

بورصة البحرين
BAHRAIN BOURSE



An Oasis of Investment
Opportunities

Annual Report 2021

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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

Bahrain Bourse
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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.

Licensed by Central Bank of Bahrain as a licensed exchange

Subsidiary Companies



Name of Subsidiary
Bahrain Clear B.S.C (c)

Ownership
100%

Country of Establishment
Kingdom of Bahrain

Establishment Date
23rd May 2017

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

Auditors

DELOITTE & TOUCHE – MIDDLE EAST

Partner Registration No. 184
Manama, Kingdom of Bahrain

Main Office/Registered Office

Bahrain Bourse Company BSC (c)

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

Helpdesk: +973 17 261260

Email: info@bahrainbourse.com

www.bahrainbourse.com

Social Media: [f](#) [t](#) [@](#) [v](#) [in](#) @bahrainbourse

Bahrain Bourse Mobile App: [App Store](#) [Google Play](#)



Overview

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

TRANSPARENCY

To enhance transparency and efficiency in Bahrain's capital market and to meet best international practices.

EFFICIENCY

To focus on strategic priorities and sustain growth in line with the leadership's vision and in line with the Economic Recovery Plan.

INTEGRITY

To bolster our global and regional partnerships, and broaden our products and services portfolio to provide an even better strategic fit for a diverse and growing investor base.

About Bahrain Bourse

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

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

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

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

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

What we do

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



ANNA Numbers The World Association of National Numbering Agencies



VISION

A regional multi-asset class marketplace leader.

MISSION

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

CORE VALUES

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

Key Achievements



Global Awards

Awarded for Best Corporate Governance and Work Life Balance by Global Banking & Finance Awards



First in the Middle East

Bahrain Clear Becomes First Clearing House in the Middle East to Adopt ISIN-to-LEI Mapping Initiative

January

- Bahrain Clear Attains Chairmanship of World Forum of CSDs (WFC)
- 3rd Edition Kick-off of the Smart Investor Program in collaboration with INJAZ Bahrain
- Announcement of the Results of its Investor Satisfaction Survey

February

- Kicks-Off of First Edition of the Capital Markets Apprenticeship Program

March

- “Ring the Bell for Gender Equality” for the 3rd Consecutive Year in Collaboration with Stakeholders
- Bahrain Bourse & Bahrain Clear Participate in HSBC Markets and Securities Services: MENAT Virtual Forum as Part of its Roadshow Outreach
- GFH Joins Bahrain Bourse Murabaha Service Opening New Sharia’a Compliant Solutions

April

- Commencement of the First Edition of the Capital Markets Apprenticeship Program
- Issue of Amendments to Listing Rules
- Ithmaar Bank joins Murabaha Service

May

- Launch of Investor Relations Best Practice Guide
- Precautionary Measures Implemented on Investor Services Center at Bahrain Clear

June

- Bahrain Bourse Supports Bahrain Association of Banks’ National Campaign Against Fraud
- Virtual Awareness Workshops Conducted on the Adoption of Global Industrial Classification Standard (GICS) to Market Participants
- Launch of e-waste Initiative
- IR Best Practice Guide Webinar Held Joined by Key Capital Markets & IR Experts
- Bahrain Bourse Collaborates with Oxford Business Group for New Research Tool
- Bahrain Bourse Awarded for Best Corporate Governance and Work Life Balance by Global Banking & Finance Awards
- Bahrain Bourse Waives Rent for Authorized Brokers using the Trading Floor for the Next Three Months



Best ESG Initiative

Bahrain Bourse Receives “Best ESG Initiative” Accolade by Pan Finance Awards



Global Standards

Bahrain Bourse Adopts Global Industrial Classification Standard (GICS) for Listed Companies

July

- Bahrain Bourse Adopts Global Industrial Classification Standard (GICS) for Listed Companies
- Bahrain Bourse & INJAZ Bahrain Launches National Challenge For Smart Investor Program in its 4th Edition

August

- Sign Language Training Conducted for Bahrain Clear Investor Center Team to Ensure Serving a Wider Stakeholder Group
- Bahrain Bourse Receives “Best ESG Initiative” Accolade by Pan Finance Awards
- Bahrain Bourse Achieves Prestigious Information Security Certification ISO 27001
- Bahrain Clear Becomes First Clearing House in the Middle East to Adopt ISIN-to-LEI Mapping Initiative
- Formation of Disciplinary Appeals Board
- Adoption of Amazon WorkSpaces for Enhanced Business Continuity and Performance

September

- Bahrain Bourse in Collaboration with HSBC Bahrain Launch a Guide to Sustainable Finance
- Bahrain Bourse Collaborates with Instinctif Partners to Develop IR Best Practice Among Listed Companies

October

- Bahrain Bourse Concludes its Participation in IOSCO's 2021 World Investor Week to Promote the Importance of Financial Literacy
- Bahrain Bourse Holds Graduation Ceremony for the First Cohort of the Capital Markets Apprenticeship Program Graduates

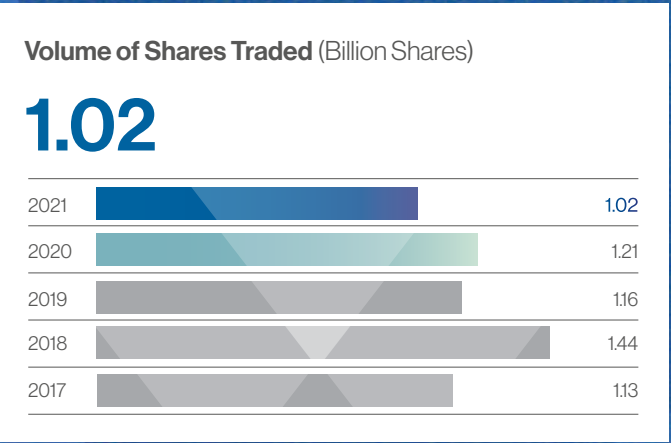
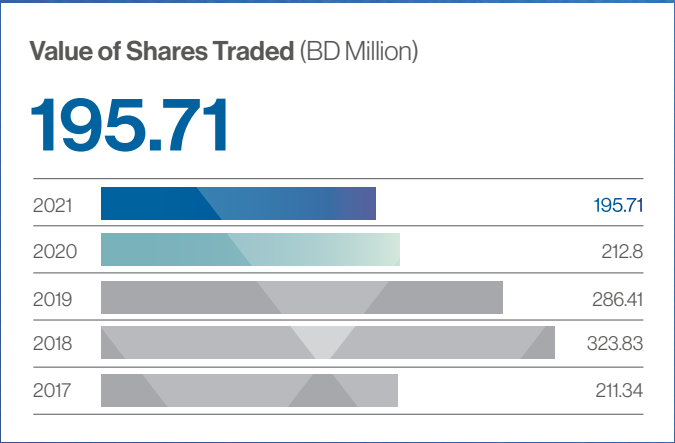
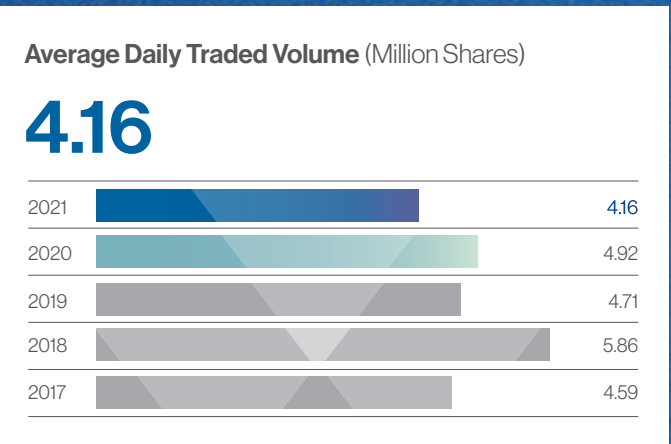
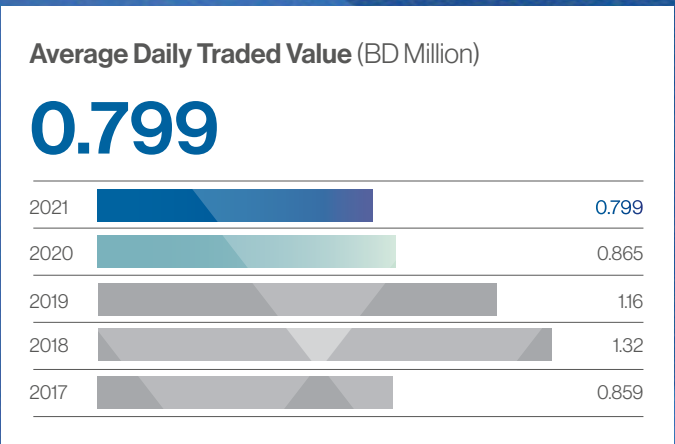
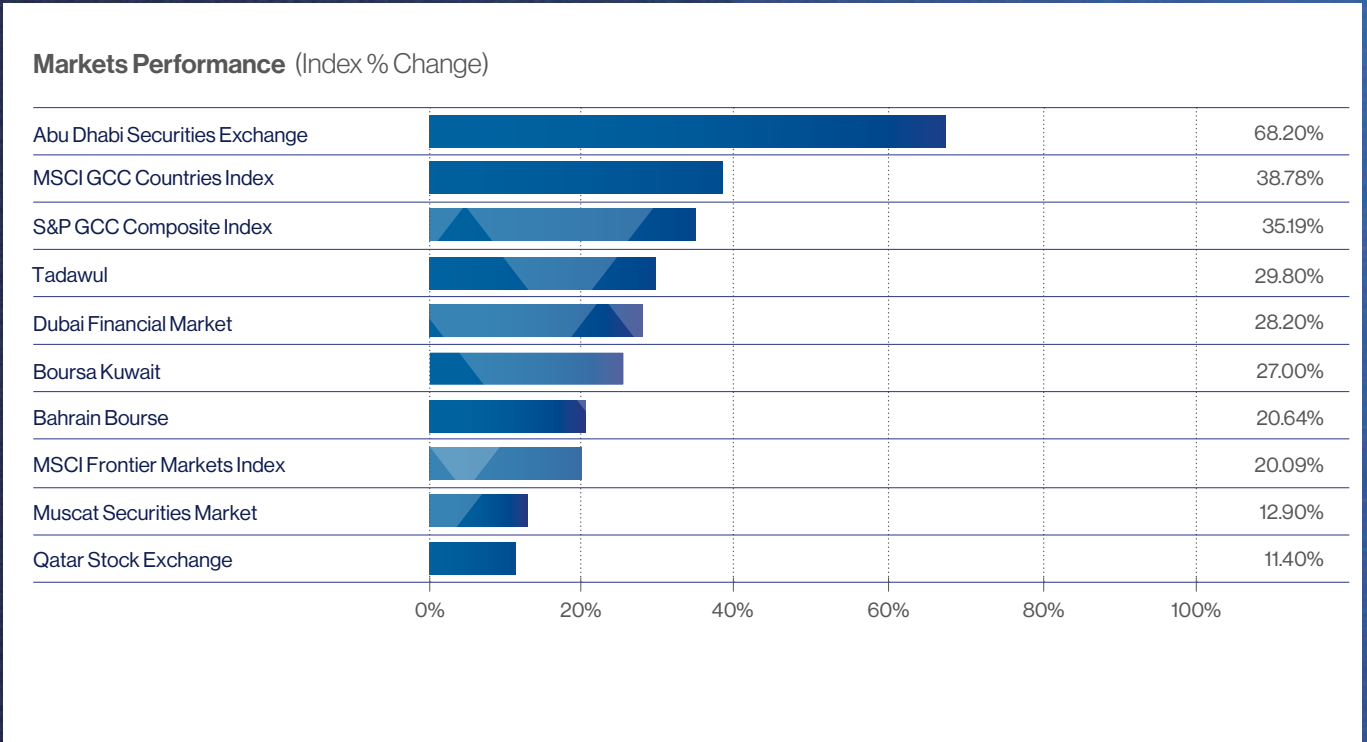
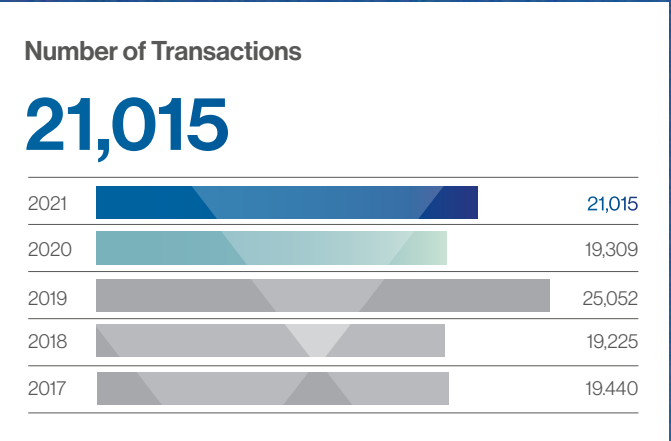
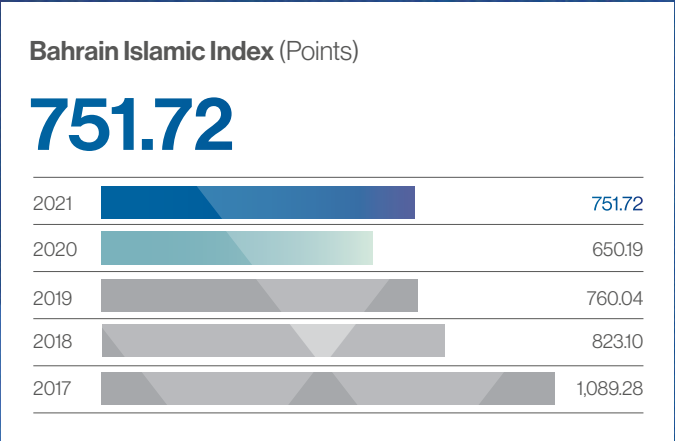
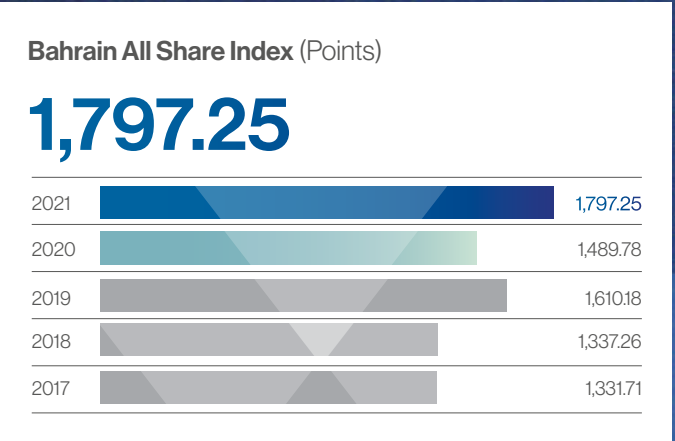
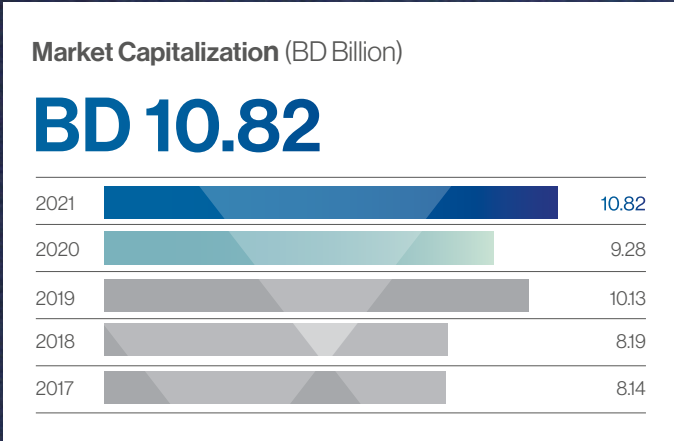
November

- High-level Strategic Partnership Signed between Bahrain Bourse and Abu Dhabi Securities Exchange (ADX) to Unlock Joint Opportunities
- Bahrain Bourse Kicks-off 2021-2022 TradeQuest Challenge in its 23rd Edition
- Bahrain Bourse Kicks-off the 4th Edition of the Smart Investor Program in Collaboration with INJAZ Bahrain
- Bahrain Bourse and BIBF Expand Training Opportunities under the Investment Academy & Sustainable Development Academy

December

- In Cooperation with HSBC Bahrain, Bahrain Bourse Hosts a Webinar Titled “Evolving Bahrain’s ESG Landscape & Sustainable Financing”
- Bahrain Clear Distributes a Total of BD 204 Million under the ‘Amanat’ Program
- Bahrain Bourse Receives a Delegation from Abu Dhabi Securities Exchange (ADX)
- Bahrain Bourse and Bahrain Clear Long Serving Employees Honored

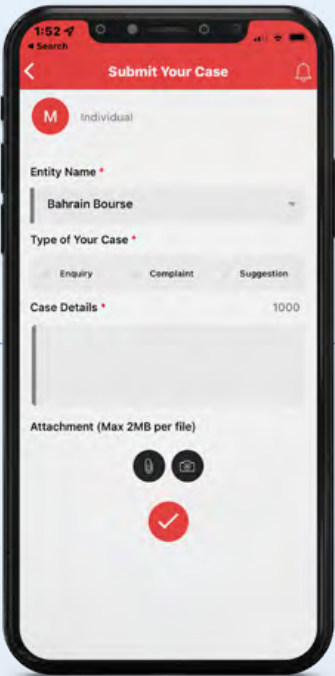
2021 Highlights



Stakeholder Engagement

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

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



Regulatory Bodies Engagement Method

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



Investors (Institutional & Retail) Engagement Method

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



Members (Brokerage firms, market makers, custodians) Engagement Method

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



Employees Engagement Method

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



Market Data Vendors Engagement Method

Market Notices, corporate actions, website, webinars.



Partners Engagement Method

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



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.



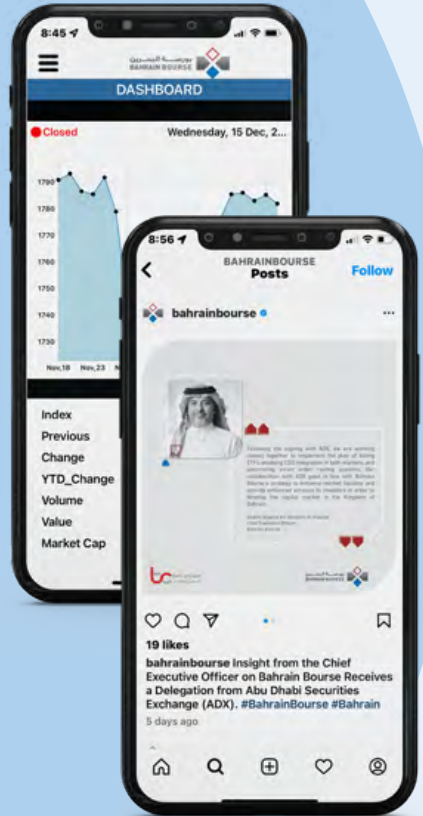
Media Engagement Method

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.



GLOBAL INDUSTRY CLASSIFICATION STANDARD (GICS)

Bahrain Bourse equity market is based on 11 Sectors which is Level 1 (Sectors Group), of which 7 are active.

BAHRAIN BOURSE EQUITY MARKET

11 Sectors

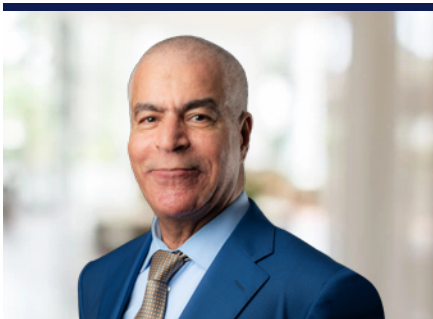


Board of Directors



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



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



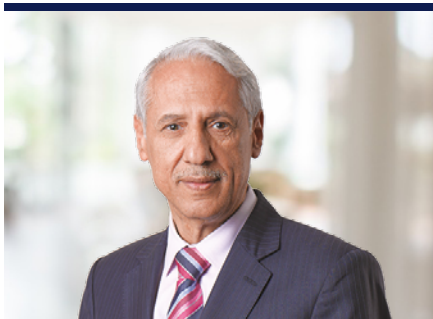
Deena Ebrahim Al-Ansari
Member
Independent & Non-Executive Director

Joined the Board of Directors on 27th December 2016



Abdulrahman Hamid Al-Zayani
Member
Independent & Non-Executive Director

Joined the Board of Directors on 27th December 2016



Saleh Hasan Husain
Member
Independent & Non-Executive Director

Joined the Board of Directors on 14th June 2020



Narjes Mohamed Alqaseer
Member
Independent & Non-Executive Director

Joined the Board of Directors on 14th June 2020



Matthew John Deakin
Member
Independent & Non-Executive Director

Joined the Board of Directors on 14th June 2020



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

Chairman's Statement

During 2021, Bahrain Bourse made a remarkable step towards enhancing transparency and efficiency in Bahrain's capital market by adopting the Global Industry Classification Standard (GICS) for listed companies in July.

Abdulkarim Ahmed Bucheery
Chairman



Total operating income*

BD 3.5 m

2020 : BD 3.8 million

* Including operating and interest income.

Global and regional markets experienced a positive rebound in 2021 following another year of economic slowdown due to the repercussions of the COVID-19 pandemic, where GCC economies returned to growth during 2021 by implementing various fiscal measures which was backed up by higher oil prices. As a result, Bahrain Bourse (BHB) ranked fifth amongst GCC bourses and capital markets in terms of yearly returns during the year. Besides the positive market performance, BHB continued its efforts to enhance its competitiveness by focusing its efforts on enhancing transparency and efficiency in Bahrain's capital market and offering unique growth opportunities.

During 2021, Bahrain Bourse made a remarkable step towards enhancing transparency and efficiency in Bahrain's capital market by adopting the Global Industry Classification Standard (GICS) for listed companies in July. The industrial re-classification aims to establish alignment with global industrial standards for classifying listed companies as adopted by regional and international stock exchanges, which will provide more transparent information to international investors on the performance of sectorial indices and enable easier sectorial comparability and benchmarking analysis against local and global markets.

In addition, Bahrain Bourse issued amendments to the Listing Rules with the aim of further strengthening the regulatory oversight on listed companies. The Listing Rules enhancements have been introduced to maintain investor confidence as further administrative powers are imposed on issuers. The amendments include the establishment of the Violations Committee to review and evaluate high-frequency violations and determine penalties to be imposed on listed companies for non-compliance with BHB Business Rules as well as setting the timeframe for settling those violations. The Listing Rules enhancements also include establishment of a Disciplinary Appeals Board to allow listed companies and issuers to appeal on violations imposed.

With regards to Bahrain Clear, a fully-owned subsidiary of Bahrain Bourse, the company continued its efforts and outreach to update KYC information and IBAN details to entitled shareholders and distribute annual unclaimed cash dividends based on the Resolution issued regarding establishment of the 'Amanat' Investor Protection Funds Program.

Chairman’s Statement (Continued)

During the year, more than BD 200 million were distributed as cash dividends for the year ended 31st December 2021 (for companies listed on Bahrain Bourse as well as cross-listed companies), and more than BD 4 million as unclaimed accumulated cash dividends

During the year, more than BD 200 million were distributed as cash dividends for the year ended 31st December 2021 (for companies listed on Bahrain Bourse as well as cross-listed companies), and more than BD 4 million as unclaimed accumulated cash dividends. Bahrain Clear will continue developing its processes and systems to update KYC information in order to distribute accumulated and unclaimed dividends to entitled shareholders.

As part of Bahrain Bourse's efforts to strengthen cooperation ties with GCC capital markets and exchanges and going in line with the government's financial services sector development strategy 2022-2026 objectives, BHB signed a strategic partnership with Abu Dhabi Securities Exchange (ADX). The partnership aims at achieving synergies and greater cross border cooperation to enhance market liquidity, including direct market access and the issuance of Exchange Traded Funds (ETFs). The partnership will attract new investors and promote a healthy listing deal pipeline to support the growth of capital markets in the region and support the diversification of GCC economies.

In line with Bahrain Bourse's strategy to strengthen links with international investors, Bahrain Bourse and Bahrain Clear participated in a Forum organized by HSBC, with successful participation from global custodians and investors as part of its roadshow outreach. The virtual forum took place alongside the HSBC Markets and Securities Services: MENAT Virtual Forum 2021, one of the largest regional securities forums, and provided Bahrain Bourse and Bahrain Clear with the opportunity to showcase its key regulatory and market developments and plans to investors.

Financials

Looking into Bahrain Bourse's financial performance in 2021, BHB achieved an operating income of BD 3,556,874 (including the operating income and interest income) compared to BD 3,038,940 in 2020 recording a growth of approximately 17% (note that 2020 revenue includes BD 45,120 received as part of Government economic stimulus measures). The total operating expenses reached BD 4,011,884 in 2021, posting a growth of 8% compared to 2020 due to the increase in operating expenses and suspension of government related financial support (received as part of COVID-19 economic stimulus program) to enterprises adversely affected by the repercussions of COVID-19. The deficit declined to BD 455,010 in 2021 compared to BD 659,376 in 2019, reporting a decrease of 31%.

Chairman’s Statement (Continued)

Acknowledgements

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

I would like to extend my gratitude to H.E. Zayed bin Rashid Al-Zayani, the Minister of Industry, Commerce, and Tourism (the 'Shareholder') for his continuous support extended to Bahrain Bourse and Bahrain Clear 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 for the efforts they have put to develop the Bourse during the year.

I would like to extend my thanks and gratitude to our issuers, investors, and members and custodians, and stakeholders for their continued support and confidence as we look forward to another year of key milestones 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 the pandemic for the second consecutive year.

Abdulkarim Ahmed Bucheery

Chairman

GLOBAL INDUSTRY CLASSIFICATION STANDARD (GICS)

The Global Industry Classification Standard (GICS) structure currently has four levels of detail: 11 sectors, 24 industry groups, more than 60 industries and over 150 sub-industries. Since the classification is hierarchical, at each of the four levels a company can only belong to one grouping.

GICS STRUCTURE CONSISTS OF

4 Levels

CEO's Statement

2021 saw a record growth for Bahrain Bourse with Bahrain All Share Index registering a growth of 20.64% in 2021, closing the year at 1,797.25 points, a 12-year high, while market capitalization of listed securities rose by 16.58% to reach BD 10.82 billion as of year-end. Similarly, Bahrain Islamic Index recorded a growth of 15.62%, closing the year at 751.72 points.

Khalifa bin Ebrahim Al-Khalifa
Chief Executive Officer



Value of shares traded

BD 195.68m

2020 : BD 212.8 million

Bahrain Islamic Index

15.62%

Bahrain Islamic Index recorded a growth of 15.62%, closing the year at 751.72 points.

All GCC equity markets reported record gains during 2021 and outperformed their global peers which was mainly driven by the rise of oil prices and the positive economic rebound following the roll-out of fiscal rationalization plans by governments during that period. The MSCI GCC Index and the S&P GCC Index ended the year with a yearly return of 34.85% and 35.19% respectively.

Bahrain Bourse's Market Performance

Overall, 2021 saw a record growth for Bahrain Bourse with Bahrain All Share Index registering a growth of 20.64% in 2021, closing the year at 1,797.25 points, a 12-year high, while market capitalization of listed securities rose by 16.58% to reach BD 10.82 billion as of year-end. Similarly, Bahrain Islamic Index recorded a growth of 15.62%, closing the year at 751.72 points. The number of transactions also rose by 8.76%. On the other hand, the trading activity during the year decreased slightly in comparison to last year, where the value of shares traded fell by 8.05% to BD 195.68 million compared to BD 212.80 million during 2020, and the volume of shares traded declined by 15.79% to BD 1.018 billion shares during 2021 down by BD 1.209 billion shares in 2020.

Strategic Priorities

During 2021, Bahrain Bourse continued to build its strong foundation fueled by supportive macroeconomics and strong oil prices, enabling us to focus on strategic priorities to sustain growth in line with the leadership's vision and in line with the Economic Recovery Plan announced in October 2021, with a focus on Financial Services Sector Strategy and capital markets. Bahrain Bourse maintained business continuity and successfully achieved new milestones in 2021.

A high-level strategic partnership with Abu Dhabi Securities Exchange (ADX) was signed during the year with the aim of achieving synergies and greater cross border cooperation to enhance market liquidity, including direct market access and the issuance of Exchange Traded Funds (ETFs).

Adoption of Global Industry Classification Standard (GICS)

During the year, Bahrain Bourse also re-classified its sectors to adopt the Global Industry Classification Standard (GICS) for listed companies in July, as this major step comes in line with Bahrain Bourse's strategy to enhance transparency and efficiency in Bahrain's capital market and to meet best international practices. The industrial re-classification aims to establish alignment with global industrial standards for classifying listed companies, provide better information to international investors on the performance of sectoral indices, and enable easier company and sectoral comparability with global peers as well as comparability between companies and sectors.

Murabaha transactions

BD 2.96b

Murabaha transactions in terms of value amounted to BD 2.96 billion, equivalent to a 199% growth compared to 2020.

Regulatory Developments

On the regulatory front, Bahrain Bourse issued amendments on its listing rules to further strengthen the regulatory oversight regime, which is yet another step towards enhancing market transparency and investor confidence within the capital market in the Kingdom of Bahrain. The amendments include the establishment of a Disciplinary Appeals Board to secure a comprehensive enforcement framework to settle disputes, govern, and take disciplinary action against market participants (including issuers and registered members at Bahrain Bourse) for enhanced accountability.

Murabaha

The year 2021 saw a very positive performance for the Murabaha market, further solidifying our position as a multi-asset market. For the year, Murabaha transactions in terms of value amounted to BD 2.96 billion, equivalent to a 199% growth compared to 2020 figures, and representing a total asset turnover of 40.25 multiples. Number of transaction amounted to 718 trades, equivalent to a 75% growth compared to 2020 figures. During the year 2021, two additional banks rolled out the Murabaha services to its underlying client base which includes: Gulf Finance House, and Ithmaar Bank, resulting in a total of ten local banks currently offering Murabaha services through Bahrain Bourse platform.

Awards

As we strive to raise the bar in corporate governance and sustainability, the year 2021 saw a remarkable achievement as Bahrain Bourse received three prestigious awards: “Best Corporate Governance” and “Work Life Balance” by Global Banking & Finance Awards and “Best ESG Initiative” Accolade by Pan Finance Awards. Those awards reflects upon Bahrain Bourse exceptional performance and commitment towards governance, transparency, and compliance, as well as our continuous efforts to promote responsible sustainability practices and ESG disclosure within the capital market.

Bahrain Bourse continued to strengthen its linkages with international institutional investors through virtual roadshow conducted in collaboration with HSBC, providing us with the opportunity to showcase key regulatory and market developments and plans to investors.

Financials

Bahrain Bourse reported an operating income of BD 3,556,874 (including the operating income and interest income) in comparison to BD 3,038,940 in 2020, posting an increase of approximately 17%. The total operating expenses amounted to BD 4,011,884 in 2021 compared to BD 3,621,214 in 2020, recording an increase of 8%. BHB recorded a deficit of BD 455,010 in 2021 compared to a deficit BD 659,337 million in 2020.

Awards and recognition

The year 2021 saw a remarkable achievement as Bahrain Bourse received three prestigious awards: “Best Corporate Governance” and “Work Life Balance” by Global Banking & Finance Awards and “Best ESG Initiative” Accolade by Pan Finance Awards.

Acknowledgements

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

I would also like to express my thanks and appreciation to the Chairman and members of BHB's Board of Directors for their unwavering support in developing the capital markets and their continuous oversight and guidance.

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

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

Future Outlook

With the advent of 2022, Bahrain Bourse remains confident in its strategic plan and proven ability to continue delivering solid results in more volatile times. Bahrain Bourse is optimistic about the future opportunities as we look forward to bolster our global and regional partnerships, and broaden our products and services portfolio to provide an even better strategic fit for a diverse and growing investor base. With the continued support of all our 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.

Khalifa bin Ebrahim Al-Khalifa

Chief Executive Officer

Management Team



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



Narjes Farookh Jamal
Chief Operating Officer



Mohammed Khalid Hamed
Chief Audit Executive



Abdulla Mohamed Janahi
Director of Trading Operations



Shaikha Sameer AlZayani
Director of Listing & Disclosure



Marwa Faisal Al-Maskati
Director of Marketing & Business Development



Abdulla Jaffar Abdin
Chief Operating Officer (Bahrain Clear)



AbdulRahman Abdulla Al-Shafei
Chief Risk and Compliance Officer



Hani Husain Al Mandeel
Senior Director of External Relations



Hamad Abulfath Hasan
Director of Administration Affairs & HR



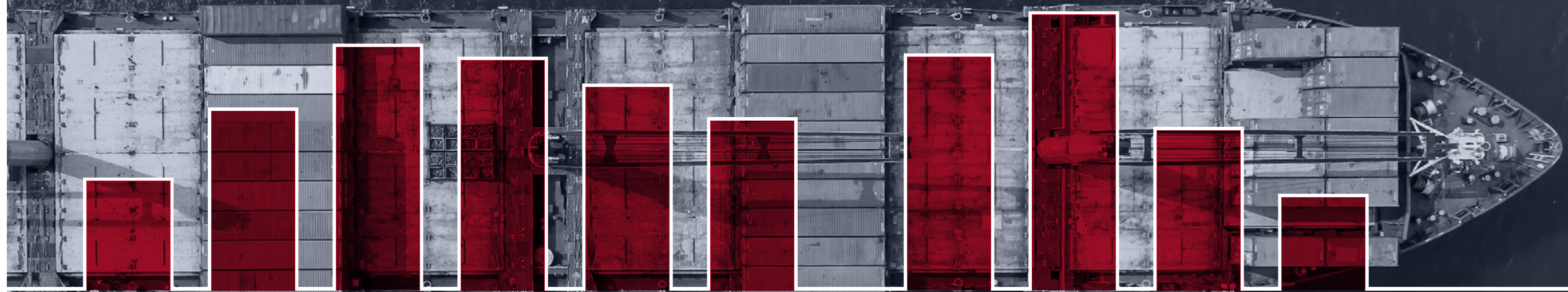
Hussain Abdulmohsen Aljamri
Director of Information Technology



Mohannad Mousa Alatari
Projects Management Director (Bahrain Clear)

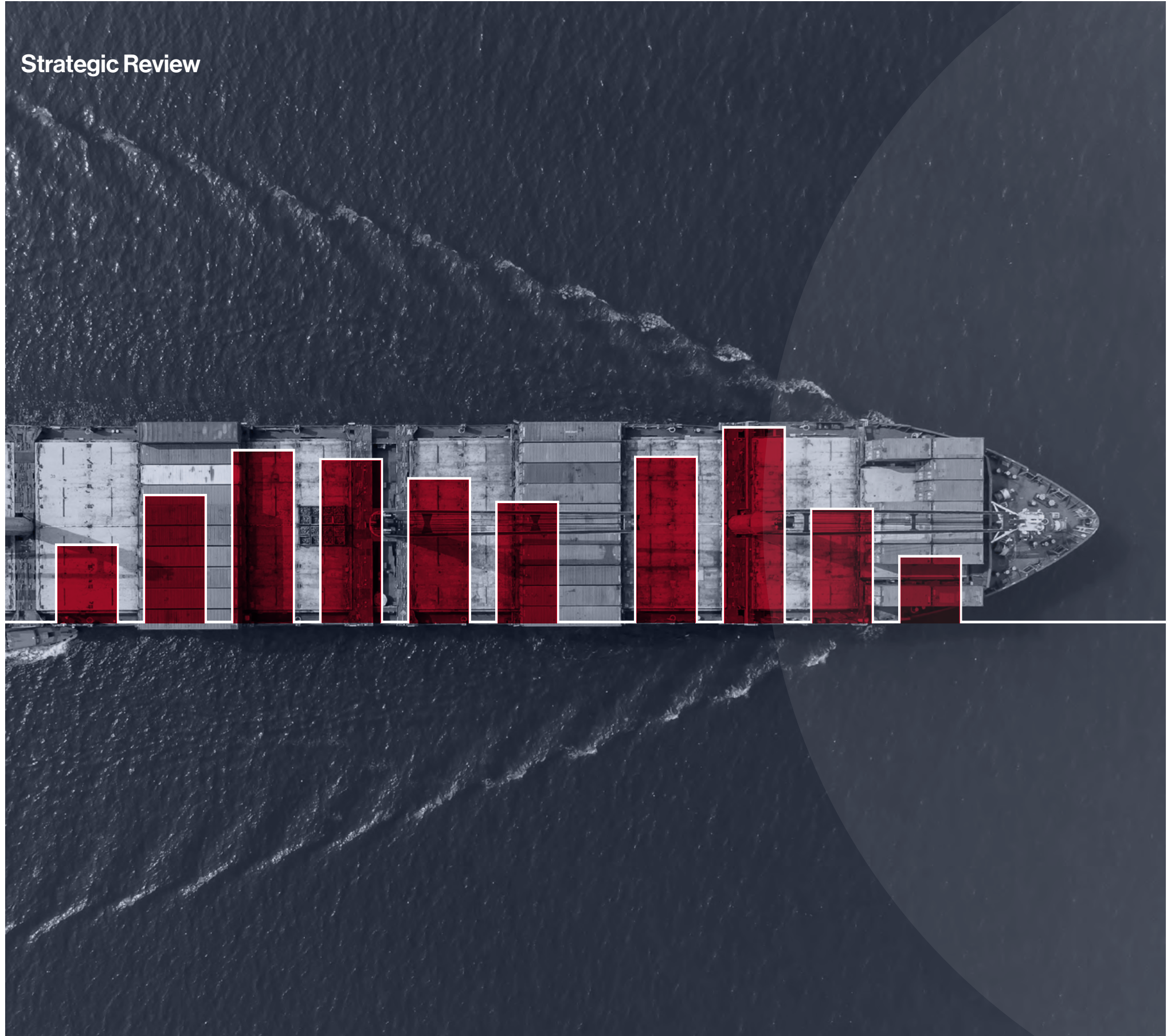
GLOBAL INDUSTRY CLASSIFICATION STANDARD (GICS)

Sectorial indices will start with a base value of 3,000 points for all sectors, with the exception of the biggest sectorial index, which is the Financials, starting with a base value of 5,500 points.



SECTORIAL INDICES

3,000 points



Strategic Review

Strategic Review

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

Throughout 2021, Bahrain Bourse continued its efforts to achieve its strategic goals, focusing on enhancing transparency and efficient in Bahrain's capital market and offering unique growth opportunities, particularly in line with economic recoveries witnessed in the global markets and increase in global oil prices. Further supported by global economic momentum, the Government of Kingdom Bahrain announced a comprehensive Economic Recovery Plan in October 2021. The Economic Recovery Plan revolves around five key pillars includes a number of sector focus areas including Financial Services Sector and Capital Markets.

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

KEY STRATEGIC GOALS

Intensifying Regional & Global Outreach

Cultivating Capital Raising & Investment Opportunities

Enhancing Market Literacy & Investor Awareness

Cultivating Operational Efficiency

Developing Organizational Talent

Intensifying Regional & Global Outreach

Virtual Roadshows

As part of Bahrain Bourse's endeavors to strengthen regional and global outreach, Bahrain Bourse and Bahrain Clear participated in a virtual forum organised by HSBC with successful participation from global custodians and investors as part of its roadshow outreach. The virtual event took place alongside the HSBC Markets and Securities Services: MENAT Virtual Forum 2021, one of the largest regional securities forums.

The roadshow provided Bahrain Bourse and Bahrain Clear with the opportunity to showcase its key regulatory and market developments and plans to investors. Topics discussed included market access reforms and key market developments.

Board Seat Representations

Bahrain Bourse is keen to take part in key regional associations and federations that play a vital role in setting standards and benchmarks across capital markets. BHB has expanded its board seat representations this year by attaining chairmanship of the World Forum of CSDs. BHB's current seat representations include: the Arab Federation of Capital Markets, Africa & Middle East Depositories Association (AMEDA), Middle East Investor Relations Association (MEIRA), the Hope Fund, and the World Forum of CSDs.

Strategic Review (Continued)

MOUs

During the year, a high-level strategic partnership was signed between Abu Dhabi Securities Exchange (ADX) and Bahrain Bourse. The partnership aims to achieve synergies and greater cross border cooperation to enhance market liquidity, including direct market access and the issuance of Exchange Traded Funds (ETFs).

The strategic collaboration aims to strengthen cooperation ties with Abu Dhabi Securities Exchange to attract new investors and promote listings on both markets. The partnership comes in line with the government's financial services sector development strategy 2022-2026 objectives that pertains to developing the capital markets via enhancing coordination with GCC bourses for cross-listing.

Cultivating Capital Raising & Investment Opportunities

To ensure alignment with international best practices and globally recognized standards, Bahrain Bourse continued its efforts to strengthen regulatory oversight by issuing amendments to the Listing Rules introduced during 2020. The enhancements aim to ensure greater market transparency and investors' confidence as further administrative powers are imposed on issuers. The amendments to the Listing Rules includes the establishment of the Violations Committee to review and evaluate high-frequency violations and determine penalties to be imposed on listed companies for non-compliance with BHB Business Rules as well as setting the timeframe for settling those violations.

To further bolster governance and transparency, Bahrain Bourse established the Disciplinary Appeals Board, which is one of the enhancements in the Listing Rules amendments allowing market participants (including issuers and registered members at BHB) the right to appeal on violations imposed. The Disciplinary Appeals Board, which is composed of independent members, is responsible for reviewing and handling appeals against disciplinary resolutions issued to the relevant parties in compliance with Bahrain Bourse's Business Rules and the CBB Volume 6 Dispute Resolution, Arbitration & Disciplinary Proceedings ("DRA") Module.

*Bahrain Bourse
Receives a
Delegation
from Abu Dhabi
Securities
Exchange (ADX)*



Debt Listings

During 2021, there were 6 bond/sukuk listings in 2021 with a total value of BD 1 billion, compared to 3 listings with a value of BD 575 million in 2020. Total value of listed bonds/sukuk amounted to BD 3.23 billion as of end of 2021. BHB also recorded 34 T-bills listings in 2021 with a total value of BD 2.27 billion, compared to 74 T-bills with a total value of BD 635 million in 2020.

Murabaha – Broadening Product Portfolio

Following the roll-out of Ijara Sukuk-based Murabaha service for banks and corporates in mid-2020, two additional banks rolled-out the Murabaha service to its underlying clients which are: GFH Financial Group (GFH) and Ithmaar Bank, resulting in a total of ten local banks currently offering Murabaha services through BHB's platform. The Murabaha service is provided through the utilization of Sharia'a-compliant Ijara Sukuk issued by the Central Bank of Bahrain as the underlying asset for the undertaking of Murabaha transactions.

The activity of Murabaha has witnessed a significant positive momentum during the year, where the total value of Murabaha trades amounted to BD 2.96 billion, equivalent to a 199% growth compared to 2020 figures, and representing a total asset turnover of 40.25 multiples. The number of transactions amounted to 718 trades, equivalent to a 75% growth compared to 2020 figures. The significant uptake in Murabaha services further positions Bahrain Bourse to capitalize on this momentum to drive further growth and diversification.



Enhancing Market Literacy & Investor Awareness

Environment, Social, Governance Considerations

During 2021, Bahrain Bourse intensified its environmental, social and governance (ESG) efforts and initiatives following the formulation of BHB's ESG strategy last year. As part of its commitment towards UN's Sustainable Stock Exchanges Initiative, BHB virtually rang the bell for gender equality for the third consecutive year in parallel with the celebration of International Women's Day which was held in collaboration with a number of stakeholders to demonstrate best practices in the implementation of gender equality across listed companies and other market participants. BHB also began its collaboration

Strategic Review (Continued)

with Oxford Business Group to produce a series of individual reports and other research tools to track the ESG journey of companies listed on Bahrain Bourse.

To further bolster our commitment towards UN's Sustainable Stock Exchanges Initiative, Bahrain Bourse hosted a "Ring the Bell for Gender Equality" campaign for the 3rd consecutive year in parallel with the celebration of International Women's Day on Monday, 8th March 2021. The campaign was held in collaboration with a number of stakeholders to demonstrate best practices in the implementation of gender equality across listed companies and other market participants.

In addition, BHB embarked on an "E-waste Recycling Initiative" in collaboration with the Supreme Council for Environment (SCE) and Crown Industries (recyclers of metals and plastics). The initiative aims to raise awareness about electronic waste and promote proper recycling of end-of-life electronics used by Bahrain Bourse and Bahrain Clear to ensure their disposal in an environmentally responsible manner. Recycling bins were also distributed across all directorates to allow collection of recyclable waste and provision of monthly reports on quantities and types of collected recyclable materials. To further enhance its outreach and ensure serving a wider stakeholder groups, BHB organized a sign language training course for employees at its Investor Center. This initiative comes in line with Bahrain Bourse's wider Sustainability Action Plan to create an inclusive environment.

Bahrain Bourse also launched a thought leadership publication on Sustainable Finance titled "Evolving ESG Landscape & Capital Markets" as part of its commitment to the United Nations Sustainable Stock Exchanges Initiative. The thought leadership publication aims to raise awareness on the rise of ESG as an investment consideration, importance of ESG disclosures, and the growing importance of sustainable financing options in the region and showcases notable case studies. In addition, Bahrain Bourse in collaboration with HSBC Bahrain hosted a well-attended webinar titled "Evolving Bahrain's ESG Landscape & Sustainable Financing" that featured various thought leaders and experts to shed light on the topics of ESG and Sustainable Finance.

As a result of all its efforts to promote responsible sustainability practices, Bahrain

Bourse received "Best ESG Initiative" Accolade by Pan Finance Awards, which reflects its commitment to assist and support listed companies in gaining better understanding of the importance of ESG disclosure. BHB was also awarded for "Best Corporate Governance" and "Work Life Balance" by Global Banking & Finance Awards which reflects its exceptional performance and commitment towards governance, transparency, and compliance.

Financial Literacy

Bahrain Bourse continued its efforts towards enhancing financial literacy and spreading investment awareness with more than 6800 students and professionals benefitting from the various awareness programs and sessions. BHB in collaboration with INJAZ Bahrain launched the 4th edition of the Smart Investor Program and fortunately was able to resume physical sessions in more than 60 schools. As a remarkable achievement this year, the program has been as part of the curriculum for 4th grade elementary students. BHB also resumed the TradeQuest program with a virtual version in its 23rd edition with the participation of 21 private and government schools and 6 universities. Throughout the year, the Investment Academy benefitted more than 590 professionals with expert training in a range of financial market topics.

To complement Bahrain Bourse's other awareness initiatives, BHB launched the first 1st edition of the Capital Markets Apprenticeship Program. The program aims to bridge the gap between the educational and practical aspects through a six months tenure where selected individuals work as full-time interns across Bahrain Bourse and Bahrain Clear, benefiting from advanced training in trading



skills, research methods and Capital Market financial analysis.

BHB also participated in the fifth annual 'World Investor Week' in October and took part in the World Federation of Exchanges' annual 'Ring the Bell for Financial Literacy' initiative to join 78 other global exchanges holding virtual bell ringing ceremonies, workshops, and events to drive awareness of the importance of financial literacy.

Bahrain Bourse also continued its collaboration with the BIBF to offer various public courses as well as professional certifications related to the capital market under the Investment Academy. The collaboration with BIBF has been expanded to include offering various courses and programs under the Sustainable Development Academy including Sustainable Development, ESG Rating and Scoring, Technological Change and Sustainability.

As part of Bahrain Bourse's efforts to enhance financial literacy awareness, Bahrain Bourse supported the national campaign towards fraud prevention launched by Bahrain Association of Banks (BAB) to promote the awareness of several electronic fraud operations targeting financial services.



Strategic Review (Continued)

Taking part in the national campaign against fraud attempts complements BHB's efforts in raising awareness on important topics in the financial industry with a focus on the capital market. Further, Bahrain Bourse also participated in GCC-wide Awareness Campaign ('Mulim') in collaboration with Central Bank of Bahrain to raise awareness on fraud prevention within capital markets.

	2021
Smart Investor	6,000
TradeQuest	202
Investment Academy	590
Capital Market Apprenticeship Program	8
Total	6,800

Investor Relations

Following the launch of the Middle East Investor Relations Association (MEIRA) chapter in the Kingdom of Bahrain during 2019, Bahrain Bourse continued its efforts to enhance and develop best IR practices across listed companies. In May 2021, BHB issued the Investor Relations Best Practice Guide. The guide aims to highlight the importance of the Investor Relations function and the effect of implementing Investor Relations best practices on the valuation and competitiveness of listed companies in the market. The guide also provides a framework for listed companies to structure an effective IR program and strategy.



To elaborate further on how companies can utilize the IR Guide, BHB in cooperation with MEIRA held a webinar to provide an in-depth overview of Investor Relations Best Practices, and addressed how the nature of Investor Relations has changed and shared best practices for companies.

Furthermore, Bahrain Bourse collaborated with Instinctif Partners MENA, an international business communications consultancy and Investor Relations (IR) advisory. The collaboration seeks to implement IR-related initiatives, which will allow BHB to promote best practice among listed companies, other market participants, as well as internally.

Cultivating Operational Efficiency

Bahrain Bourse has been continuously working on various plans and projects to enhance operational efficiency, including adopting the Global Industry Classification Standard (GICS) for listed companies, implementing new digital transformation initiatives, adopting AWS for enhanced business continuity and performance.

Adoption of Global Industry Classification Standard (GICS)

Bahrain Bourse has taken a major step towards enhancing transparency and efficiency in Bahrain's capital market by re-classifying the sectors of the market and adopting the Global Industry Classification Standard (GICS) for listed companies. The industrial re-classification aims to establish alignment with global industrial standards for classifying listed companies, provide better information to international investors on the performance of sectoral indices, and enable easier company and sectoral comparability with global peers as well as comparability between companies and sectors.

Prior to the adoption of the Global Industry Classification Standard (GICS) in July 2021, Bahrain Bourse held a series of virtual awareness workshops on its plans to adopt the GICS to listed companies, brokers, members, and the public in order to communicate key information related to the new industry re-classification.

Strategic Review (Continued)

Digital Transformation

Bahrain Bourse intensified its efforts during the year to support its employees as well as its stakeholders by enhancing 42 internal and external processes while maintaining agility and efficiency of operations. The digital transformation initiatives included a dedicated priority lane to aid people of determination and senior citizens with immediate assistance at Bahrain Clear's Investor Center via the Skiplino virtual queuing application. Virtual business cards were created for employees that allow exchange of contact details in a contactless manner. Moreover, an employee portal was set up to provide a one-stop solution for employees' mostly required resources. To enhance the integration of interrelated business processes, an internal centralized database was created.

Adoption of AWS for Enhanced Business Continuity and Performance

In line with Bahrain Bourse's efforts to enhance its business continuity performance and strengthen operational agility and resilience, BHB adopted Amazon WorkSpaces, a managed, secure desktop-as-a-service solution by Amazon Web Services (AWS). With Amazon WorkSpaces, BHB can provide a secure, managed, cloud-based virtual desktop to its employees that is accessible from anywhere, anytime in order to respond to changing business needs.

Information Security Certification

Bahrain Bourse recognizes the importance of enhancing its technology and implementing security controls to support its digital journey of enriching investors' and stakeholders' experience. Accordingly, BHB attained the prestigious ISO 27001:2013 certification, an internationally recognized worldwide information security management standard, after successfully completing all the requirements and being officially certified by SIS Certifications Pvt. Ltd. The certification marks a significant milestone to formally acknowledge Bahrain Bourse's commitment to enhance its overall information security and risk management framework.

Subsidiary Review

Bahrain Clear

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

During the year, Bahrain Clear became the first Clearing House and National Numbering Agency (NNA) in the Middle East to participate in International Securities Identification Numbers (ISINs) to Legal Entity Identifiers (LEIs), (ISIN – ISO 6166 and LEI – ISO 17442), global mapping initiative. As a registration

agent for ISIN, Bahrain Clear has registered more than 1,400 ISINs in Bahrain. The ISIN-to-LEI mapping initiative will further promote standardization and enable efficient cross-border trading and improved transparency.

Whilst ensuring its fiduciary responsibility of undertaking cash dividend distributions under the Amanat Program established in 2020, Bahrain Clear successfully distributed the cash dividend distribution of BD 204 million of dividends for the year ended 31st December 2020 including interim dividends, of which BD 200 million in relation to annual cash dividends, and BD 4 million in relation to accumulated cash dividends. Bahrain Clear managed the distribution process on behalf of 26 listed securities whom have declared dividends for the year ended 31st December 2020 including interim dividends on Bahrain Bourse and all investors received their dividends via IBAN bank transfers. Bahrain Clear will continue its efforts to update KYC information and IBAN details to reach out to the entitled shareholders until the unclaimed dividends are completely distributed.

Developing Organizational Talent

One of the key pillars of Bahrain Bourse's strategy revolves around the development of organizational talent. Despite another difficult year with limited physical interaction, BHB continued to provide employees with training opportunities to enhance their performance and at the same time encourage career advancement.

At the end of the year, BHB held a ceremony to recognize long-serving employees for their loyalty and remarkable contribution to Bahrain Bourse and Bahrain Clear over the years, where a total of six employees whom have served five, ten, and fifteen years in service were presented with trophies and certificates.

Moreover, BHB organized various events throughout the year, to continue its efforts in maintaining employees' engagement, interaction, and satisfaction which included: International Women's Day, Mother's Day, Breast Cancer Awareness, Bahraini Women's Day, and National Day.



Recognition of long-serving employees at Bahrain Bourse and Bahrain Clear

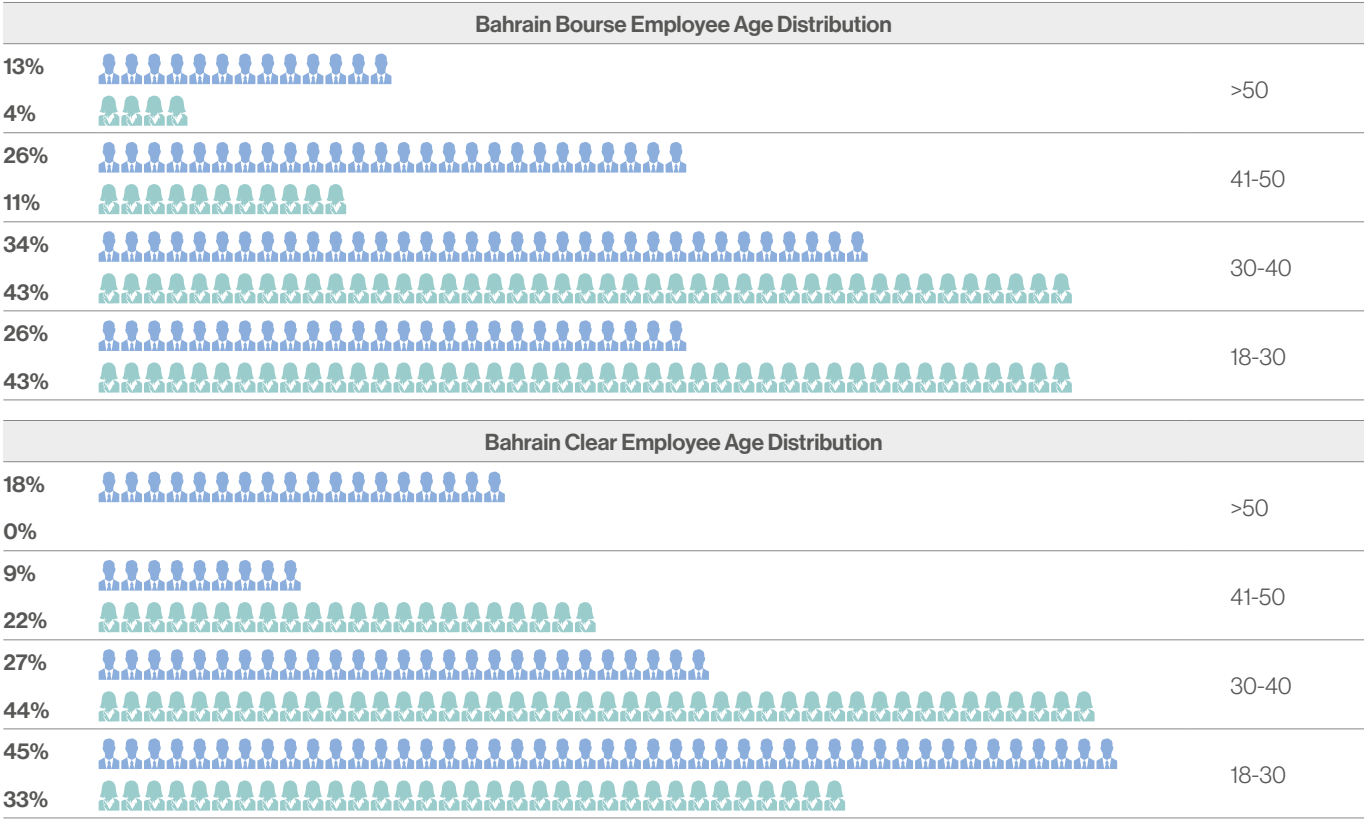
Strategic Review (Continued)

BAHRAINI EMPLOYEES		WOMEN EMPLOYEES	
98.5%	100%	42.4 %	45%
Bahrain Bourse	Bahrain Clear	Bahrain Bourse	Bahrain Clear
YOUTH EMPLOYEES (UNDER 30)		LEADERSHIP/DECISION-MAKING POSITIONS HELD BY WOMEN	
33.3%	40%	40%	0%
Bahrain Bourse	Bahrain Clear	Bahrain Bourse	Bahrain Clear
WOMEN BETWEEN THE AGES OF 20 AND 30		TRAINING PROGRAMS ATTENDED BY EMPLOYEES	
42.9%	33.3%	30	6
Bahrain Bourse	Bahrain Clear	Bahrain Bourse	Bahrain Clear

The employee number by company is shown below:

Total Employees	Female Employees	Female Board Members
86	43%	22%

The above statistics demonstrate the emphasis placed on recruiting youth with 33.3% of BHB's employees being below 30 years of age, and 40% of Bahrain Clear's employees are from the same age group.



Sustainability Report

Sustainability Report

OUR ESG JOURNEY

Capital markets play a pivotal role in shaping the future of the global economy. At Bahrain Bourse, we strive to be at the forefront of the ESG agenda within Bahrain's capital market ecosystem and wider financial community, acting as a catalyst and driver to contribute towards ESG and net zero goals.

At Bahrain Bourse, 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 100¹ in the UN Sustainable Development Goals (SDGs) Global Ranking. Bahrain Bourse ESG framework is in line with the Kingdom of Bahrain's commitment towards achieving net zero goals by 2060, as well as a number of interim initiatives by 2035. Bahrain Bourse ESG framework is also in line with UN Sustainable Development Goals (SDGs) and Bahrain Vision 2030.

This ESG insert is aligned with United Nations Sustainable Development Goals (UN SDGs) and provides Bahrain Bourse's updates and achievements across ESG aspects covering the year 2021. We believe that good corporate ESG practices are fundamental to our continued success and the delivery of enhanced business performance.

Bahrain Bourse has deployed key initiatives to promote the adoption of Environment, Social and Governance (ESG) among the stakeholders. The efforts had contributed to promote sustainability reporting and disclosure on a voluntary basis, promoting sustainable financial products and responsible investments.

2021 Key Market Statistical Data



¹Sustainable Development Report 2021

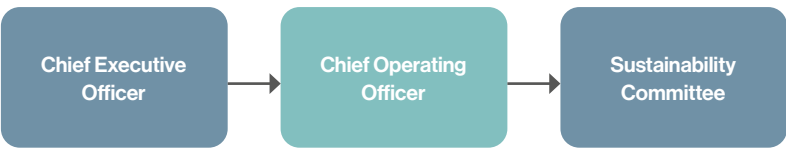
Sustainability Report (Continued)

ESG AT BAHRAIN BOURSE

ESG Governance at Bahrain Bourse

At Bahrain Bourse, we have formally integrated a new ESG committee and team to the existing governance structure to be aligned with the Bahrain Bourse's recently launched ESG Action Plan and Framework.

The ESG Committee is responsible for shaping and delivering the sustainability action plan, and comprises of sustainability subject matter experts from across the business divisions and functions.



Bahrain Bourse ESG Strategy in Year-2

Bahrain Bourse aims to prioritize sustainability in every aspect of our business model to ensure creation of long-term value to our stakeholders. This involved the introduction of strategic goals that focus on key elements associated with the Bahrain Bourse's move towards sustainability. Our ESG strategic themes are focused on five key pillars: promote internal capacity of the exchange in meeting the SSE initiative requirements, promote market education and sustainability/ESG disclosure, promote collaboration and dialogue between companies and investors, promote digital innovation through ESG Data dissemination, and promote development of sustainable financial products such as ESG indices.



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

Bahrain Bourse ESG Initiatives

Bahrain Bourse issued its Environmental, Social and Governance (ESG) Voluntary Reporting Guideline for listed companies in June 2020. In September 2021, Bahrain Bourse and HSBC Bahrain launched a thought leadership publication on Sustainable Finance titled "Evolving ESG Landscape & Capital Markets", which focuses on the sustainable development agenda and green finance. Bahrain Bourse also joined the United Nations Sustainable Stock Exchanges (SSE) initiative to demonstrate its voluntary commitment to promoting sustainable and transparent capital markets in cooperation with listed companies and other related stakeholders.

In addition to the milestones achieved so far, Bahrain Bourse prioritizes sustainability in every aspect of the corporate strategy, operations and risk assessments in order to achieve long-term value for our stakeholders. We have created series of statements, policies and initiatives that addressed Bahrain Bourse's commitment to practice business contributions to environmentally, socially and economically sustainable future.

2021 ESG HIGHLIGHTS

Promote internal capacity of the exchange in meeting the SSE initiative requirements	<p>Recycling</p> <ul style="list-style-type: none">- Recycled all paper waste- Recycled a determined percentage of E-Waste <p>Statements & Policies</p> <ul style="list-style-type: none">- Adopted Whistleblowing Policy as part of the Corporate Governance Policy Manual of Bahrain Bourse to ensure that irregularities and breaches are appropriately reported- Integrated the ESG elements in the corporate risks assessments- Established an Environmental Statement that aims to help protect the planet and minimize environmental impact by complying with all relevant environmental legislation and regulations in the Kingdom of Bahrain- Develop a code of conduct for suppliers that contains business integrity and responsibility to the environment. The supplier Code of Conduct is a mandatory step for pre-engagement with third parties <p>Internal Capacity Training</p> <ul style="list-style-type: none">- Created a dedicated Sustainability Committee to overseeing the ESG Agenda- Implement ESG training across the business and delivered to all Bahrain Bourse and Bahrain Clear employees <p>Awards</p> <ul style="list-style-type: none">- Achieved prestigious Information Security Certification ISO 27001: 2013- Accorded with a prestigious award by PAN Finance Awards for “ESG Initiative of the Year” – Bahrain category- Awarded two prestigious accolades by Global Banking & Finance, for “Best Corporate Governance Company” as well as “Best Work Life Balance Program” for the year 2021
Promote market education and sustainability/ESG disclosure	<p>Financial Literacy</p> <ul style="list-style-type: none">- Launched 1st Edition of the Capital Market Apprenticeship Program- Continued active engagement in various financial literacy programs including Smart Investor, TradeQuest, and the Investment Academy <p>Awareness</p> <ul style="list-style-type: none">- Conduct Anti-Fraud Awareness Campaign in collaboration with Bahrain Association of Banks through social media targeting all investors and public- Participated in GCC-wide Awareness Campaign in collaboration with Central Bank of Bahrain to raise awareness on fraud prevention within capital markets

2021 ESG HIGHLIGHTS (Continued)

Promote collaboration and dialogue between companies, and investors	<ul style="list-style-type: none">- Publicly announced support for People of Determination by conducting sign language training to the Investor Center Team in addition to the home visits to People of Determination- Continue to explore opportunities to promote and support gender equality both within the business and across the market through “Ring the Bell for Gender Equality” as part of United Nations Sustainable Stock Exchanges (SSE) Initiative and World Federation of Exchanges- Conducted Investor Satisfaction Surveys for all stakeholders, and set annual targets. The Investor Satisfaction Survey serves as a key stakeholder communication channel adopted by Bahrain Bourse alongside other platforms, allowing Bahrain Bourse to meet the growing needs and expectations of its investors in a better and more accurate manner- Continuously monitor feedback and complaints received through Tawasul platform and ensured prompt response
Promote digital innovation through ESG data dissemination	Recognize listed companies efforts in ESG reporting by announcing ESG disclosures in Bahrain Bourse’s Investors’ Guide
Promote the development of sustainable financial products such as ESG indices	<p>Published and participated in the launch of 4 ESG-related guides to market participants which includes:</p> <ul style="list-style-type: none">- “Investor Relations Best Practice Guide” in collaboration with Middle East Investor relations Associations (MEIRA)- “Evolving ESG Landscape & Capital Markets” in collaboration with HSBC Bahrain with a focus on the sustainable development agenda and green finance- “ESG Integration in the Arab Region” in collaboration with Arab Federation of Capital Markets (AFCM)- “Navigating ESG in MENA: factors driving demand and programme implementation” in collaboration with Middle East Investor relations Associations (MEIRA)

Sustainability Report (Continued)

Bahrain Bourse 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, 11 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 Bahrain Bourse's business. In addition, the material topics were reviewed to highlight the importance of Bahrain Bourse's role in driving the capital markets towards ESG disclosure and management as well as to ensure alignment with Sustainability Accounting Standards Board (SASB) material issues for exchanges as well as MSCI Sustainable Finance Disclosure Regulation (SFDR) key metrics for capital markets.



Most Important	More Important	Important
1. Prompting Sustainability and ESG management	7. Investing in Community and Financial Literacy	11. Supporting People with Determination
2. Compliance	8. Human Rights	12. Environmental Practices
3. Business Ethics and Risk Management	9. Female Empowerment	
4. Nurturing our Workforce	10. Digital Transformation	
5. Data Privacy & Security		
6. Investor Relations & Stakeholders Engagement		

Sustainability Report (Continued)

ESG Framework

Bahrain Bourse joined 112 other exchanges globally whom have voluntarily expressed their commitment towards promoting the advancement of sustainability in capital markets activities. The importance of sustainable and community-conscious approaches is essential to Bahrain Bourse. We aim to be a leader in setting ESG trends in standard practices across the industry. We have aligned our ESG framework to international frameworks that help direct our business operations. In particular, we focus on the UN SDG, the commitments to the UN Sustainable Stock Exchange Initiative (SSE Initiative), the WFE recommendations and in line with Bahrain Vision 2030 and the Kingdom of Bahrain net zero goals and the goals that are most relevant to our organisation and stakeholders. In doing so, we have identified and prioritized 12 ESG topics that matter the most to our stakeholders and impacts our business model. Given the nature of our business model, governance topics remain on top of our priority list, as indicated in the matrix. We aim to continuously monitor and review our materiality matrix and priority topics in line with our business requirement, stakeholder feedback, and evolving business landscape.

GOVERNANCE	SOCIAL	ENVIRONMENT
<div>1</div> <div>Business Ethics and Risk Management</div> <div>a. Ethics</div> <div>b. Fraud, AML and Financial Terrorism</div> <div>c. Prevention of Corruption</div> <div>d. Risk Management</div> <div>e. Board of Directors</div>	<div>6</div> <div>Nurturing our Workforce</div> <div>a. Training and Development</div> <div>b. Employee Wellbeing and Satisfaction</div> <div>c. Health and Safety</div> <div>d. Nationalisation</div>	<div>11</div> <div>Environmental Practices</div>
<div>2</div> <div>Compliance</div>	<div>7</div> <div>Investing in Community & Financial Literacy</div>	<div>12</div> <div>Digital Transformation</div>
<div>3</div> <div>Promoting Sustainability and ESG Management</div>	<div>8</div> <div>Human Rights</div>	
<div>4</div> <div>Stakeholder and Investor Engagement</div>	<div>9</div> <div>Female Empowerment</div>	
<div>5</div> <div>Data Privacy & Security</div>	<div>10</div> <div>Supporting People with Determination</div>	

Sustainability Report (Continued)

ESG Framework (Continued)

Through Bahrain Bourse ESG framework, ESG initiatives, and material topics identified, we aim to contribute to the below nine SDG goals:



Bahrain Bourse’s Sustainability Framework

ENVIRONMENT	Environmental Practices	Digital Transformation					 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 11 SUSTAINABLE CITIES AND COMMUNITIES	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 13 CLIMATE ACTION
SOCIAL	Nurturing our Workforce	Female Empowerment	Stakeholder Engagement	Community Investment & Financial Literacy	Supporting People with Determination	Human Rights	 3 GOOD HEALTH AND WELL-BEING	 5 GENDER EQUALITY	 8 DECENT WORK AND ECONOMIC GROWTH	 10 REDUCED INEQUALITIES
GOVERNANCE	Ethics & Prevention of Corruption	Compliance	Investor Relations	Data Privacy and Security			 10 REDUCED INEQUALITIES	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS		

GOVERNANCE



Business Ethics and Risk Management	Compliance	Promoting Sustainability and ESG Management	Stakeholder and Investor Engagement	Data Privacy & Security
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Business Ethics & Risk Management

Bahrain Bourse assesses risk tolerance across the organization and negates strategic, operational, regulatory, and financial risks. Bahrain Bourse safeguards the company and its investors by adopting a number of procedures deemed necessary for continued operations.

Bahrain Bourse upholds the highest standards of integrity in adherence to the principles of corporate governance in an effective manner in accordance with the legislations issued by the Central Bank of Bahrain and the Ministry of Industry and Commerce, and in fulfilment of the responsibility of the Board of Directors in the overall control, supervision and enhancement of compliance with the requirements of corporate governance. In 2021, Bahrain Bourse adopted Whistleblowing Policy as part of the Corporate Governance Policy Manual of Bahrain Bourse to ensure that irregularities and breaches are appropriately reported.

In 2021, Bahrain Bourse is proud to have resolved all received complaints received through various channels within a maximum of five working days, in accordance with its Complaints Policies & Procedure, and Bahrain Bourse has endeavoured in its attempts to better improve stakeholder experience it has adopted a holistic quality assurance policy supported directly by Bahrain Bourse’s Board of Directors and its main purpose is to ensure that customer care, service quality and sustainability is embedded into every operational aspect of Bahrain Bourse. In addition, a dedicated quality assurance function has been created to continually monitor service metrics and create rapid action plans that will ensure Bahrain Bourse continues providing service excellence to our stakeholder groups.

To ensure that investors are kept abreast of trending topics in capital markets, Bahrain Bourse conducts regular awareness training to the public. Bahrain Bourse holds regular “Investments & Saving” seminars for the general public, which are offered free of charge, in order to enhance public awareness and understanding regarding best market methods for managing an investment portfolio.

Sustainability Report (Continued)

Business Ethics

Bahrain Bourse 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, Bahrain Bourse 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.

In addition, Bahrain Bourse educates staff about fraud, anti-money laundering, and financial terrorism. Fraud risks are recognized and communicated to the appropriate Directorate, after which controls are implemented, and evaluated. In the year 2021, there were no occurrences of fraud, money laundering, or financial terrorism.

Prevention of Corruption

The Bahrain Bourse holds an annual training course for its members and listed companies on how to recognize and avoid fraudulent activity. Any fraud that is identified is reported to the appropriate authorities immediately. We also add a stringent process that requires multiple sign-offs before processing major transactions, lowering the risk of corruption and assuring compliance with CBB standards.

Risk Management

Environmental, Social & Governance (ESG) risk factors have been integrated as part of our risk assessments framework. As per our approved risk universe, we have also been examining both external and internal fraud risks and providing action plans for the rectification and control of the aforementioned risks.

Board of Directors

Cultivating trust and confidence through effective corporate governance is an ongoing focus of our strategy. Bahrain Bourse upholds the highest standards of integrity in adherence to the principles of corporate governance in an effective manner in accordance with the legislations issued by the Central Bank of Bahrain and the Ministry of Industry and Commerce. 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, of which two are female members amongst its nine-member Board.

A fully-fledged Corporate Governance report is included as part of this Annual Report, showcasing best practices in corporate governance, BoD Committees and meetings, and updates on latest issued policies.

Compliance

Bahrain Bourse follows a compliance strategy which is administered by the Risk and Compliance Directorate which reviews all areas across the business to ensure regulatory compliance as well as being the point of contact for the regulator. In 2021, we had zero non-compliance cases with the regulator.

As part of its commitment to meet the requirements of the Central Bank of Bahrain and in line with its efforts to secure a comprehensive enforcement framework to settle disputes, govern, and take disciplinary action against market participants, Bahrain Bourse has formed a Disciplinary Appeals Board for enhanced accountability. Market participants are also granted the right to appeal on violations imposed. The Disciplinary Appeals Board aims to further strengthen BHB’s regulatory oversight regime, enhance transparency, and allow for greater and swifter accountability in the market, consisting of external members. The Disciplinary Appeals Board members are appointed following a resolution from BHB’s Board, and are approved by the Central Bank of Bahrain.

The Risk & Compliance Directorate carries out frequent awareness for employees to ensure they are able to identify PEPs and sanctioned individuals and escalate as required to adhere with the CBB rulebook module in relation to Anti Money Laundering (AML); the Risk and Compliance Directorate provides advice on customer acceptance and Know-Your-Customer (KYC) requirements. The Risk and Compliance Directorate is also a key member of the Investigation Committee where Compliance assists in market surveillance and investigates suspicious cases, suggesting a corrective course of action on escalated cases.

Insider’s Management is key within BHB’s culture. All employees of Bahrain Bourse 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, which is then investigated for any suspicion of insider trading. In addition, as part of our ongoing sustainability review, a ‘Code of Conduct for Suppliers’ has been put in place to ensure all third party suppliers meet BHB’s basic expectations with regards to legal requirements and basic ethical practices. BHB is committed to conduct its business with transparency, integrity, efficiency, commitment to excellence, teamwork, fairness and flexibility. The code sheds light on the expected business standards and principles as rules of ethical behaviour of BHB and specifies what BHB expects from its suppliers.

Sustainability Report (Continued)

Promoting Sustainability and ESG Management

Bahrain Bourse promotes good governance and transparency amongst issuers through mandatory financial disclosures and voluntary non-financial disclosures (i.e. ESG reports). As part of Bahrain Bourse's efforts to promote sustainability and transparency in Bahrain's capital market, Bahrain Bourse announced in June 2020 issuance of the Environmental Social & Governance (ESG) voluntary reporting guidelines for listed companies. The guideline includes the latest third-party reporting methodologies widely adopted by the industry and aims to assist listed companies in navigating the evolving standards on ESG reporting and disclosure, and aims to encourage companies to disclose on ESG metrics in line with global standards. In 2021, 26% of listed companies issued ESG disclosure reports. We are looking forward to enhance transparency and disclosure in Bahrain's capital market by supporting listed companies' alignment with Bahrain Economic Vision 2030 and the UN Sustainable Development Goals (SDGs).

Further, Bahrain Bourse's commitment towards 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. Bahrain Bourse is fully committed to promoting sustainability both internally and among our issuers. Following its commitment to the SSE initiative, Bahrain Bourse has rolled-out a series of strategic sustainability initiatives aimed at further enhancing transparency and disclosure of sustainability/ESG information across Bahrain Bourse and our listed companies. Going forward, we aim to roll-out CPD-certified Climate Disclosure Training programme to issuers in collaboration with the SSE initiative.

Bahrain Bourse is committed towards accelerating sustainable capital markets regionally, and delivering on its Sustainability Framework by focusing on five key pillars:

1

Promote market education and ESG disclosures

2

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

3

Promote collaboration and dialogue between companies and investors

4

Promote digital innovation through ESG data dissemination

5

Promote the development of sustainable financial products

In 2021, Bahrain Bourse has also continued its efforts in accelerating sustainable capital markets. With a tremendous collaboration with HSBC Bahrain, we have together launched a thought leadership publication on Sustainable Finance titled "Evolving ESG Landscape & Capital Markets". The thought leadership publication aims to raise awareness on the rise of ESG as an investment consideration, importance of ESG disclosures, and the growing importance of sustainable financing options in the region and showcases notable case studies.

As part of our commitment to accelerating sustainable capital markets regionally, we have contributed to the ESG Guideline for the Arab Federation of Capital Markets (AFCM). The publication aims to review ESG guidelines in the Arab Exchanges and compare it to the global practices in accordance with the World Federation of Exchanges (WFE) and Sustainable Stock Exchange Initiative SSE. This also caters for ESG-related rules and regulations and suggested best practices for the Arab Exchanges.

Stakeholder and Investor Engagement

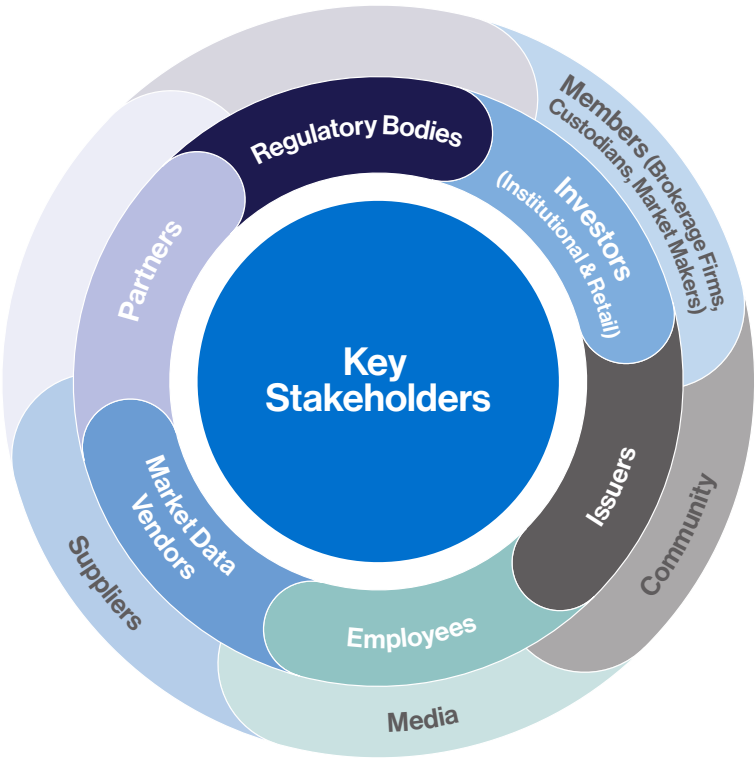
Our business model encompasses a broad spectrum of stakeholder relationships, which we approach with strategic diligence to ensure cultivation of long-term value. Stakeholder and investor engagement forms a critical aspect of our strategy and success. Hence, we seek to maintain an open, transparent, and collaborative dialogue with each of our diverse stakeholder groups in various forums and modes. The unprecedented challenges has enabled us to adopt different engagement formats such hybrid and virtual in all of our events by adapting with recent technology provided and hence enhancing our outreach.

Bahrain Bourse has continued its efforts in its engagements with the stakeholders through 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. This is essential to ensure our understanding of our stakeholders evolving needs in order to incorporate their perspectives in our strategies and action plans.

Bahrain Bourse's main stakeholder groups are highlighted below and have been categorized in broad terms, using generic stakeholder categories that apply to most industries which includes regulatory bodies, investors, issuers, members, community, employees, media, market data vendors, and partners. Our continuous and seamless stakeholder engagement and strategic dialogue aims to ensure that Bahrain Bourse remains relevant and inclusive, as well as creates long-term value for our wider stakeholder group.

Sustainability Report (Continued)

Stakeholder and Investor Engagement (Continued)



Investor Experience

In 2020, Bahrain Bourse joined 'Tawasul' – the National Suggestions & Complaints Bahrain Bourse and achieved excellence in Customer Service Award via 'Tawasul' during the same year. In 2021, 140 cases were received via 'Tawasul' portal, which included complaints, enquiries, and suggestions, of which 39% were complaints. All cases received were closed within the specified Service Level Agreement. Our corporate website provides a public formalised Complaint Form used for submitting all natures of complaints, which are collected in accordance with the Privacy Data Protection Law and actioned. Additionally, in December 2020, Bahrain Bourse rolled out its Investor Satisfaction Survey, with the aim of seeking investors' feedback and measure satisfaction on our products and services, and to enhance the level of investor-related services.

As part of our commitment to encourage best practices across listed companies in Investor Relations, Bahrain Bourse launched the Investor Relations Best Practice Guide, in collaboration with Middle East Investor Relations Association (MEIRA). The Investor Relations Guide aims to highlight the importance of the Investor Relations function and the effect of implementing Investor Relations best practices on market valuation and competitiveness of listed companies in the market.

Data Privacy and Security

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 Bahrain Bourse does not over-collect data and to ensure that data collected is for business and legal purposes only.

Bahrain Bourse 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. Bahrain Bourse 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.

Sustainability Report (Continued)

Information Security Management



ISO 27001: 2013
Information Security Management System (ISMS)

As part of our commitment to adopt international business excellence and quality standards, Bahrain Bourse achieved prestigious Information Security Certification ISO 27001:2013 in 2021. Further, Bahrain Bourse continues to implement 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, particularly in light of growing global cyber security attacks that have heightened during the Covid-19 period.

At Bahrain Bourse, 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.

Bahrain Bourse 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.

Business Continuity

Furthermore Bahrain Bourse’s Business Continuity is built with the approach of safeguarding employee’s wellbeing first while maintain a delicate balance with the business needs of Bahrain Bourse that allows and ensures business continuity to work from anywhere.

SOCIAL



SDG Alignment



Nurturing Our Workforce	Investing in Community & Financial Literacy	Human Rights	Female Empowerment	Supporting People with Determination	
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Nurturing Our Workforce

Our people are our greatest asset. We strive to attract, nurture, and develop talent by building a cohesive working environment for our team and ensuring gender equality and empowerment. Bahrain Bourse (including our fully-owned subsidiary Bahrain Clear) workforce is comprised of a total of 86 employees – a 9% increase from the previous year, of which 43% of our workforce are females. We continuously aim to maintain and promote gender equality and empowerment across the team.

Sustainability Report (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
2019	69	67	2
2020	79	78	1
2021	86	86	0

Workforce by age

2019		23	Employees aged 21-30
2020		31	
2021		33	
2019		40	Employees aged 31-50
2020		42	
2021		45	
2019		6	Employees aged 51+
2020		6	
2021		8	

Workforce by gender

2019		41	Male employees
2020		47	
2021		49	
2019		28	Female employees
2020		32	
2021		37	

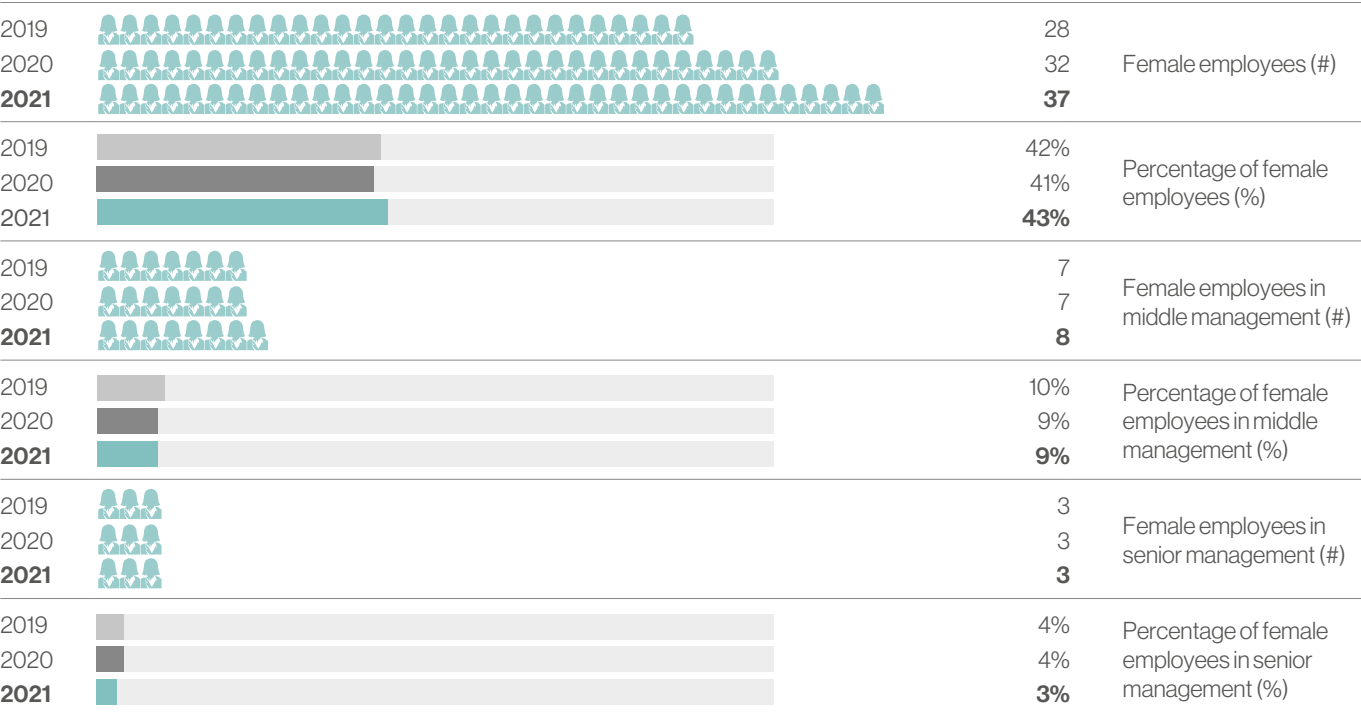
In 2021, Bahrain Bourse, held a “Long Service Award Ceremony” to honour the efforts of six long serving employees for their loyalty and remarkable contribution to Bahrain Bourse and Bahrain Clear over the years. During the year, Bahrain Bourse received an award from ‘Global Banking & Finance’ for ‘Best Work Life Balance Program’ implemented, indicating our commitment towards ensuring long term well-being of our employees.

Female Empowerment

Bahrain Bourse is proud to cultivate a female-oriented business environment that encourages women of all backgrounds to work with us and achieve their potential. Currently, the percentage of women working at Bahrain Bourse sits at 43%, a 2% increase from 2020. Furthermore, 22% of women in our workforce are in middle management and 3% of the women are in senior management positions. 22% of the Bahrain Bourse Board of Directors is composed of women.

Sustainability Report (Continued)

Female Employment



Training and Development

Bahrain Bourse continued to provide employees with training opportunities based on their objectives and individual development plans. In addition, during 2021, all Bahrain Bourse employees attended virtual trainings on ESG Risks and Opportunities conducted by the Bahrain Bourse Sustainability Committee, as well as ongoing AML and insider training awareness.

Employee Wellbeing and Satisfaction

Our employees are one of our most valuable assets and safeguarding their health and wellbeing is important to Bahrain Bourse. In 2021, we continued our efforts to ensure the engagement of the employees in several wellness activities including health and sports events and putting plans forward to embark on mental health and wellbeing programs.

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 Bahrain Bourse 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.

Work-from-office standards were communicated to all employees; Health and safety measures were enabled in accordance with local requirements, such as social distancing, contact tracing, quarantine policy and the suspension of physical meetings and activities.

In 2022, Bahrain Bourse aims to shed further light on the importance of mental health and wellbeing to the employees by conducting awareness sessions with health practitioners. Further, Bahrain Bourse select number of employees are trained as marshals and certified for emergency evacuations to ensure safety of all employees in the event of an emergency.

Sustainability Report (Continued)

Nationalisation

Our nationalisation rate in 2021 stood at an ideal steady rate of 99% across the entire workforce and a 100% nationalisation rate across senior management.

Nationalisation	Total number of national employees	Nationalisation among total workforce (%)	Nationalisation of senior management (%)
2019	68	99	100
2020	78	99	100
2 021	85	99	100

Investing in the Community & Financial Literacy

Bahrain Bourse participates in several flagship programmes related to financial literacy. The Smart Investor Programme in collaboration with Injaz Bahrain, which has been running for 3 consecutive academic years, 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. In 2021, 4,500 students within Grade 4 benefitted from the program. Since the launch of the program, a key milestone has been achieved of engaging up to 15,000 students.

Bahrain Bourse also conducted the TradeQuest Programme catered towards high school and university students. 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 Bahrain Bourse 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. The program included a total of 200 student participations per annum, and final winners of each category receive a total of BD 30K to help them start and build their own investment portfolio.

As part of the Investment Academy in collaboration with Bahrain Institute of Banking and Finance (BIBF) launched, Bahrain Bourse conducts virtual monthly saving and investment sessions. Since the launch of the Investment Academy, a total of 2,673 participants benefitted from the programs offered with more than 2,751 training hours. In 2021, Investment Academy provided over 464 training hours, benefitting more than 529 professionals with expert training in a range of financial market topics.

In 2021, we have renewed our commitment towards the Investment Academy with an expanded scope to encompass Sustainable Development Academy which covers training related to Sustainable Development, ESG Rating and Scoring, Technological Change and Sustainability. In line with Bahrain Bourse's strategic goals of enhancing market literacy and investor awareness, the first cohort of the Capital Markets Apprenticeship Program, an on-the-job training program, was launched in 2021 to equip young Bahraini graduates with practical experience within the capital markets sector. It stems directly from Bahrain Bourse's firm belief of promoting investor education and instilling financial knowledge among various age groups. The six-month intensive training provides participants with the opportunity to learn from and interact with Capital Market key decision makers, enhance their knowledge on the capital market, and gain hands-on experience by obtaining a thorough understanding of Bahrain Bourse and Bahrain Clear operations. In addition, the programme also provides interns with the necessary skills to kick-start their career within Capital Markets. The program consists of a mixture of on-job training as well as theoretical learning within a classroom environment. Furthermore, it complements Bahrain Bourse's financial literacy programmes, which aim to reach out to a broader sector of the community.

	2019	2020	2 021
Smart Investor	3,596	4,532	7,000
TradeQuest	173	-	202
Investment Academy	269	261	529
Capital Market Apprenticeship Program	N/A	N/A	8
Total	4,038	4,793	7,739

Sustainability Report (Continued)

Investing in the Community & Financial Literacy (Continued)

As part of our ongoing efforts to highlight the importance of financial literacy, Bahrain Bourse participated in the World Federation of Exchanges' annual 'Ring the Bell for Financial Literacy' initiative to join 78 other global exchanges holding virtual bell ringing ceremonies, workshops, and events to drive awareness of the importance of financial literacy. The initiative included producing a series of awareness videos featuring 17 key participants from various listed companies and educational institutions as well as other key stakeholders to highlight and showcase Bahrain Bourse's Awareness Programs. In addition, Bahrain Bourse held a series of virtual workshops in partnership with several financial institutions and universities to introduce students to the capital market and Bahrain Bourse, where more than 2,300 attended the workshops.

As part of our ongoing awareness, Bahrain Bourse also conducted Anti-Fraud Awareness Campaign in collaboration with Bahrain Association of Banks through social media targeting all investors and public. Further, Bahrain Bourse also participated in GCC-wide Awareness Campaign ('Mulim') in collaboration with Central Bank of Bahrain to raise awareness on fraud prevention within capital markets.

Human Rights

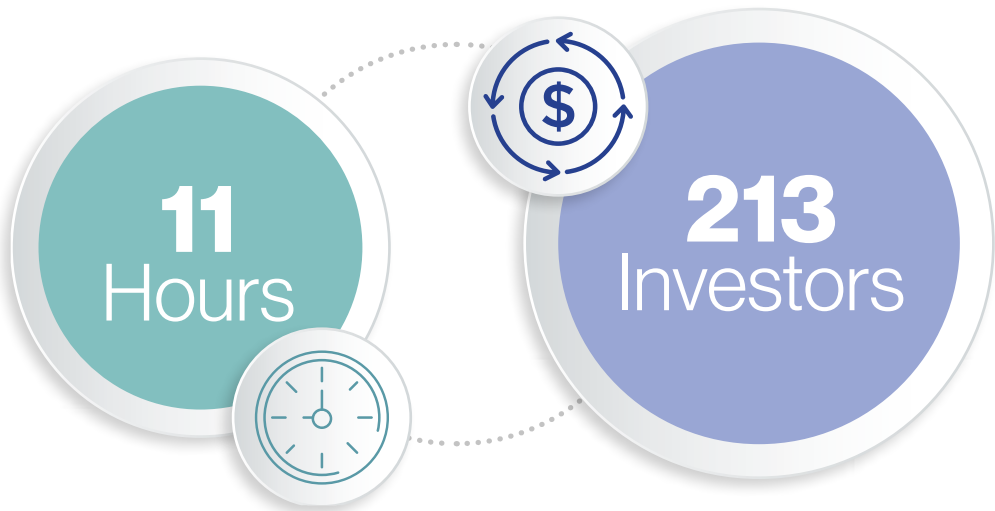
Bahrain Bourse Code of Conduct and Ethics follows and abides by all clauses in the Bahrain Labour Law. Bahrain Bourse's internal policies align themselves with the general rules and regulation of Bahrain regarding human rights law under Bahrain's constitution. In 2021, there were no violations or incidents 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.

Supporting People with Determination






Bahrain Bourse 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.

In 2021, we set-up a dedicated priority lane to aid people of determination and senior citizens with immediate assistance at Bahrain Clear's Investor Center via Skiplino application, creating an inclusive environment that serves a wider stakeholder group. In addition, a total of 11 hours were spent serving 213 investors to aid people of determination and senior citizens.



Sustainability Report (Continued)

ENVIRONMENT

	SDG Alignment
	   
Digital Transformation	Environmental Practices

Environmental Practices

As a market influencer, we are dedicated to reduce our environmental footprint through several initiatives to enhance environmental management including energy and water consumption, atmospheric emissions, waste and electronic waste.

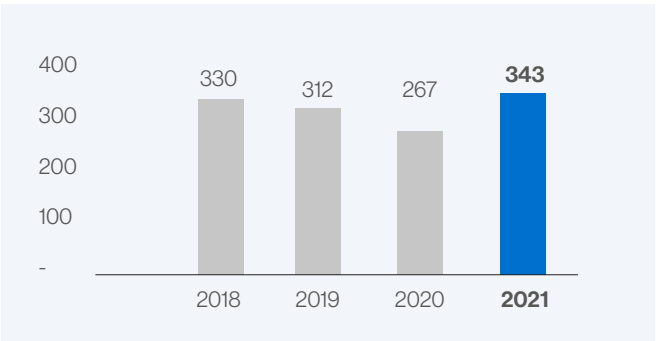
In 2021, Bahrain Bourse has published its Environmental Statement committing to improve our sustainability practices throughout every area of our business. We recognize our responsibility to help protect the planet and minimize the environmental impact as an organization. The statement covers all aspects and precisely to ensure environmental targets and objectives are aligned with local and regional environmental targets and international goals, including the United Nations Sustainable Development Goals (UN SDGs), UN Sustainable Stock Exchange Initiatives, and World Federation of Exchanges recommended guidelines.

In 2021, our electricity consumption increased by 28.7%. This year, the energy intensity per employee raised to an average of 19 Giga Joules (GJ). The total emission generated by Bahrain Bourse amounted to 343 metric tons of carbon dioxide equivalent – a 24% reduction increase from the previous year. The emission intensity per employee was 3.98 – a remarkable reduction of 17.8% 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. Through DocuSign, one of the paperless communication tools adopted across Bahrain Bourse, as of 31st of December 2021, we have saved a noticeable amount of wood (919 kg), water (22,576 litres), carbon (2,157 kg) and general waste (149 kg).

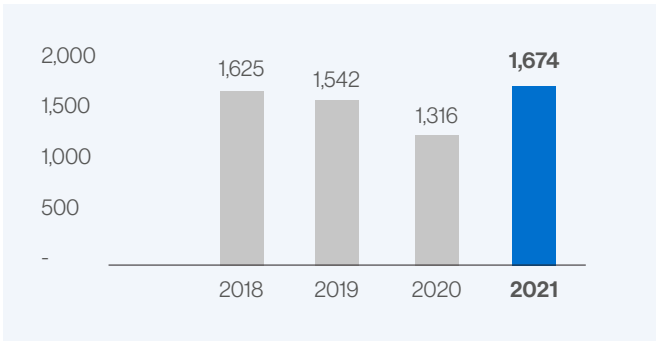
Further, Bahrain Bourse announced that it has embarked on an "E-waste Recycling Initiative" in collaboration with the Supreme Council for Environment (SCE) and Crown Industries (recyclers of metals and plastics). The initiative aims to raise awareness about electronic waste and promote proper recycling of end-of-life electronics used by Bahrain Bourse and Bahrain Clear to ensure their disposable in an environmentally responsible manner.

It is worth noting that Bahrain Bourse signing a Memorandum of Understanding (MoU) with the Supreme Council for Environment to enhance areas of joint cooperation and issues of mutual interest between Bahrain Bourse and the Supreme Council for Environment in areas related to environmental conservation and protection. The MoU aims to encourage listed companies to disclose on environmental metrics in its issued reports.

Total emissions (MTCO₂Eq)



Total energy consumption (GJ)



Environmental Practices (Continued)

Environmental Impacts	2019	2020	2 021
Electricity consumption (MWh)	407	349	449
Energy intensity (GJ/employee)	22	17	19
Emission Intensity (MTCO ₂ Eq/ employee)	4.53	3.38	3.98

Digital Transformation

We continued our digital transformation journey throughout 2021 with a focus to enhance our business continuity performance and strengthen operational agility and resilience, while maintaining efficiency and security.

Furthermore and in line with our keenness to re-design business processes and discover new opportunities, we have automated 42 processes, which included both external and investor-centric processes as well as internal processes. Centred around the end-user journey, we have intensified our focus during the past year on supporting employees and other stakeholders internally and externally, while maintaining agility and efficiency of operations.

With the rise of remote working, virtual events and digital networking during the past two years, we rolled-out dynamic virtual business cards in replacement of their paper-based counterparts. The digital business cards highlighted our flexibility and responsiveness to changing business needs and contributed to enhancing convenience and reach of our business communications with our investors and clients in a seamless manner.

Internally we continued our endeavours to maintain agile business processes for our employees through introducing 'Employee Portal', a one-stop solution for their mostly required resources, allowing our employees to have easier access and streamlined navigation, while saving their time and effort. Our reliance on DocuSign electronic signature platform continued to increase, expanding the scope of automated processes and workflows across all directorates.

A centralized database was put-in-place to further enhance the integration of interrelated business processes, creating seamless connection between directorates across the organization.

In 2021, we have kick-started an internal recycling programme and each department has been fitted with appropriate recycling bins, with reporting being conducted on a monthly basis.

Global Markets

The majority of global economies experienced an economic expansion in 2021. The GDP growth rate of the global economy surged to 5.9% during 2021, compared to a negative growth of 3.1% in 2020. Furthermore, the global inflation rate amounted to 4.3% in 2021 compared to 3.2% in 2020. The US economy expanded by 6% in 2021 compared to a contraction of 3.4% in 2020.

The Federal Reserve maintained the interest rate at 0.25% throughout 2021 remaining unchanged from 2020. The economies of the European Union further grew, posting a growth of 5.1% in 2021 against a negative growth of 5.9% in 2020. The European Central Bank continued to maintain an interest rate of 0.00% in 2021. The British economy experienced a growth of 6.8% in 2021 compared to a decrease of 9.8% in 2020. The Bank of England further increased its interest rate to 0.25% in 2021 against a rate of 0.10% in 2020.

The Real GDP Growth at Constant Prices %

Country	2021	2020
United States	6	(3.4)
United Kingdom	6.8	(9.8)
Germany	3.1	(4.6)
France	6.3	(8.0)
Japan	2.4	(4.6)
China	8.0	2.3

In Asia, China's economic growth reached 8% in 2021 compared to 2.3% in 2020 while the country's central bank lowered the interest rate to 3.8% by the end of 2021 from 3.85% in 2020. The Japanese economy experienced a growth of 2.4% in 2021 as the Bank of Japan maintained its interest rate at -0.10%.

On one hand, the Middle-Eastern economy witnessed a growth of 2.7% in 2021 compared to a negative growth of 4% in 2020. On the other hand, the North-African economy witnessed a sharp growth of 8.1% in 2021 compared to a decline of 1.3% in 2020.

With regard to oil prices, the price of Brent oil surged by US\$27.73 per barrel to close at US\$78.60 (2021 year's end) compared to US\$50.87 at the beginning of the year, posting an increase of 54.51%. The price of Oman crude oil also increased by US\$28.04 per barrel to close at US\$77.55, posting a 56.64% decline during the same period.

In terms of currency prices, the Euro depreciated against the U.S. Dollar by 6.92%, and the Sterling Pound depreciated against the U.S. Dollar by 1.05% compared to the beginning of the year. Contrastingly, the Japanese Yen appreciated against the U.S. Dollar by 11.47% during the same period.

As for metal prices, the price of gold tailed off by 3.59% to reach US\$ 1,828.39 per ounce posting a decline of US\$ 68.10 per ounce in comparison to its price at the beginning of 2021. The price of silver also fell during the same period by 11.72%.

On the financial markets front, the French CAC40 had an international lead as the index posted a growth of 28.85%. The growth is followed by the American S&P500 with a growth of 26.89%, the German DAX with a growth of 15.79%, the British FTSE100 with a growth of 14.30%, the Japanese NIKKEI225 with a growth of 4.91% and the Chinese SHANGHAI with a growth of 4.80%.

Performance of International Financial Markets

Market	2021	2020	Growth (%)
US (S&P500)	4,766.18	3,756.07	26.89
Japan (NIKKEI225)	28,791.71	27,444.17	4.91
Germany (DAX)	15,884.86	13,718.78	15.79
France (CAC40)	7,153.03	5,551.41	28.85
UK (FTSE100)	7,384.54	6,460.52	14.30
China (SHANGHAI)	3,639.78	3,473.07	4.80

World Stock Markets’ Performance during 2021 (Continued)

The Arabian Market

According to the International Monetary Fund (IMF), the real GDP of the Middle East region expanded by 2.7% in 2021 against a decline of 4% in 2020. Whereas, the GDP of North Africa boomed by 8.1% in 2021 compared to a decline of 1.3% in 2020.

With regards to the real GDP of Arabian Economies, Morocco recorded the highest performance with a growth rate of 5.7%. Most of the Arabian economies experienced a steady growth in their GDP during 2021. Nonetheless, Kuwait and Qatar witnessed the least growth in GDP with growth rates of 0.9% and 1.9% respectively.

The Real GDP Growth at Constant Prices (%)

Country	2021	2020
Jordan	2.0	(1.6)
Morocco	5.7	(6.3)
Egypt	3.3	3.6
Lebanon	(10.5)	(21.4)

GCC Countries

Country	2021	2020
Qatar	1.9	(3.6)
Kuwait	0.9	(8.9)
Saudi Arabia	2.8	(4.1)
Oman	2.5	(2.8)
UAE	2.2	(6.1)
Bahrain	2.4	(5.1)

With reference to the performance of Arab and GCC financial markets, ADX (Abu Dhabi, UAE) reported the highest growth in its performance during 2021 by 68.24% followed by Beirut Stock Exchange with a growth of 50.30%. The rest of the Arabian and GCC markets recovered in 2021 and have experienced considerable growth.

Arab Stock Markets Performance

Market Indices (Points)			
Markets	2021	2020	Annual Performance (%)
Egypt	11,949.18	10,845.26	10.18
Morocco	13,358.32	11,287.38	18.35
Lebanon	988.79	657.89	50.30
Jordan	2,118.65	1,657.22	27.84
GCC Countries			
Dubai	3,195.91	2,491.97	28.25
Muscat	4,129.54	3,658.77	12.87
Abu Dhabi	8,488.36	5,045.32	68.24
Saudi Arabia	11,281.71	8,689.53	29.83
Kuwait	7,043.16	5,546.04	26.99
Bahrain	1,797.25	1,489.78	20.64
Qatar	11,625.81	10,435.96	11.40

World Stock Markets’ Performance during 2021 (Continued)

The Local Market

The Kingdom of Bahrain's GDP grew by 2.4% in 2021 compared to the previous year's decline of 5.1%. Prices across the Kingdom moderately appreciated on average in 2021 with an inflation rate of 1% in contrast to the deflated prices experienced by the country in 2020 with a deflation rate of 2.3%.

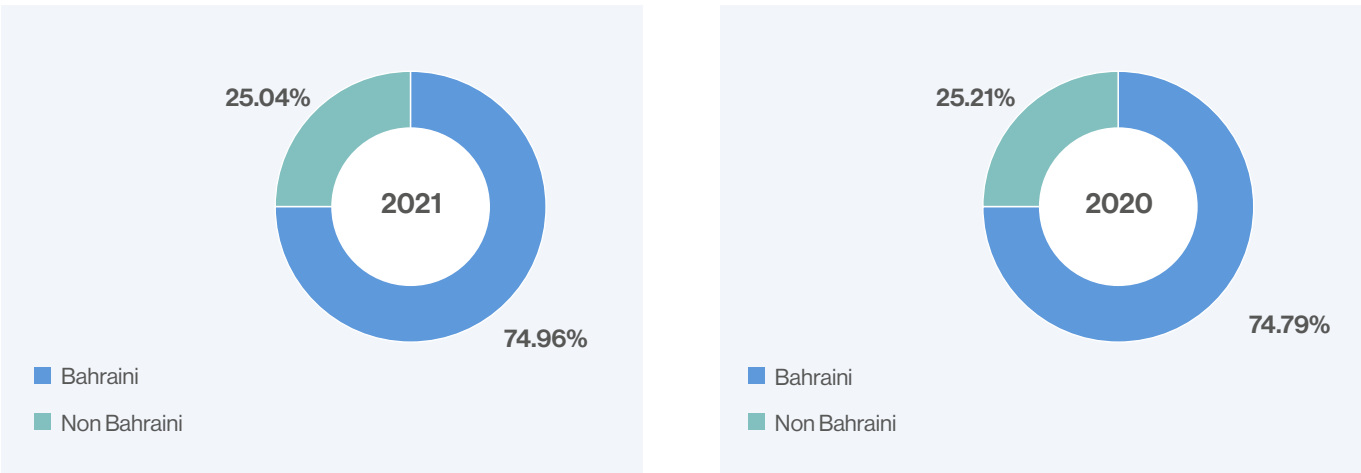
Bahrain All Share Index surged by 20.64% to close at 1,797.25 points at the end of 2021 thereby ending the year up by 307.47 points. As for shares prices at the end of the year, the prices of 18 companies increased, while the share prices of 8 companies remained unchanged, and the share prices of 18 companies declined. The trading activity witnessed a decrease in the value of shares traded by 8.05% compared to 2020. The volume of shares decreased by 15.79% compared to last year, while the number of transactions increased by 8.76%.

The Financials Sector comprised 54.08% of the total traded value followed by the Materials Sector comprising 16.34%, Communications Services Sector 13.94%, Industrials Sector 5.71%, Consumer Discretionary Sector 3.31%, Real Estate Sector 1.86% and the Consumer Staples Sector 1.54%. Aluminum Bahrain B.S.C. (ALBH) came on top of the most active companies in terms of the value of shares traded, in which the traded value was BD31.98 million, capturing around 16.34% of the total trading value at the Bourse, followed by Ahli United Bank B.S.C. (AUB) comprising 15.59%, GFH Financial Group B.S.C. (GFH) 12.01%, Bahrain Telecommunications Company B.S.C. (BATELCO) 10.26%, and Bank of Bahrain and Kuwait B.S.C. (BBK) 6.09%.

As for the volume of shares traded, the Financials Sector represented 75.59% of total traded volume followed by the Communications Services Sector with 8.83%, Materials Sector 4.80%, Real Estate Sector 2.23%, Industrials Sector 2.05%, Consumer Discretionary 1.28%, and Consumer Staples Sector 0.86%. GFH Financial Group B.S.C. (GFH) came first among the most active companies in terms of the volume of shares traded with 305.20 million shares traded, comprising 29.97% of the total shares traded at the Bourse, followed by Khaleeji Commercial Bank B.S.C. (KHCB) 15.49%, Al Salam Bank B.S.C. (SALAM) 10.69%, Ahli United Bank B.S.C. (AUB) 9.81% and Zain Bahrain B.S.C. (ZAINBH) 5.25%.

Trading by nationality figures show that Bahrainis comprised 74.96% of the total value of shares traded, while other nationalities comprised 25.04% of the total value of shares. The year 2021 ended with a total of 42 listed companies, 3 mutual funds, 17 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 2021 (Continued)

Market Capitalization

The market capitalization of Bahraini public shareholding companies listed on Bahrain Bourse appreciated by 16.58% to BD10.82 billion compared to BD9.28 billion at the beginning of the year. The Financials Sector accounted for 74.27% of the total market capitalization, followed by the Materials Sector with 10.50%, Communications Services Sector 9.84%, Consumer Discretionary Sector 1.67%, Consumer Staples Sector 1.36%, Industrials Sector 1.34% and Real Estate Sector 1.02%.

Market Capitalization among Sectors (Million Dinars)

Sector	2021	2020	Change (%)	Relative Weight (%)
Materials	1,136.00	-	NM	10.50
Industrials	145.27	-	NM	1.34
Consumer Discretionary	180.58	-	NM	1.67
Consumer Staples	146.58	-	NM	1.36
Financials	8,032.61	-	NM	74.27
Communications Services	1,063.72	-	NM	9.84
Real Estate	110.69	-	NM	1.02
Total Market	10,815.45	9,277.3	16.58	100.00

Note: The market sectors were reclassified by Bahrain Bourse effective 1st July 2021. Therefore, "2020" data and statistics for the new sectors are "not applicable" and/or "non-meaningful (NM)".

Financial Indicators

The financial indicators among sectors varied. The table below presents the growth of financial indicators at the end of 2021 compared to 2020.

Note: The market sectors were reclassified by Bahrain Bourse effective 1st July 2021. Therefore, "2020" data and statistics for the new sectors are "not applicable" and/or "non-meaningful (NM)".

Financial Indicators

Sector	P/E (X)		Div. Yield (%)		P/BV (X)	
	2021	2020	2021	2020	2021	2020
Materials	116.06	-	N/A	-	1.05	-
Industrials	9.13	-	1.10	-	1.29	-
Consumer Discretionary	42.18	-	3.76	-	0.74	-
Consumer Staples	19.08	-	3.78	-	1.09	-
Financials	18.81	-	1.52	-	1.30	-
Communications Services	16.35	-	4.91	-	1.74	-
Real Estate	19.25	-	3.00	-	0.60	-
Total Market	20.35	11.29	1.89	5.07	1.26	1.00

Bahrain Clear

The total number of Bahraini public shareholding shares deposited at Bahrain Clear reached 37,329 billion shares as of 31, December 2021 comprising 100% of the total fully issued and paid shares compared to 35,777 billion shares at the beginning of the year posting a growth of 4.34%.

The market capitalization of Bahraini public shareholding shares deposited at Bahrain Clear reached BD 10,882 billion as of 31, December 2021 compared to BD 9,345 billion at the beginning of the year recording a growth of 16.45%.

The number of nationalities registered at Bahrain Clear reached 100 nationalities, while the number of investors holding shares in Bahraini public shareholding companies reached 59,171 investors by 31 December, 2021 compared to 52,326 investors at the beginning of the year, posting a growth of 13.08%.

Key Statistical Data 2020-2021

Key Statistical Data 2020-2021

COMPARISON OF TRADING ACTIVITY

	2021	2020	Change	Change %
Total Market Capitalization (BD)	10,815,451,307	9,277,254,711	1,538,196,596	16.58
Value of Shares (BD)	195,708,022	212,799,606	(17,091,584)	(8.03)
Volume of Shares	1,018,674,066	1,209,306,129	(190,632,063)	(15.76)
No. of Transactions	21,015	19,309	1,706	8.84
Total Trading Days	245	246	(1)	(0)
Daily Average Value of Shares (BD)	798,808	865,039	(66,231)	(7.66)
Daily Average Volume of Shares	4,157,853	4,915,879	(758,025)	(15.42)
Daily Average No. of Transactions	86	78	7	9

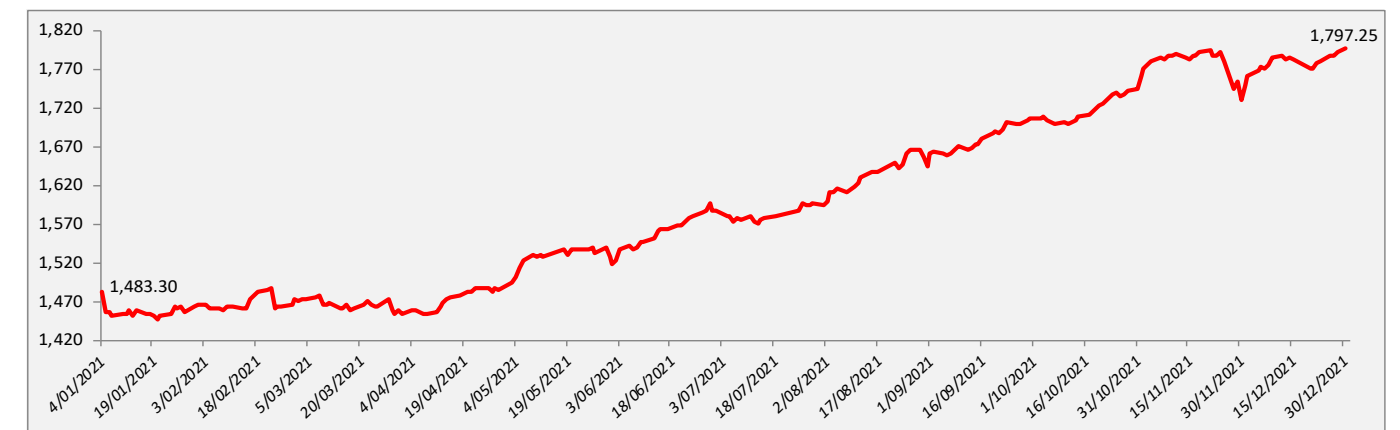
BAHRAIN BOURSE INDICES PERFORMANCE

	2021	2020	Change (points)	Change (%)
Bahrain All Share Index				
Year end	1,797.25	1,489.78	307.47	20.64
High	1,797.25	1,668.66	128.59	7.71
Low	1,447.55	1,232.40	215.15	17.46

	2021	2020	Change (points)	Change (%)
Bahrain Islamic Index				
Year end	751.72	650.19	101.53	15.62
High	756.50	775.58	(19.08)	(2.46)
Low	610.58	568.64	41.94	7.38

Key Statistical Data 2020-2021 (continued)

BAHRAIN ALL SHARE INDEX PERFORMANCE DURING 2021 (POINTS)



Sectorial Indices	2021	2020	Change %
Bahrain All Share Index			
Materials	3,675.35	-	NM
Industrials	3,042.22	-	NM
Consumer Discretionary	3,035.81	-	NM
Consumer Staples	3,010.64	-	NM
Financials	6,402.47	-	NM
Communications Services	2,957.86	-	NM
Real Estate	3,190.20	-	NM

No. of Listed Companies (including REITs)	2021	2020
Public	40	40
Closed	1	2
Non Bahraini	1	1
Total	42	43

No. of Listed T-bills	2021	2020
	34	34

No. of Listed Bonds & Sukuk	2021	2020
Bonds	14	9
Sukuk	3	5

No. of Listed Mutual Funds	2021	2020
	3	9

No. of Companies listed on the Bahrain Investment Market (BIM)	2021	2020
	1	1

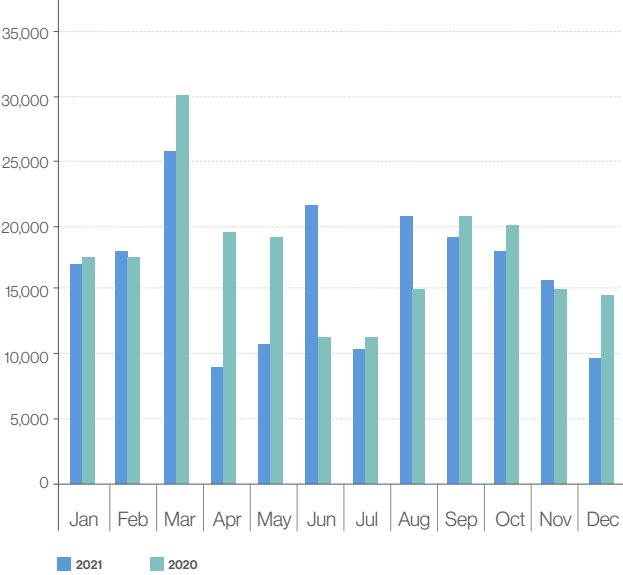
Key Statistical Data 2020-2021
(continued)

EQUITY TRADING ACTIVITY

Value (000)

	2021	2020	Change (%)
Jan	16,580	16,934	(2.09)
Feb	17,791	16,494	7.86
Mar	25,998	30,155	(13.79)
Apr	8,827	19,490	(54.71)
May	11,368	18,754	(39.39)
Jun	22,106	12,558	76.02
Jul	10,389	12,289	(15.46)
Aug	20,969	15,650	33.98
Sep	18,531	21,597	(14.19)
Oct	17,389	19,979	(12.96)
Nov	16,447	14,909	10.32
Dec	9,314	13,990	(33.42)
Market	195,708	212,800	(8.03)

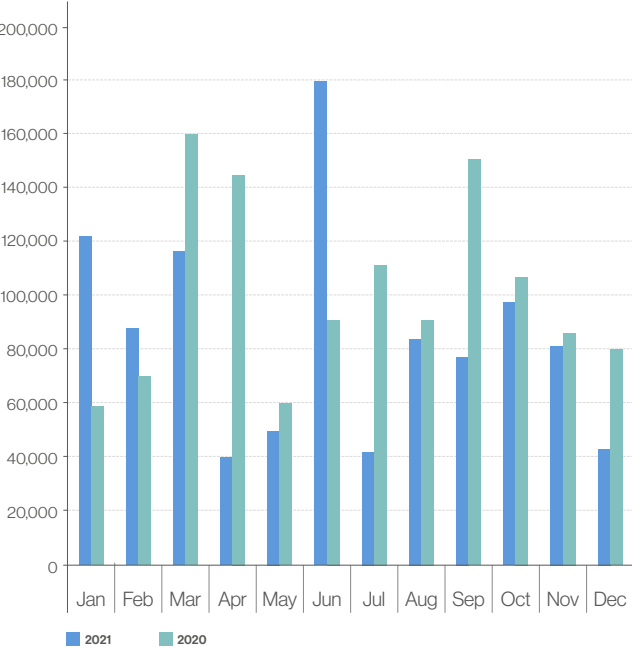
Total Value of Shares Traded



Volume (000)

	2021	2020	Change (%)
Jan	122,689	58,893	108.32
Feb	87,704	70,843	23.80
Mar	112,728	161,184	(30.06)
Apr	39,241	146,236	(73.17)
May	51,297	59,860	(14.30)
Jun	178,894	90,041	98.68
Jul	42,002	109,513	(61.65)
Aug	85,171	90,968	(6.37)
Sep	77,272	151,242	(48.91)
Oct	97,054	107,210	(9.47)
Nov	79,617	83,929	(5.14)
Dec	45,006	79,389	(43.31)
Market	1,018,674	1,209,306	(15.76)

Total Volume of Shares Traded



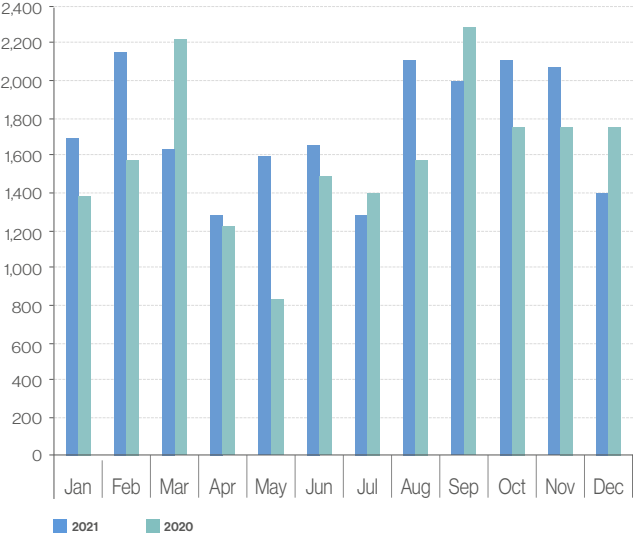
Key Statistical Data 2020-2021
(continued)

EQUITY TRADING ACTIVITY (Continued)

No. of Transactions

	2021	2020	Change (%)
Jan	1,688	1,378	22.50
Feb	2,130	1,546	37.77
Mar	1,682	2,221	(24.27)
Apr	1,297	1,235	5.02
May	1,584	959	65.17
Jun	1,663	1,498	11.01
Jul	1,292	1,402	(7.85)
Aug	2,101	1,553	35.29
Sep	1,994	2,267	(12.04)
Oct	2,093	1,732	20.84
Nov	2,073	1,768	17.25
Dec	1,418	1,750	(18.97)
Market	21,015	19,309	8.84

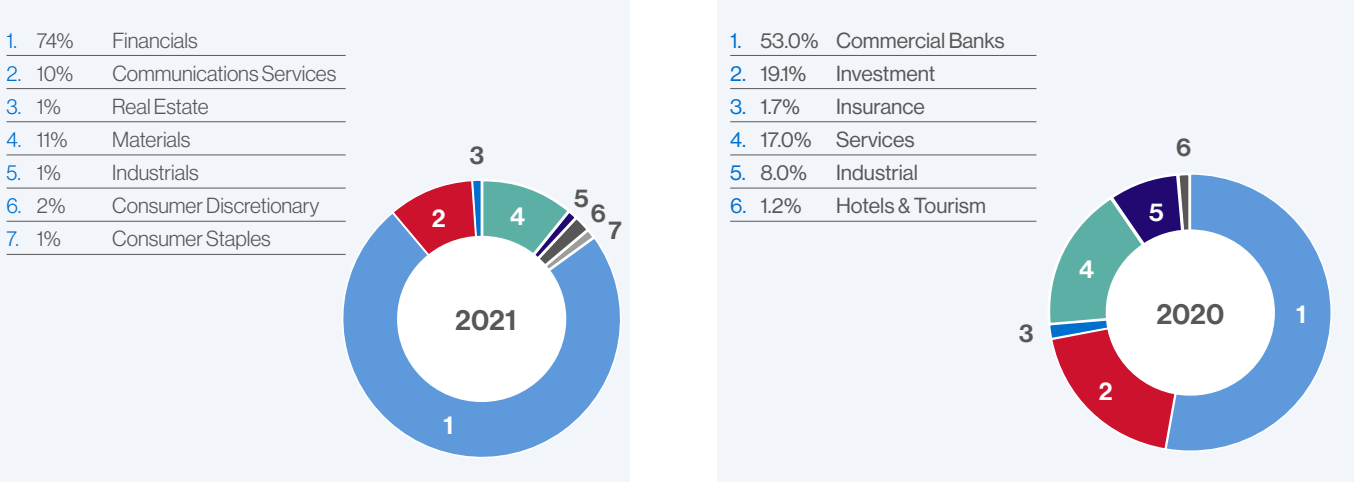
Total Number of Transactions



Market Cap (BD million)

	2021	2020	Change (%)
Materials	1,136.0	-	NM
Industrials	145.3	-	NM
Consumer Discretionary	180.6	-	NM
Consumer Staples	146.6	-	NM
Financials	8,032.6	-	NM
Communications Services	1,063.7	-	NM
Real Estate	110.7	-	NM
Market	10,815.5	9,277.3	16.6

THE BREAKDOWN OF MARKET CAPITALIZATION BY SECTORS

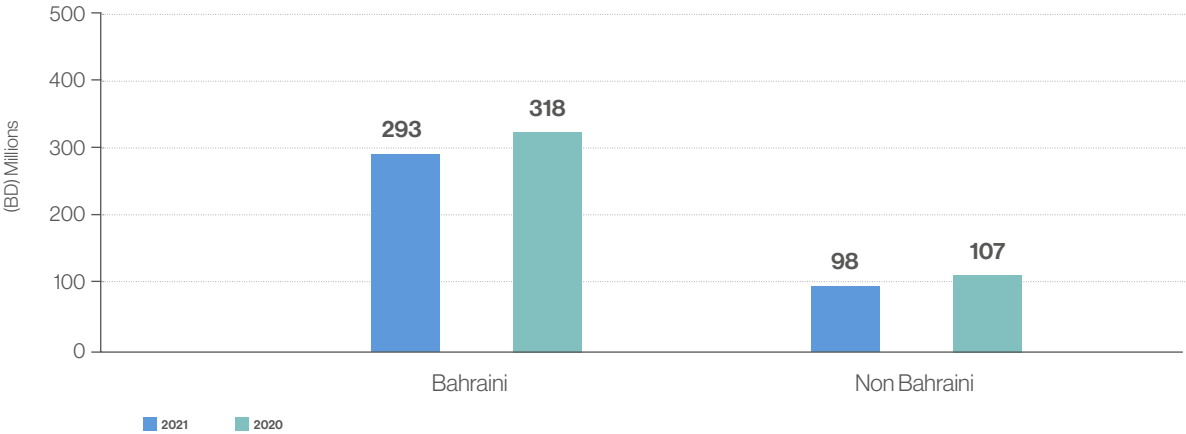


TRADING BY NATIONALITY

Volume	2021	2020	Change (%)
Bahraini	1,498,862,785	1,990,947,404	(24.72)
Non Bahraini	538,485,347	427,664,854	25.91
Total	2,037,348,132	2,418,612,258	(15.76)

Value	2021	2020	Change (%)
Bahraini	293,389,191	318,289,919	(7.82)
Non Bahraini	98,026,853	107,309,294	(8.65)
Total	391,416,044	425,599,213	(8.03)

Trading by Nationalities (Value - BD)

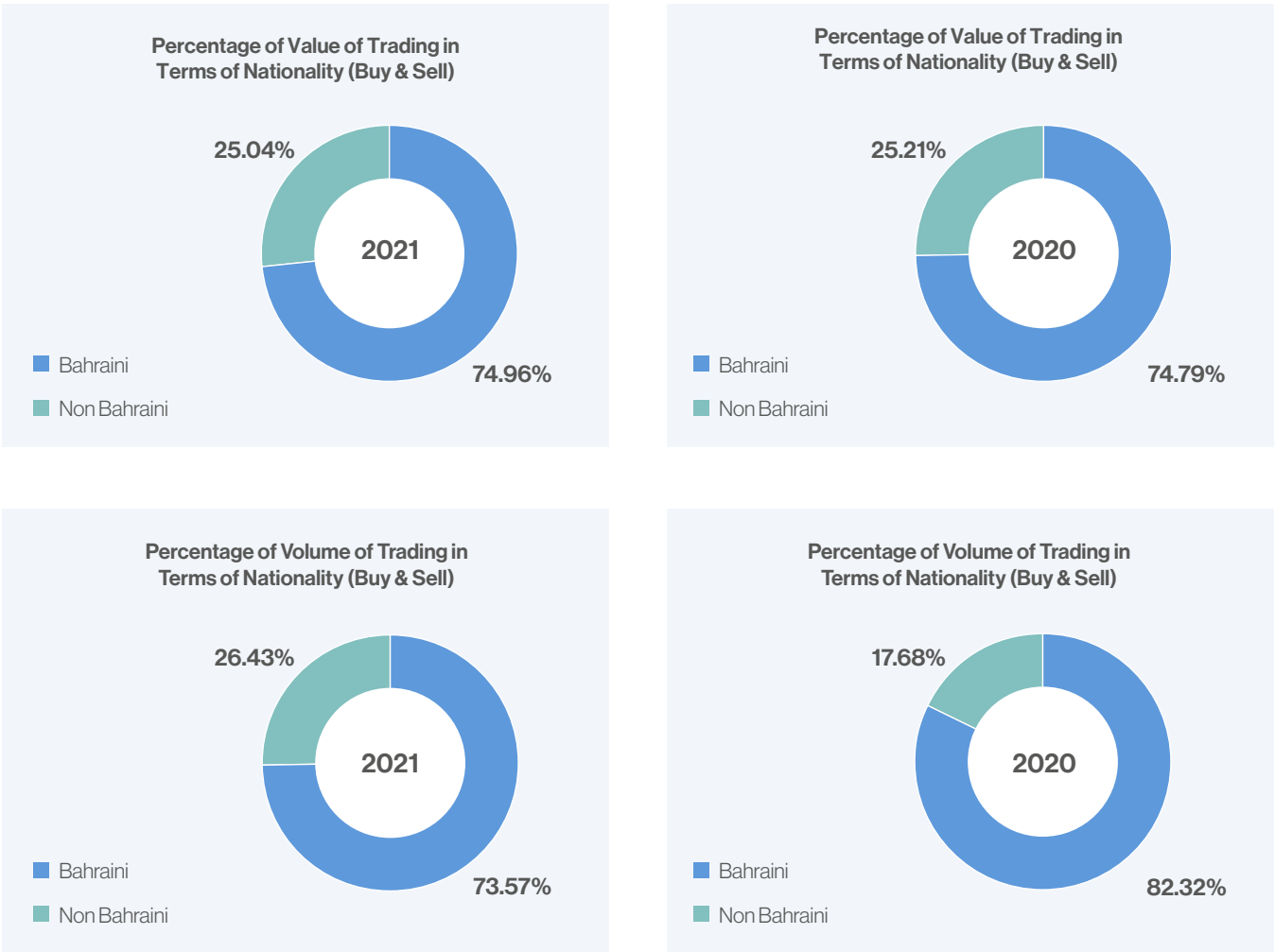


PERCENTAGE OF TRADING BY NATIONALITY-VOLUME (BUY & SELL)

	2021	2020
Bahraini	73.57%	82.32%
Non Bahraini	26.43%	17.68%

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

	2021	2020
Bahraini	74.96%	74.79%
Non Bahraini	25.04%	25.21%



Traded Securities and Instruments

Traded Securities and Instruments

Listed Companies on Bahrain Bourse

Materials

Aluminium Bahrain B.S.C.

Industrials

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

Consumer Discretionary

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

Consumer Staples

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

Financials

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

Communications Services

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

Real Estate

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

Non-Bahraini Companies

Bank Muscat S.A.O.G.

Closed Companies

SICO B.S.C. (c)

Bahrain Investment Market

Sprinkle Holding B.S.C. (c)

Listed Mutual Funds

NBK Gulf Equity Fund
NBK Qatar Equity Fund
Markaz Arabian Fund

Listed Bonds & Sukuk

Government Development Bond - Issue 13
Government Development Bond - Issue 14
Government Development Bond - Issue 15
Government Development Bond - Issue 18
Government Development Bond - Issue 19
Government Development Bond - Issue 20
Government Development Bond - Issue 21
Government Development Bond - Issue 22
Government Development Bond - Issue 23
Government Development Bond - Issue 24
Government Development Bond - Issue 25
Government Development Bond - Issue 26
Government Development Bond - Issue 27
Government Islamic Lease (Ijarah) Sukuk - Issue 22
Government Islamic Lease (Ijarah) Sukuk - Issue 23
Government Islamic Lease (Ijarah) Sukuk - Issue 26
Sukuk Al Musharaka (Investment DAR Sukuk Co.) - 2010*

*Matured as of 26th Oct. 2010

Traded Securities and Instruments (Continued)

Brokers & Members

Brokerage Firms

Ahli United Bank B.S.C.
Al Ahlia Bahrain B.S.C. (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 Company W.L.L.
TAIB Securities W.L.L. (suspended)
Tradeline Securities W.L.L.

Individual Brokers

Abdulla Jaffer Zain Al-Abdeen Office

Member Firms

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

Authorized Sponsors

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.

Listed T-Bills & Short-Term Islamic Lease (Ijarah) Sukuk during 2021

12 Months Treasury Bills - Issue 77
12 Months Treasury Bills - Issue 78
12 Months Treasury Bills - Issue 79
12 Months Treasury Bills - Issue 80
12 Months Treasury Bills - Issue 81
12 Months Treasury Bills - Issue 82
12 Months Treasury Bills - Issue 83
12 Months Treasury Bills - Issue 84
12 Months Treasury Bills - Issue 85
12 Months Treasury Bills - Issue 86
12 Months Treasury Bills - Issue 87
12 Months Treasury Bills - Issue 88
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/191
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/192
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/193
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/194
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/195
Short Term Islamic Lease (Ijarah) Sukuk - Issue SL/196
6 Months Treasury Bills - Issue 1871
6 Months Treasury Bills - Issue 1875
6 Months Treasury Bills - Issue 1879
6 Months Treasury Bills - Issue 1885
6 Months Treasury Bills - Issue 1888
6 Months Treasury Bills - Issue 1892
3 Months Treasury Bills - Issue 1881
3 Months Treasury Bills - Issue 1882
3 Months Treasury Bills - Issue 1883
3 Months Treasury Bills - Issue 1884
3 Months Treasury Bills - Issue 1886
3 Months Treasury Bills - Issue 1887
3 Months Treasury Bills - Issue 1889
3 Months Treasury Bills - Issue 1890
3 Months Treasury Bills - Issue 1891
3 Months Treasury Bills - Issue 1893

Bahrain Bourse Fees & Commissions

As of 31st December 2021

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)
As of 31st December 2021

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)
As of 31st December 2021

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)
As of 31st December 2021

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
As of 31st December 2021

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 1.05/page capped at BD 52.5/report	Applicable per Request
1.3 AGM Services				
			Fees	Frequency
a- AGM Management - 1 st Meeting				
Company Shareholders less than 500			BD 315	Applicable per Request
Company Shareholders –501-1,000			BD 525	Applicable per Request
Company Shareholders 1,001-2,000			BD 787.5	Applicable per Request
Company Shareholders 2,001-3,000			BD 1,050	Applicable per Request
Company Shareholders 3,001-5,000			BD 1,575	Applicable per Request
Company Shareholders 5,001-10,000			BD 2,100	Applicable per Request
Company Shareholders more than 10,000			BD 2,625	Applicable per Request
b- AGM Management - 2 nd Meeting (if 1 st meeting is adjourned due to insufficient quorum)			BD 525	Applicable per Request
c- AGM Management – 3 rd Meeting (if 2 nd meeting is adjourned due to insufficient quorum)			BD 315	Applicable per Request

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

Bahrain Clear Fees (Continued)

As of 31st December 2021

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 with-out 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)

As of 31st December 2021

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)
As of 31st December 2021

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

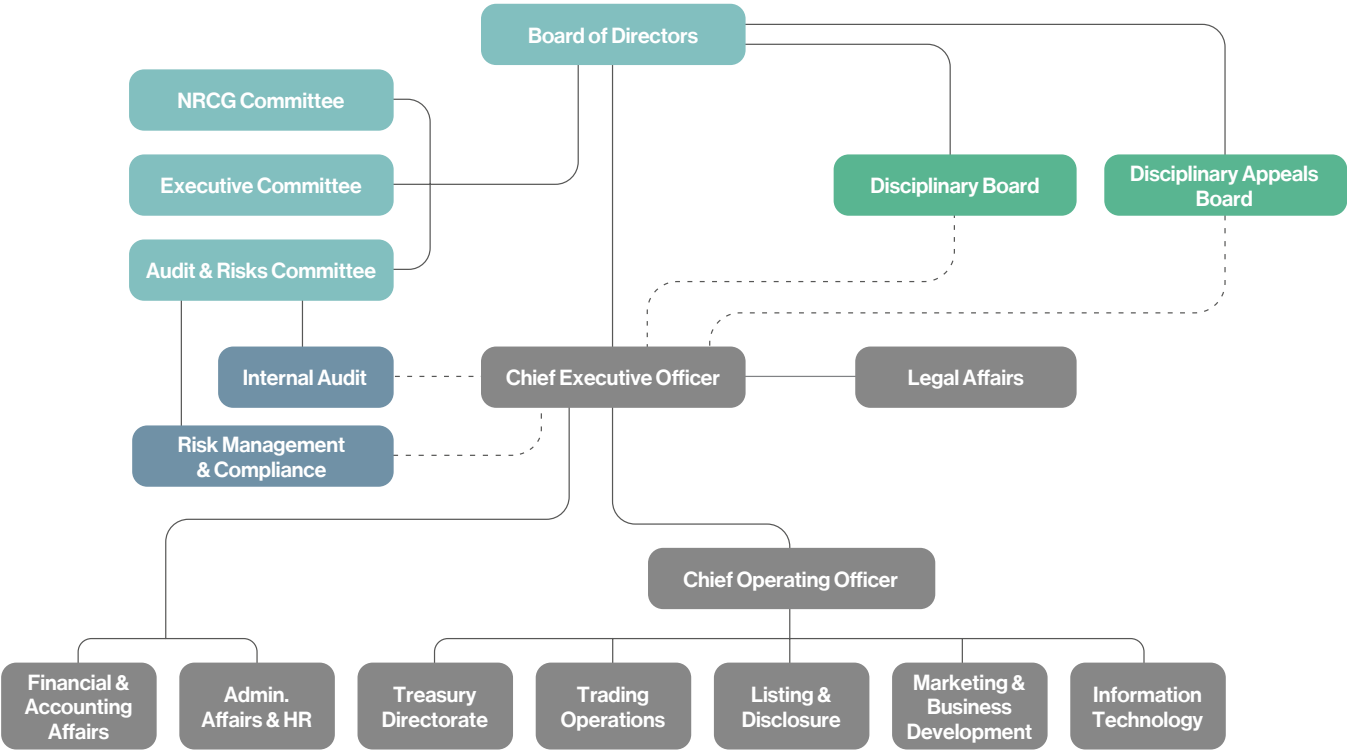
Bahrain Bourse was established as a Bahraini Closed Shareholding Company pursuant to Decree number (60) for the year 2010 to replace Bahrain Stock Exchange which was established in 1987. Bahrain Bourse is licensed by the Central Bank of Bahrain as a stock exchange and a Self-Regulatory Organization,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

Duties and Responsibilities of the Board of Directors

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

Corporate Governance Report (Continued)

Transactions that Require the Approval of the Board of Directors

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

Board Committees

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

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

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

Corporate Governance Report (Continued)

Nomination, Remuneration, & Corporate Governance Committee	
Members	Brief terms of reference, tasks, and responsibilities
Abdulkarim Ahmed Bucheery Chairperson	<ul style="list-style-type: none">The Board of Directors appoints the members of the Committee who will be at least three independent and non-executive members, for a term of three years, subject to renewal in concurrence with the term of the Board of Directors.A committee chairperson and a deputy chairperson is elected from amongst the members of the Committee during the first meeting post appointing the members.The meeting attendance quorum is at least a majority of the members, provided that the Chairperson or Deputy Chairperson is among them.The Committee shall hold minimum of two meetings in a year.The Committee conducts an annual self-assessment of the performance of the Committee / members and report the results and recommendations to the Board of Directors. This shall be carried out in accordance with the assessment process approved by the Board of Directors and its committees. <p>Summary of Responsibilities: the Committee nominates qualified candidates to be members in the Board of Directors, recommends the qualified candidates to fill in Executive Management to the Board, reviews the Remuneration Policy of the Board and the Executive Management, oversees the implementation of corporate governance rules and principles in the Bourse and reviews the instructions issued by the regulatory authorities regarding corporate governance.</p>
Saleh Hasan Husain Deputy Chairperson	
Abdulahman 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 2021 was BHD 41,400 as approved by the Shareholder in 2021 Annual General Meeting. Sitting fees paid to the Board of Directors amounted to BHD 34,600 as per the consolidated financial statements.

Members of Board of Directors		Number of Meetings	Sitting Fees for Attending Board and Committees Meetings For the Year 2021	Directors' Remuneration For the Year 2021
Abdulkarim Ahmed Bucheery	Chairman of the Board of Directors	8	4,800	8,200
Ali Yousif Fardan	Deputy Chairman of the Board of Directors	7	3,900	3,600
Hassan Amin Jarrar	Member of the Board of Directors	7	3,900	3,600
Abdulahman Hamed AlZayani	Member of the Board of Directors	6	3,000	4,000
Deena Ebrahim Al-Ansari	Member of the Board of Directors	8	4,000	4,666.667
Yaser Abduljalil AlSharifi	Member of the Board of Directors	7	3,500	4,000
Saleh Hasan Husain	Member of the Board of Directors	8	4,000	4,666.667
Matthew John Deakin	Member of the Board of Directors	7	3,500	4,000
Narjes Mohamed Alqaseer	Member of the Board of Directors	8	4,000	4,666.667
Total			BHD 34,600	BHD 41,400

Corporate Governance Report (Continued)

Remuneration of Executive Management

Fixed and Variable Compensations and Remunerations

During 2021, the amount pertaining to basic salaries, fixed allowances, bonuses, and total highest six management salaries related to year-end performance appraisals was BHD 543,476.

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.

CODE OF CONDUCT

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

WHISTLE BLOWING POLICY

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

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

COMPLAINTS POLICY

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

INSIDERS' POLICY

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

COMPLIANCE AND ANTI-MONEY LAUNDERING

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

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

CONFLICT OF INTERESTS

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

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

Corporate Governance Report (Continued)

DISCLOSURES RELATED TO MEMBERS OF THE BOARD OF DIRECTORS

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

Abdulkarim Ahmed Bucheery

- 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 46 years in several banking fields and Islamic Banking services.

Board Memberships in Other Companies

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

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 Executive Management studies from Wharton University –US.
- **Experience:** more than 44 years in several banking fields and 32 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)

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

Hassan Amin Jarrar
<div><ul style="list-style-type: none">Member of the Board of DirectorsChairperson of Audit & Risks CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Bachelors of Science in Business Administration – Finance from University of California – The United States of America.Experience: more than 32 years in banking sector.</div>

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
<div><ul style="list-style-type: none">Member of the Board of DirectorsMember of Nomination, Remuneration & Corporate Governance CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Masters in International Commercial Law from University of Westminster – UK, and Bachelors in Marketing from Suffolk University - US.Experience: more than 19 years in business and investment sectors.</div>

Board Memberships in Other Companies

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

Corporate Governance Report (Continued)

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

Deena Ebrahim Al-Ansari
<div><ul style="list-style-type: none">Member of the Board of DirectorsMember of the Audit & Risks CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Masters in Business Administration from University of Glamorgan – UK and Bachelors in Commerce from Concordia University – Canada.Experience: around 11 years in banking sector and 14 years in business sector.</div>

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
<div><ul style="list-style-type: none">Member of the Board of DirectorsDeputy Chairperson of Audit & Risks CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 27th December 2016Qualifications: Certified Public Accountant (CPA), holder of Bachelors Degree in Business Administration from University of Massachusetts – US, and Diploma in Accounting from University of Bahrain.Experience: more than 26 years in the fields of auditing and investment.</div>

Board Memberships in Other Companies

Membership	Company Name	Country
Chairman of Audit and Risk	Bahrain Car Parks Company	Bahrain
Board Member & Deputy chairman of Executive & Investment Committee	Bahrain Clear	Bahrain
Board Member	Bahrain Real Estate Investment (Edamah)	Bahrain
Director	South City	Bahrain
Chairman and Member of Audit and Risk Committee	The Bahrain Institute for Pearls & Gemstones (Danat)	Bahrain
Director	Hawar Holdings	Bahrain
Member of Executive Committee	Bahrain Islamic Bank	Bahrain

Corporate Governance Report (Continued)

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

Matthew John Deakin		
<ul style="list-style-type: none">Member of the Board of DirectorsDeputy Chairperson of Executive CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 14th June 2020Qualifications: Associate member of the Institute of Chartered Accountants of England and Wales.Experience: more than 38 years in banking sector.		
Board Memberships in Other Companies		
Memberships	Company Name	Country
Partner & Board Member	KMH Management Solutions	Bahrain
Member of Risk Committee	National Bank of Bahrain	Bahrain
Management Counsel	Montreal Motors Co. W.L.L	Bahrain
Saleh Hasan Husain		
<ul style="list-style-type: none">Member of the Board of DirectorsDeputy Chairperson of Nomination, Remuneration, & Corporate Governance CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 14th June 2020Qualifications: Masters Degree from Brunel University- UK.Experience: more than 36 years in various banking sector.		
Board Memberships in Other Companies		
Membership	Company Name	Country
Board Member	Solidarity Holding Group	Bahrain
Board Member	Haji Hassan Group	Bahrain
Chairperson of Audit Committee	AlMajdouie Group	Saudi Arabia
Chairperson of Audit Committee	Alsawadi Group	Saudi Arabia
Chairperson of Audit Committee	Lakemore Investment	Dubai
Narjes Mohamed Alqaseer		
<ul style="list-style-type: none">Member of the Board of DirectorsMember of the Executive CommitteeIndependent & Non-Executive DirectorJoined the Board of Directors on 14th June 2020Qualifications: Bachelors in Management & Marketing - University of Bahrain, and Diploma in Electrical Engineering from University of Bahrain.Experience: around 16 years in financial consultancy.		
Board Memberships in Other Companies		
Memberships	Company Name	Country
Board Member	Conserving Bounties	Bahrain
Board Member	Al-Mustaqbal Society	Bahrain

Corporate Governance Report (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 2021, the Board held four meetings, while for the Board Committees, four meetings were held by the Executive Committee, four meetings were held by Audit and Risks Committee, and four meetings were held by Nomination, Remuneration, and Corporate Governance Committee. The tables below show the attendance record of the meetings held by the Board of Directors and its committees during the period.

Board of Directors Meetings

		(1/2021)	(2/2021)	(3/2021)	72 (4/2021)
		17 March 2021	27 June 2021	30 September 2021	14 December 2021
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				

Physical Attendance.

Virtual participation.

Executive Committee Meetings

		(1/2021)	(2/2021)	(3/2021)	(4/2021)
		14 February 2021	6 June 2021	12 September 2021	28 November 2021
Members of the Board of Directors					
Ali Yousif Fardan	Chairperson				
Matthew John Deakin	Deputy Chairperson				
Narjes Mohamed Alqaseer	Member				













Physical Attendance.

Virtual participation.

Corporate Governance Report (Continued)

BOARD AND COMMITTEES MEETINGS AND ATTENDANCE RECORD (Continued)












Audit & Risks Committee Meetings

		69 (1/2021)	70 (2/2021)	71 (3/2021)	72 (4/2021)
		25 February 2021	6 May 2021	5 August 2021	7 November 2021
Members of the Board of Directors					
Hassan Amin Jarrar	Chairperson				
Yaser Abduljalil AlSharifi	Deputy Chairperson				
Deena Ebrahim Al-Ansari	Member				

 Physical Attendance.

 Virtual participation.

Nomination, Remuneration, & Corporate Governance Committee

		(1/2021)	(2/2021)	(3/2021)	(4/2021)
		7 March 2021	17 June 2021	20 September 2021	5 December 2021
Members of the Board of Directors					
Abdulkarim Ahmed Bucheery	Chairperson				
Saleh Hasan Husain	Deputy Chairperson				
Abdulrahman Hamed AlZayani	Member				--

 Physical Attendance.

 Virtual participation.

AUDITORS

His Excellency Minister of Industry, Commerce, and Tourism, the Shareholder of Bahrain Bourse, has appointed Deloitte & Touche as external auditors for the year 2021.

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, 2021

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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, 2021, 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, 2021, 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:

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



Deloitte & Touche – Middle East




Partner Registration No. 157
Manama, Kingdom of Bahrain
March 15, 2022

Consolidated Statement of Financial Position

As at December 31, 2021

	Note	2021 BD	2020 BD
ASSETS			
Non-current assets			
Furniture and equipment	5	955,686	980,046
Right-of-use assets	6.1	200,577	461,400
Total non-current assets		1,156,263	1,441,446
Current assets			
Cash and bank balances	7	26,296,717	6,609,891
Financial assets at amortised cost	8	16,341,027	29,166,924
Trade receivables	9	110,233	76,847
Prepayments and other assets	10	566,498	472,880
Total current assets		43,314,475	36,326,542
Total assets		44,470,738	37,767,988
EQUITY AND LIABILITIES			
Equity			
Share capital	11	2,000,000	2,000,000
General reserve	12	2,000,000	2,000,000
Statutory reserve	13	401,075	401,075
Accumulated losses		(814,242)	(359,232)
Total equity		3,586,833	4,041,843
Liabilities			
Non-current liabilities			
Provision for employees' end-of-service benefits	17	10,672	9,269
Lease liabilities	6.2	-	214,043
Total non-current liabilities		10,672	223,312
Current liabilities			
Unclaimed dividend payable – Amanat	14	38,303,062	32,640,579
Annual dividend payable – Amanat	15	1,489,423	78,709
Contract liabilities	18	37,071	10,066
Lease liabilities	6.2	217,199	272,089
Trade payables		202,353	173,454
Accruals and other liabilities	19	624,125	327,936
Total current liabilities		40,873,233	33,502,833
Total liabilities		40,883,905	33,726,145
Total equity and liabilities		44,470,738	37,767,988
Off-balance sheet items			
Contingencies and commitments	31	1,803,704	2,007,899

The consolidated financial statements were approved by the Board of Directors on March 15, 2022 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, 2021

	Note	2021 BD	2020 BD
Operating income			
Subscription fees	20	1,675,572	1,680,806
Commission income	21	442,626	313,603
Deposit and central depository registration	22	223,688	141,508
Trading data income		153,711	136,173
Other ancillary income	23	438,845	362,937
Total operating income		2,934,442	2,635,027
Operating expenses			
Salaries and staff costs	24	(2,299,018)	(2,055,364)
General and administrative expenses	25	(1,054,974)	(971,135)
Depreciation of furniture and equipment	5	(228,263)	(239,975)
Depreciation of right-of-use assets	6	(264,889)	(257,875)
Interest expense on lease liabilities	6	(21,267)	(34,815)
Board of Directors remuneration and sitting fees	16	(129,200)	(133,450)
Total operating expenses		(3,997,611)	(3,692,614)
Operating loss for the year		(1,063,169)	(1,057,587)
Interest income	26	622,432	358,793
Financial support from the Government of Bahrain		-	45,120
Loss allowance for impairment, net	27	(14,273)	(5,702)
Loss for the year		(455,010)	(659,376)
Other comprehensive income		-	-
Total comprehensive loss for the year		(455,010)	(659,376)

The consolidated financial statements were approved by the Board of Directors on March 15, 2022 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, 2021

	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	-	-	-	(659,376)	(659,376)
Balance as at December 31, 2020	2,000,000	2,000,000	401,075	(359,232)	4,041,843
Balance as at January 1, 2021	2,000,000	2,000,000	401,075	(359,232)	4,041,843
Total comprehensive loss for the year	-	-	-	(455,010)	(455,010)
Balance as at December 31, 2021	2,000,000	2,000,000	401,075	(814,242)	3,586,833

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

Consolidated Statement of Cash Flows

Year Ended December 31, 2021

Note	2021 BD	2020 BD
Cash flows from operating activities		
Loss for the year	(455,010)	(659,376)
Adjustments for non-cash items:		
Depreciation of furniture and equipment	5	239,975
Depreciation of right-of-use assets	6.1	257,875
Interest expense on lease liabilities	6.2	34,815
Impairment losses on trade receivables	9	23,081
Reversal of impairment losses on cash and bank balances	7	(17,379)
Loss on disposal of furniture and equipment	-	108
Provision for employees' end-of-service benefits	17	2,508
Interest income	(622,432)	(358,793)
Cash flows before changes in working capital	(547,347)	(477,186)
Changes in working capital:		
Increase in prepayments and other assets	(185,722)	(105,141)
Increase in trade receivables	(52,985)	(34,858)
Increase / (decrease) in contract liabilities	27,005	(45,131)
Increase in trade payables	28,899	97,648
Increase in unclaimed dividend payable – Amanat	5,662,483	32,640,579
Increase in annual dividend payable - Amanat	1,410,714	78,709
Increase / (decrease) in accruals and other liabilities	296,189	(169,203)
Cash generated from operations	6,639,236	31,985,417
Interest expense on lease liabilities	(21,267)	(34,815)
Net cash generated from operating activities	6,617,969	31,950,602
Investing activities		
Purchase of furniture and equipment	5	(272,345)
Purchase of financial assets at amortised cost	8.1	(31,970,302)
Proceeds from maturity of financial assets at amortised cost	8.1	3,803,378
Term deposits with maturities more than three months, net	7	769,039
Interest received	714,536	168,444
Proceeds from disposal of furniture and equipment	-	330
Net cash generated from / (used in) investing activities	12,586,541	(27,501,456)
Cash flows from financing activity		
Repayment of principle lease liabilities	6.2	(251,768)
Net cash used in financing activity	(272,999)	(251,768)
Net increase in cash and cash equivalents	18,931,511	4,197,378
Cash and cash equivalents, at beginning of year	5,926,422	1,729,044
Cash and cash equivalents, at end of year	24,857,933	5,926,422
Non-cash transactions:		
Rent concession	6.2	-
		15,338

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

Notes to the Consolidated Financial Statements

Year Ended December 31, 2021

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 standards applied with no material impact on consolidated the financial statements

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 01, 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Phase 2 amendments to Interest Rate Benchmark Reform in IFRS 9, IFRS 7, IAS 39, IFRS 4 and IFRS 16: These amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as ‘risk free rates’ or RFRs) without giving rise to accounting impacts that would not provide useful information to users of consolidated financial statements.
- Amendments to IFRS 16 Leases relating to COVID-19-Related Rent Concessions beyond 30 June 2021:
In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- ✓ 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 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- ✓ There is no substantive change to other terms and conditions of the lease

There were no significant rent concessions received during the year.

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2021

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

2.2 New and revised standards 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 IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Related to disclosure of accounting policies (effective from January 1, 2023).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates and Errors (effective from January 1, 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from January 1, 2023).

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

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

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

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

Furniture and equipment

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

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

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

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

Impairment of tangible assets

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

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

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

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

Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

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

Classification of financial assets

Financial assets are classified as follows:

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

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

Business model assessment:

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

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

Contractual cash flow characteristics test:

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

Financial assets at amortized cost

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

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

Financial assets at FVOCI

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets at FVTPL

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

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

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

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

Impairment of trade receivables, contract assets and lease receivables

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

Impairment of other financial assets

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

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

Significant increase in credit risk

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

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

Credit-impaired financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

De-recognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Financial liabilities

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

Derecognition of financial liabilities

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

Offsetting financial assets and financial liabilities

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

Provision for employees' end-of-service benefits

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

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

Provisions

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

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

Revenue recognition

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

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

Revenue from annual subscription fees 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 and 9.

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 and Software BD	Vehicles BD	Total BD
Cost					
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
Additions	3,349	8,062	192,492	-	203,903
Balance, December 31, 2021	1,807,118	1,536,398	2,726,919	16,901	6,087,336

Accumulated depreciation					
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
Charge of the year	120,443	9,979	96,461	1,380	228,263
Balance, December 31, 2021	1,334,747	1,511,639	2,273,247	12,017	5,131,650

Carrying amounts					
December 31, 2021	472,371	24,759	453,672	4,884	955,686
December 31, 2020	589,465	26,676	357,641	6,264	980,046

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2021

6. LEASES

The Group only operates as a lessee.

6.1 Right-of-use assets

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

	Total BD
Balance as at December 31, 2019	696,529
Depreciation during the year	(257,875)
Additions/modifications during the year	22,746
Balance as at December 31, 2020	461,400
Depreciation during the year	(264,889)
Additions/modifications during the year	4,066
Balance as at December 31, 2021	200,577

The following are the amounts recognized in profit and loss for the year ended December 31, 2021:

	2021 BD	2020 BD
Depreciation of right-of-use assets	(264,889)	(257,875)
Interest expense on lease liabilities	(21,267)	(34,815)

The total cash outflow for leases amounted to BD 294,266 (2020: BD 271,245) in relation to premises at Bahrain Financial Harbour and BD 29,940 (2020: 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

	2021 BD	2020 BD
Balance, January 1	486,132	715,154
Additions/modifications	4,066	22,746
Accretion of interest	21,267	34,815
Payments	(294,266)	(271,245)
Rent concession	-	(15,338)
Balance, December 31,	217,199	486,132

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

	2021 BD	2020 BD
Current lease liabilities	217,199	272,089
Non-current lease liabilities	-	214,043
	217,199	486,132

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

	2021 BD	2020 BD
Not later than 1 year	223,199	293,277
1 to 5 years	-	219,959
	223,199	513,236
Less: unearned interest	(6,000)	(27,104)
	217,199	486,132

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2021

7. CASH AND BANK BALANCES

	2021 BD	2020 BD
Cash on hand	1,124	1,143
Current accounts with banks	274,376	288,944
Call accounts with banks	400,363	253,056
Bank balances relating to unclaimed cash dividends and annual dividends (note 14 and 15)	23,451,458	4,552,718
Term deposits (original maturities of 3 months or less)	730,612	830,561
Cash and cash equivalents	24,857,933	5,926,422
Term deposits (original maturities of more than 3 months)	1,466,083	716,094
	26,324,016	6,642,516
Expected credit loss	(27,299)	(32,625)
	26,296,717	6,609,891

The bank balance includes interest income amounting to BD 113,703 earned on unclaimed dividend and annual dividend bank account.

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 2.25% and 3.55% (December 31, 2020: between 2.26% and 3.1%) per annum. All bank accounts and term deposits are denominated in Bahrain Dinars. All bank balances are held with locally incorporated banks. Current accounts with banks are non-interest bearing.

Bank name	Credit ratings	December 31, 2021		December 31, 2020	
		Bank balance BD	Interest income BD	Bank balance BD	Interest income BD
Ahli United Bank	S&P BBB	14,579,000	84,366	-	16,901
Central Bank of Bahrain	S&P B+	2,270,495	-	4,518,523	-
Kuwait Finance House	Unrated	3,926,986	26,944	-	-
National Bank of Kuwait	S&P A	2,507,760	7,760	-	-
Bank of Bahrain and Kuwait	Fitch B+	814,360	222	549,678	484
Khaleeji Commercial Bank	Moody's B3	911,112	29,967	830,561	12,926
Ithmaar Bank	Unrated	784,181	20,288	270,928	33,316
Alsalam Bank	Unrated	502,481	19,808	445,166	24,536
National Bank of Bahrain	Fitch B+	26,517	-	26,517	-
		26,322,892	189,355	6,641,373	88,163

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

	2021 BD	2020 BD
Balance, beginning of year	32,625	50,004
Net decrease in expected credit loss during the year	(5,326)	(17,379)
Balance end of year	27,299	32,625

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2021

8. FINANCIAL ASSETS AT AMORTISED COST

	2021 BD	2020 BD
Government Development Bond (note 8.3)	-	1,000,000
Financial assets relating to unclaimed cash dividends (note 8.2)	16,341,027	28,166,924
	16,341,027	29,166,924

8.1 The movement of the financial assets at amortised cost is as follows:

	2021 BD	2020 BD
Balance at January 1,	29,166,924	1,000,000
Purchase of investments at amortised cost	26,327,871	31,970,302
Proceeds from maturity of financial assets at amortised cost	(39,153,768)	(3,803,378)
Balance at December 31,	16,341,027	29,166,924

8.2 Financial assets at amortised cost represents treasury bills and sukuk of BD 16,341,027 and nil (2020: BD 26,166,924 and BD 2,000,000) which carry average interest rate of 1.71% and nil (2020: 2.48% and 2.22%) respectively and will mature in August 2022. Considering that Bahrain Sovereign Debt is eligible for zero risk weighting, the Group does not recognise a loss allowance on Government debt instruments.

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

9. TRADE RECEIVABLES

	2021 BD	2020 BD
Subscription and registration fees receivable	410,263	405,311
Commissions receivable	1,371	1,432
Service fees receivable	9,368	7,805
Advertisement and central registry fees receivable	60,785	69,885
AGM meeting fees receivable	11,603	10,658
Other	68,882	14,196
	562,272	509,287
Expected credit loss	(452,039)	(432,440)
	110,233	76,847

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

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

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

Notes to the Consolidated Financial Statements (continued)
Year Ended December 31, 2021

9. TRADE RECEIVABLES (Continued)

	December 31, 2021			December 31, 2020		
	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	14,044	8.86%	1,244	19,201	9.73%	1,868
31 – 60 days	2,192	16.74%	367	1,588	18.60%	295
61 – 90 days	8,553	26.72%	2,285	4,883	30.29%	1,479
91 – 180 days	11,159	43.38%	4,841	4,298	47.25%	2,031
181 – 365 days	96,882	43.38%	42,027	86,848	47.25%	41,036
> 365 days	49,747	43.38%	21,580	12,774	47.25%	6,036
	182,577		72,344	129,592		52,745
Credit-impaired:						
> 1 year	379,695	100%	379,695	379,695	100%	379,695
	562,272		452,039	509,287		432,440

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, 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
Net increase in ECL allowance	-	19,599	19,599
Balance as at December 31, 2021	379,695	72,344	452,039

10. PREPAYMENTS AND OTHER ASSETS

	2021 BD	2020 BD
Prepaid expenses	345,810	218,801
Fiduciary asset (note 19)	81,060	-
Accrued interest receivable	125,006	217,110
Due from employees	11,444	25,793
Tax recoverable	3,178	11,176
	566,498	472,880

11. SHARE CAPITAL

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

12. GENERAL RESERVE

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

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2021

13. STATUTORY RESERVE

As required by the Bahrain Commercial Companies Law and the Group's Articles of Association 10% of the profit for the year is to be transferred to a statutory reserve until the reserve's balance reaches 50% of the issued share capital. The Group may resolve to discontinue such transfers when the reserve equals 50% of the issued share capital. The reserve is not available for distribution.

14. UNCLAIMED DIVIDEND PAYABLE - AMANAT

	2021 BD	2020 BD
Balance at January 1,	32,640,579	-
Amount received during the / period	2,850,941	34,331,935
Amount transferred from annual dividend	6,205,822	-
Amount disbursed during the / period	(3,394,280)	(1,691,356)
Balance at December 31,	38,303,062	32,640,579

It represents amount received in respect of dividends which are not claimed by various shareholders of listed entities for a period more than 6 months and these amounts are deposited in separate bank accounts. Amanat manages the unclaimed cash dividends fund and its distribution to the respective shareholders when claimed.

15. ANNUAL DIVIDEND PAYABLE - AMANAT

	2021 BD	2020 BD
Balance at January 1,	78,709	-
Amount received during the year / period	174,795,432	82,739
Amount transferred to unclaimed dividends	(6,205,822)	-
Amount disbursed during the year / period	(167,178,896)	(4,030)
Balance at December 31,	1,489,423	78,709

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

16. TRANSACTIONS WITH RELATED PARTIES

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

Transactions with key management personnel

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

	2021 BD	2020 BD
Key management salaries	435,600	398,044
Board of Directors remuneration and sitting fees:		
Board of Directors sitting fees relating to Bahrain Bourse	34,600	40,700
Sitting fees relating to disciplinary board	1,200	-
Board of Directors remuneration relating to Bahrain Bourse	41,400	31,300
Board of Directors remuneration relating to Bahrain Clear	36,400	40,100
Board of Directors sitting fees relating to Bahrain Clear	15,600	11,900
Task force for unclaimed cash dividend sitting fees	-	9,450
	129,200	133,450

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2021

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

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

	2021 BD	2020 BD
Balance, beginning of year	9,269	6,761
Charge for the year	1,403	2,508
Balance, at end of year	10,672	9,269

18. CONTRACT LIABILITIES

Unsatisfied performance obligations with respect to advertising and other fees received amounted to BD 37,071 as at December 31, 2021 (December 31, 2020: BD 10,066).

	2021 BD	2020 BD
Balance at the beginning of the year	10,066	55,197
Received during the year	2,056,019	2,046,160
Amount recognised during the year (note 18.1)	(2,029,014)	(2,091,291)
Balance at the end of the year	37,071	10,066

18.1 Amount recognised as revenue in relation to subscription fees and central depository registration amounted to BD 1,675,572 and BD 110,815 respectively during the year (2020: BD 1,680,806 BD 110,538).

19. ACCRUALS AND OTHER LIABILITIES

	2021 BD	2020 BD
Premises and maintenance accruals	153,115	86,544
Leave and air tickets payable	108,204	108,858
Board of Directors remuneration	77,800	71,400
Fiduciary liability (note 10)	81,060	-
Accrued staff costs	2,437	1,420
Other payables	201,509	59,714
	624,125	327,936

20. SUBSCRIPTION FEES

	2021 BD	2020 BD
Public shareholding companies	1,578,238	1,595,723
Bonds	31,834	28,333
Custodians	28,750	20,000
Others	36,750	36,750
	1,675,572	1,680,806

21. COMMISSION INCOME

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

	2021 BD	2020 BD
Regular commission	207,375	232,498
Commission on exempted transactions and special dealings	235,251	81,105
	442,626	313,603

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2021

22. DEPOSIT AND CENTRAL DEPOSITORY REGISTRATION

Deposit and central depository registration consist of the following:

	2021 BD	2020 BD
Central depository	112,873	30,970
Central registration services	110,815	110,538
	223,688	141,508

23. OTHER ANCILLARY INCOME

	2021 BD	2020 BD
Pledge income	110,779	7,701
Penalty income	35,684	-
Smart investor	35,100	34,167
Advertising package	30,750	43,296
Trade-quest and hall income	17,743	31,119
Acquisition and merger income	18,000	98,000
Remote trading income	19,800	19,800
Connectivity income	11,750	10,502
Registration fees	12,250	6,840
Investor guide income	10,550	11,900
Trading system's user access	9,000	8,325
Equator user access	6,000	5,400
Corporate action	51,834	17,290
Office service income	5,050	5,625
Outdoor ticker	2,580	1,020
AGM organisation income	32,200	25,300
Other revenues	29,775	36,652
	438,845	362,937

24. SALARIES AND STAFF COSTS

	2021 BD	2020 BD
Basic salary	1,595,029	1,410,372
Government organisation social insurance	291,664	254,676
Allowances and other staff benefits	279,623	249,605
Exceptional remuneration	29,967	39,964
Saving scheme	63,790	59,320
Others	38,945	41,427
	2,299,018	2,055,364

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2021

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2021 BD	2020 BD
Premises and maintenance expenses	652,731	627,306
Service – BFH*	115,033	97,825
Conferences and subscriptions	136,408	108,761
Consumables	47,272	42,933
Rentals – Amwaj	29,940	29,940
Consultation and audit fees	33,216	35,919
Others	40,374	28,451
	1,054,974	971,135

* Services concessions of BD nil (2020: BD 15,338) received from the lessor have been offset.

26. INTEREST INCOME

	2021 BD	2020 BD
Interest income on term deposits	74,801	88,163
Interest income on Government development bond	19,959	58,911
Interest income on financial assets at amortised cost (pertaining to unclaimed cash dividends fund)	413,118	211,719
Interest income on bank call accounts (pertaining to unclaimed cash dividends fund)	114,554	-
	622,432	358,793

27. LOSS ALLOWANCE FOR IMPAIRMENT, NET

	2021 BD	2020 BD
Impairment of losses on trade receivables (note 9)	(19,599)	(23,081)
Reversal of impairment loss on cash and bank balances (note 7)	5,326	17,379
	(14,273)	(5,702)

28. FIDUCIARY LIABILITIES

The Fiduciary liabilities consists of:

	2021 BD	2020 BD
Unclaimed cash dividends payable (note 14)	38,303,062	32,640,579
Annual dividends payable (note 15)	1,489,423	78,709
	39,792,485	32,719,288

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

	2021 BD	2020 BD
Bank balances relating to unclaimed cash dividends fund (note 7)	21,691,883	4,465,764
Bank balances relating to annual dividends fund (note 7)	1,478,655	52,759
Bank balances under distribution (pertaining to unclaimed cash dividends and annual dividends) (note 7)	280,920	34,195
Total cash and bank balance	23,451,458	4,552,718
Financial assets at amortised cost (note 8)	16,341,027	28,166,924
	39,792,485	32,719,642

The fiduciary assets include BD nil (2020: BD 354) which represent interest received on bank balances under distribution.

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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

	2021 BD	2020 BD
Financial assets:		
Financial assets at amortised cost	16,341,027	29,166,924
Trade receivables	110,233	76,847
Other assets	217,510	242,903
Cash and bank balances	26,296,717	6,609,891
	42,965,487	36,096,565
Financial liabilities:		
Lease liabilities	217,199	486,132
Trade payables	202,353	173,454
Unclaimed dividend payable – Amanat	38,303,062	32,640,579
Annual dividend payable – Amanat	1,489,423	78,709
Accruals and other liabilities	624,125	327,936
	40,836,162	33,706,810

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.

29. 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, 2021, 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, 2021 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 (2020: BD 854,660) 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
2021				
Lease liabilities	71,413	145,786	-	217,199
Unclaimed dividend payable – Amanat	38,303,062	-	-	38,303,062
Annual dividend payable – Amanat	1,489,423	-	-	1,489,423
Trade payables and other liabilities	551,956	108,071	166,451	826,478
	40,415,854	253,857	166,451	40,836,162
2020				
Lease liabilities	66,635	205,454	214,043	486,132
Unclaimed dividend payable – Amanat	32,640,579	-	-	32,640,579
Annual dividend payable – Amanat	78,709	-	-	78,709
Trade payables and other liabilities	301,795	199,595	-	501,390
	33,087,718	405,049	214,043	33,706,810

Notes to the Consolidated Financial Statements (continued)

Year Ended December 31, 2021

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

The table below summarises the maturity of the Group's financial assets at 31 December 2021 and 2020 based on contractual undiscounted obligation:

	1 – 3 Months BD	3 Months to 1 year BD	More than 1 year BD	Total BD
2021				
Trade receivables	20,893	61,173	28,167	110,233
Cash and bank balances	24,845,015	1,451,702	-	26,296,717
Financial assets at amortised cost	-	16,341,027	-	16,341,027
Other assets	217,510	-	-	217,510
	25,083,418	17,853,902	28,167	42,965,487
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 assets	242,903	-	-	242,903
	21,676,364	14,420,201	-	36,096,565

30. FAIR VALUE MEASUREMENT

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

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

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

31. CONTINGENCIES AND COMMITMENTS

	2021 BD	2020 BD
Commitments under maintenance contracts (note 31.1)	554,948	764,098
Guarantee deposits in custody	876,748	871,793
Guarantee bond	372,008	372,008
	1,803,704	2,007,899

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

	2021 BD	2020 BD
Not later than 1 year	209,150	209,150
1 to 5 years	345,798	554,948
	554,948	764,098

32. COMPARATIVE INFORMATION

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

33. 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 fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

While the Group's financial performance was not significantly affected at the current reporting date, 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.