a paperless and sustainable workplace.

We deployed a virtual work environmental using a secure Virtual Private Network (VPN) technology and telephone mobility. We also deployed Google Workspace and virtual meetings for employees to maintain business continuity while working from home. This year, a majority of our listed companies held their

Annual General Meetings (AGM)s virtually to maintain social distancing and precautionary measures.

Internally, Bahrain Clear’s Core System Hardware infrastructure and Data Centre Environment monitoring system was upgraded in 2020. We also implemented new IT procedures as well as automated manual reports on the intranet system. Refer to Data Privacy & Security for further details.

The Bahrain Chamber of Commerce and Industry in cooperation with BHB and Bahrain Clear organised a E-Majlis webinar through ZOOM in August 2020, addressing the services and benefits offered to investors by BHB and Bahrain Clear. The webinar covered three main topics including BHB’s initiatives to accelerate the Digital Transformation including (Bahrain Trade) and Bahrain Clear’s virtual Annual General Meeting (eAGM) management service.

As a result of our digitisation efforts, we reduced paper consumption across our offices by 73% in 2020 as our reliance on DocuSign increased and the automation of our processes expanded. In addition, 50% of directorates have updated their processes to become completely paperless. We expect further net reductions in resource use in the coming year, through minimising our environmental impacts whilst adding value to all stakeholders.

Material Consumption	2018	2019	2020
Paper usage (kg)	393,600	436,500	117,500

SOCIAL

			SDG Alignment			
						
Nurturing Our Workforce	Female Empowerment	Stakeholder Engagement	Investing in the Community & Financial Literacy	Supporting People with Determination	Human Rights	

Nurturing Our Workforce

We strive to attract, nurture, and develop talent by building a cohesive working environment for our team. The BHB (including Bahrain Clear) workforce is comprised of 79 employees – a 14%










increase from the previous year. In 2020, our workforce was composed of 59% male and 41% female.

Sustainability at Bahrain Bourse
(continued)







Workforce Overview

	Total workforce (excluding trainees, students, and outsourced staff)	Employees on an indefinite or permanent contract	Employees on a fixed term or temporary contract
2018	64	62	2
2019	69	67	2
2020	79	78	1

Workforce by age

2018		22	Employees aged 21-30
2019		23	
2020		31	
2018		37	Employees aged 31-50
2019		40	
2020		42	
2018		5	Employees aged 51+
2019		6	
2020		6	

Workforce by gender

2018		40	Male employees
2019		41	
2020		47	
2018		24	Female employees
2019		28	
2020		32	

In 2020, BHB and Bahrain Clear held a virtual Long Service Award Ceremony to recognise the efforts of twenty-five long serving employees for their loyalty and commitment. The commemorative event recognised employees for their achievements and years of dedication and commitment and were acknowledged for their contribution to the success of both companies.

Training and Development

Employees are provided training opportunities based on their objectives and individual development plans. In 2020, all BHB employees attended virtual trainings conducted by the Bahrain Institute of Banking & Finance (BIBF).

Employee Wellbeing and Satisfaction

Prior to the COVID-19 pandemic, employees were engaged in several wellness activities including the BHB annual camping event and sports day. We continued to support the wellbeing of our employees post COVID-19 using virtual means to ensure their safety.

Health and Safety

During the COVID-19 pandemic, employee health and safety was of utmost importance. Periodic disinfections of the office were carried out. We conducted an internal awareness campaign for COVID-19 precautions and provided medical gloves, masks, and sanitisers to all BHB employees. AI-powered smart thermal detectors were installed in our premises to check employee and investors temperatures on arrival, when entering Bahrain Bourse & Bahrain Clear premises.

Sustainability at Bahrain Bourse
(continued)

Nationalisation

Our nationalisation rate in 2020 stood at an ideal steady rate of 99% across the entire workforce and a 100% nationalisation rate across senior management. With respect to the nationals in the total workforce, there was a 14% increase in 2020, as compared to 2019.

	Total number of national employees	Nationalisation among total workforce (%)	Nationalisation of senior management (%)
2018	63	98%	83%
2019	68	99%	100%
2020	78	99%	100%

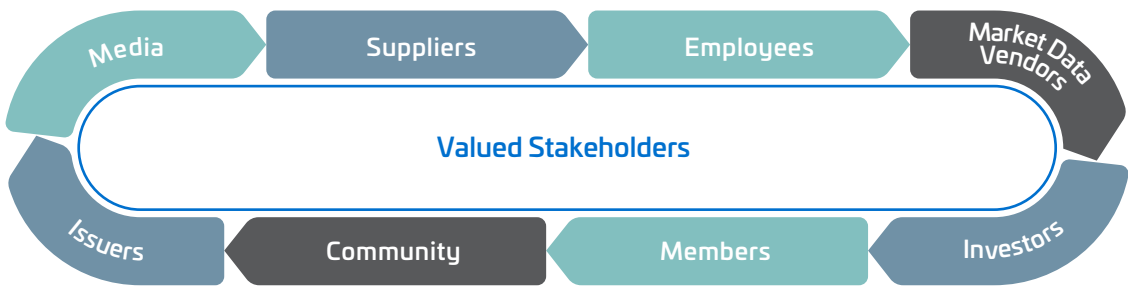
Stakeholder Engagement

Our sustainability journey is informed through, informed business and regulatory decisions, and extensive stakeholder engagements to identify our priorities that impact both the organisation and our stakeholders.

As part of our efforts to attract international investments, BHB collaborated with HSBC and held the BHB Roadshow Programme virtually in July 2020, with participants from a number of regional and international financial institutions and investment banks. The virtual roadshow showcased BHB’s developments and plans to international clients including enhancement of the Delivery vs. Payment (DVP) Model 2 and enhanced Corporate Actions, ESG Guidelines being developed in Bahrain, and the establishment of the Amanat Investor Protection Fund. The aim of the show was to attract international fund managers by engaging with regional and international financial institutions and investment banks and showcasing BHB’s recent market developments and plans in the pipeline.

To aid our investors and improve stakeholder satisfaction, we announced the launch of ‘Skiplino’ – a cloud-based queue management system, allowing investors to pre-book online appointments and que digitally. The solution considers the investor’s current location and associated travel time, as well as any anticipated traffic delays and adjusts the appointment time accordingly to minimise the investors waiting time. Stakeholder engagement is an ongoing priority for BHB, and hence we have introduced surveys conducted to measure investor satisfaction levels.

We have offered virtual AGM management services to listed companies (refer to Digital Transformation for more information) and strive to ensure stakeholder feedback is incorporated in our decisions to benefit all our stakeholders.



Sustainability at Bahrain Bourse
(continued)

Human Rights

BHB’s Code of Conduct and Ethics follows and abides by all clauses in the Bahrain Labour Law. BHB’s internal policies align themselves with the general rules and regulation of Bahrain regarding human rights law under Bahrain’s constitution. In 2020 there were no violations or incidents related to Human rights, discrimination, corruption, or bribery.

We engage with third parties, to prevent any discrimination with external workers while incorporating a formal grievance mechanism for internal and external stakeholders.

Female Empowerment

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 14% increase from 2019. Furthermore, 22% of women in our workforce are in middle management and 9% of the women are in senior management positions. 22% of the BHB Board of Directors is composed of women.

BHB has introduced several initiatives in 2020 aimed at facilitating women in the workforce. This included the “work from home” initiative and the development of the “Gender Equality Committee”, to foster a healthy balance for women in the organisation. Female employees can work remotely from the third trimester of their pregnancy for up to one-year post-natal period. The Gender Equality Committee ensures equal benefits and opportunities are accessible to both genders, whether by direct support in the workplace or indirect support for spouses and family.

As part of our active role in promoting gender equality and empowering women in the capital markets sector, in line with the efforts of promoting sustainability, we hosted a bell ringing “Ring the Bell for Gender Equality” to elevate the importance of gender equality in the capital markets in parallel with International Women’s Day in March 2020 for the second consecutive year. We aim to reinforce the importance of the role of females in executive and board positions across capital markets.

Female Employment

2018		6	Female employees in middle management (#)
2019		7	
2020		7	
2018		3	Female employees in senior management (#)
2019		3	
2020		3	

Supporting People with Determination

BHB’s Trading Floor facilities are purposely built on a single floor, equipped with ramps and an elevator to ensure direct access for people with determinations. We provide complimentary wheelchair services on request and support individuals with a range of disabilities to make informed investments. We aim to sustain and enhance this standard of inclusion across the organisation.

Investing in the Community & Financial Literacy

BHB participates in several flagship programmes related to financial literacy. The Smart Investor Programme aims to spread financial knowledge through equipping younger students with basic concepts related to money management, savings, and smart financial planning for the future, which was kicked-off in digital format.

BHB also concluded the TradeQuest Programme by announcing the winners in a virtual ceremony to ensure the safety of all participants. TradeQuest works towards enhancing investment awareness among students by providing a real-life simulation experience of capital market investment by learning

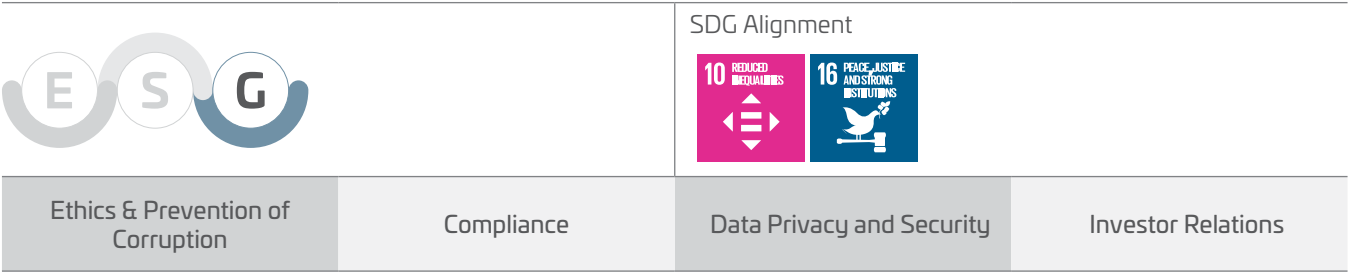
the systems and regulations implemented at both BHB and New York Stock Exchange (NYSE). Students learn to analyse and select which shares to invest in, and how to manage a portfolio of shares.

As part of the Investment Academy, BHB conducts virtual monthly saving and investment sessions. In 2020, Investment Academy provided over 276 training hours across 75 sessions, benefitting more than 700 professionals with expert training in a range of financial market topics. This year, a total of 38 hybrid events and awareness workshops were organised with 1,557 attendees. Topics covered ranged from value proposition of Bahrain Investment Market, key Investor Relations themes, importance of investor communication during COVID-19 in collaboration with Middle East Investor Relations Association, and importance of ESG reporting.

BHB, as an affiliate member of the International Organisation of Securities Commissions (IOSCO), participated in the annual World Investor Week (WIW) in October 2020, for the second consecutive year. This supported raising awareness on the importance of financial literacy extended to various target groups.

Sustainability at Bahrain Bourse
(continued)

GOVERNANCE



Ethics & 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 its customers by implementing several methods that is deemed crucial to sustain operations. Our Corporate Governance Policy ensures that the organisation is run in a transparent and ethical manner, promoting good business practices.

In 2020, we redesigned the BHB trading floorboards for the Board of Directors, to include sectoral information and concise general information.

Ethics

BHB continues to place a strong emphasis on the **Code of Conduct and Ethics**. In order to ensure that all stakeholders adhere with the rules of Bahrain, BHB has formulated internal rules for **Anti-Money Laundering (AML)** and **Financial Crime**, which are based on the Central Bank of Bahrain (CBB) and the Financial Action Task Force (FATF) recommendations which Bahrain follows as an associate member of FATF and a member of Middle East and North Africa (MENA)-FATF.

Several times a year, our operations are reviewed for fraud, such as phishing simulations at least once a quarter with follow-ups.

Fraud, AML and Financial Terrorism

BHB raises awareness on fraud, AML and combating financial terrorism by training employees and members. Fraud risks are identified and circulated to the concerned Directorate and then controls are devised, implemented, and reviewed. In 2020 there were no incidents related to fraud, money laundering or financial terrorism that occurred.

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

BHB ensures ethical and fair-trading through continuous monitoring of market activity and regular awareness sessions for brokers on key issues and violations facing the market, to minimise unfair advantages. BHB undertakes monthly “Investments & Saving” seminars, targeting the public and offered for free to raise awareness on best market practices on managing an investment portfolio. There are several layers of market surveillance to insure maximum due diligence and we employ multiple alerting platforms across various key market activities.

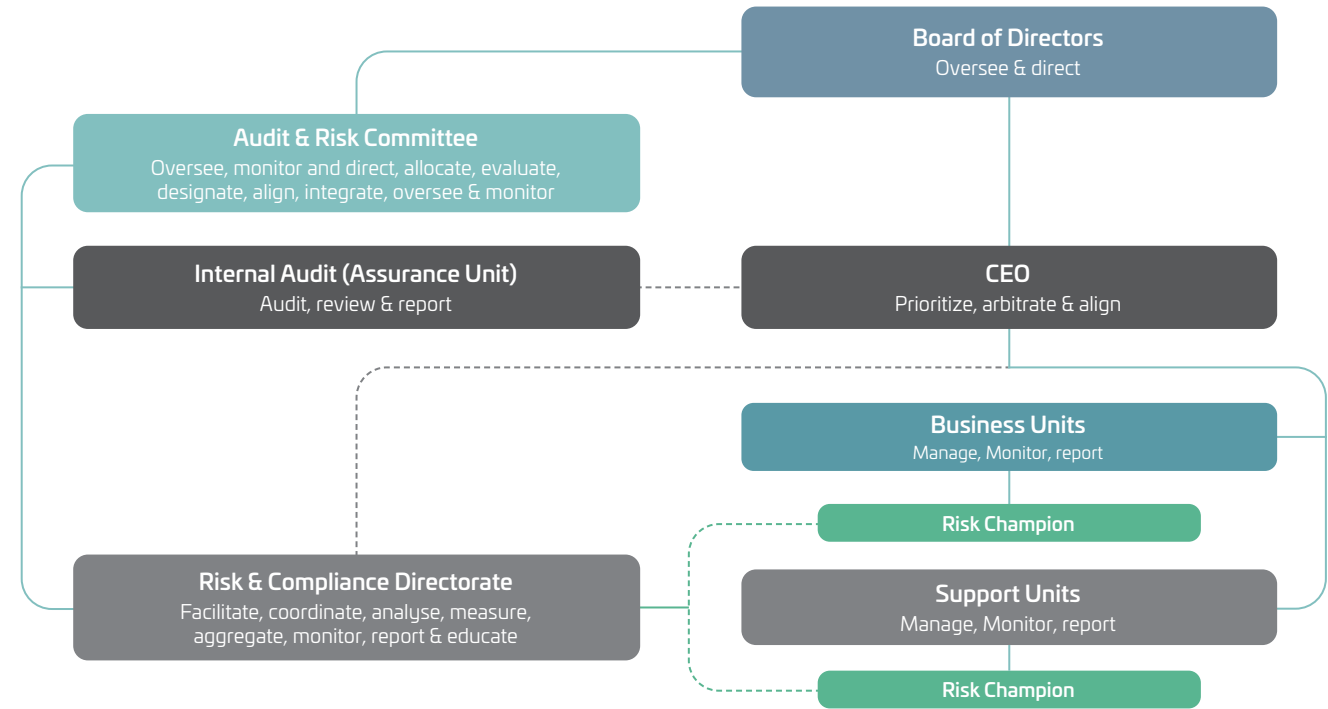
Prevention of Corruption

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. We also include a strict process of several signoffs before processing significant operations, reducing opportunities for corruption, and ensuring alignment with policies of the CBB.

Risk Governance

The risk governance approach within BHB was created to ensure the proper implementation of the risk management policies, analyse, and mitigate identified key risk indicators, and embed risk management within the overall strategic plans using the enterprise risk management framework. The following diagram shows the 3 lines of defence that BHB follows to ensure effective risk governance:

Sustainability at Bahrain Bourse
(continued)



During COVID-19, we identified four different risk scenarios which were linked to operational risk, financial risk, and project risk. We then formulated contingency and mitigation plans based on identified risks that are automatically triggered. According to these plans, we identified the number of staff to be allowed on site, PPE distribution and cyber readiness for operational risks. Under financial risks, our volatility on budget was identified as a risk and gauged due to contraction of revenue sources and assistance provided by the government.

BHB’s aim during the pandemic was to minimise operational risks i.e. service disruptions to our members and investors while safeguarding the wellbeing of the employees, this presented the challenge of balancing staff on site vs working from home. We tackled this issue by using the risk approach and working with directorates to limit on site attendance to essential staff on a rotational basis. We engaged with our customer facing units to arrange appointment-based schedules for emergency cases only with a maximum number of clients to be allowed on premises per day, while assisting with the implementation of online services for several services while maintaining regulatory standards. We also ensured constant monitoring of any exposed or infected personal and ensure sufficient contact tracing within the organisation is undertaken.

Board of Directors

Effective corporate governance is an ongoing focus of our strategy. BHB upholds the highest standards of integrity in adhering to the governance framework as set by the Ministry of Industry, Commerce, Tourism and CBB. In total we have nine Board of Directors which are all independent and non-

executive. We ensure diversity and gender equality at the board level, therefore, seven are male members and two are female members.

Compliance

BHB follows a compliance strategy through the Risk and Compliance Directorate which reviews all areas across the business as well as being the point of contact for the regulator. In 2020 we had zero non-compliance cases with the regulator. BHB’s risk team was successful in tackling the anticipated impacts of COVID-19 and as a result, BHB has faced zero outbreaks originating on site.

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

Insider’s Management is key within the BHB’s Risk and Compliance Directorate culture. All employees of BHB and Bahrain Clear receive training by the Risk and Compliance Directorate 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 officially announced for transparency.

Sustainability at Bahrain Bourse
(continued)

Personal Data Privacy

Bahrain Bourse is committed to protecting its stakeholders’ personal information in accordance with Bahrain Personal Data Protection Law No 30 of 2018 “PDPL”, international standards, and best practices. Data impact analysis is undertaken periodically to ensure BHB does not over-collect data and to ensure that data collected is for business and legal purposes only.

BHB recognizes that data privacy is the core of an efficient marketplace, therefore, we believe in investing considerable time and expertise in our data privacy and security management. BHB implements a combination of multi-layered and integrated security solutions, imposed the best international security controls, supported employee awareness by operational processes, and introduced the culture of information security as a shared responsibility.

Information Security Management

Bahrain Bourse implements a holistic Information Security Management approach that addresses technology, people, processes, and governance to protect its investments, operations, assets, and reputations. Bahrain Bourse treats Information security management as a continuous process that integrates different levels and types of security arrangements designed and tailored specifically to safeguard Bahrain Bourse from all type of threats.

At BHB, information security forms a central focus of our business operations to ensure market transparency through data integrity, availability, and confidentiality. Numerous security arrangements have been put in place to ensure information security risks are identified, assessed, and mitigated, including raising awareness of internal compliance culture, securing operational processes, and improving business continuity management.

BHB was quick to conduct an Information Security Risk Assessment Programme to assess work processes and identify security gaps, along with assess Bourse’s websites, mobile app, and e-services security controls, and updated them according to the Information Security Policy to meet remote working needs. To protect our systems and data availability, confidentiality, and integrity, we have documented and implemented information security policy and procedures based on risk assessments that were benchmarked with well-known international security standards.

BHB prides itself on its excellence in protecting its Information Asset. We conducted an information security awareness campaign and cybersecurity training for all employees. We also conducted a Phishing Simulation campaign to assess systems’ controls and employees’ maturity level toward cyber-attacks.

A few security incidents were identified logged, reported, investigated, and escalated in accordance with our security incident management procedure. With the advent of remote working, a risk arose from data leaks due to staff having access to BHB data off site.

Business Continuity Management

Traditional Business Continuity Management (BCM) models faced a challenge due to the pandemic limiting the use of

disaster recovery sites, this has enabled BHB to innovate in short time and develop a robust Business Continuity Plan (BCP) which encompassed several measures to ensure continuity of key business functions appropriately without disruption.

In 2020, in line with the Bahrain Government directives, we temporarily closed the BHB Trading Floor. However, this did not impact the trading activity which continued undisturbed. We offered various trading channels, traditional via authorised brokers and digital platforms via Bahrain Trade participating financial institutions. Investors were able to process payments and settlement of fees online via the Fawateer platform. Investors were also able to track the market via the BHB website and the BHB Mobile App to view their statements through eServices.

BHB was guided through the COVID-19 pandemic by the international and local health authorities including World Health Organisation (WHO), Ministry of Health and Supreme Council of Health. Within the first week of the first case of COVID-19 being detected, most directorates were in the final phase of testing our remote working plan and within two weeks of the first case being detected, 50% of staff were working remotely.

Investor Experience

In 2020, BHB joined ‘Tawasul’ – the National Suggestions & Complaints System. Later that year, BHB achieved excellence in Customer Service Award via ‘Tawasul’. Our corporate website provides a public formalised Complaint Form used for submitting all natures of complaints, which are collected in accordance with the PDLP and actioned. Additionally, in December 2020, BHB rolled out its Investor Satisfaction Survey, with the aim of seeking investors’ feedback and evaluation on our products and services, and to enhance the level of investor-related services.

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 six founding members from listed companies work hands on to improve Investor Relations (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.

BHB is striving to push efforts in promoting and developing best practices in IR and enhance transparency across Bahrain’s capital markets. Therefore, we launched Bahrain MEIRA Chapter last year, both BHB and MEIRA have been fully committed to developing and further advancing the IR profession in Bahrain. As a result, we aim to continue to promote diversity and inclusion, while driving stakeholder value for all our members, partners, and supporters, as MEIRA fulfils its mission to champion best practice as an integral part of capital markets development in the Middle East. In November 2020, BHB and MEIRA held a virtual meeting for MEIRA Bahrain Chapter members to provide an update on Bahrain’s Chapter and recent trending IR topics. In December 2020, BHB joined MEIRA as a Board Member on the Board of Directors during the Association’s quarterly virtual Board meeting. The appointment follows efforts of BHB in promoting and developing best practices in Investor Relations and enhancing transparency across Bahrain’s capital markets.

Stakeholder Engagement

Stakeholder engagement forms a critical aspect of our strategy. Hence, we seek to maintain an open, transparent, and collaborative dialogue with all of our stakeholders in various forums and modes. The unprecedented challenges imposed by this year has enabled us to transform all of our events into digital platforms, hence enhancing our outreach. We have held various events throughout the year with various stakeholders and continuously seek their feedback on key industry topics within the capital markets in order to accommodate for their evolving needs. Bahrain Bourse’s main stakeholder groups are highlighted below and have been categorized in broad terms, using generic stakeholder categories that apply to most industries which includes Investors, issuers, members, community, employees, media, and market data vendors. Our continuous stakeholder engagement aims to ensure that Bahrain Bourse remains relevant and creates long-term value for our wider stakeholder group.



Investors
(Institutional & Retail)

Engagement Method:

Open dialogue, workshops, virtual roadshows, workshops and seminars, conference and panel participations, periodic trading bulletins, Investors Guide, mobile app, website, investor satisfaction surveys, complaints management portals.



Members
(Brokerage firms, market makers, custodians)

Engagement Method:

Open Dialogue, Industry Working Groups, consultation papers, semi-annual brokers meeting, workshops, webinars.



Employees

Engagement Method:

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



Market Data Vendors

Engagement Method:

Market Notices, corporate actions, website, webinars.



Issuers

Engagement Method:

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



Community

Engagement Method:

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



Media

Engagement Method:

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



Suppliers

Engagement Method:

RFPs, tenders, meetings, workshops

World Stock Markets’ Performance during 2020

Global Markets

The majority of global economies experienced a plunge in 2020. The GDP growth rate of the global economy posted a decline in growth of 4.4% during 2020, compared to a growth of 2.8% in 2019. The inflation rate worldwide amounted to 3.2% compared to 3.5% in 2019. Additionally, the US economy posted a decline in growth of 4.3% in 2020 compared to a growth of 2.2% in 2019. The interest rate of the Federal Reserve Bank fell from 1.75% in 2019 to 0.25% by the end of 2020.

Moreover, the economies of the European Union tailed off, posting a decline in growth of 7.6% in 2020 against a growth of 1.7% in 2019. The European Central Bank maintained an interest rate of 0.00% in 2020. The Bank of England lowered its interest rate to 0.10% in 2020 against a rate of 0.75% in 2019.

The Real GDP Growth at Constant Prices %

Country	2020	2019
United States	(4.3)	2.2
United Kingdom	(9.8)	1.5
Germany	(6.0)	0.6
France	(9.8)	1.5
Japan	(5.3)	0.7
China	1.9	6.1

In Asia, China’s economic growth reached 1.9% in 2020 compared to 6.1% in 2019. The Japanese economy experienced a decline in growth of 5.3% in 2020 as the Bank of Japan maintained its interest rate at 0.10%. On the other hand, the Middle East economy witnessed a decline of 6.6% in 2020 compared to a decline of 0.4% in 2019. The North-African economy witnessed a decline of 1.3% in 2020 compared to a growth of 4.0% in 2019.

With regard to oil prices, Brent price decreased by US\$18.10 per barrel to close at US\$50.87 (2020 year’s end) compared to US\$68.97 at the beginning of the year, posting a decline of 26.24%. Oman’s oil price also decreased by US\$16.85 per barrel to close at US\$51.45, posting a 24.67% decline during the same period.

In terms of currency prices, the Euro appreciated against the U.S. Dollar by 8.95%, and the Sterling Pound appreciated against the U.S. Dollar by 3.12% compared to the beginning of the year. In addition, the Japanese Yen depreciated against the U.S. Dollar by 4.94% during the same period.

Concerning metal prices, the price of gold surged by 25.01% to reach US\$ 1,896.49 per ounce posting a growth of US\$ 379.48 per ounce in comparison to its price at the beginning of 2020. The price of silver also rose during the same period by 4.783%.

On the financial markets front, the American S&P500 had an international lead as the index posted a growth of 16.26%. The growth was followed by, the Nikkei Japanese index with a growth of 16.01%, the Shanghai Chinese index with a growth of 13.87%, the German DAX with a growth of 3.55%. On the other hand, the French CAC40 fell by 7.14%, while the British FTSE100 index plummeted by 14.34%.

Performance of International Financial Markets

Market	2020	2019	Change %
US (S&P500)	3,756.07	3,230.78	16.26
Japan (NIKKEI225)	27,444.17	23,656.62	16.01
Germany (DAX)	13,718.78	13,249.01	3.55
France (CAC40)	5,551.41	5,978.06	(7.14)
UK (FTSE100)	6,460.52	7,542.44	(14.34)
China (SHANGHAI)	3,473.07	3,050.12	13.87

World Stock Markets’ Performance during 2020 (continued)

The Arabian Market

According to the International Monetary Fund (IMF), the real GDP of the Middle East region contracted by 6.6% in 2020 against a decline of 0.4% in 2019. Whereas, the GDP of North Africa decreased by only 1.3% in 2020 compared to a growth of 4.0% in 2019. With regards to the real GDP of Arabian Economies, Egypt recorded the strongest performance with a growth rate of 3.5%. The rest of the Arabian economies experienced a decline in their GDP. Nonetheless, Qatar, Bahrain and Jordan witnessed the least decline in GDP with negative rates of 4.5%, 4.9% and 5.0% respectively.

The Real GDP Growth at Constant Prices (%)

Country	2020	2019
Jordan	(5.0)	2.0
Morocco	(7.0)	2.2
Egypt	3.5	5.6
Lebanon	(25.0)	(6.9)

GCC Countries

Country	2020	2019
Qatar	(4.5)	0.8
Kuwait	(8.1)	0.4
Saudi Arabia	(5.4)	0.3
Oman	(10.0)	(0.8)
UAE	(6.6)	1.7
Bahrain	(4.9)	1.8

With reference to the performance of Arab and GCC financial markets, TADAWUL (Saudi Arabia) reported the highest growth in its performance during 2020 by 3.58% followed by Qatar Stock Exchange with a growth of 0.10%. The rest of the Arabian and GCC markets experienced a decline.

Arab Stock Markets Performance

Market Indices (Point)			
Markets	2020	2019	Annual Performance (%)
Egypt	10,845.26	13,961.56	(22.32)
Morocco	11,287.38	12,171.90	(7.27)
Lebanon	657.89	785.56	(16.25)
Jordan	1,657.22	1,815.20	(8.70)
GCC Countries			
Dubai	2,491.97	2,764.86	(9.87)
Muscat	3,658.77	3,981.19	(8.10)
Abu Dhabi	5,045.32	5,075.77	(0.60)
Saudi Arabia	8,689.53	8,389.23	3.58
Kuwait	5,546.04	6,282.46	(11.72)
Bahrain	1,489.78	1,610.18	(7.48)
Qatar	10,435.96	10,425.51	0.10

World Stock Markets’ Performance during 2020
(continued)

The Local Market

The Kingdom of Bahrain’s GDP dropped by 4.9% in 2020 compared to a growth rate of 1.8% in 2019. Consumer-Prices across the Kingdom remained constant in 2020 with an inflation rate of 0% compared to a rate of 1.0% in 2019.

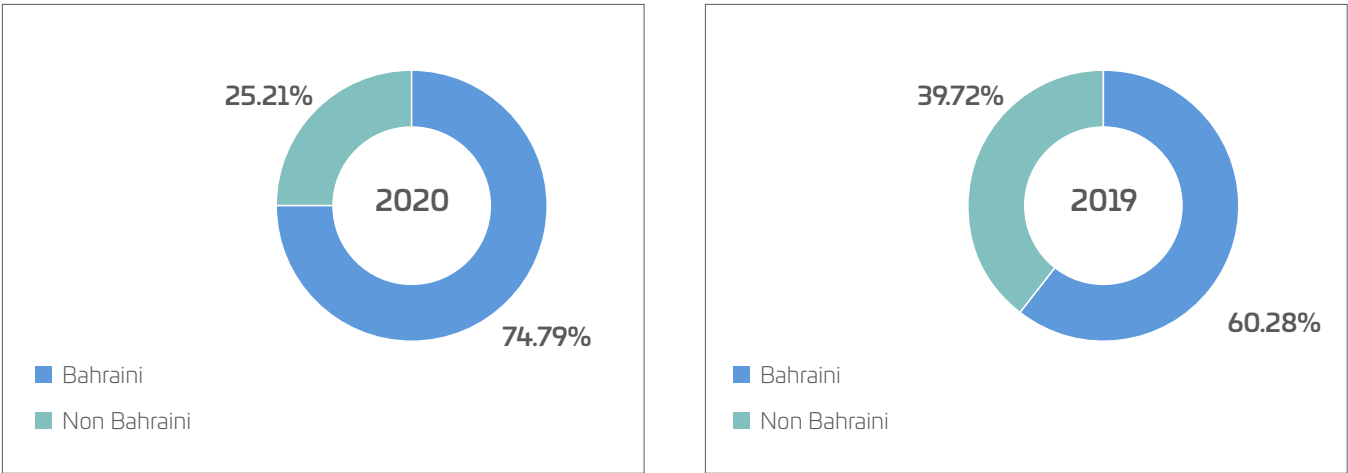
Bahrain All Share Index dropped by 74.8% to close at 1,489.78 points at the end of 2020 thereby ending the year down by 12040 points. As for “shares prices”, at the end of the year, the prices of 15 companies increased, while the share prices of 6 companies remained unchanged, and the share prices of 22 companies declined. The trading activity witnessed a decrease in the value of shares traded by 25.70% compared to 2019. The number of transactions also decreased by 6.77% compared to last year, while the volume of shares traded increased by 44.9%.

The Commercial Banks Sector comprised 44.14% of the total trading value followed by the Services Sector comprising 27.20%, Investment Sector 17.03%, Industrial Sector 7.28%, Insurance Sector 0.44%, and the Hotels & Tourism Sector 0.06%. Ahli United Bank came on top of the most active companies in terms of the value of shares traded, with a trading value of BD51.30 million, comprising around 24.11% of the total trading value at the Bourse, followed by Bahrain Telecommunications Company B.S.C. comprising 14.57%, GFH Financial Group 14.33%, National Bank of Bahrain B.S.C. 9.97%, and Aluminium Bahrain B.S.C. 7.25%.

As for the volume of shares traded, the Investment Sector represented 43.99% of total trading volume followed by the Commercial Banks Sector with 36.16%, Services Sector 11.57%, Industrial Sector 3.15%, Insurance Sector 0.31% and Hotels & Tourism Sector 0.05%. GFH Financial Group came first among the most active companies in terms of the volume of shares traded with 504.78 million shares traded, comprising 41.74% of the total shares traded at the Bourse, followed by Ahli United Bank 14.50%, Al Salam Bank - Bahrain 11.54%, Bahrain Telecommunication Company 5.80% and SICO B.S.C. (C) 4.69%.

Trading by nationality figures show that Bahrainis comprised 74.79% of the total value of shares traded, while other nationalities comprised 25.21% of the total value of shares. The year 2020 ended with a total of 43 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)



World Stock Markets’ Performance during 2020
(continued)

Market Capitalization

The market capitalization of Bahraini public shareholding companies listed on Bahrain Bourse decreased to BD9.28 billion compared to BD10.13 billion at the beginning of the year, posting a decline of 84.6%. The Commercial Banks Sector accounted for 52.97% of the total market capitalization, followed by the Investment Sector with 19.14%, Services Sector 16.96%, Industrial Sector 8.02%, Insurance Sector 1.73%, and Hotels & Tourism Sector 1.18%. On one hand, the market capitalization of the Services Sector, Industrial Sector and Insurance Sector were up by 25.50%, 22.12% and 134.5% respectively. On the other hand, the Investment Sector reported a decline in market capitalization of 20.56% compared to the beginning of the year. The market capitalization of the Hotels & Tourism Sector and the Commercial Banks Sector were also down by 16.19% and 14.75% respectively.

Market Capitalization among Sectors (Million Dinars)

Sector	2020	2019	Change (%)	Relative Weight (%)
Commercial Banks	4,914.2	5,764.4	(14.75)	52.97
Investment	1,775.6	2,235.2	(20.56)	19.14
Services	1,573.6	1,253.9	25.50	16.96
Industrial	744.1	609.3	22.12	8.02
Hotels & Tourism	109.6	130.8	(16.19)	1.18
Insurance	160.1	141.1	13.45	1.73
Total Market	9,277.3	10,134.6	(8.46)	100.00

Financial Indicators

The financial indicators among sectors varied. The table below presents the financial indicators at the end of 2020 compared to 2019.

Financial Indicators

Sector	P/E (X)		Div. Yield (%)		P/BV (X)	
	2020	2019	2020	2019	2020	2019
Commercial Banks	10.72	13.21	5.87	4.10	1.41	1.77
Investment	5.95	8.03	4.50	3.54	0.55	0.66
Insurance	8.87	12.32	4.15	3.90	0.72	0.70
Services	14.89	11.65	5.48	6.92	1.48	1.21
Industrial	101.33	9.88	0.22	0.07	0.67	0.55
Hotels & Tourism	13.26	14.85	6.28	5.20	0.52	0.62
Total Market	11.29	11.27	5.07	4.10	1.00	1.11

Bahrain Clear

The total number of Bahraini public shareholding shares deposited at Bahrain Clear reached 35,777 billion shares as of 31, December 2020 comprising 100% of the total fully issued and paid shares compared to 35,450 billion shares at the beginning of the year posting a growth of 0.92%.

The market capitalization of Bahraini public shareholding shares deposited at Bahrain Clear reached BD 9,345 billion at 31, December 2020 compared to BD 10,201 billion at the beginning of the year recording a decline of 8.39%.

The number of nationalities registered at Bahrain Clear reached 100 nationalities, while the number of investors holding shares in Bahraini public shareholding companies reached 52,326 investors by 31 December, 2020 compared to 48,244 investors at the beginning of the year, posting a growth of 8.46%.

Key Statistical Data 2019-2020

Key Statistical Data 2019-2020

COMPARISON OF TRADING ACTIVITY

	2020	2019	Change	Change %
Total Market Capitalization (BD)	9,277,254,711	10,134,624,962	(857,370,251)	(8.46)
Value of Shares (BD)	212,799,606	286,406,086	(73,606,480)	(25.70)
Volume of Shares	1,209,306,129	1,157,308,173	51,997,956	4.49
No. of Transactions	19,309	20,712	(1,403)	(6.77)
Total Trading Days	246	246	0	0
Daily Average Value of Shares (BD)	865,039	1,164,252	(299,213)	(25.70)
Daily Average Volume of Shares	4,915,879	4,704,505	211,374	4.49
Daily Average No. of Transactions	78	84	(6)	(7)

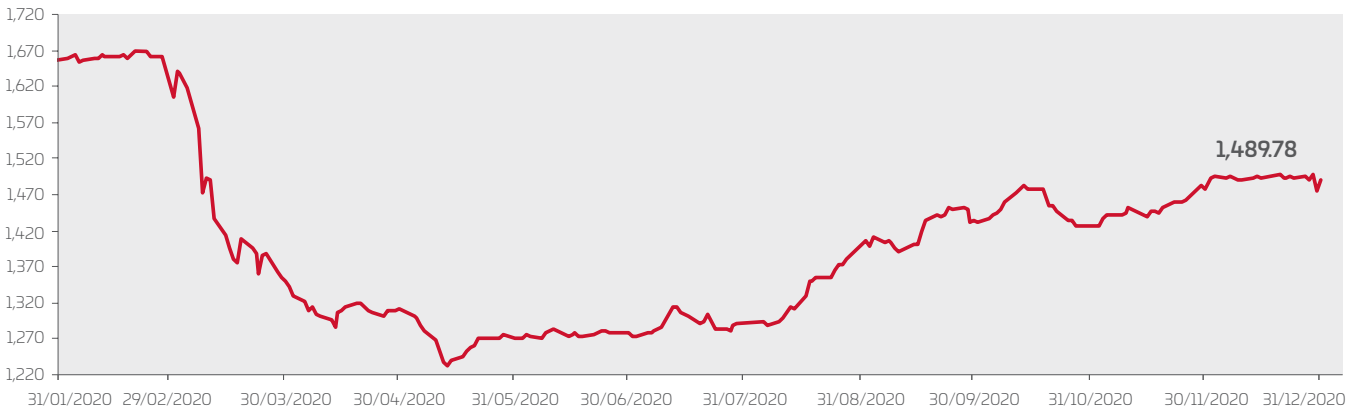
BAHRAIN BOURSE INDICES PERFORMANCE

Bahrain All Share Index	2020	2019	Change (points)	Change (%)
Year end	1,489.78	1,610.18	(120.40)	(7.48)
High	1,668.66	1,610.18	58.48	3.63
Low	1,232.40	1,325.76	(93.36)	(7.04)

Bahrain Islamic Index	2020	2019	Change (points)	Change (%)
Year end	650.19	760.04	(109.85)	(14.45)
High	775.58	853.13	(77.55)	(9.09)
Low	568.64	724.36	(155.72)	(21.50)

Key Statistical Data 2019-2020
(continued)

BAHRAIN ALL SHARE INDEX PERFORMANCE DURING 2020 (POINTS)



Sectorial Indices	2020	2019	Change %
Bahrain All Share Index			
Commercial Banks	3,363.00	3,947.61	(14.81)
Investment	585.22	703.64	(16.83)
Insurance	1,654.47	1,458.28	13.45
Services	1,806.78	1,439.63	25.50
Industrial	823.13	674.05	22.12
Hotels & Tourism	1,958.10	2,336.09	(16.18)

No. of Listed Companies	2020	2019
Public	40	41
Closed	2	2
Non Bahraini	1	1
Total	43	44

No. of Listed T-bills	2020	2019
	34	34

No. of Listed Bonds & Sukuk	2020	2019
Bonds	9	9
Sukuk	5	5

No. of Listed Mutual Funds	2020	2019
	9	9

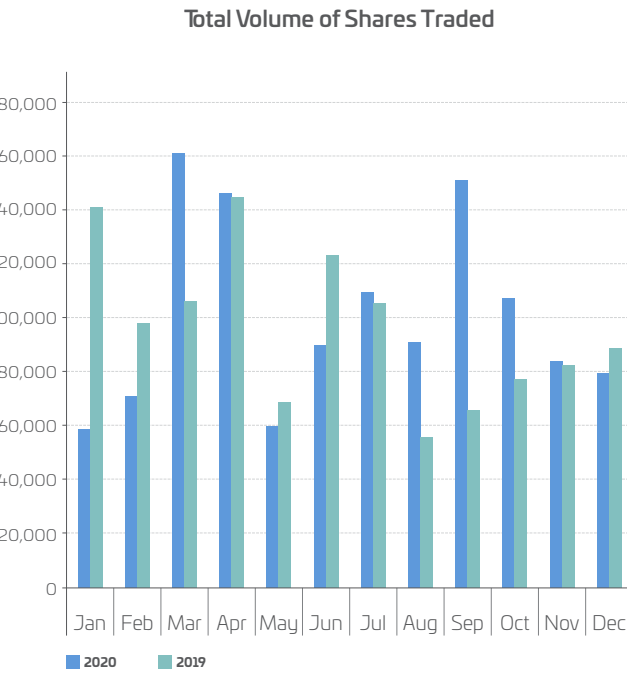
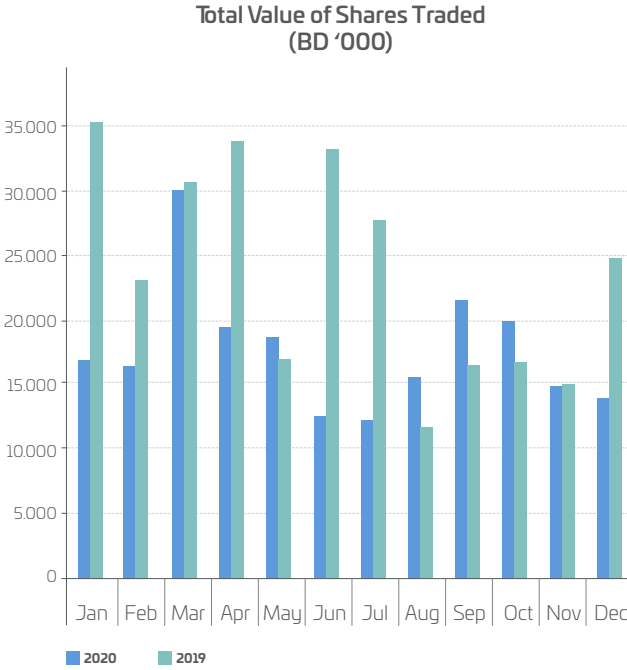
No. of Listed Real Estate Investment Trusts	2020	2019
	1	1

Key Statistical Data 2019-2020
(continued)

EQUITY TRADING ACTIVITY

Volume (000)	2020	2019	Change (%)
Jan	16,934	35,411	(52.18)
Feb	16,494	23,069	(28.50)
Mar	30,155	30,820	(2.16)
Apr	19,490	33,901	(42.51)
May	18,754	17,028	10.14
Jun	12,558	33,378	(62.38)
Jul	12,289	27,866	(55.90)
Aug	15,650	11,785	32.79
Sep	21,597	16,559	30.42
Oct	19,979	16,686	19.74
Nov	14,909	15,042	(0.88)
Dec	13,990	24,860	(43.73)
Market	212,800	286,406	(25.70)

Volume (000)	2020	2019	Change (%)
Jan	58,893	140,724	(58.15)
Feb	70,843	98,319	(27.95)
Mar	161,184	106,153	51.84
Apr	146,236	145,039	0.82
May	59,860	68,850	(13.06)
Jun	90,041	123,069	(26.84)
Jul	109,513	105,259	4.04
Aug	90,968	55,937	62.63
Sep	151,242	65,358	131.41
Oct	107,210	77,436	38.45
Nov	83,929	82,352	1.92
Dec	79,389	88,813	(10.61)
Market	1,209,306	1,157,308	4.49

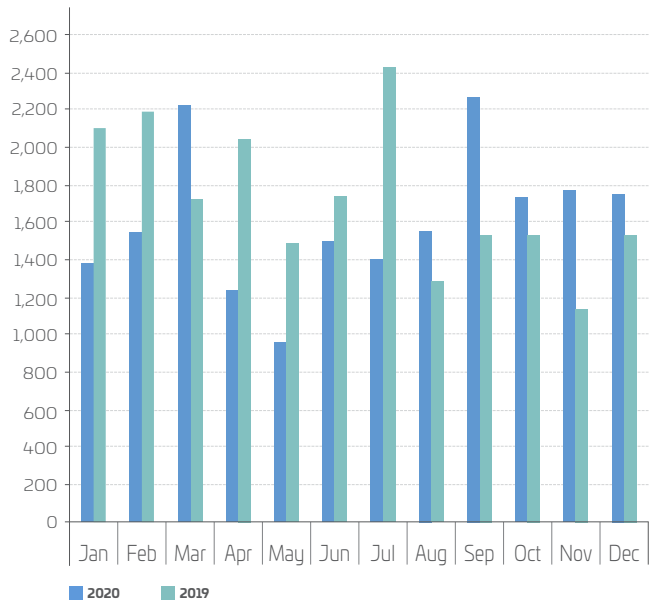


Key Statistical Data 2019-2020
(continued)

EQUITY TRADING ACTIVITY (Continued)

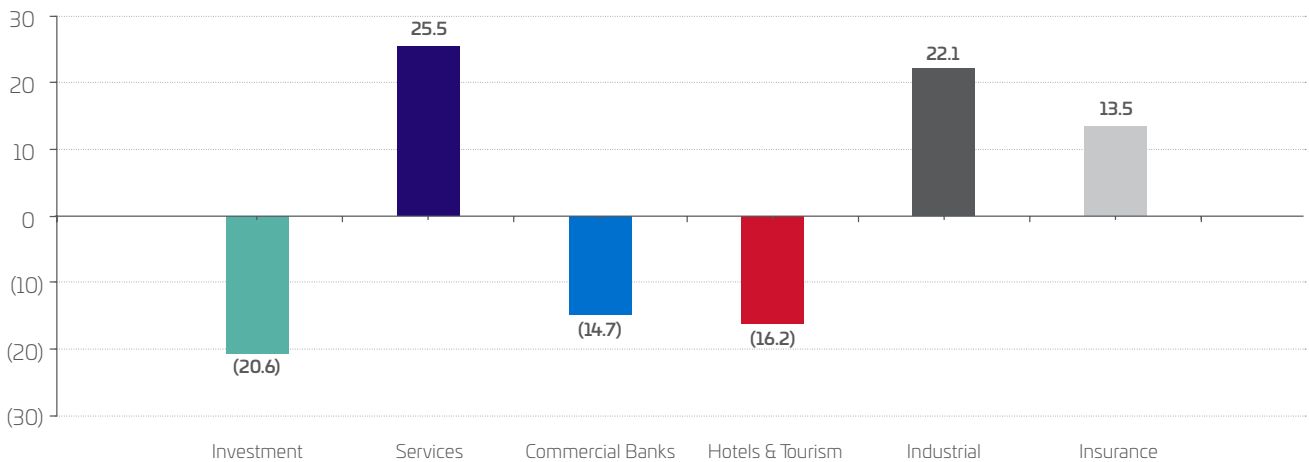
No. of Transactions	2020	2019	Change (%)
Jan	1,378	2,098	(34.32)
Feb	1,546	2,185	(29.24)
Mar	2,221	1,720	29.13
Apr	1,235	2,040	(39.46)
May	959	1,483	(35.33)
Jun	1,498	1,735	(13.66)
Jul	1,402	2,420	(42.07)
Aug	1,553	1,287	20.67
Sep	2,267	1,533	47.88
Oct	1,732	1,535	12.83
Nov	1,768	1,138	55.36
Dec	1,750	1,538	13.78
Market	19,309	20,712	(6.77)

Total Number of Transactions



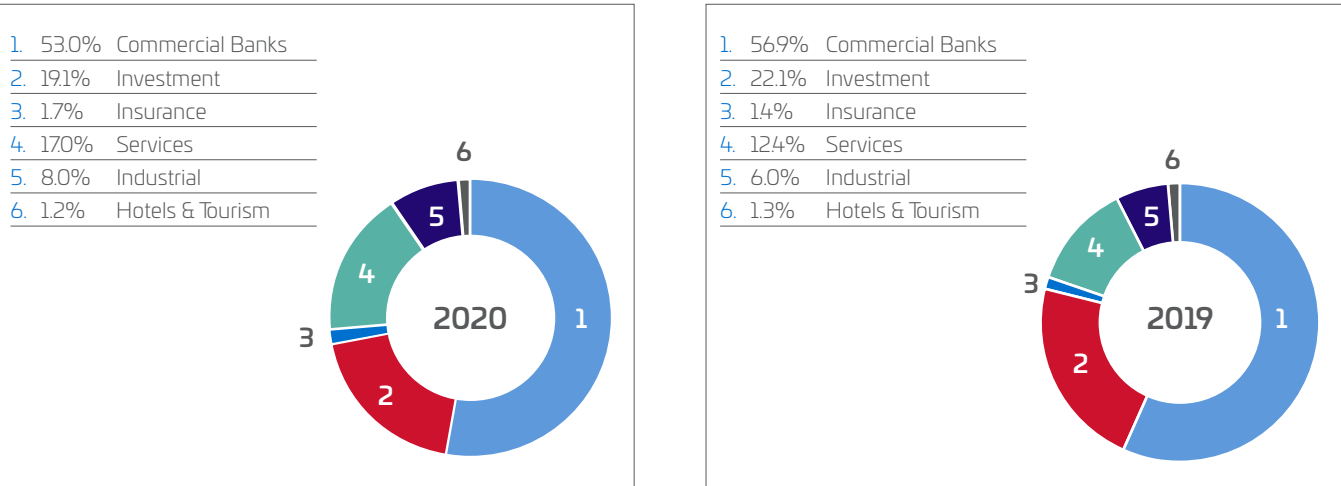
Market Cap (BD million)	2020	2019	Change (%)
Commercial Banks	4,914.2	5,764.4	(14.7)
Investment	1,775.6	2,235.2	(20.6)
Insurance	160.1	141.1	13.5
Services	1,573.6	1,253.9	25.5
Industrial	744.1	609.3	22.1
Hotels & Tourism	109.6	130.8	(16.2)
Market	9,277.3	10,134.6	(8.5)

Sectoral Growth in Market Capitalization During 2020 (%)



Key Statistical Data 2019-2020
(continued)

THE BREAKDOWN OF MARKET CAPITALIZATION BY SECTORS

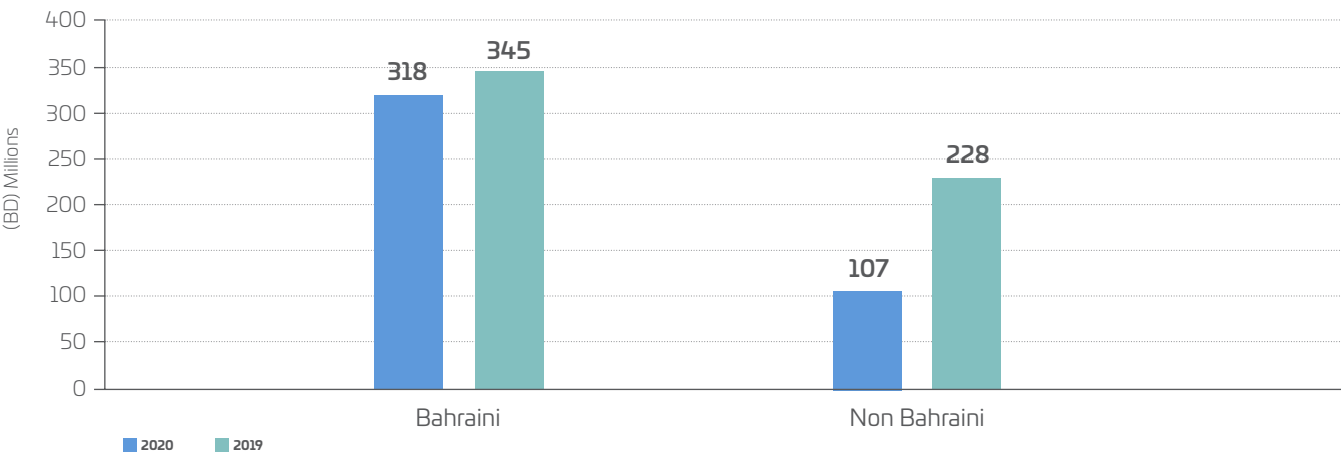


TRADING BY NATIONALITY

Volume	2020	2019	Change (%)
Bahraini	1,990,947,404	1,544,370,478	28.92
Non Bahraini	427,664,854	770,245,868	(44.48)
Total	2,418,612,258	2,314,616,346	4.49

Volume	2020	2019	Change (%)
Bahraini	318,289,919	345,309,818	(7.82)
Non Bahraini	107,309,294	227,502,354	(52.83)
Total	425,599,213	572,812,172	(25.70)

Trading by Nationalities (Value - BD)



Key Statistical Data 2019-2020
(continued)

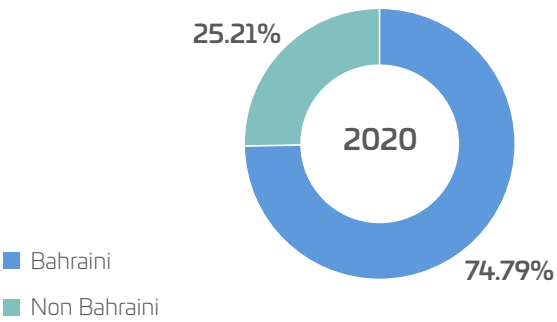
PERCENTAGE OF TRADING BY NATIONALITY-VOLUME (BUY & SELL)

	2020	2019
Bahraini	82.32%	66.72%
Non Bahraini	17.68%	33.28%

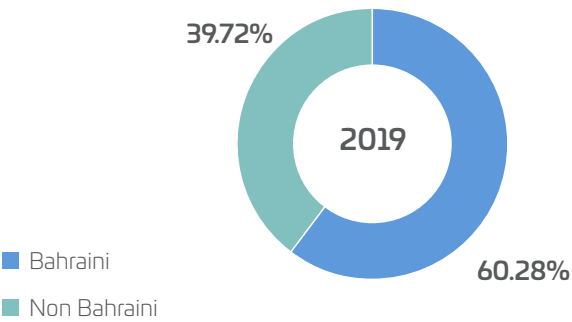
PERCENTAGE OF TRADING BY NATIONALITY-VALUE (BUY & SELL)

	2020	2019
Bahraini	74.79%	60.28%
Non Bahraini	25.21%	39.72%

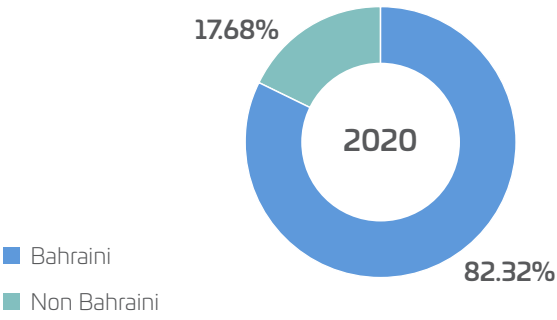
Percentage of Value of Trading in
Terms of Nationality (Buy & Sell)



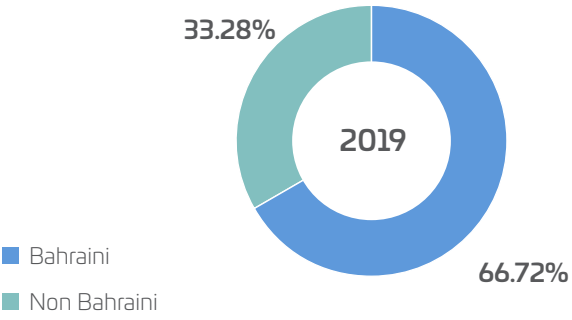
Percentage of Value of Trading in
Terms of Nationality (Buy & Sell)



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



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



Traded Securities and Instruments

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.
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.

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

Traded Securities and Instruments
(continued)

Listed Bonds & Sukuk

Government Development Bond - Issue 11
Government Development Bond - Issue 13
Government Development Bond - Issue 14
Government Development Bond - Issue 15
Government Development Bond - Issue 17
Government Development Bond - Issue 18
Government Development Bond - Issue 19
Government Development Bond - Issue 20
Government Development Bond - Issue 21
Government Islamic Lease (Ijarah) Sukuk - Issue 22
Government Islamic Lease (Ijarah) Sukuk - Issue 23
Government Islamic Lease (Ijarah) Sukuk - Issue 25
Government Islamic Lease (Ijarah) Sukuk - Issue 26
Sukuk Al Musharaka (Investment DAR Sukuk Co.) - 2010*

*Matured as of 26th Oct. 2010

Listed T-Bills & Short-Term Islamic Lease (Ijarah) Sukuk during 2020

12 Months Treasury Bills - Issue 65
12 Months Treasury Bills - Issue 66
12 Months Treasury Bills - Issue 67
12 Months Treasury Bills - Issue 68
12 Months Treasury Bills - Issue 69
12 Months Treasury Bills - Issue 70
12 Months Treasury Bills - Issue 71
12 Months Treasury Bills - Issue 72
12 Months Treasury Bills - Issue 73
12 Months Treasury Bills - Issue 74
12 Months Treasury Bills - Issue 75
12 Months Treasury Bills - Issue 76
Short Term Islamic Lease (Ijarah) Sukuk - Issue 173
Short Term Islamic Lease (Ijarah) Sukuk - Issue 174
Short Term Islamic Lease (Ijarah) Sukuk - Issue 175
Short Term Islamic Lease (Ijarah) Sukuk - Issue 176
Short Term Islamic Lease (Ijarah) Sukuk - Issue 177
Short Term Islamic Lease (Ijarah) Sukuk - Issue 178
Short Term Islamic Lease (Ijarah) Sukuk - Issue 179
Short Term Islamic Lease (Ijarah) Sukuk - Issue 180
Short Term Islamic Lease (Ijarah) Sukuk - Issue 181
Short Term Islamic Lease (Ijarah) Sukuk - Issue 182
Short Term Islamic Lease (Ijarah) Sukuk - Issue 183
Short Term Islamic Lease (Ijarah) Sukuk - Issue 184
6 Months Treasury Bills - Issue 1793
6 Months Treasury Bills - Issue 1797
6 Months Treasury Bills - Issue 1801
6 Months Treasury Bills - Issue 1807
6 Months Treasury Bills - Issue 1810
6 Months Treasury Bills - Issue 1814
6 Months Treasury Bills - Issue 1819
6 Months Treasury Bills - Issue 1823
6 Months Treasury Bills - Issue 1827
6 Months Treasury Bills - Issue 1833
6 Months Treasury Bills - Issue 1836
6 Months Treasury Bills - Issue 1840
3 Months Treasury Bills - Issue 1789
3 Months Treasury Bills - Issue 1790
3 Months Treasury Bills - Issue 1794

Traded Securities and Instruments
(continued)

Listed T-Bills & Short-Term Islamic Lease (Ijarah)
Sukuk during 2020 (Continued)

3 Months Treasury Bills - Issue 1791
3 Months Treasury Bills - Issue 1792
3 Months Treasury Bills - Issue 1795
3 Months Treasury Bills - Issue 1796
3 Months Treasury Bills - Issue 1798
3 Months Treasury Bills - Issue 1799
3 Months Treasury Bills - Issue 1800
3 Months Treasury Bills - Issue 1802
3 Months Treasury Bills - Issue 1803
3 Months Treasury Bills - Issue 1804
3 Months Treasury Bills - Issue 1805
3 Months Treasury Bills - Issue 1806
3 Months Treasury Bills - Issue 1808
3 Months Treasury Bills - Issue 1809
3 Months Treasury Bills - Issue 1811
3 Months Treasury Bills - Issue 1812
3 Months Treasury Bills - Issue 1813
3 Months Treasury Bills - Issue 1815
3 Months Treasury Bills - Issue 1816
3 Months Treasury Bills - Issue 1817
3 Months Treasury Bills - Issue 1818
3 Months Treasury Bills - Issue 1820
3 Months Treasury Bills - Issue 1821
3 Months Treasury Bills - Issue 1822
3 Months Treasury Bills - Issue 1824
3 Months Treasury Bills - Issue 1825
3 Months Treasury Bills - Issue 1826
3 Months Treasury Bills - Issue 1828
3 Months Treasury Bills - Issue 1829
3 Months Treasury Bills - Issue 1830
3 Months Treasury Bills - Issue 1831
3 Months Treasury Bills - Issue 1832
3 Months Treasury Bills - Issue 1834
3 Months Treasury Bills - Issue 1835
3 Months Treasury Bills - Issue 1837
3 Months Treasury Bills - Issue 1838
3 Months Treasury Bills - Issue 1839
3 Months Treasury Bills - Issue 1841

Brokers & Members

Brokerage Firms

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

Individual Brokers

Abdulla Jaffar Zainalabedeen Office

Member Firms

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

Authorized Sponsors

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 (Minimum of BD 5,250 and Maximum of BD 84,000)	0.035% of paid-up capital plus VAT
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 and 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.

Bahrain Bourse Fees & Commissions
(continued)

1. Applicants and Issuers Listing Fees (Continued)

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 BD 1,050 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
(continued)

2. Membership Fees (Continued)

2.2 Member Services		
	Fee	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	

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

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.

Bahrain Bourse Fees & Commissions
(continued)

3. Information Products Fees

3.1 Information Products 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	Applicable per Annum
	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		
	Fee	Frequency
Detailed Reports Requests (soft or hard copy)	BD 105/page capped at BD 52.5/report	Applicable per Request

1.3 AGM Services		
	Fees	Frequency
a- AGM Management - 1st 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 7875	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 - 2nd Meeting (if 1st meeting is adjourned due to insufficient quorum)	BD 525	Applicable per Request
c- AGM Management – 3rd Meeting (if 2nd meeting is adjourned due to insufficient quorum)	BD 315	Applicable per Request

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

Bahrain Clear Fees
(continued)

1. Issuer Fees (Continued)

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 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 higher	Applicable per Occurrence
If the rejection reversal request (for Sale) or transfer request (for Buy) is executed by BHB beyond (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
(continued)

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 10.5	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.

Bahrain Clear Fees
(continued)

4. Investor Fees (Continued)

4.2 Securities Freeze, Pledge, & Release		
	Fees	Frequency
Pledge Registration	0.075% of the market value using previous day closing price plus VAT with a minimum of BD 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	Fee	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 3,150	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

Corporate Governance Report

BAHRAIN BOURSE CORPORATE GOVERNANCE POLICY

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

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

COMPANY AND SHAREHOLDER INFORMATION

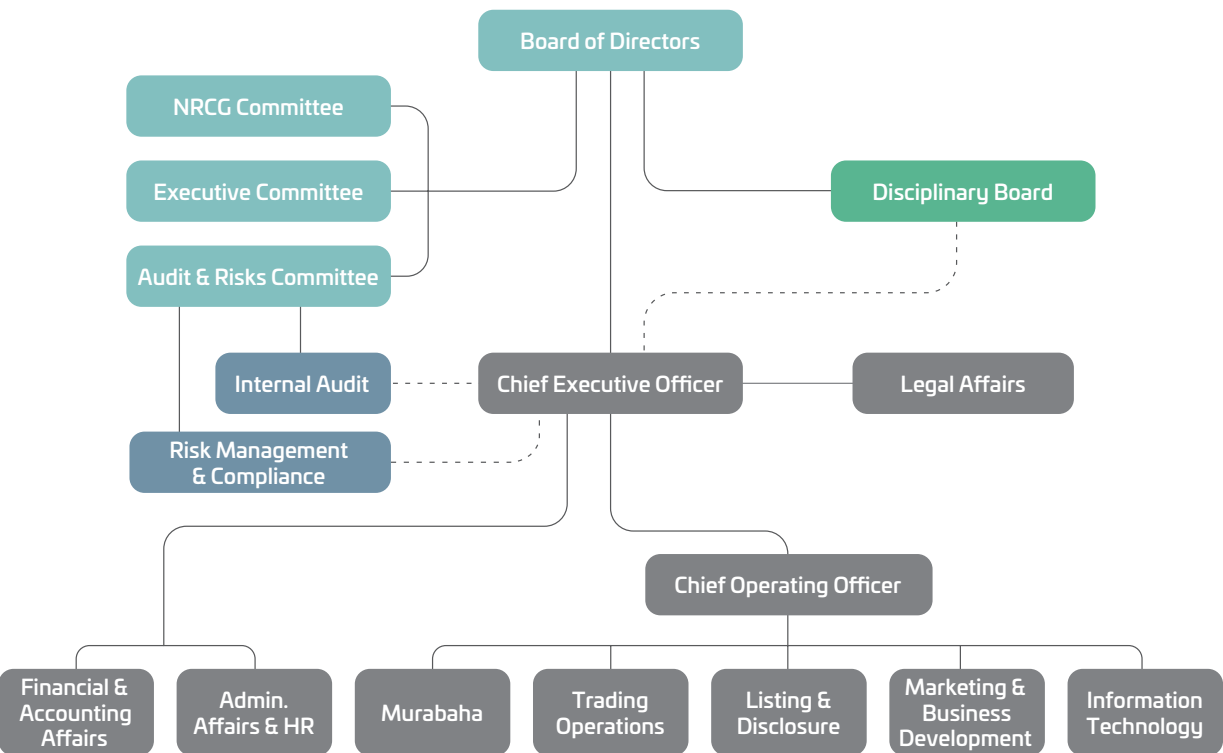
Bahrain Bourse was established as a Bahraini Closed Shareholding Company pursuant to Decree number (60) for the year 2010 to replace Bahrain Stock Exchange which was established in 1987. Bahrain Bourse is licensed by the Central Bank of Bahrain as a stock exchange and a Self-Regulatory Organization,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

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

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

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

BAHRAIN BOURSE GOVERNANCE STRUCTURE



Corporate Governance Report (continued)

BOARD OF DIRECTORS INFORMATION

Composition of the Board of Directors

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

The Bourse's Board is comprised of nine directors who were appointed by Economic Development Board Resolution No. 1 of 2020 dated 14th June 2020 for a period of 3 years starting from resolution date, as 6 members were re-appointed as Board Members and 3 were appointed as new members. The membership of previous members of Board of Directors ended on 27th December 2019, but according to Bahrain Bourse Memorandum and Articles of Association, their membership was extended and valid until the resolution mentioned previously was issued by the Economic Development Board and the details are clarified in the tables of Board Members' meetings attendance.

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:
 - The overall performance of the Bourse in accordance with the approved strategic plan.
 - 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.
 - Monitoring the performance of the executive management.
 - Ensuring that there is no conflict of interest of any kind and prevent any dealings that may cause rise to conflict of interest.
 - Fixing and controlling the remuneration and compensation of the executive management of the Bourse.
 - 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.
 - 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.
 - Monitoring the duties that the Bourse should comply with or perform, including but not limited to, matters related to the requirements of trading and listing on the Bourse, disclosure and dissemination of information that has a direct impact on the shares prices of listed companies in the Bourse in order to provide a fair and efficient trading market, as well as preventing any transactions that involve any misuse of information by putting in place all required regulations.
 - Complying with all the provisions of the Bourse's incorporation documents, including but not limited to the Memorandum and Articles of Association of the Bourse and all related rules, regulations, decrees and resolutions.
 - 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.
 - Developing and putting in place the systems, regulations, rules and policies necessary for organizing the work and management of the company, policies to appoint and remove directors, chief executive officer and employees along with determining their duties, salaries and the guarantees that they should provide, if any, and the purchase and sale of property, rights and concessions, whether movable or fixed, leasing and authorization to withdraw funds and collateral owned by the company and the transfer and sale thereof, approval of taking legal action to protect the company's interests before the courts as plaintiff or defendant, write-off of assets, termination of concessions, whether for or without consideration, take decisions on how to use the company's funds, and the determining and imposing of fines and penalties for violations by the members and companies listed on the Bourse.
- The Board members are collectively and individually responsible for performing these tasks and responsibilities. The Board may delegate specific tasks to committees. However, the Board may not delegate the task of ensuring having in place a comprehensive adequate, effective and transparent corporate governance framework.

Corporate Governance Report
(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 Committee, Audit and Risks Committee, Nomination, Remuneration and Corporate Governance.

Executive Committee	
Members	Brief terms of reference, tasks, and responsibilities
Ali Yousif Fardan Chairperson	<ul style="list-style-type: none">The Board of Directors appoints the members of the Committee who will be at least three for a term of three years, subject to renewal in concurrence with the term of the Board of Directors.A committee chairperson 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>
Matthew John Deakin Deputy Chairperson	
Narjes Mohamed Alqaseer Member	

Audit & Risks Committee	
Members	Brief terms of reference, tasks, and responsibilities
Hassan Amin Jarrar Chairperson	<ul style="list-style-type: none">The Board of Directors appoints the members of the Committee who will be at least three for a term of three years, subject to renewal in concurrence with the term of the Board of Directors.A committee chairperson 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>
Yaser Abduljalil AlSharifi Deputy Chairperson	
Deena Ebrahim Al-Ansari Member	

Corporate Governance Report
(continued)

Nomination, Remuneration, & Corporate Governance Committee	
Members	Brief terms of reference, tasks, and responsibilities
Abdulkarim Ahmed Bucheery Chairperson	<ul style="list-style-type: none">The Board of Directors appoints the members of the Committee who will be at least three independent and non-executive members, for a term of three years, subject to renewal in concurrence with the term of the Board of Directors.A committee chairperson 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>
Saleh Hasan Husain Deputy Chairperson	
Abdulrahman Hamed AlZayani Member	

DIRECTORS' REMUNERATION

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

Board of Directors' remuneration for the year 2020 amounted to BHD 31,300, and the total sitting fees paid to the Board of Directors for attending the meetings of the Board and Committees amounted to BHD 40,700.

REMUNERATION OF EXECUTIVE MANAGEMENT

Fixed and Variable Compensations and Remunerations

During 2020, the amount related to Executive Management's basic salaries, fixed allowances, and bonuses related to year-end performance appraisals was BHD 373,492.000.

EVALUATING THE PERFORMANCE OF THE BOARD OF DIRECTORS AND COMMITTEES

The performance of the Board and the committees is evaluated through self- assessment, or through external parties, by reviewing their tasks and responsibilities. The assessment also includes reviewing the level of achievement with regard to the implementation of plans and programs designed to develop the performance of the Bourse, according to the approved assessment policy and procedure for Board members assessment. A Board evaluation was performed in 2019 and all recommendations and observations stated in the evaluation were rectified and taken into consideration.

Corporate Governance Report
(continued)

CODE OF CONDUCT

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

WHISTLE BLOWING POLICY

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

The 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 rules, laws and regulations.

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

CONFLICT OF INTERESTS

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

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

DISCLOSURES RELATED TO MEMBERS OF THE BOARD OF DIRECTORS

The independence of the Board Members was defined in the first Board Meeting held on 2nd July 2020 after issuance of a resolution to reappoint some members and appoint other new ones.

Corporate Governance Report
(continued)

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 45 years in several banking fields and Islamic Banking services

Board Memberships in Other Companies

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

Ali Yousif Fardan

- Deputy Chairman 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 43 years in several banking fields and 31 years in executive management

Board Memberships in Other Companies

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

Corporate Governance Report
(continued)

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 31 years in banking sector

Board Memberships in Other Companies

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

Abdulrahman Hamed AlZayani

- Member of the Board of Directors
- Member 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 18 years in business and investment sectors

Board Memberships in Other Companies

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

Corporate Governance Report
(continued)

Deena Ebrahim Al-Ansari

- Member of the Board of Directors
- Member of the Audit & Risks Committee
- Member of the Executive Committee until 13th June 2020
- Member of Nomination, Remuneration & Corporate Governance Committee until 13th June 2020
- 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 10 years in banking sector and 13 years in business sector

Board Memberships in Other Companies

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

Yaser Abduljalil AlSharifi

- Member of the Board of Directors
- Deputy Chairperson of 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 25 years in the fields of auditing and investment

Board Memberships in Other Companies

Membership	Company Name	Country
Member of the Executive Board	Bahrain FirTech Bay	Bahrain
Board Member	Bahrain Clear	Bahrain
Board Member	Bahrain Car Parks Company	Bahrain
Board Member	Bahrain Real Estate Investment (Edamah)	Bahrain
Board Member	KSK Holdings Company W.L.L.	Bahrain
Chairman & Member of Audit & Risk Committee	The Bahrain Institute for Pearls & Gemstones (Danat)	Bahrain
Board Member	Hawar Holding	Bahrain
Member of Executive Committee	Bahrain Islamic Bank	Bahrain
Representing National Bank of Bahrain	Fund of Funds (AlWaha)	Bahrain

Corporate Governance Report
(continued)

Matthew John Deakin

- Member of the Board of Directors
- Deputy Chairperson of Executive Committee
- Independent & Non-Executive Director
- Joined the Board of Directors on 14th June 2020
- **Qualifications:** Associate member of the Institute of Chartered Accountants of England and Wales
- **Experience:** more than 37 years in banking sector

Board Memberships in Other Companies

Membership	Company Name	Country
Board Member	Bahrain Association of Banks	Bahrain
Partner & Board Member	KMH Management Solutions	Bahrain

Saleh Hasan Husain

- Member of the Board of Directors
- Deputy Chairperson of Nomination, Remuneration, & Corporate Governance Committee
- Independent & Non-Executive Director
- Joined the Board of Directors on 14th June 2020
- **Qualifications:** Masters in Business Administration from Brunel University London
- **Experience:** more than 35 years in banking sector

Board Memberships in Other Companies

Membership	Company Name	Country
Board Member	Solidarity Group Holding B.S.C. (Closed)	Bahrain
Board Member	Haji Hassan Group B.S.C (Closed)	Bahrain
Chairperson of Audit Committee	Almajdouie Holding	Saudi Arabia
Chairperson of Audit Committee	Al-Suwaidi Holding Co. Ltd.	Saudi Arabia
Chairperson of Audit Committee	Lakemore Investment	UAE

Narjes Mohamed Alqaseer

- Member of the Board of Directors
- Member of the Executive Committee
- Independent & Non-Executive Director
- Joined the Board of Directors on 14th June 2020
- **Qualifications:** Bachelors of Science in Management & Marketing - University of Bahrain, and Diploma in Electrical Engineering from University of Bahrain
- **Experience:** around 15 years in financial consultancy

Board Memberships in Other Companies

Membership	Company Name	Country
Board Member	Conserving Bounties	Bahrain

Corporate Governance Report
(continued)

Board Members who's memberships ended on 13th June 2020.

Marwan Khalid Tabbara

- Deputy Chairman of the Board of Directors until 13th June 2020
- Deputy Chairperson of Audit & Risks Committee until 13th June 2020
- Independent & Non-Executive Director
- Joined the Board of Directors on 6th February 2011 until 13th June 2020
- **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 18 years in consultancy

Board Memberships in Other Companies

Membership	Company Name	Country
Board Member	Stratum	Bahrain
Board Member	Bahrain Development Bank	Bahrain
Board Member	Bahrain Flour Mills	Bahrain
Board Member	Park Place	Bahrain
Board Member	Viacloud	Bahrain
Board Member	Bahrain Islamic Bank	Bahrain
Board Member	Geode Advisors	Bahrain
Board Member	American University of Bahrain	Bahrain
Board Member	American School of Bahrain	Bahrain

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 until 13th June 2020
- **Qualifications:** Masters of International Business Management - UK
- **Experience:** around 18 years in the government and economic sectors

Board Memberships in Other Companies

Membership	Company Name	Country
Board Member	Eskan Bank	Bahrain

Corporate Governance Report
(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 2020, 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

		(1/2020)	(2/2020)	(3/2020)	(4/2020)	(5/2020)
		16 March 2020	18 May 2020	2 July 2020	1 October 2020	13 Dec. 2020
Members of the Board of Directors						
Abdulkarim Ahmed Bucheery	Chairman					
Ali Yousif Fardan	Deputy Chairman					
Hassan Amin Jarrar	Member	--				
Abdulrahman Hamed AlZayani	Member					
Deena Ebrahim Al-Ansari	Member					
Yaser Abduljalil AlSharifi	Member					
Saleh Hasan Husain #	Member	--	--			
Matthew John Deakin #	Member	--	--			
Narjes Mohamed Alqaseer #	Member	--	--			
Marwan Khalid Tabbara @	Deputy Chairman			--	--	--
Rana Ebrahim Faqihi @	Member			--	--	--

Physical Attendance.

Virtual participation.

Membership commenced on 14th June 2020.

@ Membership ended on 13th June 2020.

Executive Committee Meetings

		(1/2020)	(2/2020)	(3/2020)	(4/2020)
		25 February 2020	11 May 2020	23 September 2020	23 November 2020
Members of the Board of Directors					
Ali Yousif Fardan	Chairperson				
Matthew John Deakin #	Deputy Chairperson	--	--		
Narjes Mohamed Alqaseer #	Member	--	--		
Rana Ebrahim Faqihi @	Deputy Chairperson			--	--
Deena Ebrahim Al-Ansari @	Member			--	--

Physical Attendance.

Virtual participation.

Membership commenced on 14th June 2020.

@ Membership ended on 13th June 2020.

Corporate Governance Report
(continued)

Audit & Risks Committee Meetings

		(1/2020) 65	(2/2020) 66	(3/2020) 67	(4/2020) 68
		12 February 2020	22 April 2020	11 August 2020	10 November 2020
Members of the Board of Directors					
Hassan Amin Jarrar	Chairperson				
Yaser Abduljalil AlSharifi	Deputy Chairperson				
Deena Ebrahim Al-Ansari #	Member	--	--		
Marwan Khalid Tabbara @	Deputy Chairperson			--	--

Physical Attendance.

Virtual participation.

Membership commenced on 14th June 2020.

@ Membership ended on 13th June 2020.

Nomination, Remuneration, & Corporate Governance Committee

		(1/2020)	(2/2020)	(3/2020)	(4/2020)
		26 February 2020	5 May 2020	21 September 2020	16 November 2020
Members of the Board of Directors					
Abdulkarim Ahmed Bucheery	Chairperson				
Saleh Hasan Husain #	Deputy Chairperson	--	--		
Abdulrahman Hamed AlZayani	Member				
Deena Ebrahim Al-Ansari @	Member			--	--

Physical Attendance.

Virtual participation.

Membership commenced on 14th June 2020.

@ Membership ended on 13th June 2020.

AUDITORS

His Excellency Minister of Industry, Commerce, and Tourism, the Shareholder of Bahrain Bourse, has appointed Deloitte & Touche as external auditors for the year 2020.

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, 2020

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Independent Auditor’s Report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Bahrain Bourse B.S.C. (c) (the “Bourse”) and its subsidiary (collectively, referred to as the “Group”) which comprise of consolidated statement of financial position as at December 31, 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Other Information

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

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

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

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

Responsibilities of Directors for the consolidated financial statements

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

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

Independent Auditor's Report (Continued)

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

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

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

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

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

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

Report on legal and regulatory requirements

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

- 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 are in agreement therewith;
- 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, 2020; and
- Satisfactory explanations and information have been provided to us by the Directors in response to all our requests.

Deloitte & Touche

Deloitte & Touche – Middle East
Partner Registration No. 157
Manama, Kingdom of Bahrain
March 22, 2021

Consolidated Statement of Financial Position

As at December 31, 2020

	Note	2020 BD	2019 BD
ASSETS			
Non-current assets			
Furniture and equipment	5	980,046	948,114
Right-of-use assets	6.1	461,400	696,529
Financial assets at amortised cost	7	-	1,000,000
Total non-current assets		1,441,446	2,644,643
Current assets			
Financial assets at amortised cost	7	29,166,924	-
Prepayments and other assets	8	472,880	177,390
Trade receivables	9	76,847	65,070
Cash and bank balances	10	6,609,891	3,164,173
Total current assets		36,326,542	3,406,633
Total assets		37,767,988	6,051,276
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
(Accumulated losses) / retained earnings		(287,832)	300,144
Total equity		4,113,243	4,701,219
Liabilities			
Non-current liabilities			
Provision for employees' end-of-service benefits	15	9,269	6,761
Lease liabilities	6.2	214,043	467,437
Total non-current liabilities		223,312	474,198
Current liabilities			
Contract liabilities	16	10,066	55,197
Lease liabilities	6.2	272,089	247,717
Trade payables		173,454	75,806
Accruals and other liabilities	17	32,975,824	497,139
Total current liabilities		33,431,433	875,859
Total liabilities		33,654,745	1,350,057
Total equity and liabilities		37,767,988	6,051,276
Off-balance sheet items			
Commitments under maintenance contracts	26	764,098	-
Guarantee deposits in custody		871,793	1,367,297
Guarantee bond		372,008	-

The consolidated financial statements were approved by the Board of Directors on March 17, 2021 and signed on its behalf by:

Mr. Abdulkarim Ahmed Bucheery
Chairman

Mr. Ali Yusuf Fardan
Vice Chairman

Shaikh Khalifa Bin Ebrahim Al Khalifa
Chief Executive Officer

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

Consolidated Statement of Profit or Loss and other Comprehensive Income

Year Ended December 31, 2020

	Note	2020 BD	2019 BD
Operating income			
Subscription fees	16.1	1,680,806	1,689,457
Amount recovered from Mumtalakat	11	-	418,520
Commission income	18	313,603	388,044
Deposit and central depository registration		141,508	143,400
Trading data income		136,173	131,057
Smart investor		34,167	75,083
Advertising package		43,296	62,000
Trade-quest and hall income		31,119	52,050
Acquisition and merger income		98,000	-
Other operating income	19	156,355	160,628
Total operating income		2,635,027	3,120,239
Operating expenses			
Salaries and staff costs	20	(2,055,364)	(1,827,120)
General and administrative expenses	21	(971,135)	(1,107,719)
Depreciation of furniture and equipment	5	(239,975)	(427,133)
Depreciation of right-of-use assets	6.1	(257,875)	(252,195)
Interest expense on lease liabilities	6.1	(34,815)	(47,229)
Board of Directors remuneration	11	-	(66,900)
Board of Directors sitting fees	11	(62,050)	(53,900)
Total operating expenses		(3,621,214)	(3,782,196)
Operating loss for the year		(986,187)	(661,957)
Interest income	22	358,793	166,426
Financial support from the Government of Bahrain		45,120	-
Impairment losses on trade receivables	9	(23,081)	(2,838)
Reversal of / (impairment) losses on cash and bank balances	10	17,379	(24)
Loss for the year		(587,976)	(498,393)
Other comprehensive income		-	-
Total comprehensive loss for the year		(587,976)	(498,393)

The consolidated financial statements were approved by the Board of Directors on March 17, 2021 and signed on its behalf by:

Mr. Abdulkarim Ahmed Bucheery
Chairman

Mr. Ali Yusuf Fardan
Vice Chairman

Shaikh Khalifa Bin Ebrahim Al Khalifa
Chief Executive Officer

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

Consolidated Statement of Changes in Equity

Year Ended December 31, 2020

	Share capital BD	General reserve BD	Statutory reserve BD	Retained earnings / (accumulated losses) BD	Total equity BD
Balance as at January 1, 2020	2,000,000	2,000,000	401,075	300,144	4,701,219
Total comprehensive loss for the year	-	-	-	(587,976)	(587,976)
Balance as at December 31, 2020	2,000,000	2,000,000	401,075	(287,832)	4,113,243
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	2,000,000	2,000,000	401,075	300,144	4,701,219

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

Consolidated Statement of Cash Flows

Year Ended December 31, 2020

	Note	2020 BD	2019 BD
Cash flows from operating activities			
Loss for the year		(587,976)	(498,393)
Adjustments for non-cash items:			
Provision for employees' end-of-service indemnity - charge	15	2,508	1,818
Depreciation of furniture and equipment	5	239,975	427,133
Depreciation of right-of-use assets	6.1	257,875	252,195
Interest expense on lease liabilities	6.2	34,815	47,229
Impairment losses on trade receivables	9	23,081	2,838
Reversal of / (impairment) losses on cash and bank balances	10	(17,379)	24
Loss on disposal of property, plant and equipment		108	-
Interest income		(358,793)	(166,426)
Cash flows before changes in working capital		(405,786)	66,418
<i>Changes in working capital:</i>			
Increase in prepayments and other assets		(105,141)	(8,210)
(Increase) / decrease in trade receivables		(34,858)	15,574
Decrease in contract liabilities		(45,131)	(39,769)
Increase in trade payables		97,648	45,933
Increase in accruals and other liabilities		32,478,685	134,383
Cash generated from operations		31,985,417	214,329
Interest expense on lease liabilities		(34,815)	(47,229)
Net cash generated from operating activities		31,950,602	167,100
Investing activities			
Purchase of furniture and equipment	5	(272,345)	(97,824)
Purchase of investments at amortised cost	23	(28,166,924)	-
Term deposits with maturities more than three months, net	10	769,039	589,638
Interest received		168,444	183,591
Proceeds from disposal of furniture and equipment		330	-
Net cash (used in) / generated from investing activities		(27,501,456)	675,405
Cash flows from financing activity			
Repayment of principle lease liabilities	6.2	(251,768)	(233,570)
Net cash used in financing activity		(251,768)	(233,570)
Net increase in cash and cash equivalents		4,197,378	608,935
Cash and cash equivalents, at beginning of year		1,729,044	1,120,109
Cash and cash equivalents, at end of year	10	5,926,422	1,729,044
Non-cash transactions:			
Rent concession	6.2	15,338	-

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

1. General Information

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

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

Unclaimed cash dividends fund and annual dividends fund

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

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

2. Adoption of New And Revised 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 early adopted the amendment to IFRS 16 Leases that is effective for annual periods that begin on or after June 1, 2020 and, as a result has treated all rent concessions occurring as a direct consequence of COVID-19 meeting the following conditions as variable lease payments rather than as lease modifications:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

Application of this practical expedient has resulted in recognition of a reduction in lease payments as a negative variable lease payment in profit or loss in the period of BD 15,338. The Group has applied the practical expedient to all rent concessions that have met the above criteria. There were no COVID-19-related rent concessions prior to January 1, 2020.

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

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 01, 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- Amendments to *Interest Rate Benchmark Reform in IFRS 9 and IFRS 7*: The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.
- Amendments to *Reference to the Conceptual Framework in IFRS Standards*: The amendments include consequential amendments to affected Standards so that they refer to the new Framework. The Standards which are amended are 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.

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

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

2. Adoption of New And Revised International Financial Reporting Standards s (IFRSs) (Continued)

- Amendments to *IFRS 3 Definition of a business*: The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.
- Amendments to *IAS 1 and IAS 8 Definition of material*: The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of ‘material’ or refer to the term ‘material’ to ensure consistency.

2.3 New and revised IFRSs issued but not yet effective

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

- IFRS 17 *Insurance Contracts* (effective from January 1, 2023).
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).
- Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (effective from January 1, 2023).
- Amendments to IFRS 3 *Business Combinations*: Reference to the Conceptual Framework (effective from January 1, 2022).
- Amendments to IAS 16 *Property, Plant and Equipment* related to proceeds before intended use (effective from January 1, 2022).
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* related to Onerous Contracts—Cost of Fulfilling a Contract (effective from January 1, 2022).
- Annual Improvements to IFRS *Standards 2018-2020*: The Annual Improvements include amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* (effective from January 1, 2022), IFRS 9 *Financial Instruments* (effective from January 1, 2022), IFRS 16 *Leases* (effective date not yet decided) and IAS 41 *Agriculture* (effective from January 1, 2022).
- Amendments to Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); the amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks (effective from January 1, 2021).

The Directors do not expect that the adoption of the above Standards will have a material impact on the Group’s consolidated 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.

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

3. Significant Accounting Policies (Continued)

Going concern

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

The principal accounting policies adopted are set out below.

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.

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.

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

3. Significant Accounting Policies (Continued)

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.

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.

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

3. Significant Accounting Policies (Continued)

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.

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.

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

3. Significant Accounting Policies (Continued)

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.

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.

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

3. Significant Accounting Policies (Continued)

Provision for employees’ end-of-service benefits

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

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

Provisions

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

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

Revenue recognition

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

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

Year Ended December 31, 2020

3. Significant Accounting Policies (Continued)

Leases

The Group as lessee:

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

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

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

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

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

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

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

Government grants

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

4.1 Critical judgements in applying accounting policies

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

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

4.2 Key sources of estimation uncertainty

4.2.1 Measurement of the expected credit loss allowance

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

5. Furniture and Equipment

	Fixtures BD	Furniture and equipment BD	Computers BD	Vehicles BD	Total BD
Cost					
Balance, January 1, 2019	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
Additions	7,782	13,983	243,679	6,901	272,345
Disposals	-	(13,530)	(43,562)	(7,435)	(64,527)
Balance, December 31, 2020	1,803,769	1,528,336	2,534,427	16,901	5,883,433

Accumulated depreciation					
Balance, January 1, 2019	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
Charge of the year	120,156	64,464	54,718	637	239,975
Relating to disposals	-	(13,314)	(43,341)	(7,434)	(64,089)
Balance, December 31, 2020	1,214,304	1,501,660	2,176,786	10,637	4,903,387

Carrying amounts					
December 31, 2020	589,465	26,676	357,641	6,264	980,046
December 31, 2019	701,839	77,373	168,901	1	948,114

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

6. Leases

The Group only operates as a lessee.

6.1 Right-of-use assets

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

	Total BD
Balance as at January 1, 2019	933,537
Depreciation during the year	(252,195)
Additions/modifications during the year	15,187
Balance as at December 31, 2019	696,529
Depreciation during the year	(257,875)
Additions/modifications during the year	22,746
Balance as at December 31, 2020	461,400

The following are the amounts recognized in profit and loss for the year ended December 31, 2020:

	2020 BD	2019 BD
Depreciation of right-of-use assets	(257,875)	(252,195)
Interest expense on lease liabilities	(34,815)	(47,229)

The total cash outflow for leases amounted to BD 271,245 (2019: BD 280,799) in relation to premises at Bahrain Financial Harbour and BD 29,940 (2019: 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

	2020 BD	2019 BD
Balance, January 1	715,154	933,537
Additions/modifications	22,746	15,187
Accretion of interest	34,815	47,229
Payments	(271,245)	(280,799)
Rent concession	(15,338)	-
Balance, December 31,	486,132	715,154

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

	2020 BD	2019 BD
Current lease liabilities	272,089	247,717
Non-current lease liabilities	214,043	467,437
	486,132	715,154

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

	2020 BD	2019 BD
Not later than 1 year	293,277	281,999
1 to 5 years	219,959	493,498
	513,236	775,497
Less: unearned interest	(27,104)	(60,343)
	486,132	715,154

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

7. Financial Assets at Amortised Cost

	2020 BD	2019 BD
Government Development Bond (note 7.1)	1,000,000	1,000,000
Financial assets relating to unclaimed cash dividends (note 23)	28,166,924	-
	29,166,924	1,000,000

7.1 During 2016, the Group invested in a Government Development Bond (Issue 11) amounting to BD 1 million. The bond has a 5 year maturity and 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

	2020 BD	2019 BD
Prepaid expenses	218,801	124,190
Fiduciary asset (note 17)	-	40
Accrued interest receivable	217,110	26,761
Due from employees	25,793	25,985
Tax recoverable	11,176	414
	472,880	177,390

9. Trade Receivables

	2020 BD	2019 BD
Subscription and registration fees receivable	405,311	366,709
Commissions receivable	1,432	4,204
Service fees receivable	7,805	12,401
Advertisement and central registry fees receivable	69,885	80,372
AGM meeting fees receivable	10,658	6,940
Other	14,196	3,803
	509,287	474,429
Expected credit loss	(432,440)	(409,359)
	76,847	65,070

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.

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

9. Trade Receivables (Continued)

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

	December 31, 2020			December 31, 2019		
	Estimated total gross carrying amount at default BD	Expected credit loss rate %	Lifetime ECL BD	Estimated total gross carrying amount at default BD	Expected credit loss rate %	Lifetime ECL BD
Aging brackets						
Not credit-impaired:						
< 30 days	19,201	9.73%	1,868	31,476	9.29%	2,924
31 – 60 days	1,588	18.60%	295	3,618	17.79%	644
61 – 90 days	4,883	30.29%	1,479	11,687	29.42%	3,438
91 – 180 days	4,298	47.25%	2,031	10,314	47.25%	4,873
181 – 365 days	86,848	47.25%	41,036	14,101	47.25%	6,663
> 365 days	12,774	47.25%	6,036	23,538	47.25%	11,122
	129,592		52,745	94,734		29,664
Credit-impaired:						
> 1 year	379,695	100%	379,695	379,695	100%	379,695
	509,287		432,440	474,429		409,359

The movement in the expected credit loss was as follows:

	Credit impaired BD	Not credit impaired (collectively assessed) BD	Total BD
Balance as at January 1, 2019	379,695	26,826	406,521
Net increase in ECL allowance	-	2,838	2,838
Balance as at January 1, 2020	379,695	29,664	409,359
Net increase in ECL allowance	-	23,081	23,081
Balance as at December 31, 2020	379,695	52,745	432,440

10. Cash and Bank Balances

	2020 BD	2019 BD
Cash on hand	1,143	1,413
Current accounts with banks	288,944	151,397
Call accounts with banks	253,056	213,601
Bank balances relating to unclaimed cash dividends (note 23)	4,465,764	-
Bank balances relating to annual dividends (note 23)	52,759	-
Bank balances under distribution (pertaining to unclaimed cash dividends and annual dividends) (note 23)	34,195	-
Term deposits (original maturities of 3 months or less)	830,561	1,362,633
Cash and cash equivalents	5,926,422	1,729,044
Term deposits (original maturities of more than 3 months)	716,094	1,485,133
	6,642,516	3,214,177
Expected credit loss	(32,625)	(50,004)
	6,609,891	3,164,173

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

10. Trade Receivables (Continued)

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 2.26% and 3.1% (December 31, 2019: between 2.5% and 4.25%) 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 expected credit loss on cash and bank balances is as follows:

	2020 BD	2019 BD
Balance, beginning of year	50,004	49,980
Net (decrease) / increase in expected credit loss during the year	(17,379)	24
Balance end of year	32,625	50,004

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:

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:

	2020 BD	2019 BD
Salaries	398,044	274,098
Exceptional remuneration	-	36,000
Board of Directors sitting fees relating to Bahrain Bourse	40,700	34,100
Sitting fees relating to disciplinary board	-	4,800
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	11,900	15,000
Task force for unclaimed cash dividend sitting fees	9,450	-
	460,094	430,898

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.

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

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.

15. Provision for Employees' end-of-Service Benefits

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

	2020 BD	2019 BD
Balance, beginning of year	6,761	4,943
Charge for the year	2,508	1,818
Balance, at end of year	9,269	6,761

16. Contract Liabilities

Unsatisfied performance obligations with respect to advertising and other fees received amounted to BD 10,066 as at December 31, 2020 (December 31, 2019: BD 55,197).

	2020 BD	2019 BD
Balance at the beginning of the year	55,197	94,966
Received during the year	2,046,160	2,087,920
Amount recognised during the year (note 16.1)	(2,091,291)	(2,127,689)
Balance at the end of the year	10,066	55,197

16.1 Amount recognised as revenue in relation to subscription fees and central depository registration amounted to BD 1,680,806 and BD 110,538 respectively during the year (2019: BD 1,689,457 and BD 111,031).

17. Accruals and other Liabilities

	2020 BD	2019 BD
Unclaimed cash dividends payable (note 23)	32,640,579	-
Annual dividends payable (note 23)	78,709	-
Premises and maintenance accruals	86,544	241,931
Leave and air tickets payable	108,858	135,720
Board of Directors remuneration	-	66,900
Fiduciary liability (note 8)	-	40
Accrued staff costs	1,420	9,176
Other payables	59,714	43,372
	32,975,824	497,139

18. Commission

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

	2020 BD	2019 BD
Regular commission	232,498	311,687
Commission on exempted transactions and special dealings	81,105	76,357
	313,603	388,044

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

19. Other Operating Income

	2020 BD	2019 BD
Corporate action	17,290	24,792
AGM organisation income	25,300	24,500
Pledge income	7,701	19,971
Remote trading income	19,800	19,650
Investor guide income	11,900	11,000
Office service income	5,625	11,463
Connectivity income	10,502	9,600
Trading system's user access	8,325	7,950
Registration fees	6,840	6,280
Equator user access	5,400	5,450
Outdoor ticker	1,020	2,320
Other revenues	36,652	17,652
	156,355	160,628

20. Salaries And Staff Costs

	2020 BD	2019 BD
Basic salary	1,410,372	1,207,045
Government organisation social insurance	254,676	219,659
Allowances and other staff benefits	249,605	204,441
Exceptional remuneration	39,964	96,980
Saving scheme	59,320	49,316
Others	41,427	49,679
	2,055,364	1,827,120

21. General and Administrative Expenses

	2020 BD	2019 BD
Premises and maintenance expenses	707,865	828,862
Service – BFH*	97,825	115,033
Conferences and subscriptions	28,201	59,127
Consumables	42,933	33,222
Rentals – Amwaj	29,940	29,940
Professional fees	35,919	25,519
Others	28,452	16,016
	971,135	1,107,719

* Rent concessions of BD 15,338 received from the lessor have been offset.

22. Interest Income

	2020 BD	2019 BD
Interest income on term deposits	88,163	107,676
Interest income on Government development bond	58,911	58,750
Interest income on financial assets at amortised cost (pertaining to unclaimed cash dividends fund)	211,719	-
	358,793	166,426

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

23. Fiduciary Liabilities

The Fiduciary liabilities consists of:

	2020 BD	2019 BD
Unclaimed cash dividends payable (note 17 and 23.1)	32,640,579	-
Annual dividends payable (note 17 and 23.2)	78,709	-
	32,719,288	-

The fund received (fiduciary assets) against above fiduciary liabilities consists of:

	2020 BD	2019 BD
Bank balances relating to unclaimed cash dividends fund (note 10 and 23.1)	4,465,764	-
Bank balances relating to annual dividends fund (note 10 and 23.2)	52,759	-
Bank balances under distribution (pertaining to unclaimed cash dividends and annual dividends) (note 10)	34,195	-
Financial assets at amortised cost (note 23.3 and 7)	28,166,924	-
	32,719,642	-

The fiduciary assets include BD 354 which represent interest received on bank balances under distribution.

23.1 Unclaimed cash dividends payable represents amount received in respect of dividends which are not claimed by various shareholders of listed entities for a period more than 6 months and these amounts are deposited in separate bank accounts. The Group manages the unclaimed cash dividends fund and its distribution to the respective shareholders when claimed (note 17).

The movement in unclaimed cash dividends payable is as follows:

	2020 BD	2019 BD
Unclaimed cash dividends amounts received from listed entities	34,331,935	-
Dividends settlement during the year	(1,691,356)	-
Unclaimed cash dividends amount payable at year end	32,640,579	-

23.2 Annual dividends fund represents the dividends which will be distributed to the entitled shareholders of listed entities within a period of 6 months from the dividend entitlement date in accordance with the applicable procedures and guidelines. Any dividend, not claimed within 6 months, will be transferred to unclaimed cash dividends fund. The annual dividend fund is maintained in a separate bank account (note 10).

The movement in annual dividends payable is as follows:

	2020 BD	2019 BD
Annual dividends amounts received from listed entities	82,739	-
Dividends settlement during the year	(4,030)	-
Annual dividends amount payable at year end	78,709	-

The above payable balance pertaining to unclaimed cash dividends and annual dividends is maintained as follows:

	2020 BD	2019 BD
Bank balances relating to unclaimed cash dividends fund	4,465,764	-
Bank balances relating to annual dividends	52,759	-
Bank balances under distribution (pertaining to unclaimed cash dividends and annual dividends)	33,841	-
Financial assets at amortised cost	28,166,924	-
Unclaimed cash dividends and annual dividends amount payable at year end	32,719,288	-

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

23. Fiduciary Liabilities (Continued)

23.3 Financial assets at amortised cost represents treasury bills and sukuk of BD 26,166,924 and BD 2,000,000 which carry average interest rate of 248% and 2.22% respectively and mature in 2021. Considering that Bahrain Sovereign Debt is eligible for zero risk weighting, the Group does not recognise a loss allowance on Government debt instruments.

24. 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.

	2020 BD	2019 BD
Financial assets:		
Financial assets at amortised cost	29,166,924	1,000,000
Trade receivables	76,847	65,070
Other receivables	242,903	52,746
Cash and bank balances	6,609,891	3,164,173
	36,096,565	4,281,989
Financial liabilities:		
Lease liabilities	486,132	715,154
Trade payables	173,454	75,806
Accruals and other liabilities	32,975,824	497,099
	33,635,410	1,288,059

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.

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

24. Financial Instruments and Financial Risks (Continued)

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, 2020, 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, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

Liquidity risk

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

The Group has unutilised bank overdraft facility of BD 854,660 (2019: BD 1,355,950) with local commercial bank.

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

	1 – 3 Months BD	3 Months to 1 year BD	More than 1 year BD	Total BD
2020				
Lease liabilities	66,635	205,454	214,043	486,132
Trade payables and accruals	32,949,683	199,595	-	33,149,278
	33,016,318	405,049	214,043	33,635,410
2019				
Lease liabilities	60,666	187,051	467,437	715,154
Trade payables and accruals	263,431	309,474	-	572,905
	324,097	496,525	467,437	1,288,059

Notes to the Consolidated Financial Statements

Year Ended December 31, 2020

24. Financial Instruments and Financial Risks (Continued)

The table below summarises the maturity of the Group's financial assets at 31 December 2020 and 2019 based on contractual undiscounted obligation:

	1 – 3 Months BD	3 Months to 1 year BD	More than 1 year BD	Total BD
2020				
Trade receivables	22,030	54,817	-	76,847
Cash and bank balances	5,916,693	693,198	-	6,609,891
Financial assets at amortised cost	15,494,738	13,672,186	-	29,166,924
Other receivables	242,903	-	-	242,903
	21,676,364	14,420,201	-	36,096,565
2019				
Trade receivables	39,775	25,295	-	65,070
Cash and bank balances	1,729,044	1,435,129	-	3,164,173
Financial assets at amortised cost	-	-	1,000,000	1,000,000
Other receivables	52,746	-	-	52,746
	1,821,565	1,460,424	1,000,000	4,281,989

25. 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.

26. Commitments under Maintenance Contracts

Below is the maturity analysis of commitment under maintenance contracts:

	2020 BD	2019 BD
Not later than 1 year	209,150	-
1 to 5 years	554,948	-
	764,098	-

27. IMPACT OF COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The extent and duration of such impacts remain uncertain and are dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

While financial performance was not significantly affected at the current reporting date, except for commission income which reduced to BD 313,603 compared to BD 388,044 in the same period in 2019. The Group received financial support of BD 45,120 from the Government in addition to receipt of rent concessions of BD 15,338 from the lessor. However, the uncertainties caused by COVID-19, and the volatility in oil prices required the Group to closely monitor the situation to manage the potential business disruption and assess its financial performance continually.

The Group believes that it has sufficient cash balance that can meet its' operating expenses at least for the next twelve months and also it expects regular cash flows from its' current operating activities. Its' liquidity position would be further improved on the maturity of investment in financial assets in 2021. In addition, historically the Government being the only shareholder of the Group provided the necessary support as and when required.