SICO BSC (c)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

CONTENTS

Commercial registration	33469
Board of Directors	Abdulla Kamal *Chairman of the Board and the Investment Committee*
	Hisham Al Kurdi *Vice Chairman of the Board and the Investment Committee*
	Waleed Al-Hashar *Member of the Board and the Investment Committee*
	Elham AlMajed *Member of the Board and the Investment Committee*
	Khalid Al Jasim *Member of the Board and Chairman of the Nominations, Remuneration and Corporate Governance Committee*
	Dana Raees *Member of the Board and Vice Chairperson of the Nominations, Remuneration and Corporate Governance*
	Mohammed Abdulla *Member of the Board and the Audit, Risk and Compliance Committee*
	Tala Fakhro *Member of the Board and Chairperson of the Audit, Risk and Compliance Committee*
	Naseema Haider *Member of the Board and Vice Chairperson of the Audit, Risk and Compliance Committee*
	Fadi AlQutub *Member of the Board and the Nominations, Remuneration and Corporate Governance Committee*
Group Chief Executive Officer	Najla M. Al Shirawi
Office	Bahrain World Trade Center Isa Al Kabeer Avenue 365, Block 316, Kingdom of Bahrain Telephone 17515000, Fax 17514000
Principal Banker	Bank of Bahrain and Kuwait B.S.C.
Auditors	Ernst and Young - Middle East

Our journey over the past 30 years has been marked by resilience, adaptability, and a consistent track record of success in navigating challenging market conditions. I am exceptionally proud of the strong foundation we have built and in our ability to execute the strategic direction set by the Board, regardless of the obstacles that we face. Rather than letting things stand in our way, we have always taken advantage of the challenging market conditions and the opportunities they provide. It is this ability to adapt quickly and think creatively that has gotten us to where we are today.

Much of 2024 has been characterized by monetary tightening, but inflation appears to be easing, with global rates expected to continue with their downward trajectory, albeit at a slower pace. The GCC economies-maintained momentum with their diversification efforts, which are clearly starting to bear fruit. Throughout the year, we saw significant growth in sectors like tourism, real estate, and manufacturing. The gains made in non-oil sectors of the economy helped offset the impact of OPEC+ oil production cuts. Going into 2025, the expectation is that the GCC will remain economically resilient despite oil price volatility and geopolitical tensions.

SICO is perfectly positioned to take advantage of these benign business conditions. Our 2024 performance, which saw profits jump 26 % year-on-year, indicates that we are already starting to reap the rewards of our well-thought-out strategy. SICO's assets under management have reached USD 7.4 billion as of year-end 2024, which means we have grown at an impressive CAGR of 28% in the last five years and 23% over the last ten years. This track record of strong growth over the past 25 years is a testament to the skill and acumen of our asset management teams both on the fixed income and equity sides of the business, delivering consistent outperformance across mandates.

Today, we stand as a regional financial institution that Forbes recently named as a "Top 30 Asset Manager." Our implied ranking amongst Saudi asset managers is 8th, up from 9th place in the previous year, considering the Group's assets under management. Given that SICO is one of the only two non-bank affiliated asset managers on the top ten list of managers in KSA, I think we are doing a remarkable job and paving the way for an even brighter future.

SICO has received accolades throughout the year across multiple lines of business, including being named Best Investment Bank in Bahrain by the Euromoney Awards for Excellence and the Global Finance World's Best Investment Banks Awards for the fifth consecutive year, in addition to our longstanding position as the Best Broker on the Bahrain Bourse for 26 consecutive years. We were also named Best Securities House in Bahrain by the Euromoney Awards for Excellence in 2024. We continue to be the partner of choice for M&A deals and IPOs in Bahrain, having advised on some of the country's most significant and complex transactions over the years.

In 2024, SICO was proud to serve as the Lead Manager for the AlAbraaj Restaurants Group IPO on the Bahrain Bourse, which was 2.6 times oversubscribed. The success of the IPO, which was the first on the Bahrain Bourse since the APM Terminals IPO in 2018, was also a vote of confidence in Bahrain's capital markets. We also successfully completed our role as Joint Lead Manager and Bookrunner, alongside regional and international banks, for BBK's benchmark 5-year bond, which yielded 6.785%. The trust that our clients and partners place in us continues to be a source of great pride for SICO and we look forward to taking more companies public as the Bahrain Bourse gears up to attract more listings and joint listings in the months and years to come.

Across all our lines of business, we continue to lead and innovate with new investment products that meet the needs of our clients. We recently announced a new expanded product suite that includes a new suite of offerings, including two Bahrain-domiciled funds, a global equities fund, a Turkish Shariah opportunities fund, and a shariah compliant securitization fund. Our Saudi subsidiary, SICO Capital, also launched a USD 250 million Saudi residential real estate fund, expanding investment opportunities in Saudi Arabia's residential market. The fund has already acquired three new residential projects in Riyadh, aligning with its growth-focused strategy in the city's real estate sector.

Operating in the Saudi market has been a journey of growth and opportunity, and I believe we are achieving significant forward momentum in the Kingdom. We successfully broadened our product base in the Kingdom, leveraging the success and track record of similar products in our home market.

I would like to take this opportunity to welcome our newest SICO Group board member, Fadi Al-Qutub. Fadi is a valuable addition to our board as he brings extensive expertise in investments, asset management, and financial advisory services, particularly in Saudi Arabia. We look forward to working closely with him during his tenure.

The exceptional results and record profits that we achieved this year would not have been possible without the talented leadership team at SICO and all of those who work day to day to ensure that our business runs efficiently and profitably. Your dedication to excellence and client satisfaction is truly commendable. Thank you to our entire Management Team as well as my fellow Board members for their hard work and dedication.

Last but not least, we would like to extend our thanks and appreciation to His Majesty the King and His Royal Highness the Crown Prince and the Prime Minister of Bahrain, Salman bin Hamad Al Khalifa for their visionary leadership and their entrepreneurial spirit, which is reflected in the support they have given to Bahrain's financial sector and to the business and tech ecosystem at large. We would also like to express our appreciation for our clients, partners and regulators in the GCC, the Ministry of Finance and National Economy, the Central Bank of Bahrain (CBB), and the Bahrain Bourse (BHB) for their ongoing support and the trust they place in us.

SICO's Executives remuneration in BD'000

Executive Management	Total paid salaries and allowances	Total paid remuneration (bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO and CFO	1,020	447	157	1,624

Details of SICO's Board remuneration in BD'000

	Fixed Remunerations					Variable Remunerations							
Name	Remunerations of the chairman and the BOD	Total allowance for attending Board & committee meetings	Salaries	Others	Total	Remunerations of the chairman and the BOD	Bonus	Incentive Plans	Others	Total	**End-of-service award**	**Aggregate Amount** (Does not include expense allowance)	**Expenses Allowance**
Independent Directors													
Tala Fakhro	20,000	5,500	-	-	25,500	-	-	-	-	-	-	25,500	-
Khalid Al Jasim	20,000	5,500	-	-	25,500	-	-	-	-	-	-	25,500	-
Naseema Haider	20,000	4,500	-	-	24,500	-	-	-	-	-	-	24,500	-
Executive Directors													
Hisham Al Kurdi [1]	20,000	5,000	-	-	25,000	-	-	-	-	-	-	25,000	-
Shaikh Waleed Al Hashar [1]	20,000	5,000	-	-	25,000	-	-	-	-	-	-	25,000	-
Non-Executive Directors													
Fadi Al Qutub[2]	20,000	3,000	-	-	23,000	-	-	-	-	-	-	23,000	-
Abdulla Kamal [2]	40,000	7,500	-	-	47,500	-	-	-	-	-	-	47,500	-
Mohammed Abdulla Isa [1]	20,000	5,500	-	-	25,500	-	-	-	-	-	-	25,500	-
Elham Almajed [2]	20,000	4,500	-	-	24,500	-	-	-	-	-	-	24,500	-
Dana Raees [2]	20,000	4,500	-	-	24,500	-	-	-	-	-	-	24,500	-
Total	**220,000**	**50,500**	**-**	**-**	**270,500**	**-**	**-**	**-**	**-**	**-**	**-**	**270,500**	**-**

1- Remuneration amount and meeting attendance allowances are paid to the account of the shareholder being represented by the respective Director.

2- Remuneration amount is paid to the account of the shareholder being represented by the respective Director.

Abdulla Kamal
Chairman of the Board

Hisham Al Kurdi
Vice Chairman of the Board

Date: 25 February 2025

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SICO BSC (c)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SICO BSC (c) (the "Bank") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

<table>
<tr><th colspan="2">Recognition of net fee income</th></tr>
<tr><th>Key audit matter</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>For the year ended 31 December 2024, the Group reported net fee income of BD 10,843 thousand, which constitutes 50% of the operating income. Accordingly, the audit of net fee income is a key area of focus.

The net fee income primarily consists of management fee, advisory and underwriting fee, administration and custody fee, performance fee, and income from trust or other fiduciary activities, reflecting various business operations conducted by the Group.

While the calculations pertaining to management fees are predominantly automated, computation of performance fees involves manual intervention including manual input of key contractual terms, as well as the identification and valuation of relevant assets under management, interpretation of underlying agreements and comparisons of performance against relevant benchmarks which may result in inaccurate recognition.

The advisory, underwriting, administration and custody fees are recognised based on respective contractual agreements entered into by the Group and its customers.

Refer to the material accounting policy information and disclosure of revenue in notes 3 and 22 to the accompanying consolidated financial statements.</td><td>We obtained an understanding, evaluated the design, and tested the operating effectiveness of key controls relevant to the fee income calculations, reporting of assets under management, set up of contractual terms and associated data entry processes.

Due to the significant automation in calculation and recognition of management fees, we evaluated the integrity of the general Information Technology (IT) control environment and tested the operating effectiveness of key IT application controls.

On a sample basis, we:
- compared key inputs into the systems against contracts and performed manual recalculations for management fee recognition;
- reviewed the calculations performed by management used to recognise income pertaining to advisory, underwriting, administration and custody fees;
- recomputed performance fee to check the accuracy of computation, comparing the data against the underlying systems and analysing the basis of calculation with contractual terms; and
- tested transactions after the reporting date to assess whether the income was recognised in the correct accounting period.

Furthermore, we assessed the appropriateness of the Group's revenue recognition accounting policies and the adequacy of disclosures in the accompanying consolidated financial statements in accordance with IFRS Accounting Standards.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SICO BSC (c) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditor's report, we obtained the Chairman's report, which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 identified above when it becomes available 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 obtained prior to the date of the 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 the Board of Directors for the consolidated financial statements

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

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

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

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

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SICO BSC (c) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 disclosures 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.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board Audit, Risk & Compliance Committee 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.

We also provide the Board Audit, Risk & Compliance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SICO BSC (c) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
From the matters communicated with the Board Audit, Risk & Compliance Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law and Volume 1 of the Central Bank of Bahrain Rule Book, we report that:

a) the Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith;

b) the financial information contained in the Chairman's report is consistent with the consolidated financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the Central Bank of Bahrain (CBB) Rule Book (Volume 1 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Bank's memorandum and articles of association during the year ended 31 December 2024 that might have had a material adverse effect on the business of the Bank or on its consolidated financial position; and

d) satisfactory explanations and information have been provided to us by Management in response to all our requests.

The partner in charge of the audit resulting in this independent auditor's report is Nader Rahimi.

Ernst & Young

Partner's registration no. 115
25 February 2025
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024 Bahraini Dinars '000

	Note	***2024***	*2023*
ASSETS			
Cash and bank balances	7	**52,414**	56,437
Treasury bills	7	**14,505**	10,151
Securities bought under repurchase agreements	8	**272,366**	252,883
Investments at fair value through profit or loss	9	**26,488**	25,152
Investments at fair value through other comprehensive income	9	**13,858**	12,497
Investments at amortised cost	9	**13,800**	17,372
Fee receivables	10	**3,384**	2,720
Other assets	11	**11,597**	9,642
Property and equipment		**1,249**	1,623
Intangible assets	12	**1,489**	1,456
TOTAL ASSETS		**411,150**	389,933
LIABILITIES AND EQUITY			
Liabilities			
Short-term bank borrowings	13	**7,540**	5,655
Deposits	14	**-**	4,234
Securities sold under repurchase agreements	15	**279,033**	259,391
Customers' accounts	16	**38,100**	35,806
Other liabilities	17	**11,271**	11,215
Payable to other unit holders in consolidated funds	6	**1,223**	3,150
Total liabilities		**337,167**	319,451
Equity			
Share capital	18	**44,134**	44,134
Shares under employee share incentive scheme	18	**(2,263)**	(2,263)
Treasury shares	18	**(1,913)**	(1,913)
Statutory reserve	19	**10,331**	9,781
General reserve	20	**3,217**	3,217
Investments fair value reserve		**860**	618
Retained earnings		**19,617**	16,908
Total equity		**73,983**	70,482
TOTAL LIABILITIES AND EQUITY		**411,150**	389,933

The consolidated financial statements were approved by the Board of Directors on 25 February 2025 and signed on its behalf by:

Abdulla Kamal	Tala Fakhro	Najla M. Al Shirawi
Chairman	Director	Chief Executive Officer

The attached notes 1 to 36 form part of these consolidated financial statements.

SICO BSC (c)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024 Bahraini Dinars '000

	Note	***2024***	*2023*
Net investment income	21	**3,004**	4,449
Net fee income	22	**10,843**	8,127
Brokerage and other income	23	**3,771**	2,133
Net interest income	24	**3,940**	3,577
OPERATING INCOME		**21,558**	18,286
Staff cost	25	**(10,622)**	(8,272)
Other operating expenses	26	**(5,406)**	(5,162)
Share of profit of non-controlling unit holders in consolidated funds	6	**(27)**	(470)
PROFIT FOR THE YEAR		**5,503**	4,382
Basic and diluted earnings per share (fils)	32	**13.5**	10.7

Abdulla Kamal	Tala Fakhro	Najla M. Al Shirawi
Chairman	Director	Chief Executive Officer

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024 | Bahraini Dinars '000

	2024	*2023*
Profit for the year	**5,503**	4,382
Other comprehensive income		
Items that are or may be reclassified to profit or loss in subsequent periods:		
Net changes in fair value of debt instruments at fair value through other comprehensive income	**(15)**	167
Items that will not be reclassified to profit or loss in subsequent periods:		
Net changes in fair value of equity instruments at fair value through other comprehensive income	**209**	50
Total other comprehensive income for the year	**194**	217
Total comprehensive income for the year	**5,697**	4,599

Bahraini Dinars '000

	Share capital	*Shares under employee share incentive scheme*	*Treasury Shares*	*Statutory reserve*	*General reserve*	*Investments fair value reserve*	*Retained earnings*	*Total equity*
Balance at 1 January 2024	**44,134**	**(2,263)**	**(1,913)**	**9,781**	**3,217**	**618**	**16,908**	**70,482**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**5,503**	**5,503**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**194**	**-**	**194**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**194**	**5,503**	**5,697**
Amount transferred to retained earnings on sale of equity instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**48**	**(48)**	**-**
Transfer to charitable donation reserve	**-**	**-**	**-**	**-**	**-**	**-**	**(50)**	**(50)**
Transaction with owners recognised directly in equity:								
Transfer to statutory reserve	**-**	**-**	**-**	**550**	**-**	**-**	**(550)**	**-**
Cash dividend paid for 2023	**-**	**-**	**-**	**-**	**-**	**-**	**(2,146)**	**(2,146)**
Balance at 31 December 2024	**44,134**	**(2,263)**	**(1,913)**	**10,331**	**3,217**	**860**	**19,617**	**73,983**

The attached notes 1 to 36 form part of these consolidated financial statements.

 Bahraini Dinars '000

	Share capital	*Shares under employee share incentive scheme*	*Treasury Shares*	*Statutory reserve*	*General reserve*	*Investments fair value reserve*	*Retained earnings*	*Total equity*
Balance at 1 January 2023	44,134	(2,263)	-	9,343	3,217	885	14,666	69,982
Profit for the year	-	-	-	-	-	-	4,382	4,382
Other comprehensive income	-	-	-	-	-	217	-	217
Total comprehensive income for the year	-	-	-	-	-	217	4,382	4,599
Amount transferred to retained earnings on sale of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(484)	484	-
Transfer to charitable donation reserve	-	-	-	-	-	-	(40)	(40)
Transaction with owners recognised directly in equity:								
Transfer to statutory reserve	-	-	-	438	-	-	(438)	-
Cash dividend paid for 2022	-	-	-	-	-	-	(2,146)	(2,146)
Treasury shares purchased	-	-	(1,913)	-	-	-	-	(1,913)
Balance at 31 December 2023	44,134	(2,263)	(1,913)	9,781	3,217	618	16,908	70,482

The attached notes 1 to 36 form part of these consolidated financial statements.

For the year ended 31 December 2024 Bahraini Dinars '000

	Note	2024	2023
Operating activities			
Profit for the year		**5,503**	4,382
Adjustments for:			
Depreciation and amortisation	26	**710**	969
Expected credit losses		**13**	(24)
Unrealised fair value gain	21	**(344)**	(853)
Operating profit before changes in operating assets and liabilities		**5,882**	4,474
Changes in operating assets and liabilities			
Securities bought under repurchase agreements		**(19,483)**	(96,997)
Treasury bills with original maturity of 90 days or more		**1,692**	503
Investments at fair value through profit or loss		**(992)**	(1,180)
Investments at fair value through other comprehensive income		**(1,167)**	(2,036)
Investments at amortised cost		**3,572**	(2,708)
Fee receivables		**(664)**	(658)
Other assets		**(1,968)**	41
Securities sold under repurchase agreements		**19,642**	96,402
Customers' accounts		**2,294**	6,084
Deposits		**(4,234)**	2,956
Other liabilities		**6**	1,353
Payable to other unit holders in consolidated funds		**(1,927)**	731
Net cash generated from operating activities		**2,653**	8,965
Investing activities			
Capital expenditure on property, equipment and intangibles		**(368)**	(275)
Net cash used in investing activities		**(368)**	(275)
Financing activities			
Short-term bank borrowings		**1,885**	1,885
Treasury shares purchased		**-**	(1,913)
Dividend paid		**(2,146)**	(2,146)
Net cash used in financing activities		**(261)**	(2,174)
Net movement in cash and cash equivalents		**2,024**	6,516
Cash and cash equivalents at the beginning of the year		**62,562**	56,046
Cash and cash equivalents at the end of the year		**64,586**	62,562
Represented by:			
Cash and bank balances		**52,414**	56,437
Treasury bills with original maturity of less than 90 days		**12,172**	6,125
Cash and cash equivalents		**64,586**	62,562

1 REPORTING ENTITY

SICO BSC (c) (the "Bank") is a closed joint stock company registered in Bahrain with Ministry of Industry and Commerce under commercial registration number 33469 on 11 February 1995 and operates under a wholesale banking license from the Central Bank of Bahrain. On 7 May 2003, the Bank was listed on the Bahrain Bourse as a closed company.

The primary objectives of the Bank are:

- to act as a market maker at the Bahrain Bourse;
- to assist in the development of the securities market in Bahrain by researching and promoting financial instruments and other investment vehicles;
- to arrange the issuance of bonds for developmental and investment purposes;
- to act as investment agents, trustees and intermediaries;
- to establish and manage investment and financial funds and portfolios; and
- to offer financial advisory and underwriting services, such as advising corporations and family businesses on going public and structuring transactions for privatisation programs, mergers and acquisitions.

The consolidated financial statements include the results of the Bank and its subsidiaries (collectively, "the Group").

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial information of the Group has been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), the requirements of the Commercial Companies Law and the Central Bank of Bahrain and Financial Institutions Law 2006.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments at fair value through profit or loss and other comprehensive income.

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 3(d).

(d) New accounting standards, amendments and interpretations effective from 1 January 2024

There are new standards, amendments to the standards, which became effective as of 1 January 2024, that had no material impact on the consolidated financial statements.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

2 BASIS OF PREPARATION (continued)

(e) New accounting standards, amendments and interpretations not yet effective

A number of new accounting standards, amendments and interpretations are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new standards, amendments and interpretations to standards that are relevant to the Group are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 - The amendments are effective for annual reporting periods starting on or after 1 January 2026.
- Lack of exchangeability (Amendments to IAS 21) - The amendments to IAS 21 The effects of changes in foreign exchange rates are applicable to annual reporting periods beginning on or after 1 January 2025 but can be early adopted (if endorsed in the applicable jurisdiction). These amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 18 Presentation and Disclosure in Financial Statements - IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 introduces new requirements for: presentation within the statement of profit or loss, including specified totals and subtotals; disclosure of management-defined performance measures; and aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.
- IFRS 19: Subsidiaries without Public Accountability: Disclosures - IFRS 19, which allows eligible subsidiaries to elect to provide reduced disclosures when they apply the recognition, measurement and presentation requirements in other IFRS accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and can be early adopted. Teams should be aware that only eligible subsidiaries can make this election.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently by the Group to all periods presented in the consolidated financial statements.

(a) Consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(ii) Non-Controlling Interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. NCI of consolidated funds are recognised as liabilities.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(a) Consolidation (continued)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Functional and presentation currency

Items included in the financial statements of the Bank and its subsidiaries are measured based on the currency of the primary environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in Bahraini Dinars, representing the Bank's functional and presentation currency. Some of the subsidiaries' functional currencies are either in US Dollars or denominated in currencies which are effectively pegged to the US Dollars, hence, the translation of financial statements of the Group companies that have a functional currency different from the presentation currency of the Bank do not result in any significant exchange differences.

(c) Foreign currencies

Transactions in foreign currencies are converted to Bahraini Dinars at rates of exchange prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Bahraini Dinars at the market rates of exchange prevailing at the balance sheet date. Realised and unrealised foreign exchange profits and losses are included in profit or loss.

(d) Critical accounting estimates and judgments in applying accounting policies

(i) Estimates

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 and in any future periods affected.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management 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 a going concern basis.

Fair value of financial instruments

Estimates are also made in determining the fair values of financial assets and derivatives that are not quoted in an active market. Such estimates are necessarily based on assumptions about several factors involving varying degrees of uncertainty and actual results may differ resulting in future changes in such estimates.

Measurement of ECL

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL is an area of estimation. The Group's ECL calculation are outputs of complex models with a number of underlying assumptions. In preparing the consolidated financial statements, judgments were made by management in applying the Group's accounting policies and these are considered to represent management's best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations regarding the choice of variable inputs and their interdependencies.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(d) Critical accounting estimates and judgments in applying accounting policies (continued)

(i) Estimates (continued)

Useful life
The useful lives of property and equipment are determined based on the expected usage of the asset, the physical wear and tear, technological changes, and other factors that may affect the asset's economic life. Management reviews the useful lives at each financial year-end.

End of service
Costs relating to end of service benefits are generally accrued in accordance with prevailing regulations applicable in each location in which the entity within the Group operates.

Lease rates
Lease rates are determined based on the terms and conditions of the lease agreements, prevailing market rates, and the specific characteristics of the leased asset. Management reviews lease rates at the inception of the lease and reassesses them periodically to ensure they reflect current market conditions and any changes in the terms of the lease agreements.

Impairment assessment of intangibles
The Group reviews its intangibles on an annual basis to determine whether an impairment loss should be recorded in the statement of profit or loss, where assumptions and judgements are made in computing the recoverable value. Further details on impairment of non-financial assets are included in note 3(i).

(ii) Judgments
In the process of applying the Bank's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of investments
In the process of applying the Group's accounting policies, management decides on acquisition of an investment whether it should be classified as amortised cost, Fair Value Through Profit or Loss ("FVTPL"), or Fair Value Through Other Comprehensive Income ("FVOCI"). The classification of each investment reflects the objective of the Group's business model in relation to each investment and is subject to different accounting treatments based on such classification.

Determination of control over investees – Investment funds
The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the fund manager.

(e) Investment securities

(i) Classification
Investments at FVTPL comprise trading securities and investments designated at initial recognition as investments at FVTPL. Trading securities are investments which the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term or holds as part of a portfolio that is managed together for short-term profit or position.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Investment securities (continued)

(i) Classification (continued)

Investments at amortised cost are the assets where the Group's model objectives is to hold assets in order to collect contractual cash flows, and the contractual cash flows of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal. Investments at FVOCI are non-derivative investments that represent debt instruments under business model both to collect contractual cash flows and to sell and quoted and unquoted equity investments held with the primary aim of dividends yields.

(ii) Recognition and de-recognition

Investment securities are recognised when the Group becomes a party to the contractual provisions of the instrument. Investment securities are derecognised if the Group's contractual rights to the cash flows from the financial assets expire, or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. This is normally deemed to occur on settlement date i.e., when the Group receives or delivers an asset.

(iii) Measurement

Investments at FVTPL are initially recognised at fair value, with transaction costs recognised directly in the statement of profit or loss. They are subsequently remeasured to fair value at each reporting date with any resultant gain or loss recognised in the statement of profit or loss.

Investments at FVOCI are initially recognised at fair value, including transaction costs that are directly attributable to the acquisition. Unrealised gains and losses arising from changes in the fair values of FVOCI investments are recognised in the statement of other comprehensive income. In the event of sale, disposal or collection of debt securities classified as FVOCI, the cumulative gains and losses recognised in other comprehensive income are transferred to the profit or loss. In the event of sale, disposal or collection of equity securities classified as FVOCI, the cumulative gains and losses recognised in other comprehensive income are transferred to the retained earnings.

(iv) 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of the relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

(f) Recognition and de-recognition of financial liabilities

The Group recognises and measures financial liability initially at fair value plus/minus transaction cost. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances, call deposits, placements with banks and treasury bills that have an original maturity of three months or less when acquired and which are subject to insignificant risk of changes in their fair value. Placement with original maturity over three months are presented under placement with banks. Loss allowance for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month Expected Credit Losses ("ECLs").

(h) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective interest rate includes all fees paid or received that are an integral part of the effective interest rate.

(i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

(j) Property, equipment and intangibles

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Depreciation is provided on cost using the straight-line method, which is intended to write-off the cost of the assets over their expected useful life as follows:

Furniture and equipment	3-5 years

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Software	5-10 years

(k) Leases

At the inception of the contract, it is assessed whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, it is assessed whether:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(k) Leases (continued)

- the Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:
  - the Bank has the right to operate the asset; or
  - the Bank designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

(i) Measurement

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct cost incurred by the lessee; and
- estimated cost to dismantle and to remove the underlying asset, or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability is measured as the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted based on the incremental borrowing rate. Lease liability comprises the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantees;
- the exercise price of a purchase option if the Bank is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this manner, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right of-use asset has been reduced to zero.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(k) Leases (continued)

(ii) Short-term leases

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Bank recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term in profit or loss.

(l) Borrowings

Borrowings are initially measured at fair value less transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(m) Repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) are not derecognised. As the Bank retains all or substantially all the risks and rewards of the transferred assets, amounts received under these agreements are treated as liabilities and the difference between the sales and repurchase price is treated as interest expense using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position. Amounts paid under these agreements are treated as assets and the difference between the purchase and resale price is treated as interest income using the effective interest method.

(n) Customers' accounts

These are initially measured at fair value minus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

(o) Employee benefits

(i) Bahraini employees

Pensions and other social benefits for Bahraini employees are covered by the General Organisation for Social Insurance Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's share of contributions to this scheme, which is a defined contribution scheme under International Accounting Standard ("IAS") 19 – Employee Benefits are charged to income in the year to which they relate.

(ii) Expatriate employees

Expatriate employees are entitled to a leaving indemnity under the Bahrain Labor Law for the Private Sector – Law no. (36) of 2012 based on length of service and final salary and other allowances paid. Provision for this unfunded commitment, which represents a defined benefit plan under IAS 19 – Employee Benefits, has been made by calculating the notional liability had all employees left at the reporting date.

(iii) Employee share incentive scheme

The Bank operates a discretionary share-based plan, which is designed to provide competitive long-term incentives and is a cash-settled share based payment scheme. The total amount is expensed over the vesting period and is determined by reference to the fair value of the shares at the grant date and re-measured at every year end over the vesting period.

(iv) Employee savings scheme

The Bank operates an employee savings scheme, with the objective to encourage systematic savings by the employees and contributions by the Bank up to a certain limit. These funds are managed by investing in multiple funds according to the risk appetite of the employees. Detailed rules are in place with respect to the scheme. The employer's contribution to the scheme is expensed in the period to which it relates.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(q) Fiduciary activities

The Group act as administrator and manager for assets held in funds and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements, except when the Group controls such an entity.

(r) Settlement date accounting

All "regular way" purchases and sales of financial assets, except for derivatives, are recognised on the settlement date i.e., the date the Group receives or delivers the asset. Regular way purchases or sale are purchases or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(s) Offsetting

Financial assets and liabilities are set off and the net amount is reported in the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as, in the Group's trading activity.

(t) Earnings per share

The Group presents Earnings Per Share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Since the Bank does not have any dilutive instruments, basic and diluted EPS are same.

(u) Interest income and expense

Interest income and expense is recognised in the consolidated statement of profit or loss as it accrues, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The effective rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

(v) Fee and commission

Fee and commission income comprises custody fee, investment management fee, advisory fee, performance fee and investment banking fees earned by the Group. Custody and investment management fees are recognised at a point in time as the related services are performed, and the Group becomes entitled to the fee and the customer obtains control of the benefits from the services. Variable consideration in such fees are estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of fee recognised, will not occur when the associated uncertainty is resolved.

Performance fee is recognised in accordance with investment management agreements where the Group is entitled to receive a share of the profits of the investment funds once a certain hurdle is reached on a high-water mark basis. In accordance with the terms and conditions of the investment management agreements, the performance fee due to the Group is calculated at each reporting date, taking into account each performance condition and distribution arrangements of the Funds as a whole.

Fee and commission expense relates mainly to custody fee which is expensed as the service is provided.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(w) Net investment income

Net investment income includes all realised and unrealised fair value changes on investment at FVTPL and realised portion on the debt investment at FVOCI and the related dividend. This also includes interest income from fixed income investments.

(x) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are presented in net investment income.

(y) Brokerage and other income

Brokerage and other income consist of brokerage income, other income and foreign exchange income. This income is recognised at a point in time when the related services are performed and the customer obtains control of the benefits of the services rendered.

(z) Segment reporting

IFRS 8 "Operating Segments" prescribes the "management approach" to segment reporting, which requires the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Group's senior management in order to assess each segment's performance and to allocate resources to them. The Group's lines of business are brokerage, asset management, investment banking, real estate, investments, market making and custody business. At present, the Group's revenue is reviewed by lines of business. However, the expenses and results are reviewed at a Group level therefore, no operating segment and geographic segment disclosure is provided in these consolidated financial statements.

(aa) Statutory reserve

In accordance with the Commercial Companies Law, 10% of the net profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital. This reserve is normally not distributable except on liquidation.

(ab) General reserve

General reserve is appropriated from retained earnings and available for distribution.

(ac) Treasury shares

When share capital of the Bank is repurchased, the amount of consideration paid is recognised as a change in equity. Repurchased shares classified as treasury shares are carried at cost and are presented as a deduction from equity. Gains / losses on disposal of treasury shares are also recognised in equity.

(ad) Domestic minimum top-up tax

The OCED Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') apply to multinational enterprise (MNE) groups with total annual revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the Group for fiscal years commencing on or after 1 January 2025.

As per the Group's preliminary assessment, it has concluded that it is not in scope for the Bahrain law or the GloBE rules as it does not have total annual revenue exceeding EUR 750 million in at least two of the four preceding fiscal years. Accordingly, the Company does not expect to be subject to the Bahrain DMTT law and GloBE rules for the next fiscal year.

4 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following major risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for measuring and managing risk and the Group's management of capital.

(a) Risk management framework

The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is assisted in this function by the Board Audit, Risk and Compliance Committee.

The Board has set up an independent Risk Management Unit that provides leadership, direction and coordination of efforts in managing the risks. It provides a holistic, integrated, future-focused and process-oriented approach to enable the Group to balance its key business risks and opportunities with the intent of maximising returns and shareholder value. Moreover, the Bank has recently established a dedicated Governance, Risk, and Compliance Committee that oversees the internal control functions carried out by various departments.

The Audit, Risk and Compliance Committee of the Board is responsible for monitoring compliance with the Bank's policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit, Risk and Compliance Committee is assisted in these functions by the Internal Audit Function, which undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Compliance Committee.

(b) Credit risk

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations and causes the Group to incur a financial loss. The credit risk for the Group arises principally from its brokerage activities, issuer price risk in proprietary portfolios. Counterparty credit risk consists of two categories of risks: pre-settlement and settlement risks. In the brokerage business, counterparty credit risk arises vis-a-vis trading counterparties and counterparty brokers. In asset management, treasury and proprietary investments, deals routed through counterparty brokers gives rise to counterparty credit risk.

(i) Investments in debt securities

The Group's investments in debt securities are spread among geographical areas and various credit grades. The Group has an established investment policy under which investments are analysed individually for classification based on the established business model. Hence, debt investments may be purchased for trading purposes as well as for liquidity management purposes. Each investment is evaluated by the proprietary investments department based on the business model and various external factors including but not limited to external rating, issuer rating, coupon rates, country risk, etc.

Expected loss is assessed based on a variety of data that are determined to be predictive of the risk of loss (including external credit ratings, financial statements and available external information) and applying experienced credit judgment. The historic loss experience is adjusted to reflect differences between economic conditions during the period over which historic data has been collected, current conditions and the Group's view of economic conditions over the remaining life-time tenor of the securities. Management believes there is no further credit risk provision required in excess of the usual impairment on debt securities.

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4 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Management of credit risk

The Group limits its credit risk by applying well-defined credit policies and procedures laid down by the Board and the Board Audit, Risk and Compliance Committee.

The Group manages the counterparty risks for brokerage clients by conducting a credit evaluation of the clients and counterparty brokers of the Gulf Cooperation Council ("GCC") and other exchanges using financial and other non- financial parameters.

The risks in proprietary investment portfolios are monitored and controlled by means of asset allocation guidelines and exposure limits approved in accordance with well-defined investment policies and procedures. These are reviewed on management level by the Asset Liability Investment Committee ("ALIC"), and on a Board level by the Board Investment Committee. The risks in the repurchase agreements are monitored and controlled by limits approved by the management and the Board and daily margining is applicable. Additionally, the Group strictly adheres to the large exposure norms prescribed by the CBB.

Regular audits of business units and Group credit processes are undertaken by the Bank's Internal Audit function.

(iii) Maximum exposure to credit risk

The Group's maximum exposure to credit risk , after ECL, is as follows:

	2024	*2023*
Bank balances	**52,414**	56,437
Treasury bills	**14,505**	10,151
Securities bought under repurchase agreements	**272,366**	252,883
Investments at fair value through profit or loss	**6,921**	7,968
Investments at fair value through other comprehensive income	**7,759**	8,526
Investments at amortised cost	**13,800**	17,372
Fee receivables	**3,384**	2,720
Other assets	**10,988**	9,107
	382,137	365,164

Currently, the margin trading lending on the regional stock exchanges and repurchase transactions are subject to formal collateral arrangement. The margin scheme is undertaken in accordance with the related regulation issued by the Central Bank of Bahrain (CBB). Further, the margin lending on the UAE Stock Exchanges are undertaken in accordance with the regulations issued by the Emirates Securities and Commodities Authority (ESCA). The margin lending on the Saudi Stock Exchange is undertaken in accordance with the regulations issued by the Capital Market Authority (CMA). The shares in the Margin Trading portfolio are held as collateral against the amount lent to the customer. Such shares are marked to-market on a daily basis. If there is any deficit in the minimum equity ratio, then a maintenance margin call is issued. Additionally, brokerage client agreements include a clause ensuring that the Group has a right to liquidate the client's shares under its custody, if such client fails to honor its obligations.

Reverse repurchase transactions are short term in nature and generally backed by liquid high quality collateral (mainly Government and Quasi-Government bonds along with investment grade securities) and with substantial hair-cuts. The lending is subject to daily margin management and monitoring within the realms of the Group's internal risk management framework.

For the year ended 31 December 2024 Bahraini Dinars '000

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iii) Maximum exposure to credit risk (continued)

The Group writes-off a customer / investment balance when the Group determines that carrying amounts are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the customer / issuer's financial position such that the customer / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. There were no such write-offs during the years ended 31 December 2024 and 2023.

(iv) Risk exposure concentration

Risk concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include guidelines to focus on maintaining a diversified portfolio. In line with regulatory requirements, there exists a Group-wide Large Exposure Policy which details the Bank's approach in managing concentration risk to sectors, asset classes, single obligors and countries, including defining specific limits approved by the Board. Concentration of risks is managed by counterparty, by geographical region and by industry sector.

The maximum credit exposure to any client, counterparty or group of closely related counterparties as of 31 December 2024 was BD 145,518 (2023: BD 131,963), relating to placement, securities brought under repurchase agreements and fee receivables.

(v) Geographical distribution

Geographical concentration of all assets and liabilities of the Group are as follows:

2024	***Middle East and Asia***	***North America***	***Europe***	***Total***
Assets				
Cash and bank balances	**48,781**	**98**	**3,535**	**52,414**
Treasury bills	**14,505**	**-**	**-**	**14,505**
Securities bought under repurchase agreements	**267,445**	**-**	**4,921**	**272,366**
Investments at FVTPL	**20,749**	**5,739**	**-**	**26,488**
Investments at FVOCI	**13,738**	**120**	**-**	**13,858**
Investments at amortised cost	**13,800**	**-**	**-**	**13,800**
Fee receivables	**3,353**	**2**	**29**	**3,384**
Other assets	**9,617**	**4**	**1,976**	**11,597**
Property and equipment	**1,249**	**-**	**-**	**1,249**
Intangible assets	**1,489**	**-**	**-**	**1,489**
Total assets	**394,726**	**5,963**	**10,461**	**411,150**
Liabilities				
Short-term bank borrowings	**7,540**	**-**	**-**	**7,540**
Securities sold under repurchase agreements	**157,351**	**-**	**121,682**	**279,033**
Customers' accounts	**31,739**	**6,101**	**260**	**38,100**
Other liabilities	**10,702**	**-**	**569**	**11,271**
Payable to other unit holders in consolidated funds	**1,223**	**-**	**-**	**1,223**
Total liabilities	**208,555**	**6,101**	**122,511**	**337,167**

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4 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Geographical distribution (continued)

2023	*Middle East and Asia*	*North America*	*Europe*	*Total*
Assets				
Cash and bank balances	50,292	963	5,182	56,437
Treasury bills	10,151	-	-	10,151
Securities bought under repurchase agreements	247,147	-	5,736	252,883
Investments at FVTPL	21,142	4,010	-	25,152
Investments at FVOCI	12,388	109	-	12,497
Investments at amortised cost	17,372	-	-	17,372
Fee receivables	2,686	6	28	2,720
Other assets	9,560	12	70	9,642
Property and equipment	1,623	-	-	1,623
Intangible assets	1,456	-	-	1,456
Total assets	373,817	5,100	11,016	389,933
Liabilities				
Short-term bank borrowings	5,655	-	-	5,655
Deposits	4,234	-	-	4,234
Securities sold under repurchase agreements	133,202	-	126,189	259,391
Customers' accounts	31,855	2,052	1,899	35,806
Other liabilities	10,144	-	1,071	11,215
Payable to other unit holders in consolidated funds	3,150	-	-	3,150
Total liabilities	188,240	2,052	129,159	319,451

(vi) Industry distribution
The distribution of assets and liabilities by industry sector is as follows:

2024	***Financial services***	***Others***	***Total***
Total assets	**331,536**	**79,614**	**411,150**
Total liabilities	**296,374**	**40,793**	**337,167**

2023	*Financial services*	*Others*	*Total*
Total assets	311,152	78,781	389,933
Total liabilities	291,352	28,099	319,451

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4 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(vii) Credit quality

The gross carrying amount of financial instruments and the associated loss allowance is as follows:

	2024			*2023*		
Particulars	***Gross exposure***	***ECL***	***Net exposure***	*Gross exposure*	*ECL*	*Net exposure*
Bank balances	**52,417**	**3**	**52,414**	56,445	8	56,437
Treasury bills	**14,505**	**-**	**14,505**	10,151	-	10,151
Securities bought under repurchase agreements	**272,397**	**31**	**272,366**	252,901	18	252,883
Investments at FVOCI	**7,765**	**6**	**7,759**	8,532	6	8,526
Investments at amortised cost	**13,800**	**-**	**13,800**	17,372	-	17,372
Fee receivables	**3,397**	**13**	**3,384**	2,720	-	2,720
Other assets (margin lending)	**3,386**	**32**	**3,354**	4,748	40	4,708
Total	**367,667**	**85**	**367,582**	352,869	72	352,797

Investments in debt securities classified as FVOCI are entirely in investment grade debt instruments i.e. credit grade A to B and the ECL on the same has been adjusted through the consolidated statement of comprehensive income.

All investments at amortised cost are exposures to the domestic sovereign debt. No credit loss is expected on these investments.

(c) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counter party to honor its obligations to deliver cash, securities or other assets as contractually agreed.

SICO mitigates the risk through the establishment of limits that are regularly reviewed by the Risk Management Department (RMD) and approved according to the authority limits set by the Board of Directors. Additionally, the settlement exposure is collateralised and in case of failure by the client(s) to repay, SICO can force sell the securities after obtaining the necessary approvals to cover the exposure.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk is managed for all the three risk originating departments - Asset Management, Brokerage and Proprietary Investments.

It also originates from the mismatches in the maturity pattern of assets and liabilities or other defaults that could result in its funding and credit lines drying up. Measuring and managing liquidity needs are considered vital for effective operation of the Group.

The Group faces two types of liquidity risks as follows:

- Funding risk – the risk that the firm will not be able to meet efficiently the expected and unexpected cash flow and collateral needs without affecting either daily operations or the financial condition of the firm.
- Market Liquidity Risk – the risk that a firm cannot easily offset or terminate a position at the market price because of inadequate market depth or market disruption.

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4 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

Liquidity risk is currently managed by the Treasury Unit monitoring the cash flow and funding requirements on a daily basis. Credit lines have been established with a few financial institutions to be drawn upon in case needed. The Bank has set up the ALIC to closely supervise the Bank's liquidity management and associated risks. Additionally, the Bank has developed and implemented an Internal Liquidity Adequacy Assessment Process ("ILAAP"), which is conducted annually to further compute and monitor a comprehensive range of liquidity assessments, positions, metrics across the Group.

The remaining contractual maturity of financial liabilities is as follows:

	2024		
	Less than 1 year	***Gross outflow***	***Carrying value***
Short-term bank borrowings	**7,574**	**7,574**	**7,540**
Securities sold under repurchase agreements	**280,669**	**280,669**	**279,033**
Customers' accounts	**38,100**	**38,100**	**38,100**
Other liabilities	**11,271**	**11,271**	**11,271**
Payable to other unit holders in consolidated funds	**1,223**	**1,223**	**1,223**
	338,837	**338,837**	**337,167**

	2023		
	Less than 1 year	*Gross outflow*	*Carrying value*
Short-term bank borrowings	5,665	5,665	5,655
Deposits	4,249	4,249	4,234
Securities sold under repurchase agreements	261,805	261,805	259,391
Customers' accounts	35,806	35,806	35,806
Other liabilities	11,215	11,215	11,215
Payable to other unit holders in consolidated funds	3,150	3,150	3,150
	321,890	321,890	319,451

Liquidity risk is also managed through ensuring compliance with regulatory liquidity requirements. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are the ratios which the Bank computes as per the CBB requirements.

	2024	*2023*
Liquidity Coverage Ratio	**735%**	493%
Net Stable Funding Ratio	**174%**	156%

The daily average of LCR for the year ended 31 December 2024 was 521% (31 December 2023: 416%).

(e) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Bank, as part of its normal operations, is exposed to market risk with regard to its investments in FVTPL securities and FVOCI securities. However, this risk is controlled by appropriate management review and monitoring through the Investment Portfolio Guidelines set by the Board Investment Committee ("BIC") and the Group's management. Market risk management involves the management of equity price risk, interest rate risk and foreign exchange risk.

4 FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Equity price risk

Equity investment activities have a significant impact on earnings and business relationships in the Bank. Only the equities and equity based funds are considered by the Bank for the purpose of market risk management and market risk capital computation.

Active management of investments is a well-known method of risk management in equities. Portfolio diversification on the basis of industry, sector, geographic, and market factors enables the Bank to diversify its risks. There are well defined Investment Policies and Procedures approved by the Board that govern the FVTPL as well as FVOCI portfolios.

Formal valuation policies that specify appropriate and sound portfolio valuation methodologies have been established for investments in listed companies and indirect fund investments. Marking the equity portfolio to market on a daily basis ensures that the unrealised gains and losses are accounted for on a daily basis. Externally managed funds and portfolios are valued at Net Asset Value provided by the external investment managers and administrators on a periodic basis.

Portfolio-valuation methodologies conform to accepted accounting principles and are based on sound, empirically acceptable approaches that are clearly articulated, well documented, and applied consistently across similar investments over time.

All of the Group's listed equity investments are listed on recognised regional and global stock exchanges. For such investments classified at FVOCI, a 1% increase in the fair value at the reporting date would have increased equity by BD 61 (2023: BD 40); an equal change in the opposite direction would have decreased equity by BD 61 (2023: a decrease of BD 40). For such investments classified as at FVTPL, the impact of a 1% increase in the index at the reporting date on profit or loss would have been an increase of BD 21 (2023: BD 40). An equal change in the opposite direction would have decreased profit or loss by BD 21 (2023: BD 40).

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The investments in debt instruments, placements, borrowings and call deposits are subject to interest rate risk. The Treasury Unit carefully monitors these exposures in order to mitigate this risk. The Bank minimises its exposure to interest rate risk by careful monitoring of exposures. Placements and call deposits with banks are at fixed interest rates and mature within three months. The liabilities of the Bank include customer advances for purchase of investments on their behalf. The Bank maintains cash balances with various banks in different currencies to meet liquidity requirements for equity share deals settlement in these currencies. These arise due to the need for timely payment of settlement amounts by clients as well as proprietary trades. The Bank has exposures to debt instruments issued by GCC institutions in its proprietary investment portfolios. Investments in debt instruments are approved only based on structured analysis of the proposed investment and the issuer. Some debt instruments are unrated.

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4 FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk (continued)

(ii) Interest rate risk (continued)

The Bank follows the standardised methodology for managing interest rate risk, where the risk exposures in fixed income securities are measured using a two-pronged approach – measuring the issuer risk and general market risk. The duration gap approach methodology is used for this purpose. See interest rate re-pricing profile below:

2024	***Effective interest rate % p.a.***	***Within 1 year BD***	***Over 1 year BD***	***Non-interest sensitive BD***	***Total BD***
Bank balances	-	**-**	**-**	**32,405**	**32,405**
Call deposits	**4.65%**	**816**	**-**	**-**	**816**
Treasury bills	**5.85%**	**14,505**	**-**	**-**	**14,505**
Short-term placements with banks	**5.33%**	**19,193**	**-**	**-**	**19,193**
Securities bought under repurchase agreements	**5.39%**	**272,366**	**-**	**-**	**272,366**
Investments at FVTPL	**6.14%**	**1,185**	**5,736**	**19,567**	**26,488**
Investments at FVOCI	**6.55%**	**-**	**7,758**	**6,100**	**13,858**
Investments at amortised cost	**6.60%**	**1,583**	**12,217**	**-**	**13,800**
Fee receivables	-	**-**	**-**	**3,384**	**3,384**
Other assets	-	**-**	**-**	**11,597**	**11,597**
Property and equipment	-	**-**	**-**	**1,249**	**1,249**
Intangible assets	-	**-**	**-**	**1,489**	**1,489**
Total assets		**309,648**	**25,711**	**75,791**	**411,150**
Short-term bank borrowings	**5.30%**	**7,540**	**-**	**-**	**7,540**
Securities sold under repurchase agreements	**5.01%**	**279,033**	**-**	**-**	**279,033**
Customers' accounts	-	**-**	**-**	**38,100**	**38,100**
Other liabilities	-	**-**	**-**	**11,271**	**11,271**
Payable to other unit holders in consolidated funds	-	**-**	**-**	**1,223**	**1,223**
Total liabilities		**286,573**	**-**	**50,594**	**337,167**
Equity		**-**	**-**	**73,983**	**73,983**
Total liabilities and equity		**286,573**	**-**	**124,577**	**411,150**
Interest rate sensitivity gap		**23,075**	**25,711**	**(48,786)**	**-**
Cumulative interest rate sensitivity gap		**23,075**	**48,786**	**-**	**-**

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4 FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk (continued)

(ii) Interest rate risk (continued)

2023	*Effective interest rate % p.a.*	*Within 1 year*	*Over 1 year*	*Non-interest sensitive*	*Total*
Bank balances	-	-	-	26,265	26,265
Call deposits	4.65%	2,975	-	-	2,975
Treasury bills	6.31%	10,151	-	-	10,151
Short-term placements with banks	6.11%	27,197	-	-	27,197
Securities bought under repurchase agreements	6.41%	252,883	-	-	252,883
Investments at FVTPL	5.69%	2,491	5,477	17,184	25,152
Investments at FVOCI	6.33%	1,878	6,648	3,971	12,497
Investments at amortised cost	6.65%	3,588	13,784	-	17,372
Fee receivables	-	-	-	2,720	2,720
Other assets	-	-	-	9,642	9,642
Property and equipment	-	-	-	1,623	1,623
Intangible assets	-	-	-	1,456	1,456
Total assets		301,163	25,909	62,861	389,933
Short-term bank borrowings	5.85%	5,655	-	-	5,655
Deposits	6.31%	4,234	-	-	4,234
Securities sold under repurchase agreements	6.01%	259,391	-	-	259,391
Customers' accounts	-	-	-	35,806	35,806
Other liabilities	-	-	-	11,215	11,215
Payable to other unit holders in consolidated funds	-	-	-	3,150	3,150
Total liabilities		269,280	-	50,171	319,451
Equity		-	-	70,482	70,482
Total liabilities and equity		269,280	-	120,653	389,933
Interest rate sensitivity gap		31,883	25,909	(57,792)	-
Cumulative interest rate sensitivity gap		31,883	57,792	-	-

At 31 December 2024, the effective interest rate on Bahraini Dinar call deposits is 4.65% (2023: 4.65%) and on USD call deposits is 4.35% (2023: 4.35%).

4 FINANCIAL RISK MANAGEMENT (continued)

(e) Market risk (continued)

(iii) Foreign exchange risk

Foreign exchange rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. Most of the Group's foreign currency exposures are in GCC currencies and US Dollar. Such exposures include short-term fixed deposits, investments in securities and due from / to customers. Since the Bahraini Dinar and all GCC currencies, except for Kuwaiti Dinar, are effectively pegged to the US Dollar, currency risk is considered minimal.

(f) Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, systems and people or external events. Unlike market or credit risks, which are systemic in nature, operational risk is firm-specific and is inherent in the day-to-day operations of any bank. It includes a very broad spectrum of risks that could arise from a variety of reasons including, but not limited to, deficient transaction processing, business practices, employment practices and systems failures, and damage to physical assets. It also includes the risk of internal and external fraud.

The Bank follows conservative, conscious control and adopts a number of mechanisms to manage operational risk. These include a well-defined organisational structure, policies and procedures guidelines, segregation of duties, approval authorities, reconciliations, and tolerance limits for exposures. The Internal Audit function and Regulatory Compliance Unit provide support in this control activity as well.

Regular custodial position reconciliations and bank reconciliations provide key strengths to mitigate operational risks. There is also a professional indemnity and Cyber Security insurance cover in place.

Another endeavor of the Bank's operational risk management is to usher in straight through processing to enable seamless processing and reduce operational errors and optimise productivity.

Assets under management activity have a range of controls to support the quality of the investment process and are supervised by an Asset Management Committee ("AMC"). These are supported by strict operational controls to safeguard clients' assets, and there are regular reviews of investment management performance.

Investment Banking and Real Estate activities are exposed to legal and reputational risk. Obtaining the necessary legal and regulatory approvals mitigates this risk. Advisory and underwriting matters are monitored and controlled by the management.

Regulatory compliance, including the anti-money laundering compliance program, also form a key component of risk management. Board and management attach high importance to these matters of strategic relevance. There are well laid out policies and procedures to achieve compliance with regulatory matters.

(g) Capital management

The CBB sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements CBB requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's current capital position is sufficient to meet the regulatory capital requirements. The Bank ensures that the capital adequacy requirements are met on a consolidated basis and also with local regulator's requirements, if any, in countries in which the Bank has subsidiaries. The Bank has complied with regulatory capital requirements throughout the year.

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4 FINANCIAL RISK MANAGEMENT (continued)

(g) Capital management (continued)

The Bank's regulatory capital position at 31 December was as follows:

	2024	*2023*
Risk weighted exposure		
Credit risk	**56,746**	51,060
Market risk	**9,449**	16,013
Operational risk	**31,524**	26,615
Total risk weighted assets	**97,719**	93,688
Common Equity (CET 1)	**72,494**	69,026
Tier 2	**79**	66
Total regulatory capital	**72,573**	69,092
Capital adequacy ratio	**74.27%**	73.75%

The capital adequacy ratio as at 31 December 2024 has been calculated in accordance with CBB's guidelines incorporating credit risk, operational risk and market risk. The Bank uses the standardised approach for computing credit risk. Operational risk is computed using the basic indicator approach. Market risk is computed using the standardised method. Moreover, the Bank has implemented a comprehensive Internal Capital Adequacy Assessment Process ("ICAAP"), which is conducted annually to further compute and monitor capital positions, considering the additional impact of Pillar II risks and stressed conditions.

The allocation of capital between specific operations and activities is primarily driven by regulatory requirements. The Bank's capital management policy seeks to maximise return on risk adjusted basis while satisfying all the regulatory requirements. The Bank's policy on capital allocation is subject to regular review by the Board.

5 GROUP SUBSIDIARIES AND CONSOLIDATED FUNDS

Set out below are the Group's principal subsidiaries at 31 December 2024 and 2023. Other than the consolidated funds, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by the Group. The investment in consolidated funds comprises subscription to the units issued by the fund to the unit holders and the proportion of ownership interests held comprises the percentage of the units held by the Group to the total units issued by the fund.

The country of incorporation or registration is also their principal place of business:

		Percentage ownership		***Incorporation***		
Subsidiary		***2024***	*2023*	***Year***	***Country***	***Principal activity***
1	SICO Funds Company BSC (c)	**100%**	100%	1998	Bahrain	Umbrella company for mutual funds
2	SICO Funds Services Company BSC (c) (under liquidation) *	**100%**	100%	2004	Bahrain	Custody and administration services
3	SICO Funds Company III BSC (c)	**100%**	100%	2006	Bahrain	Umbrella company for mutual funds
4	SICO Funds Company IV BSC (c)	**100%**	100%	2009	Bahrain	Umbrella company for mutual funds

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5 GROUP SUBSIDIARIES AND CONSOLIDATED FUNDS (continued)

Subsidiary		*Percentage ownership*		*Incorporation*		*Principal activity*
		2024	*2023*	***Year***	***Country***	
5	SICO Funds Company VI BSC (c)	**100%**	100%	2009	Bahrain	Umbrella company for mutual funds
6	SICO Funds Company VIII BSC (c)	**100%**	100%	2016	Bahrain	Umbrella company for mutual funds
7	SICO Ventures Company SPC	**100%**	100%	2010	Bahrain	To own the nominal shares in all other subsidiaries of SICO
8	SICO Funds Company IX BSC (c)	**100%**	100%	2022	Bahrain	Umbrella company for mutual funds
9	SICO Financial Brokerage LLC	**100%**	100%	2011	UAE	Brokerage services
10	SICO Fixed Income Fund	**73%**	81%	2013	Bahrain	Investment in listed debt securities, comprising bonds and Sukuk
11	SICO Kingdom Equity Fund	**-**	27%	2013	Bahrain	Investment in listed equity securities in the Kingdom of Saudi Arabia
12	SICO Capital Company	**100%**	100%	2008	Saudi Arabia	Brokerage services, investment banking, asset management and custodial services
13	SICO Funds Company X BSC (c)	**100%**	-	2024	Bahrain	Umbrella company for mutual funds

* The operations and business of SICO Funds Services Company BSC (c) ("SFS"), which is under liquidation, was merged with the Company effective 1 October 2024, after obtaining the regulatory approval. Accordingly, the results of SFS were consolidated for the first nine months of the year, until the effective date of the merger.

6 PAYABLE TO OTHER UNIT HOLDERS IN CONSOLIDATED FUNDS

The following table summarises the information relating to the consolidated funds and the amount payable to the unit holders other than the Group. Since there is a contractual obligation to deliver cash to the other unit holders, the amount payable to other unit holders is considered as a liability of the Group.

	2024	*2023*
Payables to other unit holders in the consolidated funds:		
SICO Fixed Income Fund	**1,223**	765
SICO Kingdom Equity Fund	**-**	2,385
	1,223	3,150
Share of profit of non-controlling unit holders in consolidated funds		
SICO Fixed Income Fund	**27**	47
SICO Kingdom Equity Fund	**-**	423
	27	470

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6 PAYABLE TO OTHER UNIT HOLDERS IN CONSOLIDATED FUNDS (continued)

SICO Fixed Income Fund	***2024***	*2023*
Other unit holders' share	**27%**	19%
Cash and cash equivalents	**284**	484
Investment at fair value through profit or loss	**4,560**	3,841
Other assets	**63**	56
Securities sold under repurchase agreements	**(362)**	(317)
Other liabilities	**(21)**	(21)
Net assets	**4,524**	4,043
Carrying amount of payable to other unit holders	**1,223**	765
Investment income	**172**	282
Net interest (expense) / income	**(17)**	22
Profit and total comprehensive income	**99**	247
Profit allocated to other unit holders	**27**	47
Cash flows (used in) / from operating activities	**(582)**	109
Cash flows from / (used in) financing activities	**382**	(454)
Net decrease in cash and cash equivalents	**(200)**	(345)

SICO Kingdom Equity Fund	***2024***	*2023*
Other unit holders' share	**-**	73%
Cash and cash equivalents	**-**	49
Investment at fair value through profit or loss	**-**	3,278
Other liabilities	**-**	(57)
Net assets	**-**	3,270
Carrying amount of payable to other unit holders	**-**	2,385
Investment income	**-**	832
Profit and total comprehensive income	**-**	832
Profit allocated to other unit holders	**-**	423
Cash flows from operating activities	**-**	1,171
Cash flows used in financing activities	**-**	(1,428)
Net increase in cash and cash equivalents	**-**	117

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7 CASH AND BANK BALANCES AND TREASURY BILLS

	2024	*2023*
Cash and bank balances	**32,405**	26,265
Call deposits	**816**	2,975
Short-term placements with banks	**19,196**	27,205
Total cash and bank balances	**52,417**	56,445
Expected credit losses	**(3)**	(8)
Total cash and bank balances	**52,414**	56,437
Treasury bills	**14,505**	10,151
Total	**66,919**	66,588

Total cash and bank balances include bank balances amounting to BD 14,331 (2023: BD 27,817) held on behalf of discretionary customer accounts.

8 SECURITIES BOUGHT UNDER REPURCHASE AGREEMENTS

Reverse repurchase agreements have been entered with clients amounting to BD 272,366 (2023: BD 252,883) for which client owned securities of BD 361,588 (2023: BD 343,976) are pledged as collateral with the Bank.

9 INVESTMENTS

	2024	*2023*
Carried at FVTPL:		
Quoted equity securities		
- Parent	**2,075**	734
- Consolidated funds	**-**	3,278
Funds		
- Quoted	**12,213**	10,702
- Unquoted	**5,279**	2,470
Quoted debt securities		
- Parent	**1,767**	3,561
- Consolidated funds	**4,560**	3,841
Unquoted debt securities		
- Parent	**594**	566
	26,488	25,152
Carried at FVOCI:		
Equity securities		
- Quoted	**5,722**	3,594
- Unquoted	**377**	377
Debt securities		
- Quoted	**7,759**	8,526
	13,858	12,497

At amortised cost:

Investments at amortised cost include investments in sovereign issuances which are held to maturity. As at the balance sheet date, the market values of these investments are higher than the carrying values.

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10 FEE RECEIVABLES

Fee receivables represent management, custody and performance fees owed to the Group by its Discretionary Portfolio Management Account ("DPMA") clients and managed funds

	2024	*2023*
Management fees	**1,966**	1,692
Admin and custody fees	**328**	207
Advisory and underwriting fees	**62**	22
Performance fees	**33**	799
Structuring, arranging, subscription and other fees	**995**	-
	3,384	2,720

11 OTHER ASSETS

	2024	*2023*
Margin loans receivables	**3,354**	4,708
Interest receivable	**2,318**	3,241
Prepaid expenses	**609**	535
Guarantee deposit with the Bahrain Bourse	**500**	500
Other receivables	**4,816**	658
	11,597	9,642

12 INTANGIBLE ASSETS

	2024	*2023*
Software	**989**	956
License	**500**	500
	1,489	1,456

During 2021, the acquisition of SICO Capital resulted in a goodwill of BD 140 and intangibles of BD 800. The intangibles of BD 500 were assigned to the expected benefits arising from the license to conduct business in Saudi Arabia and BD 300 was assigned to customer relationship with a useful life of three years, which has been fully amortised. During the year ended 31 December 2023, the goodwill of BD 140 was fully impaired and written-off. No impairment was recognised during the year ended 31 December 2024.

The recoverable amount of intangibles is based on value-in-use, calculated by discounting cash flow projections which are based on financial forecasts to arrive at the terminal value. A growth rate at a minimum of 5% (2023: 5%) and discount rate of 6.5% (2023: 8%) have been applied to the estimated cash flows. A sensitivity analysis was conducted by increasing the discount rate by 2% and reducing earnings by 10% to assess the impact on the recoverable amount as compared to the carrying value of the Cash Generating Unit ("CGU"). The carrying value of intangibles with indefinite life is lower than the reduced recoverable amount in the sensitivity analysis, conforming no indications of any impairment as of the reporting date.

13 SHORT-TERM BANK BORROWINGS

The following represents the movement in short-term bank borrowings:

	2024	*2023*
At 1 January	**5,655**	3,770
Additions during the year	**9,425**	9,425
Settled during the year	**(7,540)**	(7,540)
At 31 December	**7,540**	5,655

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14 DEPOSITS

The following represents the movement in deposits:

	2024	*2023*
At 1 January	**4,234**	1,278
Additions during the year	**53,966**	32,062
Matured during the year	**(58,200)**	(29,106)
At 31 December	**-**	4,234

15 SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The following represents the movement in securities sold under repurchase agreements during the year:

	2024	*2023*
At 1 January	**259,391**	162,989
Additions during the year	**73,366**	100,506
Settled during the year	**(53,724)**	(4,104)
At 31 December	**279,033**	259,391

Repurchase agreements have been entered into on behalf of clients for which client owned securities of BD 339,011 (2023: BD 323,629) are pledged as collateral with counter parties.

The carrying value of the investments at amortised cost pledged as collateral amounts to BD 7,576 (2023: BD 7,594).

16 CUSTOMERS' ACCOUNTS

These include settlement amounts payable to customers for completed trades and amounts received from customers to fund their respective trading activities.

17 OTHER LIABILITIES

	2024	*2023*
Accrued expenses	**3,552**	2,523
Provision for employee leaving indemnities *	**1,504**	1,273
Employee share incentive scheme liability (note 28)	**2,565**	2,704
Other payables	**3,650**	4,715
	11,271	11,215

* The movement in the provision for employee leaving indemnities is as follows:

	2024	*2023*
At 1 January	**1,273**	1,195
Add: Charge for the year (note 25)	**320**	256
Less: Payments made during the year to employees	**(67)**	(178)
Less: Payments made during the year to SIO	**(22)**	-
At 31 December	**1,504**	1,273

Effective 1 March 2024, pursuant to an Edict number 109 of 2023 issued by His Royal Highness the Prime Minister of the Kingdom of Bahrain, certain portion of the end of service benefits' liability has been transferred to the Social Insurance Organization (SIO), representing the amounts paid by the Company to SIO on a monthly basis starting March 2024. Such portion of liability would be settled directly by the SIO when the relevant employees leave the Company.

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18 SHARE CAPITAL

	2024	2023
Authorised share capital		
1,000,000,000 shares of 100 fils each	**100,000**	100,000
Issued and fully paid		
441,342,373 ordinary shares of 100 fils each	**44,134**	44,134

Proposed appropriations

The Board of Directors proposed the following appropriations subject to shareholders and regulatory approvals.

	2024	2023
Cash dividend @ 7.5% (2023: 5%)	**3,219**	2,146

Shareholder structure

		2024		2023	
Shareholders	***Nationality***	***No. of Shares***	***% holding***	*No. of Shares*	*% holding*
Social Insurance Organisation	Bahrain	**222,360,761**	**50.38**	222,360,761	50.38
National Bank of Bahrain	Bahrain	**93,005,716**	**21.08**	55,233,750	12.52
Bank Muscat	Oman	**57,996,449**	**13.14**	57,996,449	13.14
Ahli United Bank	Bahrain	**-**	**-**	37,771,966	8.56
Bank of Bahrain and Kuwait	Bahrain	**34,913,024**	**7.91**	34,913,024	7.91
Employee Stock Ownership Plan	Bahrain	**20,880,797**	**4.73**	20,880,797	4.73
SICO BSC (c) - Treasury Shares	Bahrain	**12,185,626**	**2.76**	12,185,626	2.76
		441,342,373	**100.00**	441,342,373	100.00

Treasury shares

Treasury shares represents the Bank's purchase of its own shares. At the end of the year, the Bank held 12,185,626 (2023: 12,185,626) of its own shares.

	2024		2023	
	Number of shares	***Amount***	*Number of shares*	*Amount*
SICO BSC (c)	**12,185,626**	**1,913**	12,185,626	1,913
	12,185,626	**1,913**	12,185,626	1,913

Shares under employee share incentive scheme

	2024		2023	
	Number of shares	***Amount***	*Number of shares*	*Amount*
Employee share incentive scheme (refer to note 28)	**20,880,797**	**2,263**	20,880,797	2,263
	20,880,797	**2,263**	20,880,797	2,263

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19 STATUTORY RESERVE

In accordance with the Bahrain Commercial Companies Law, 10 percent of net profit is appropriated to a statutory reserve, which is not normally distributable except in accordance with Article 224 of the law. Such appropriations may cease when the reserve reaches 50 percent of paid up share capital. The transfer for the year ended 31 December 2024 amounted to BD 550 (2023: BD 438).

20 GENERAL RESERVE

In accordance with the Bank's Articles of Association and on the recommendation of the Board of Directors, specific amount is appropriated from profits for the year and transferred to a general reserve. The reserve carries no restriction in its distribution. The appropriations are subject to the approval of the shareholders at the Annual General Meeting. No appropriations to this reserve were made during the years ended 31 December 2024 and 2023.

21 NET INVESTMENT INCOME

	2024	*2023*
	BD	*BD*
Interest income from debt instruments	**2,045**	2,019
Dividend income	**675**	778
Net gain on investments at FVTPL*	**280**	1,562
Realised gain on sale of treasury bills	**4**	15
Net realised gain from investments at FVOCI	**-**	75
	3,004	4,449

* Net gain on investments carried at FVTPL comprise the following:

	2024	*2023*
Realised (loss) / gain on sale	**(64)**	709
Unrealised fair value gain	**344**	853
	280	1,562

22 NET FEE INCOME

	2024	*2023*
Fee income from trust or other fiduciary activities		
Management fee	**7,094**	5,564
Advisory and underwriting fee	**1,225**	397
Admin and custody fee - net	**1,125**	987
Structuring and arranging fees	**862**	-
Performance fee	**415**	1,179
Subscription and service fees	**122**	-
	10,843	8,127

23 BROKERAGE AND OTHER INCOME

	2024	*2023*
Brokerage income	**2,291**	1,641
Foreign exchange gain	**1,285**	305
Other income	**195**	187
	3,771	2,133

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24 NET INTEREST INCOME

	2024	2023
Interest income		
Placements, call deposits and reverse repos	**20,195**	15,993
Margin lending	**347**	495
	20,542	16,488
Interest expense		
Bank borrowings, deposits and repos	**(16,602)**	(12,911)
Net interest income	**3,940**	3,577

25 STAFF COST

	2024	2023
Salaries, allowances and bonus	**8,798**	6,986
Social security costs	**493**	400
Post-employment benefit (note 17)	**320**	256
Share based payments	**260**	160
Other expenses	**751**	470
	10,622	8,272

As at 31 December 2024, the Group employed 93 (2023: 90) locals and 80 (2023: 56) expatriates.

26 OTHER OPERATING EXPENSES

	2024	2023
Technology related expenses	**2,395**	2,058
Depreciation and amortisation	**710**	969
Legal and professional fees*	**541**	539
Marketing expenses	**502**	370
Occupancy expenses	**261**	265
Communication expenses	**41**	56
Other operating expenses	**956**	905
	5,406	5,162

* This includes assurance services expense of BD 107 (2023: BD 137) and non-assurance services expense of BD 25 (2023: BD 16).

27 RELATED PARTY TRANSACTIONS

The following are the related party transactions during the year. All these transactions are in the ordinary course of business and on normal commercial terms.

Transactions with/relating to funds owned by the subsidiary companies

Transactions with funds owned by the subsidiary companies namely SICO Funds Company BSC (c), SICO Funds Company III BSC (c), SICO Funds Company IV BSC (c), SICO Funds Company VI BSC (c), SICO Funds Company VIII BSC (c), SICO Funds Company IX BSC (c), SICO Ventures Company WLL, SICO Kingdom Equity Fund, SICO Capital GCC Dividend Growth Fund, SICO Capital Money Market Fund, Al Qasr Real Estate Fund, Riyadh Real Estate Fund, SICO Saudi REIT Fund, SICO Capital Khairat Fund, Mena Residential RE Fund and Najd Real Estate Fund are as follows:

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27 RELATED PARTY TRANSACTIONS (continued)

Transactions with/relating to funds owned by the subsidiary companies (continued)

	2024	*2023*
Fee income	**2,205**	1,245
Divided Income	**57**	-
Fee receivables	**1,403**	276
Other receivables	**69**	-
Fee payables	**-**	13
Investments	**12,231**	11,022
Funds under management	**180,480**	146,585
Securities bought under repurchase agreements	**1,031**	-

The details of the own funds under management are provided in note 30.

Transactions and balances with shareholders
The Group obtained short-term borrowings from its shareholders for a total of BD 3,770 (2023: BD 3,770). During the year, the Group entered into repurchase agreements with its shareholders and as of 31 December 2024, the Group had BD 4,367 (2023: BD 16,846) of repurchase agreements with them. The Group has banking relationships, makes deposits and placements, obtains short-term borrowings and has unutilised credit facilities with certain of its shareholders that are local banks. All such transactions are in the ordinary course of business and on commercial terms.

The Group also provides discretionary portfolio management account services to two of its shareholders in the ordinary course of business. These services are provided on commercial terms and conditions and the related funds are held by the Group in a fiduciary capacity. The excess funds are placed with the other banks as deposits on commercial terms.

	2024	*2023*
Fee income	**328**	176
Dividend income	**11**	-
Expenses	**82**	158
Fee receivables	**77**	266
Fee payables	**53**	232
Investments	**1,343**	1,552
Funds under management	**78,159**	87,240
Securities sold under repurchase agreements	**4,367**	16,846
Placements	**4,692**	4,902
Short-term bank borrowings	**3,770**	3,770

Key management personnel
Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The key management personnel comprise members of the Board of Directors, Chief Executive Officer, Chief Capital Markets Officer, Chief Operating Officer, Chief Financial Officer and heads of departments.

Compensation to key management personnel is as follows:

	2024	*2023*
Salaries and short-term benefits	**4,442**	3,630
Post-employment benefits	**594**	429
Equity compensation benefits	**316**	261
	5,352	4,320

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27 RELATED PARTY TRANSACTIONS (continued)

Key management personnel (continued)
Attendance fees and remuneration to Board members and other related expenses amounted to BD 271 (2023: BD 204).

28 EMPLOYEE SHARE OWNERSHIP PLAN

The Group has established an employee share incentive scheme (the "Scheme") which is operated through a Trustee. The Trust has been set up by the transfer of shares of the Bank allotted to the employees under the Scheme.

Under the Scheme, employees are entitled to receive shares as part of their bonus in ratios determined by the Board of Directors. The value of the shares is to be determined based on the fair value of the Group's net assets as at the reporting date. This Scheme is treated as a cash-settled share based payment transaction due to the restrictions imposed under the Scheme, whereby the employees have to sell back the shares to the Group on resignation / retirement based on the vesting conditions mentioned in the Scheme.

The liability under the Scheme has different vesting conditions based on the nature of incentive, which is based on the period of service with the Group. The liability vests pro-rata from the date of grant over a period of five years. 50% of the liability can be settled after five years at the option of the employee, while the remaining liability is settled after the employee is separated. The settlement is based on the last net assets value as per the most recent audited annual financial statements of the Group.

Upon issuance of shares under the Scheme, the share capital is increased with a corresponding increase in employee share incentive scheme account classified under equity.

As at 31 December 2024, the Group has recognised an employee liability of BD 2,565 (2023: BD 2,704) on the shares granted until date. This liability has been determined on the value of the Group's net assets as at 31 December 2024, in accordance with the rules of the Scheme. This is considered under Level 1 valuation of the fair value hierarchy.

No movement in the shares under the Scheme during the years ended 31 December 2024 and 2023. As at 31 December 2024, total number of shares issued under the scheme is 20,880,797 (2023: 20,880,797).

29 INVOLVEMENT IN UNCONSOLIDATED STRUCTURED ENTITIES

Type of structured entity	*Nature and purpose*	*Interest held by the Group*
Investment funds	To generate fees from managing assets on behalf of third-party investors.	Investment in units issued by the fund Management fee Performance fee
	These vehicles are financed through issuance of units to investors.	None
Employee share incentive scheme trust	To hold the shares in trust under employee share incentive scheme.	None

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29 INVOLVEMENT IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

The table below sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the assets held and outstanding management and performance fee.

	2024	*2023*
Investments in funds		
SICO Gulf Equity Fund	**787**	709
Elzad Sukuk Fund	**1,947**	1,900
SICO Khaleej Equity Fund	**1,049**	1,035
SICO Kingdom Equity Fund	**896**	-
Bahrain Liquidity Fund Company	**1,459**	2,114
SICO GCC Dividend Growth Fund	**1,533**	1,472
SICO-Capital Kingdom Equity Fund	**1,069**	1,005
Flow Mena RE Fund	**2,008**	-
SICO-Capital Money Market Fund	**1,478**	-
Riyadh Real Estate Fund	**5**	-
	12,231	8,235

30 CONTINGENCIES, COMMITMENTS AND MEMORANDUM ACCOUNTS

Investment commitment

The Group has committed to invest in SICO Khaleej Equity Fund at a minimum of 10% of the net assets value at any time throughout the tenor of the fund. As at 31 December 2024, the Group has other investment commitments of BD 333 (2023: BD 459) and margin lending drawdown commitments of BD 4,572 (2023: BD 2,052).

Assets under management (NAV)

	2024	*2023*
Bahrain Liquidity Fund Company	**25,007**	36,197
SICO Khaleej Equity Fund	**30,518**	30,750
SICO Gulf Equity Fund	**4,187**	4,114
SICO Kingdom Equity Fund	**3,010**	3,270
SICO Fixed Income Fund	**4,524**	4,043
Elzad Sukuk Fund	**18,194**	10,756
Al Masha'ar REIT Fund	**24,455**	35,207
Riyadh Real Estate Fund	**235**	8,159
Al Qasr Real Estate Fund	**13,457**	10,567
Flow Mena RE Fund	**32,075**	-
Najd Real Estate Fund	**1,176**	-
La Perle Real Estate Fund	**17,022**	-
SICO-Capital Khairat Fund	**11**	1,919
SICO-Capital Money Market Fund	**3,361**	5,620
SICO GCC Dividend Growth Fund	**5,301**	2,088
SICO-Capital Kingdom Equity Fund	**2,471**	1,206
Discretionary portfolio management accounts	**2,202,387**	1,787,434
Total Net Asset Value *	**2,387,391**	1,941,330

30 CONTINGENCIES, COMMITMENTS AND MEMORANDUM ACCOUNTS (continued)

The funds under discretionary portfolio management accounts were held in trust or in a fiduciary capacity and are not treated as assets of the Group. Accordingly, these have not been included the consolidated statement of financial position.

* On a gross basis, including leverage of BD 388,734 (2023: BD 310,762), SICO's total AUMs stands at BD 2,776,125 (2023: BD 2,252,092).

Assets under custody

	2024	2023
Assets under custody	**3,417,095**	3,322,187

The Group provides custodianship and nominee services in respect of securities and cash. At 31 December 2024, assets amounting to BD 3,417,095 (2023: BD 3,322,187) were held by the Group as custodian under brokerage and custodianship contracts, out of which securities amounting to BD 1,837,347 (2023: BD 1,019,882) were registered in the name of the Bank.

Contingencies
The Group has letters of guarantee in the amount of BD 3,593 (31 December 2023: BD 3,593) in favor of Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) in accordance with the requirements issued by the Securities and Commodities Authority.

31 NET OPEN FOREIGN CURRENCY POSITIONS

	2024	2023
Qatari Riyal	**1,617**	747
United States Dollar	**15,765**	18,658
Jordanian Dinar	**13**	14
Kuwaiti Dinar	**511**	541
Saudi Riyal	**11,400**	16,707
Pound Sterling	**1**	3
United Arab Emirates Dirham	**7,141**	7,409
Omani Riyal	**949**	153
Euro	**13**	14
Egyptian Pound	**2**	(2)

32 EARNINGS PER SHARE

	2024	2023
Profit attributable to shareholders of the Bank (in BD 000's)	**5,503**	4,382
Weighted average number of equity shares (in 000's)	**429,157**	429,157
Less: Employee share incentive scheme shares (in 000's)	**(20,881)**	(20,881)
Weighted average number of shares as at 31 December (in 000's)	**408,276**	408,276
Basic and diluted earnings per share (in fils)	**13.5**	10.7

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33 MATURITY PROFILE OF ASSETS AND LIABILITIES

The table below shows the maturity profile of the Group's assets and liabilities on the basis of their contractual maturity. Where such contractual maturity is not available, the Group has considered expected realisation / settlement profile for assets and liabilities respectively.

31 December 2024	*Less than 1 year*	*1 to 5 years*	*Above 5 years*	*Total*
Assets				
Cash and bank balances	**52,414**	**-**	**-**	**52,414**
Treasury bills	**14,505**	**-**	**-**	**14,505**
Securities bought under repurchase agreements	**272,366**	**-**	**-**	**272,366**
Investments at FVTPL	**4,778**	**3,842**	**17,868**	**26,488**
Investments at FVOCI	**-**	**4,040**	**9,818**	**13,858**
Investments at amortised cost	**1,583**	**9,167**	**3,050**	**13,800**
Fee receivables	**3,384**	**-**	**-**	**3,384**
Other assets	**11,597**	**-**	**-**	**11,597**
Property and equipment	**266**	**983**	**-**	**1,249**
Intangible assets	**421**	**200**	**868**	**1,489**
Total assets	**361,314**	**18,232**	**31,604**	**411,150**
Liabilities				
Short-term bank borrowings	**7,540**	**-**	**-**	**7,540**
Securities sold under repurchase agreements	**279,033**	**-**	**-**	**279,033**
Customers' accounts	**38,100**	**-**	**-**	**38,100**
Other liabilities	**11,271**	**-**	**-**	**11,271**
Payable to other unit holders in consolidated funds	**1,223**	**-**	**-**	**1,223**
Total liabilities	**337,167**	**-**	**-**	**337,167**
Liquidity gap	**24,147**	**18,232**	**31,604**	**73,983**
Cumulative liquidity gap	**24,147**	**42,379**	**73,983**	**-**

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33 MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

31 December 2023	*Less than 1 year*	*1 to 5 years*	*Above 5 years*	*Total*
Assets				
Cash and bank balances	56,437	-	-	56,437
Treasury bills	10,151	-	-	10,151
Securities bought under repurchase agreements	252,883	-	-	252,883
Investments at FVTPL	8,739	2,431	13,982	25,152
Investments at FVOCI	1,878	1,959	8,660	12,497
Investments at amortised cost	3,588	10,741	3,043	17,372
Fee receivables	2,720	-	-	2,720
Other assets	9,642	-	-	9,642
Property and equipment	291	1,306	26	1,623
Intangible assets	256	210	990	1,456
Total assets	346,585	16,647	26,701	389,933
Liabilities				
Short-term bank borrowings	5,655	-	-	5,655
Deposits	4,234	-	-	4,234
Securities sold under repurchase agreements	259,391	-	-	259,391
Customers' accounts	35,806	-	-	35,806
Other liabilities	11,215	-	-	11,215
Payable to other unit holders in consolidated funds	3,150	-	-	3,150
Total liabilities	319,451	-	-	319,451
Liquidity gap	27,134	16,647	26,701	70,482
Cumulative liquidity gap	27,134	43,781	70,482	-

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34 ACCOUNTING CLASSIFICATION AND FAIR VALUES

(i) Classification of each class of financial assets and financial liabilities

31 December 2024

	FVTPL	***FVOCI***	***Liabilities at fair value***	***Amortised cost***	***Total carrying value***
Cash and bank balances	**-**	**-**	**-**	**52,414**	**52,414**
Treasury bills	**-**	**-**	**-**	**14,505**	**14,505**
Securities bought under repurchase agreements	**-**	**-**	**-**	**272,366**	**272,366**
Investments at fair value through profit or loss	**26,488**	**-**	**-**	**-**	**26,488**
Investments at fair value through other comprehensive income	**-**	**13,858**	**-**	**-**	**13,858**
Investments at amortised cost	**-**	**-**	**-**	**13,800**	**13,800**
Fee receivables	**-**	**-**	**-**	**3,384**	**3,384**
Other assets	**-**	**-**	**-**	**10,988**	**10,988**
	26,488	**13,858**	**-**	**367,457**	**407,803**
Short-term bank borrowings	**-**	**-**	**-**	**7,540**	**7,540**
Securities sold under repurchase agreements	**-**	**-**	**-**	**279,033**	**279,033**
Customers' accounts	**-**	**-**	**-**	**38,100**	**38,100**
Other liabilities	**-**	**-**	**-**	**11,271**	**11,271**
Payable to other unit holders in consolidated funds	**-**	**-**	**1,223**	**-**	**1,223**
	-	**-**	**1,223**	**335,944**	**337,167**

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34 ACCOUNTING CLASSIFICATION AND FAIR VALUES (continued)

(i) Classification of each class of financial assets and financial liabilities (continued)

31 December 2023

	FVTPL	*FVOCI*	*Liabilities at fair value*	*Amortised cost*	*Total carrying value*
Cash and bank balances	-	-	-	56,437	56,437
Treasury bills	-	-	-	10,151	10,151
Securities bought under repurchase agreements	-	-	-	252,883	252,883
Investments at fair value through profit or loss	25,152	-	-	-	25,152
Investments at fair value through other comprehensive income	-	12,497	-	-	12,497
Investments at amortised cost	-	-	-	17,372	17,372
Fee receivables	-	-	-	2,720	2,720
Other assets	-	-	-	9,107	9,107
	25,152	12,497	-	348,670	386,319
Short-term bank borrowings	-	-	-	5,655	5,655
Deposits	-	-	-	4,234	4,234
Securities sold under repurchase agreements	-	-	-	259,391	259,391
Customers' accounts	-	-	-	35,806	35,806
Other liabilities	-	-	-	11,215	11,215
Payable to other unit holders in consolidated funds	-	-	3,150	-	3,150
	-	-	3,150	316,301	319,451

The carrying amount of assets and liabilities carried at amortised cost approximates the fair value in view of the short-term nature of such assets and liabilities.

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34 ACCOUNTING CLASSIFICATION AND FAIR VALUES (continued)

(ii) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

The table below analyses the fair value of financial assets and liabilities, by the level in the fair value hierarchy into which the fair value measurement is categorised.

31 December 2024	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets				
At FVOCI:				
- Equities	**5,722**	**377**	**-**	**6,099**
- Debt securities	**7,759**	**-**	**-**	**7,759**
At FVTPL:				
- Equities	**2,075**	**-**	**-**	**2,075**
- Debt securities	**6,327**	**594**	**-**	**6,921**
- Funds	**11,830**	**383**	**5,279**	**17,492**
	33,713	**1,354**	**5,279**	**40,346**

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34 ACCOUNTING CLASSIFICATION AND FAIR VALUES (continued)

(ii) Fair value hierarchy (continued)

31 December 2023	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets				
At FVOCI:				
- Equities	3,594	377	-	3,971
- Debt securities	8,526	-	-	8,526
At FVTPL:				
- Equities	4,012	-	-	4,012
- Debt securities	7,402	566	-	7,968
- Funds	10,702	-	2,470	13,172
	34,236	943	2,470	37,649

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the transfer has occurred.

The following table details the movement in Level 3 financial assets during the year:

	2024	*2,023*
At 1 January	**2,470**	3,086
Loss recognised in the consolidated statement of profit or loss	**(327)**	(313)
Purchases	**3,143**	30
Settlements	**(7)**	(333)
At 31 December	**5,279**	2,470

Sensitivity analysis of the movement in fair value of the financial instruments in the Level 3 category, which relates to fair value through other comprehensive income financial assets is assessed as not significant to the other comprehensive income and total equity.

34 ACCOUNTING CLASSIFICATION AND FAIR VALUES (continued)

(iii) Valuation technique and significant unobservable input

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	*Valuation technique*	*Significant unobservable inputs*	*Inter-relationship between significant unobservable inputs and fair value measurement*
Level 2			
Debt instruments	Market comparison technique: The valuation is based on observable market multiples derived from quoted prices of comparable debt instruments.	Not applicable	Not applicable
Level 3			
Private equity funds	Net asset values of the funds obtained from the fund managers	Net assets of the funds and the valuations of the underlying investments	The estimated fair value would increase (decrease) if there are any changes in the net assets of the funds based on the performance of the underlying investments.

35 COMPARATIVES

Certain comparatives have been regrouped where necessary to conform to the current year's presentation. The regrouping did not affect previously reported profit for the year or total equity of the Group.

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36 NET STABLE FUNDING RATIO

In August 2018, the CBB issued its regulations on Liquidity Risk Management (Module LM). The main objective of the NSFR is to promote the resilience of the banking system by improving the funding profile of banks by ensuring they have sufficient level of stable funding in relation to their assets and commitments. The NSFR thus promotes banks to rely on funding from stable sources and long-term borrowing in order to reduce the risks of disruptions which might impact the bank's liquidity position.

As per the CBB's Module LM, banks are required to meet the minimum NSFR of at least 100% on a continuous basis.

31 December 2024

	Unweighted values (before applying factors)				
	No specified maturity	***Less than 6 months***	***More than 6 months and less than one year***	***Over one year***	***Total weighted value***
Available stable funding (ASF):					
Capital:					
Regulatory capital	**73,841**	**-**	**-**	**66**	**73,907**
Retail deposits and deposits from small business customers:					
Less stable deposits	**-**	**16,221**	**-**	**-**	**14,599**
Other liabilities:					
All other liabilities not included in above categories	**-**	**291,826**	**28,660**	**5,598**	**22,666**
Total ASF					**111,172**
Required stable funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	**308,372**	**-**	**25,488**	**-**	**30,489**
Performing loans and securities:					
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	**-**	**33,016**	**-**	**-**	**16,508**
Other assets:					
All other assets not included in the above categories	**8,862**	**50,766**	**-**	**-**	**16,477**
Off-balance sheet items	**8,498**	**-**	**-**	**-**	**425**
Total RSF					**63,899**
NSFR %					**174%**

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36 NET STABLE FUNDING RATIO (continued)

31 December 2023

	Unweighted values (before applying factors)				
	No specified maturity	*Less than 6 months*	*More than 6 months and less than one year*	*Over one year*	*Total weighted value*
Available stable funding (ASF):					
Capital:					
Regulatory capital	68,096	-	-	66	68,162
Retail deposits and deposits from small business customers:					
Less stable deposits	-	12,232	-	-	11,008
Other liabilities:					
All other liabilities not included in above categories	-	300,970	-	5,521	7,722
Total ASF					86,892
Required stable funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	273,551	-	-	-	14,377
Performing loans and securities:					
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	36,692	-	-	18,346
Other assets:					
All other assets not included in the above categories	14,108	57,359	-	-	22,712
Off-balance sheet items	6,104	-	-	-	305
Total RSF					55,740
NSFR %					156%