Informed
Financial Services

2024
ANNUAL REPORT

sicobank.com

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

His Royal Highness
Prince Salman bin Hamad Al Khalifa
The Crown Prince and Prime Minister

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SICO At a Glance

Who We Are

A Premier Regional Financial Partner **Driving Growth and Innovation Across the Region**

SICO is a leading regional asset manager, broker, market maker, and investment bank with USD 7.4 billion in assets under management (AUM). Today, SICO operates under a wholesale banking license from the Central Bank of Bahrain (CBB).

Headquartered in the Kingdom of Bahrain with a growing regional presence and on-the-ground presence in the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE), SICO has a well-established track record as a trusted regional bank offering a comprehensive suite of financial solutions, including asset management, brokerage, market making, investment banking, advisory, treasury, and custody and fund administration, backed by a robust and experienced research team that provides regional insight and analysis of more than 90% of the region's major equities.

KSA

KSA's financial arena has been undergoing a transformative shift, with a continued focus on expanding capital market activities. As the Kingdom continues to rapidly diversify its economy, new opportunities in both public and private markets are becoming increasingly prominent. SICO recognises these evolving dynamics and is strategically positioned to contribute to the growth of the economic landscape, combining expertise with a forward-looking approach in an ever-evolving financial ecosystem.

Bahrain

At the center of our strategic operations, the financial landscape of Bahrain unfolds as a dynamic hub with a diverse array of financial activities, complemented by a well-established regulatory framework. The ecosystem in Bahrain reflects a commitment to stability and a dedication to fostering innovation in the financial services arena within the broader GCC.

United Arab Emirates

The UAE, with its dynamic financial landscape, serves as a beacon of innovation and growth in the GCC. As a regional financial powerhouse, the UAE provides ample opportunities for SICO's expansion. Our success with SICO Invest in the UAE, coupled with the nation's forward-looking vision, positions us to not only sustain our momentum but also to benefit from the talent pool and the flexibility offered by the offshore financial centers within the UAE.

Creating Value

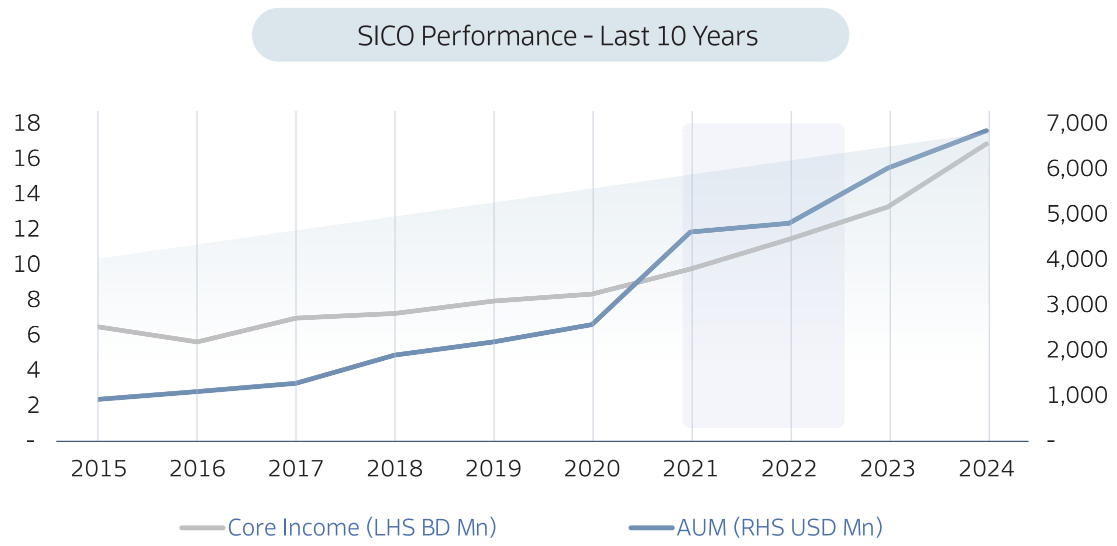
Our Vision 2025 strategy has allowed us to build a robust organization by focusing on **organic growth and leveraging our core strengths.**

We maintained our focus and consolidated our strengths further in 2024 while managing the growth of our products and businesses. Staying true to our Vision 2025 strategy has allowed us to achieve results and create shared success for our clients, shareholders, and community.

We delivered solid growth across our core businesses: Asset Management, Investment Banking, Brokerage, and Securities Services. On a Group level, we focused on achieving key strategic objectives, including the fortification of more sustainable fee-based business streams, the development of a wider geographical footprint with enhanced reach, and the provision of unparalleled client experiences. These objectives are backed by streamlined, end-to-end seamless operations, a robust governance framework, and digitalization to maximise efficiencies.

Strategy implementation is a dynamic process wherein ultimate results are a combination of both internal and external factors, given dependance on capital market activities and outlook.

Maintained strong growth pace despite challenging markets and expansion to KSA



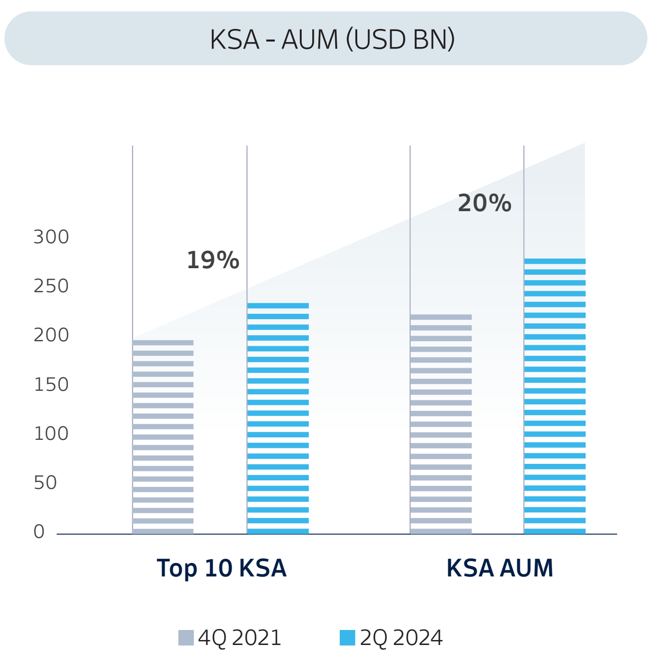
7.4 USD/BN

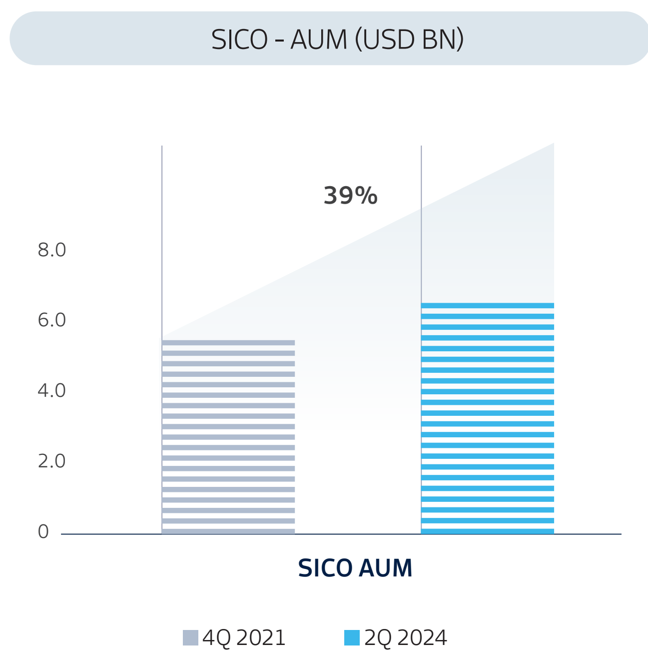
Achieved a 28% CAGR over 5 years and 23% over 10 years.

17.8 BD/MN

Core income grew from BD 9.7 mn in 2021 to a BD 17.8 mn in 2024.

SICO's AUM growth as a group has outpaced its KSA peer group by a significant margin





2024 Strategic Achievements

Expanded AM capabilities across asset classes
- US Equity mandate and expanding market coverage (Morocco)
- Diversified and multi-asset mandates in Bahrain

Strengthened debt and equity capital markets capabilities
- Joint Lead Manager in a major debt primary issue
- Active mandates in advisory and equity IPO (Bahrain)

Launched new business lines
- Global markets trading platform
- Fractional bonds and third-party distribution

Built partnerships for enhanced market reach
- Third-party distribution and platforms
- Local partnerships for distribution

Organic growth

The bulk of our strategic focus in 2024 has been dedicated to organic growth and expanding our core capabilities, and we have successfully done so, particularly with our Asset Management and Investment Banking lines of business.

Digitalization

Digitalization is an integral component of our transformation into a leading regional financial institution. The central objective of our digitalization initiatives is to enhance customer experiences, optimise operational efficiency, and foster a culture of innovation within the organization. Leveraging cutting-edge digital technologies, such as artificial intelligence (AI), data analytics, and cloud computing. We regularly review, enhance, and streamline our key business processes, enabling faster decision-making and improved agility in responding to market demands.

Client Experience
- One reputation and identical shared values
- Transformation in our digital platforms and client reports

Investing for Growth & Better Efficiency
- Improving and transforming existing businesses
- Building new business lines with centralised support

Agile Operating Model — Longer-Term Focus
- 3years+ clear financial goals
- Leaner organization structure
- Leveraging existing resources to improve profit margins

Standardization
- Transferring governance, control, and accountability culture across the Group
- Unifying systems and digital platforms
- Talent acquisition and retention

Note From Our Chairman

Abdulla Kamal
Chairman of the Board

> 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.

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 characterised 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. Asset under management (AUM) 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 10 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 KSA asset managers is 8th, up from 9th place in the previous year, considering the growth in AUM. Given that SICO is one of the only two non-bank affiliated asset managers on the top 10 list of managers in KSA, I believe 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 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.

7.4 USD/BN
AUMs in 2024

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 capital markets. We also successfully completed our role as Joint Lead Manager and Bookrunner, alongside regional and international banks, for a benchmark five-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

> Across all our lines of business, we continue to lead and innovate with new investment products.

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 KSA subsidiary, SICO Capital, also launched a USD 250 million Saudi residential real estate fund, expanding investment opportunities in the KSA 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 KSA market has been a journey of growth and opportunity, and I believe we are achieving significant forward momentum there. We successfully broadened our product base in Saudi, 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 KSA. 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 and 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 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 Executives' Remuneration in BD'000

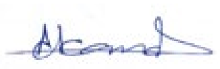
Executive management	Total paid salaries and allowances	Total paid remunerations (Bonus)	Any other cash/in kind remuneration	Aggregate Amount
Top six remunerations for executives, including CEO and CFO	1,020	447	157	1,624

Details of SICO's Board Remuneration in BD'000

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount	Expenses Allowance
	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		(Does not include expense 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 AlQutub [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

Note From Our Group CEO

Najla M. Al Shirawi
Group Chief Executive Officer

> Our numbers this year tell a compelling story beyond financial performance, one of the discipline, expertise, and a relentless drive that fuel our success.

Leading with Purpose

Reflecting on the past year, I am immensely proud of what we have achieved together at SICO. In a quickly developing financial landscape, where uncertainty remains a constant, our ability to navigate challenges, seize opportunities, and deliver strong results underscores the strength of our strategy and the dedication of our team.

2024 was a year defined by execution, innovation, and resilience. Despite global market volatility and shifting economic conditions, we remained steadfast in our commitment to delivering value for our clients and stakeholders. Our numbers this year tell a compelling story beyond financial performance, one of the discipline, expertise, and a relentless drive that fuel our success.

Delivering a Strong Financial Performance

SICO delivered an exceptional year of consistent and robust growth. Our AUM rose by 23% to reach USD 7.4 billion, reinforcing our ability to build a strong, resilient portfolio for our clients. Our net profit attributable to shareholders surged by 26% year-on-year to BD 5.5 million (USD 14.6 million), underscoring our effective execution and operational strength.

A key driver of our success has been our fee-based business, which saw net fee income grow by an impressive 33% to BD 10.8 million (USD 28.8 million), reflecting our ability to generate sustainable revenue streams despite industry-wide pressures. Brokerage and other income soared 77% to BD 3.8 million (USD 10.0 million), fueled by our market leadership and innovation in trade execution. Meanwhile, net interest income increased by 10% to BD 3.9 million (USD 10.5 million).

In an increasingly competitive market, we have also strengthened our presence in KSA, where our AUM has grown significantly, positioning us among the fastest-growing asset managers in the region. Our total equity attributable to shareholders increased by 5% to BD 74 million (USD 196.2 million), reflecting our disciplined approach to capital allocation and risk management.

Market Background

The regional equity markets remained stable during 2024, returning mid-single digits, with the exception of Dubai, which had a stellar year of nearly 35% in total return. The outperformance is despite the 9% corporate taxation that was introduced in UAE during FY24. Given the strong growth in earnings driven by macro momentum and reforms, Dubai market's robust returns for the second year in a row are not surprising. Taxation reforms will remain an important theme for 2025, as most GCC markets are implementing Domestic Minimum Top-up Taxation (DMTT), which will affect multinational enterprises and their subsidiaries with a certain revenue threshold. While this can be negative for near-term earnings, markets will likely focus on long-term recurring earnings growth, as seen in Dubai during FY24. Investor sentiments in the region have been broadly positive, led by stable oil prices, extension of OPEC+ voluntary cuts, and ongoing structural reforms to further diversify economies, boost non-oil growth, and attract both FII and FDI into the region.

5.5 BD/MN

Net profit in 2024, up 26% year-on-year

In 2024, the GCC fixed income market rose by 2.1%, navigating a year of significant volatility in the credit space as 10-year treasuries rose by 75 basis points to close the year at 4.57%, despite the Fed cutting rates by 100 basis points for the first time since the pandemic. Overall, the economic landscape in 2024 was defined by a combination of strong growth, higher than expected inflation, and a robust labor market, as investors grappled with a series of data surprises and a data-dependent Fed. Notably, Bahrain emerged as the best-performing GCC market in 2024, achieving a remarkable 6.5% return, followed by Kuwait, which saw a 5.7% increase largely driven by corporate bonds and perpetual securities. In contrast, longer-term and higher-quality issuers like KSA and Qatar experienced more modest gains of approximately 1%, reflecting movements in US Treasuries while benefiting from coupon and spread compression.

Looking ahead to 2025, markets are currently pricing in only two potential rate cuts from the Fed—one in June and another in December—as the Fed tempered its narrative regarding excessive rate reductions, taking a more cautious approach to the uncertainties surrounding fiscal policies and tariffs under the Trump administration. Nevertheless, the market seems to have an overall downward bias in rates with expected bursts in volatility, with security selection and market timing to drive meaningful returns this year. Overall, the outlook for the GCC fixed income in the 2025 market remains optimistic, with investors expected to generate returns in the 5% to 6% range.

The region remains active in primary issuances, with 22 issuances across main markets in the GCC during 2024, including Bahrain, which had a successful listing where SICO was the lead manager. KSA continues to dominate in the primary issuances, and the majority of the listings have been highly rewarding to the investors. Both Abu Dhabi and Dubai have also been active in the primary market, and we expect KSA and UAE to continue to lead the momentum in IPOs during 2025.

2025 is expected to bring its own share of opportunities and challenges. Given risks of tariffs under new US government and likely retaliations by affected countries, inflation and Fed rates cuts will be tricky to predict. This would affect interest rates in the GCC, where central banks largely mimic Fed policy changes. However, we expect OPEC+ to continue its efforts to play an important role in stabilising oil prices around the USD 75/bbl level, which should be positive in general for regional sentiments. As regulatory reforms, project spending, and improving private sector participation continue in the region, we look forward to an exciting year ahead with multiple opportunities.

> SICO Brokerage continued to dominate Bahrain's market for the 26th consecutive year, executing over 90% of major transactions in the Kingdom.

Operational Review: Advancing Growth Across Business Lines

SICO's Asset Management division delivered another year of outperformance, expanding AUM by 23% year-on-year to USD 7.4 billion. The division also played a key role in the launch of the Tanmia Liquidity Fund in Oman, enhancing market depth on the Muscat Stock Exchange. Our Khaleej Equity Fund celebrated its 20th anniversary, reaffirming its reputation as a top performer with an average annual return of 20.3%.

SICO Brokerage continued to dominate Bahrain's market for the 26th consecutive year, executing over 90% of major transactions in the Kingdom. Trading activity through our digital platform surged 60% year-over-year, reflecting growing client adoption of our technology-driven solutions. Notably, the introduction of fractional bond trading for as little as USD 50,000 has expanded market access to a broader client base, positioning SICO as an innovator in the regional brokerage landscape.

SICO Investment Banking reinforced its market leadership through high-profile transactions, including managing the oversubscribed IPO of AlAbraaj Restaurants Group and co-leading Lulu Retail's landmark listing on the Abu Dhabi Securities Exchange. Our advisory expertise also played a pivotal role in structuring mergers and acquisitions, such as Gulf Tamin Ltd's acquisition of a strategic stake in Arab Insurance Group. We also completed our first public debt capital market deal this year, acting as Joint Lead Manager and Joint Bookrunner alongside regional and international banks for BBK's USD 500 million senior unsecured five-year bond.

In 2024, SICO strengthened its presence in KSA and the UAE through strategic expansions and key financial transactions. In KSA, SICO advanced its asset management capabilities by expanding real estate investments and managing external funds for regional institutions, while its Securities Services division continued to provide comprehensive fund administration and custody solutions. In the UAE, SICO maintained its role as a market maker and liquidity provider on ADX and DFM, reinforcing its expertise in liquidity provision.

We also remained the leading market maker on the Bahrain Bourse, playing a crucial role in enhancing liquidity. Our Bahrain Liquidity Fund continued to support market volumes and valuations, demonstrating its value as a stabilising force in times of volatility.

A Strategy Built for Growth

SICO's Vision 2025 strategy continues to guide our expansion, ensuring that we build a business that is not only high-performing but also sustainable and diversified. Our focus remains on strengthening our fee-based businesses to drive recurring revenues, expanding our geographical reach, with a core focus on KSA and the UAE; streamlining end-to-end operations to enhance efficiency and governance; and accelerating digital transformation to create a seamless client experience.

> SICO's Vision 2025 strategy continues to guide our expansion, ensuring that we build a business that is not only high-performing but also sustainable and diversified.

> In 2024, SICO strengthened its presence in KSA and the UAE through strategic expansions and key financial transactions.

A key milestone in this journey was the approval and initiation of our partnership with Backbase, a state-of-the-art digital banking platform that will serve as the foundation for our digital ecosystem. This transformation is about fundamentally reshaping how we interact with clients, streamline operations, and enhance efficiency across all touchpoints. By embracing digitalization, we are ensuring that SICO remains at the forefront of financial services innovation, able to deliver solutions that are not only effective but also agile and future-ready.

Our digital strategy is being implemented in phases, starting with SICO Bahrain in 2024, followed by SICO Capital and SICO Invest in 2025. The end goal is to create a fully integrated digital framework that enables seamless transactions, real-time analytics, and a highly personalised client experience. In an era where technology is reshaping financial markets, our proactive approach to digital innovation is a defining factor in our continued success.

ESG

At SICO, environmental, social, and governance (ESG) principles are integral to our long-term strategy and corporate ethos. In 2024, we reinforced our commitment to diversity, inclusion, and talent development, ensuring that our business creates meaningful impact beyond financial returns.

Diversity and inclusion remain at the heart of SICO's workforce strategy. This year, we celebrated the

> In 2024, we reinforced our commitment to diversity, inclusion, and talent development, ensuring that our business creates meaningful impact beyond financial returns.

success of the Women in Investment Management (WIM) program, which provided hands-on portfolio management training to 26 Bahraini women selected from 75 applicants. The program's impact was evident, with 90% of participants securing employment in the financial sector, highlighting SICO's role in advancing gender diversity in investment management.

Further cementing our role as a champion of gender equity, SICO signed the UN Women's Empowerment Principles (WEPs), aligning our policies with global best practices in gender equality. As part of this initiative, we have joined over 600 regional companies committed to fostering inclusive workplaces that offer equal opportunities for career progression.

Our ongoing educational tree-planting efforts have led to the planting of thousands of trees across Bahrain's urban areas, helping to enhance green spaces, improve air quality, and promote environmental awareness among younger generations. This initiative aligns with our broader mission to foster a more sustainable future while actively engaging with local communities. In addition, we continue to drive meaningful social impact through a wide range of community service efforts, spanning healthcare, education, and environmental sustainability. Whether through supporting educational programs, contributing to healthcare initiatives, or championing projects that enhance the well-being of our society, we remain dedicated to creating lasting, positive change.

As we continue to grow, ESG principles will remain central to our strategy as a fundamental driver of our sustainable success. Our progress in diversity, talent development, and governance is just the beginning, and we look forward to deepening our impact in the years to come.

The Power of Our Team

Behind every success story at SICO is a team committed to excellence. What truly sets us apart is our ability to execute, for we are empowered by our shared purpose to increase our clients' wealth by helping grow and protect their assets, equip clients with the information needed to make informed decisions, and reduce risk by delivering solutions that safeguard our clients' interests.

This purpose is embedded in everything we do, aligning our efforts towards a common goal and ensuring that we continuously deliver outcomes that matter. Our ability to innovate, execute with precision, and lead with purpose has been the cornerstone of our success.

I want to take a moment to acknowledge and celebrate the incredible strides we have made as a team. It is this collective excellence that propels SICO forward, ensuring that we remain a trusted partner for our clients, a leader in our industry, and a force for positive change in the markets we serve.

Looking Ahead

As we look at 2025 and beyond, we remain committed to sustaining our growth trajectory, deepening our market presence, and continuously enhancing the value we bring to our stakeholders. Our ambitions are bold, and with the right strategy, talent, and execution, I have no doubt that we will continue to set new benchmarks for excellence in financial services.

I would like to extend my deepest gratitude to all our stakeholders, including our regulators, the Central

> Today, we stand as a regional financial institution that Forbes recently named as a "Top 30 Asset Manager."

Bank of Bahrain, and the Bahrain Bourse, for their unwavering support. Our achievements would not have been possible without the dedication, hard work, and commitment of our shareholders, partners, and clients. Above all, I am immensely proud of our exceptional team at SICO, whose relentless efforts have driven the outstanding financial and operational results we celebrate today. A special thank you to our esteemed Board of Directors and our Chairman for their invaluable guidance and leadership.

Our success is built on the trust and support of our clients, partners, and shareholders, for which I am truly grateful. Equally, it is the passion and expertise of our exceptional team that drive us forward. As we look ahead, I am confident that, together, we will continue to achieve new heights and set even greater benchmarks for excellence.

Najla Al Shirawi
Group Chief Executive Officer

02

2024:
A Year of Financial & Operational Excellence

2024 Financial Highlights

Net Profit
5.5 BD/MN
2023: 4.4 BD/MN

Net Investment Income
3.0 BD/MN
2023: 4.5 BD/MN

Net Interest Income
3.9 BD/MN
2023: 3.6 BD/MN

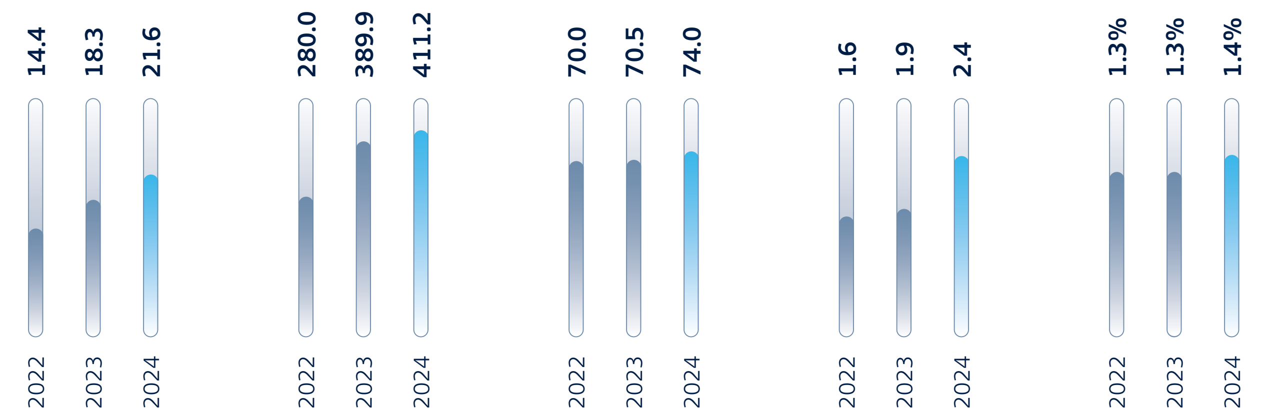
Other Income
1.5 BD/MN
2023: 0.4 BD/MN

Brokerage Income
2.3 BD/MN
2023: 1.6 BD/MN

Asset Management & Other Fee Income
8.6 BD/MN
2023: 7.7 BD/MN

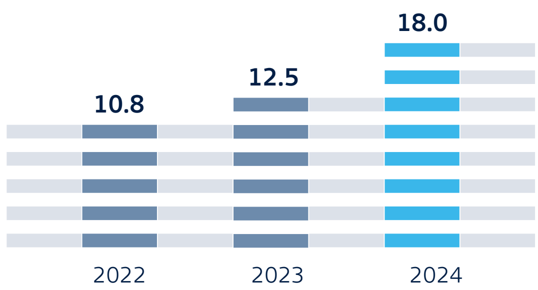
Investment Banking Income
2.2 BD/MN
2023: 0.4 BD/MN

Total Revenues (BD Million)	Total Assets (BD Million)	Shareholder's Equity (BD Million)	AUM (Net) (BD Billion)	Return on Average Assets (Annual Ratio)
21.6	411.2	74.0	2.4	1.4%

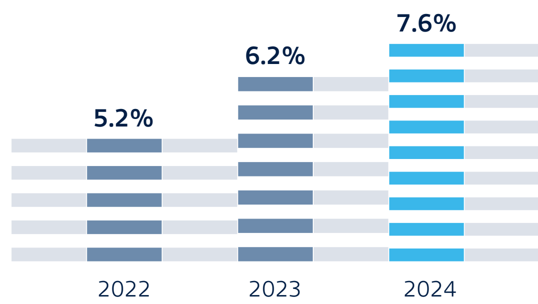


SICO has experienced a significant increase in AUMs, **achieved excellence in brokerage activities, and notable growth in our investment banking services**, solidifying our position as the partner of choice for M&A activities and capital market transactions.

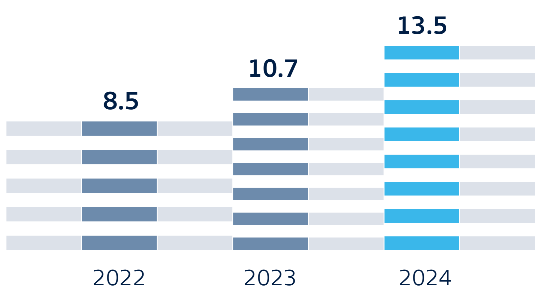
Sustainable Income (BD MN)



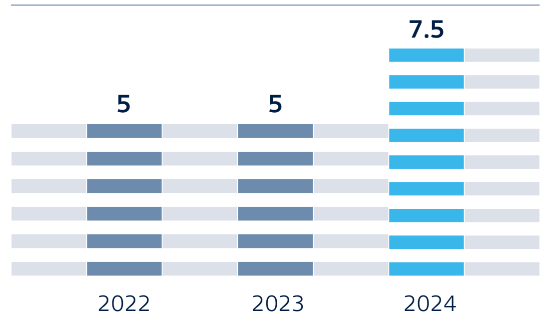
Return on Average Equity (Annual Ratio)



Earnings per Share (Fils)



Dividends per Share (Fils)



2024 Operational Highlights

Lead manager for **AlAbraaj Restaurants' BD 9 mn** IPO on the Bahrain Bourse

USD 126 mn Tanmia Liquidity Fund launches on Muscat Stock Exchange

USD 250 million Saudi residential real estate fund launches through **SICO Capital**

Fractional bonds and **sukuk trading launch**

Joint lead manager for **Bank of Bahrain and Kuwait's (BBK)'s USD** Benchmark Bond Offering

Co-lead bank on **LuLu Retail's** IPO on ADX

Signatory to the **UN Women's Empowerment** Principles (WEPs)

Dilmun **Compounders Fund** (DCF) launches

2024 Awards

Bahrain's Best Investment Bank 2024
Global Finance

Best Investment Bank in Bahrain
Euromoney Awards for Excellence

The Middle East's Top 30 Asset Managers
Forbes Middle East

Best Asset Manager in Bahrain
EMEA Finance

Best Broker in Bahrain
EMEA Finance

Best M&A House in Bahrain
EMEA Finance

Best Bank for Diversity & Inclusion in Bahrain
Euromoney Awards for Excellence

Best Securities House in Bahrain
Euromoney Awards for Excellence

Number One Broker
Bahrain Bourse

> SICO's performance during 2024 was recognised by several prestigious organizations, receiving multiple accolades throughout the year.

Management Discussion & Analysis

For the full year 2024, SICO reported BD 5.5 million (USD 14.6 million) in consolidated net profit attributable to shareholders, representing a 26% increase from the BD 4.4 million (USD 11.6 million) recorded for the year ended 31 December 2023. The increase in operating income and net profitability is primarily attributable to the solid performance across various lines of business, with brokerage and other income witnessing significant growth. The growth in AUMs also resulted in improving the sustainable fee income, in terms of management fees and custody and fund administration fees. The increase in advisory fees from investment banking and other asset management mandates also contributed to the overall increase in income. Earnings per share recorded 13.5 Bahraini fils in 2024, up from 10.7 Bahraini fils in 2023. SICO's comprehensive income attributable to shareholders stood at BD 5.7 million (USD 15.1 million) in 2024, compared to BD 4.6 million (USD 12.2 million) in 2023, representing a 24% increase.

Appropriations

SICO's Board of Directors has recommended a dividend of 7.5% of the eligible share capital, aggregating to BD 3.2 million (USD 8.5 million), subject to the approval of the CBB and the General Assembly.

Asset Management

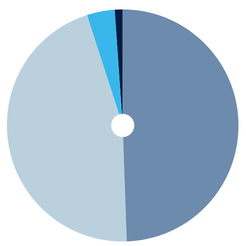
SICO's total AUMs witnessed growth during the year on the back of new offerings and services expansions. On a gross basis (including leverage), SICO's AUMs rose 23% to BD 2.8 billion (USD 7.4 billion) in 2024 from BD 2.3 billion (USD 6.0 billion) in 2023. The growth in AUMs was driven by the launch of new funds, together with an additional increase in clients' portfolios across asset classes.

SICO's flagship Khaleej Equity Fund yielded a five-year gross return of 12.7%, outperforming the benchmark by 4.5%. Meanwhile, SICO's Kingdom Equity Fund has achieved a five-year annualised gross return of 13.6%, significantly exceeding the annualised benchmark return of 9.6% for the period. SICO's Gulf Equity Fund, which invests in all GCC equity markets, excluding KSA, achieved a five-year annualised return of 10.7% surpassing the benchmark of 7%.

In 2024, the SICO Fixed Income Fund achieved a net return of 3.0%, outperforming the Bloomberg GCC Bond Index, which yielded a return of 2.2%, despite experiencing heightened volatility and elevated treasury yields. The fund's success can be attributed to judicious country and security selection, enabling it to navigate market complexities effectively. At SICO, we remain committed to leveraging these insights to enhance investor returns with the fund now offering a yield of 7.0% to a diversified portfolio of GCC fixed income securities and weekly liquidity.

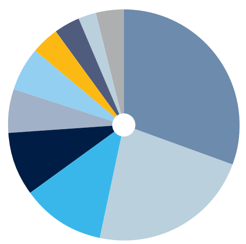
The SICO Elzaad Sukuk Fund got off to a very good start and achieved a net return of 5.5% in its first full year of operation and outperformed the Bloomberg GCC Sukuk

AUM by Asset Class



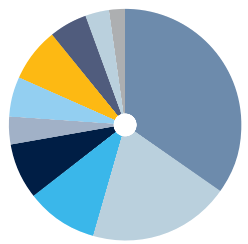
- Equity 50%
- Fixed Income 46%
- Real Estate 4%
- Others................... 1%

Composition of Net AUMs

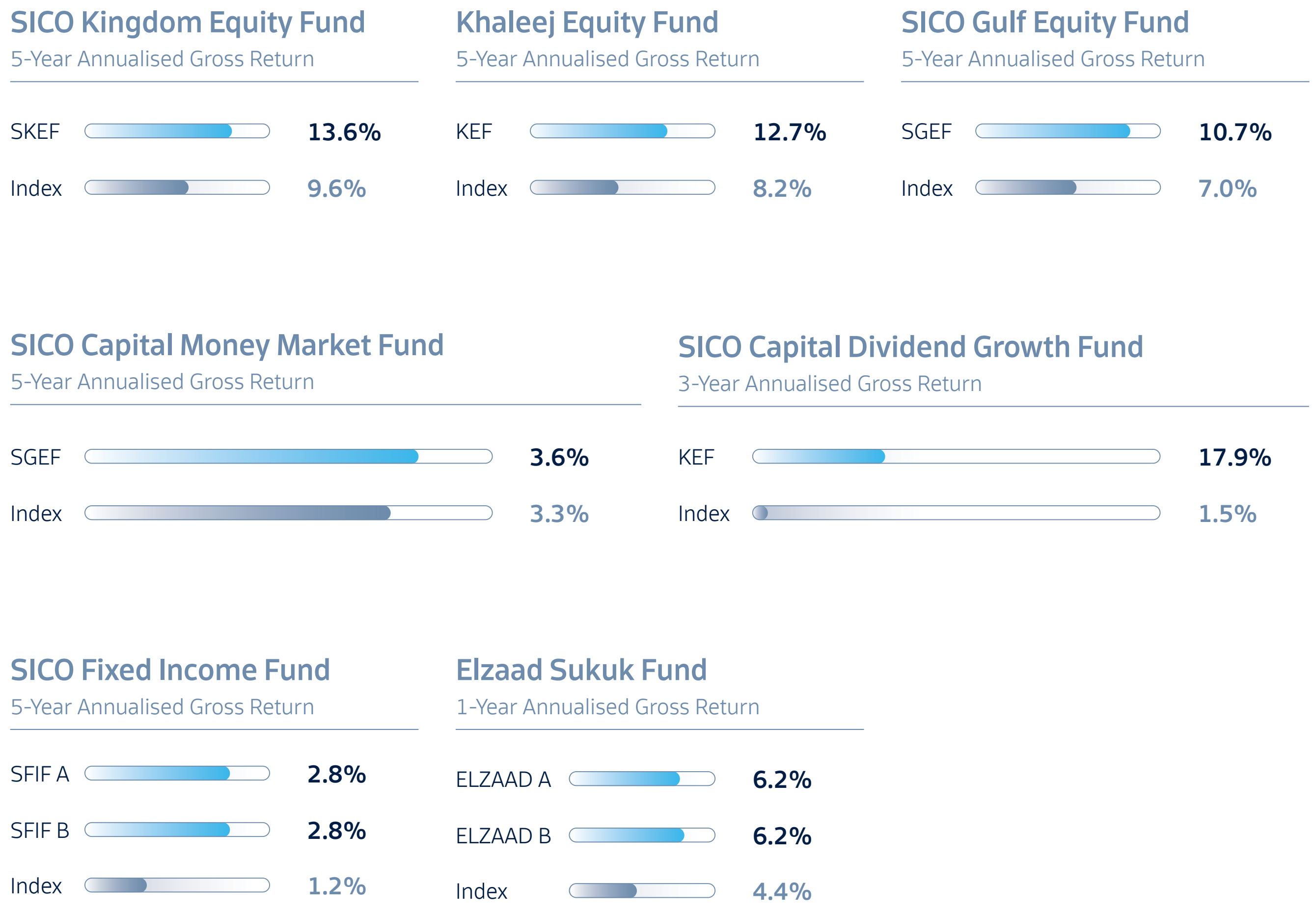


- Financial Institution 30.7%
- Pension Fund............ 22.7%
- SWP............................. 11.7%
- Individual....................... 8.9%
- Endowment.................. 6.2%
- Mutual Funds 6.1%
- Corporate 3.9%
- Government.................. 3.5%
- Insurance........................ 2.6%
- REIT.................................. 3.7%

Composition of Gross AUMs



- Financial Institution 35.0%
- Pension Fund............ 19.6%
- SWP............................. 10.1%
- Individual....................... 7.7%
- Corporate 3.9%
- Endowment 5.7%
- REIT.................................. 7.3%
- Mutual Funds.............. 5.3%
- Government.................. 3.3%
- Insurance........................ 2.2%



Index, which generated a return of 4.4%, positioning it as the best performing Sukuk fund among its peers tracked on Bloomberg. In addition to its strong returns, the fund distributed more than 50% of its earnings in 2024, reflecting our commitment to delivering value to our investors. Looking ahead, the SICO Elzaad Sukuk Fund aims to continue generating a net return in the range of 5.5% to 7.5%, while also providing monthly liquidity to meet the needs of our investors.

The SICO Capital Money Market Fund delivered a strong return of 6.2% in 2024, ranking it among the top three performing money market funds in KSA. This success stemmed from the fund's ability to capitalise on the high-interest rate environment and attractive short-term Sukuks to enhance returns. The fund is committed to providing investors with access to the best rates across banks and products in the GCC, all while ensuring daily liquidity.

Securities Brokerage

SICO Brokerage achieved a remarkable performance in 2024, continuing its leading position in the market through further enhancing its competitive edge through the proactive aggregation of client positions and tailored recommendations.

2.3 BD/MN

Brokerage income in 2024

SICO Brokerage maintained its first-place ranking on the Bahrain Bourse for the 26th consecutive year, securing a market share of 63% in traded value for 2024. The division's income rose to BD 2.3 million in 2024 compared to BD 1.6 million recorded in the previous year.

Investment Banking

SICO's Investment Banking division has reinforced its position as a leading force in Bahrain's capital markets, distinguished by its ability to execute complex transactions across multiple fronts. Backed by a team of top-tier investment professionals, the division has successfully led initial public offerings, secondary offerings, mergers and acquisitions, and strategic advisory mandates across diverse industries, serving both private and public sector clients. The division closed the year with BD 2.2 million in total income.

2.2 BD/MN

Investment banking income

Proprietary Investments

SICO's proprietary investments are classed under three components: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost (AC). Proprietary investments generated net investment income of BD 3.0 million in 2024 against BD 4.4 million one year previously.

Treasury

SICO's Treasury division booked net interest income of BD 3.9 million in 2024, up from the BD 3.6 million booked in 2023. FX income contributed BD 1.3 million to overall Treasury income for the year. The strength and liquidity of SICO's balance sheet was evident in the Bank's capital adequacy ratio of 74% at year-end 2024.

Market Making

SICO's Market Making division booked solid results in 2024. The Group recorded total market making income of BD 312 thousand in 2024, down from 452 thousand in 2023. The Market Making activities contributed by around 30% of the total traded value of BHB in 2024, compared to 16% in the previous year. This increase in participation was mainly due to signing new market making mandates during the year 2024.

9.1 USD/BN

Assets under custody

Custody and Fund Administration

The division booked solid results during the year, with assets under custody growing to USD 9.1 billion in 2024 from USD 8.8 billion in 2023. Similarly, assets under administration increased to USD 4.0 billion in 2024 from USD 3.2 billion in the previous year. By asset type, assets under custody in 2024 stood at USD 5.5 billion for equity, USD 3.4 billion for fixed income, and USD 118 thousand for private equity.

GCC Market Snapshot

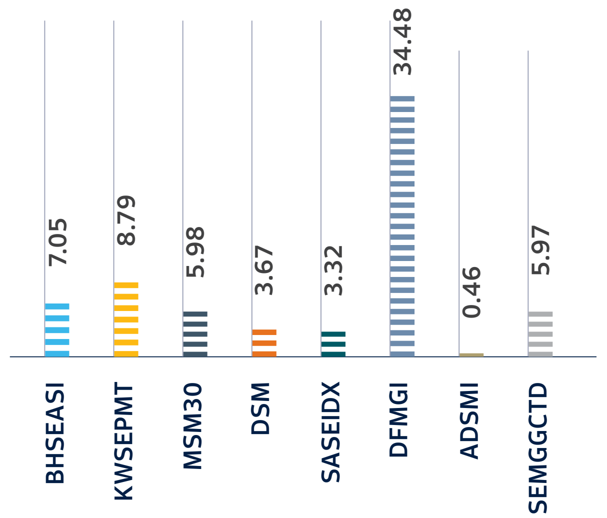
The GCC markets showed reasonably strong performance in FY24, with all seven exchanges posting positive returns. Dubai led the way with a stellar index return of approximately 34% for the year, followed by Kuwait (+9.8%) and Bahrain (+7%), outperforming the S&P GCC benchmark index (+6%). Market resilience was evident amid ongoing volatility in crude oil prices, driven by global supply concerns, OPEC+ production adjustments, and shifting geopolitical dynamics.

The anticipation of the Federal Reserve's interest rate cuts, implemented in the second half of 2024, had a noticeable impact on trading activity across most GCC markets, with trading activity for FY24 ticking upward across most GCC markets, except for Qatar and Dubai, where average daily turnover declined 11% and 5%, respectively.

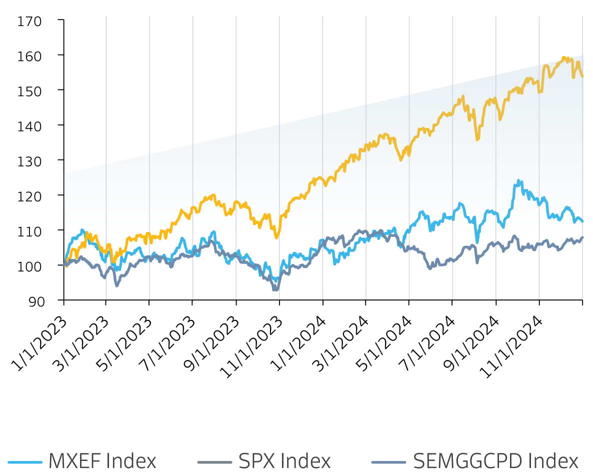
While oil demand demonstrated more resilience in 2024, it continues to face challenges similar to those of the previous year. Despite a budget deficit, KSA's increased spending alongside reforms that drove non-oil sector activity. Macro dynamics in UAE also remains favorable, and the stellar performance of the Dubai market, despite introduction of corporate tax, was a testimony to the same. We expect broader themes to spill over into 2025 from 2024 and forsee active, theme-based investing to generate better returns than passive approach.

IPO activity remained robust, with approximately USD 12.4 billion, reflecting the ongoing strength of the markets. The momentum is likely to persist, with a strong pipeline of offerings set to go public in 2025, with KSA and the UAE expected to lead the IPO activity, in line with recent trends. Bahrain also had its first IPO since 2018, with Alabraaj Restaurants debuting successfully where SICO was the lead manager.

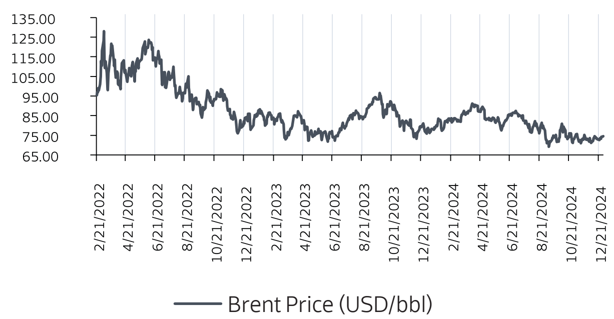
Index Returns (Total) - 2024 (%)



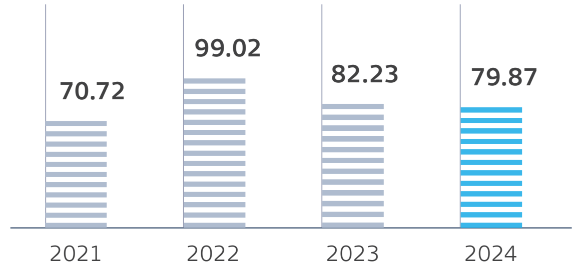
Key Index Performance (normalised to 100)



Brent Price (USD/bbl)

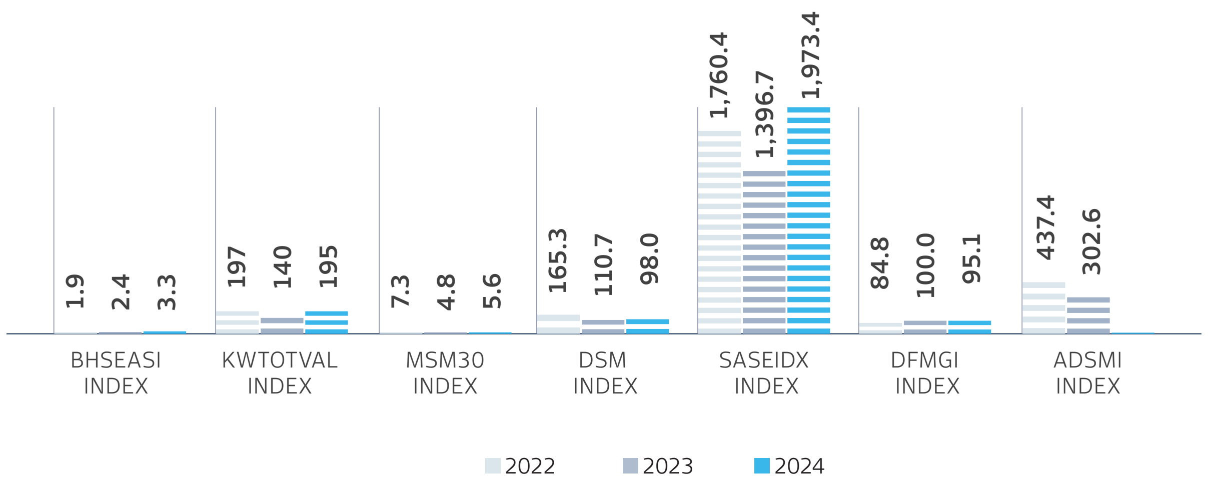


Average Daily Brent Price (USD/bbl)



Amount raised via IPO (USD MN)

Index Turnover (USD MN)



03

Operational Review

A Landmark Year Across Business Lines

Throughout the past year, each division showcased resilience and adaptability, navigating challenges with a **focus on delivering value to clients** and stakeholders through strategic initiatives and collective efforts.

In the dynamic landscape of financial services, SICO stands as a robust institution, embodying a multifaceted approach to investment and wealth management in the region. Its commitment to excellence is reflected across various business lines, encompassing Asset Management, Brokerage, Investment Banking, Market Making, Securities Services, and Research. Throughout the past year, each division showcased resilience and adaptability, navigating challenges with a focus on delivering value to clients and stakeholders through strategic initiatives and the collective efforts that have contributed to the overall success of the group.

Asset Management

SICO Asset Management is a leading regional asset manager with a consistent track record of outperformance on its GCC and MENA strategies, including Shariah-compliant and open mandates. The team offers its clients access to a broad range of conventional and Shariah-compliant equities, fixed income, and money market securities, as well as real estate investment trusts (REITs) and private real estate funds with on-the-ground investment professionals in Bahrain and KSA. The team also manages various external funds on behalf of leading regional financial institutions.

In 2024, SICO's Asset Management navigated a challenging yet rewarding year, marked by volatile market conditions and strategic achievements across asset classes. The fixed income sector experienced increased investor interest but faced withdrawals from money markets in the second half of the year due to declining yields and shifting rate-cut expectations. Meanwhile, GCC equity markets grappled with regional political instability and declining oil prices, leading to subdued performance and modest returns, with most markets posting flattish to negative returns except Dubai. Despite these hurdles, SICO demonstrated resilience and adaptability, achieving consistent outperformance across its fixed income and equity strategies, including conventional and Sharia-compliant funds.

AUM growth remained a key highlight, increasing from USD 6.3 billion to USD 7.4 billion by the end of 2024, a 23% year-on-year rise—spanning equities, fixed income, and real estate. Real estate played a pivotal role, with progress in KSA through new development projects and residential acquisitions. Additionally, SICO expanded its regional coverage to Morocco and Egypt, further establishing itself as a MENA-focused asset manager. The launch of innovative products, such as fractional bonds, the Saudi Domicile Kingdom Equity Fund, and groundwork for a potential regional quant fund, underscored SICO's commitment to diversification.

SICO, together with Oman National Investment Development Company "Tanmia," launched the "Tanmia Liquidity Fund" at the Muscat Stock Exchange (MSX), valued at USD 126 million. The fund aims to increase market depth and liquidity while achieving long-term capital growth, aligning with ongoing reforms in Oman's capital markets.

In December 2024, SICO launched the Dilmun Compounders Fund (DCF), the first Bahrain-domiciled international Islamic equity fund, with an initial size of USD 50 million. This fund enhances SICO's investment product range and underscores its commitment to innovative financial solutions and value-driven opportunities for investors. This fund represents a significant advancement for SICO, expanding its diverse range of investment products and reaffirming its resolute commitment to providing innovative financial solutions. The DCF not only enhances SICO's product offerings but also underscores its dedication to delivering distinguished and value-driven opportunities to investors.

23%
year-on-year growth in AUMs

60%
Increase in SICO LIVE order value

Brokerage

Entering into its 26th consecutive year as Bahrain's number one broker and working toward its goal of becoming one of the top three brokers in the region, SICO Brokerage is backed by a highly experienced team of advisors, top-notch in-house research capabilities, and an online trading platform, SICO LIVE, with the latest technology for both regional and international equities and fixed income securities. Maintaining the lion's share of the market at 63%, SICO Brokerage remains the undisputed leader on the BHB, providing access to equities, fixed income securities, and T-bills to a wide range of high-profile institutional and individual clients across the region. The division also offers margin trading facilities.

The firm showcased its dominance, executing over 90% of the major transactions in Bahrain and achieving a 60% increase in order value executed through its trading application, SICO LIVE. Despite geopolitical tensions, the GCC desk demonstrated resilience, recording a 4% growth in activity.

SICO's Brokerage team strengthened its market

63%
Market share on Bahrain Bourse

30%
Increase in Eurodollar traded volumes

position by proactively aggregating client positions and providing tailored fixed-income recommendations, driving a 30% increase in Eurodollar traded volumes. Leveraging liquidity and volatility, the team delivered personalised solutions and introduced fractional bond and sukuk trading with a reduced minimum investment of USD 50,000, enhancing accessibility.

Investment Banking

SICO Investment Banking is a well-established market leader in Bahrain with an on-the-ground presence in KSA. The Investment Banking team's unparalleled expertise in the Bahraini market and ability to deliver a comprehensive suite of tailored financial services for both large corporates and mid-sized players have made SICO the trusted partner of choice for both private and public sector clients. Over the span of two decades, SICO has successfully executed complex deals and managed initial public offerings, secondary offerings, M&A deals, and advisory services across a wide spectrum of sectors, including construction, tourism, hospitality, food and beverage, real estate, telecoms, banking, insurance, consumer finance, and education. From arranging primary and secondary offerings to deal structuring, valuations, and corporate and family business advisory services, SICO Investment Banking offers in-depth insights, textbook execution, and a flexible platform that provides innovative and fit-for-purpose solutions.

As the mandated lead manager for AlAbraaj Restaurants Group's BD 9 million IPO, SICO played a pivotal role in structuring, underwriting, and managing the successful listing on the BHB. The IPO had a subscription rate of 2.6 times, reflecting investor confidence and robust demand. SICO's innovative eIPO platform further enhanced this success, attracting 50% of the total applicants and showcasing the bank's commitment to leveraging technology to optimise client service delivery. This digital solution underpins SICO's focus on efficiency and precision in high-profile transactions.

SICO's influence extended regionally with its role as co-lead bank for Lulu Retail's landmark IPO on the ADX. The offering of 3.1 billion shares (30% of the company's share capital) with a total value of USD 1.72 billion, reinforced SICO's reputation as a trusted partner for facilitating large-scale transactions. Additionally, SICO demonstrated its regional reach and expertise by acting as joint lead manager and bookrunner for the Bank of Bahrain and Kuwait's USD 500 million benchmark bond issuance, which attracted an order book of approximately USD 1 billion. These successes highlight SICO's commitment to supporting capital market liquidity and providing funding opportunities for clients across the GCC.

Beyond IPOs and bond offerings, SICO solidified its position in mergers and acquisitions advisory with several strategic transactions. The firm advised Gulf Tamin Ltd on its acquisition of a 13.85% stake in Bahrain-listed Arab Insurance Group and is currently facilitating the potential merger between Bahrain Family Leisure Company and Dividend Gate Capital's hospitality arm, Truffle. Further showcasing its strategic agility, SICO completed a full acquisition of its subsidiary, SICO Funds Services, streamlining operations and delivering enhanced securities services. These accomplishments underscore SICO's unwavering dedication to creating value for clients while driving innovation and growth in Bahrain and beyond.

> "SICO demonstrated its regional reach and expertise by acting as joint lead manager and bookrunner for the Bank of Bahrain and Kuwait's USD 500 million benchmark bond issuance.

> "Beyond IPOs and bond offerings, SICO solidified its position in mergers and acquisitions advisory with several strategic transactions.

Market Making

With an eye on creating liquidity that builds the foundation for investor confidence, enhancing volumes, increasing valuations, and improving performance in the market, SICO has been a pioneer liquidity provider for a number of large-scale listed entities on the BHB. With a robust track record of almost 30 years of success, SICO's Market Making division actively participates in bid and ask sides, narrows down price spreads, and creates a market for selected stocks, post-IPO listings, cross listings, and mature listings.

In 2018, SICO became the first non-UAE based entity to be granted a license to operate as a market maker and liquidity provider in the UAE on both ADX and Dubai Financial Market (DFM). Despite the market challenges during the past few years, SICO was able to maintain its position as the leading liquidity provider on BHB.

> "SICO was appointed as the designated liquidity provider for two of Bahrain's leading financial institutions, GFH and NBB.

During the year, SICO successfully executed three new liquidity providing mandates, where it was appointed as the designated liquidity provider for two of Bahrain's leading financial institutions, GFH and NBB. Later in the year, the division was appointed as the post-IPO price stabilizer and liquidity provider for AlAbraaj Restaurants Group, an important role that will ensure the stability of the share price post-listing.

Securities Services

SICO is a well-established fund services provider that has been offering custody services to clients in Bahrain since 2004. Known for its client-centric approach and active utilization of technology, tools, processes, and delivery platforms, SICO is considered one of the GCC's most successful and highly regarded fund service providers.

SICO offers a full range of integrated securities and fund administration services in both its home country of Bahrain and in KSA. The comprehensive services on offer in both of these countries provide a holistic basket of solutions for asset managers, investment funds, and portfolios, covering multiple asset classes that give investment managers the ability to outsource their administrative overheads, enhance efficiencies, and focus on their core business.

SICO's tailor-made middle- and back-office services are specifically designed to meet the evolving needs of a diverse local and global client base of both emerging and established players across the region. In addition to pre- and post-trade execution solutions, new value-added services for asset managers, such as middle office and performance analytics for public and private funds covering all asset classes, have been introduced. These include unit holder dealing, investment manager factsheets, and bespoke front-to-office reporting.

Research

SICO Research is a pioneer of sell-side research in the GCC, with a team that delivers in-depth products and insights that are utilised by a broad spectrum of clients within the GCC region and beyond. The division's team comprises of eight expert analysts, many of whom are CFA charter holders, all concerned with producing high-quality research that covers over 85 companies across 13 key regional sectors. Through its offerings, the division also provides clients with valuable and timely advice that assists in strategic decision-making processes.

During the year, the SICO Research team continued to deliver its objective research reports, company analyses, newsletters, and periodicals, through which the division's analysts conveyed their insightful observations, revisions, and prudent viewpoints. SICO Research's highly regarded Top-20 Portfolio, an equally weighted portfolio which comprises 20 diversified GCC stocks, continued its outperformance in 2024, with the fund returning 10.6%, implying an outperformance of its benchmark, the S&P GCC Index by 4.6%. Despite the overall market volatility, the notable portfolio achieved impressive outperformance. The strategy behind the portfolio is supported by robust fundamental research on each listed company. Simultaneously, it aims to address the necessity of judiciously diversifying stock ideas across sectors and countries within the GCC region.

SICO published its fourth annual investor return assessment survey, offering an inside look into the economic and return requirements of investors across the GCC. This year's survey, conducted in September, gathered insights from a diverse group of 209 respondents across the GCC investment ecosystem, including C-suite executives, fund managers, business owners, and institutional investors. Respondents provided feedback on their expected returns across asset classes, including listed equities, government bonds, real estate, private equity, and cash deposits, while also sharing their economic outlook and views on which asset class offers the best risk-adjusted returns over the next 12 months.

> "SICO Research covers over 85 companies across 13 key regional sectors.

10.6%

Top-20 portfolio fund returns in 2024

Case Study

Khaleej Equity Fund Celebrates 20 Years of Outperformance

The Khaleej Equity Fund is one of very few regional funds with a **successful 20-year track record** managed by one of the most stable investment teams in the region.

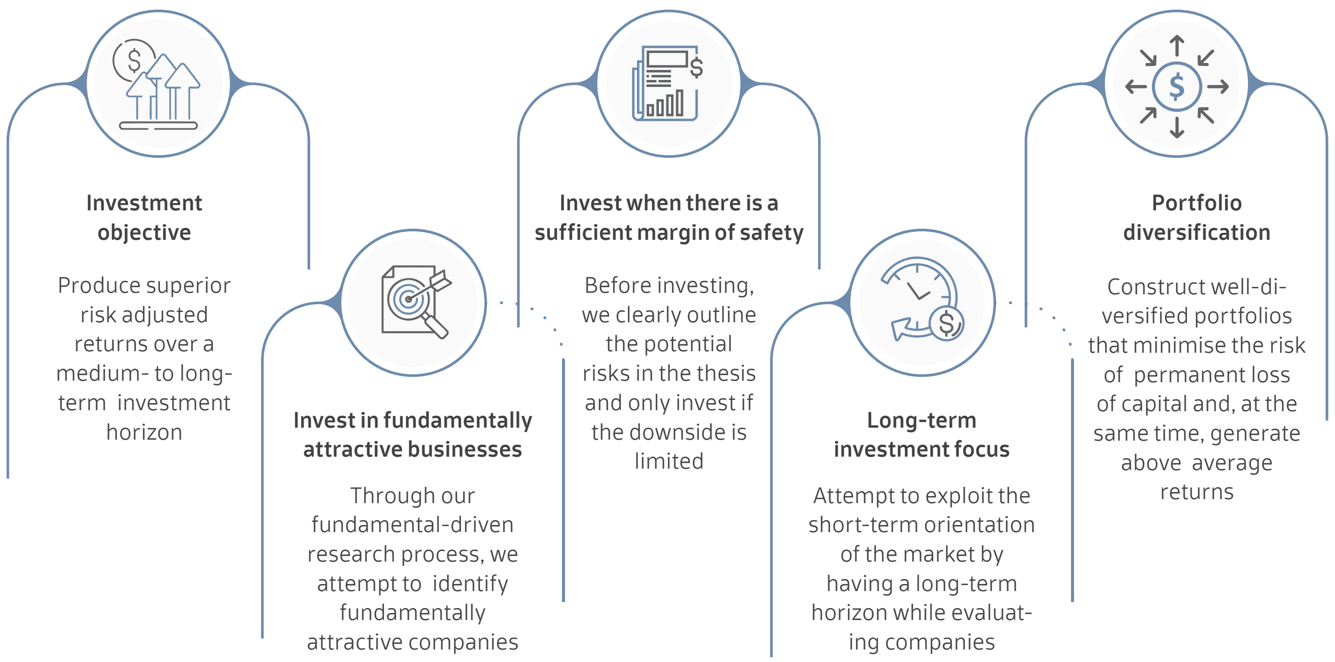
The Khaleej Equity Fund (KEF) is SICO's flagship fund that invests in equity markets across the GCC and wider Middle East region. The Fund provides investors with a unique opportunity to gain exposure to the fast-growing GCC region and other Middle Eastern markets, selectively. Since its inception in March 2004, KEF has been one of the top performing funds in the region.

What makes KEF special?

Our investment philosophy is consistent.

Since its inception, the Fund has adopted a fundamental research driven approach, investing in businesses that are undervalued and will perform well in the medium to longer-term limiting downside risk.

KEF Investment Philosophy



Our team is stable.

KEF has been managed by largely the same set of investment professionals with minimal turnover during the past two decades. This has played an instrumental role in delivering consistent returns to our investors.

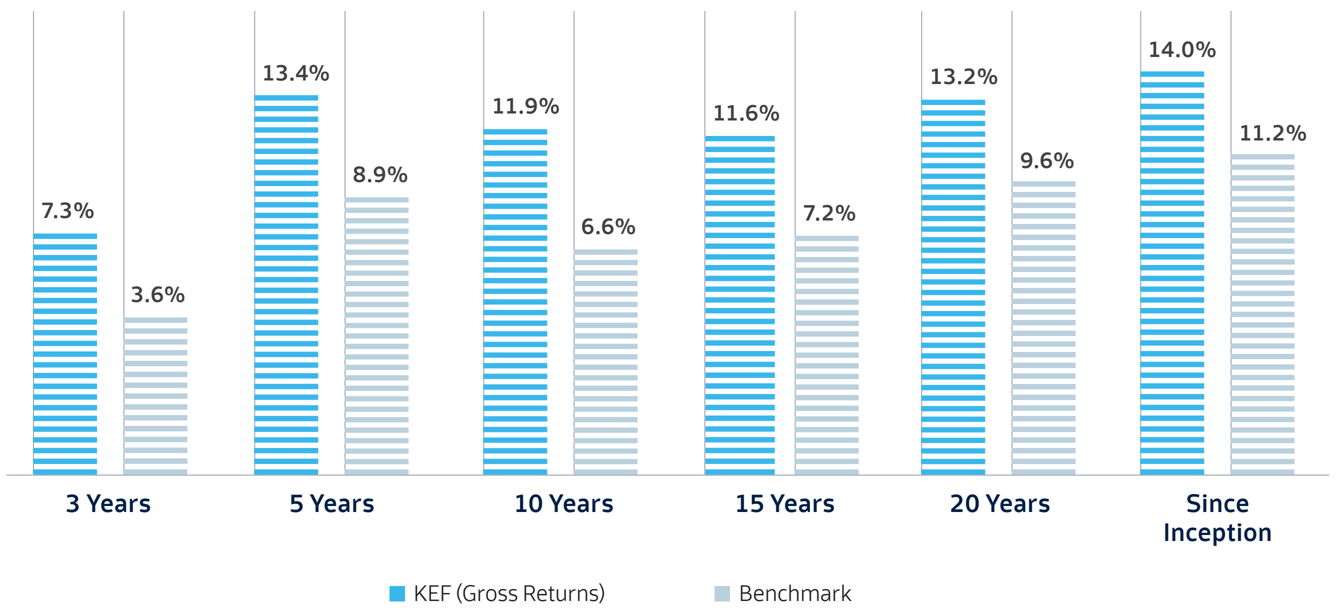
We deliver double-digit returns.

During its 20-year investment tenor, KEF has delivered annual returns that are not only positive but above 10% and well-above the benchmark.

We are resilient during market downturns.

Our ability to deliver strong performance during difficult times and distress has been one of the biggest strengths of our investment strategy. KEF posted positive returns during 17 out of 21 years (80% of the time). The 2006 GCC Markets Crash and the 2008 Global Financial Crisis were the only two years with substantial drawdowns.

Average Annual Returns (Fund vs. Benchmark)



Case Study

AlAbraaj Restaurants Group IPO on the BHB

The BD 9 million (USD 24 million) IPO was met with strong demand, **resulting in a subscription rate of 2.6 times.**

When AlAbraaj Restaurants Group, a leading company in Bahrain's F&B sector, with a portfolio of 16 brands across 37 physical locations and 22 virtual branches, wanted to list its shares on the BHB, it sought out the **unparalleled expertise of SICO's Investment Banking team.**

What role did SICO play?

SICO was appointed as the sole lead manager, underwriter, listing agent, price stabilizer and liquidity provider tasked with carrying out the IPO of 38 million of AlAbraaj's shares, equating to 35% of its total issued share capital. SICO's Investment Banking team, with their extensive expertise and in-depth understanding of regional markets, were able to successfully support AlAbraaj's conversion into a public-listed company.

How was the IPO structured?

The IPO was structured with 70% of the shares on offer allocated to professional investors (i.e., those applying for over 1.5 million shares) while 30% of the shares have been allocated to retail investors (i.e., those applying for less than 1.5 million shares).

What did the IPO mean for SICO?

The IPO reinforced SICO's three-decade long track record as a leading provider of comprehensive and innovative investment banking services. SICO played a pivotal role as lead manager in the IPO, offering investors an opportunity to participate in the growth of the Kingdom's dynamic F&B sector. The Investment Banking team successfully managed the extensive and rigorous IPO process, generating significant demand on an accelerated timeline. The IPO also showcased the capabilities of SICO's new eIPO system, which attracted 50% of the applicants to the offering.

What did the IPO mean for AlAbraaj?

Entering the IPO market is a pivotal milestone in AlAbraaj's four-decade journey, signifying a bold transformation from a family-owned business to a publicly listed company. This strategic shift necessitated the adoption of a new operational framework with higher levels of transparency and governance. The enhanced transparency and strengthened corporate governance as a regulated publicly listed entity not only bolstered investors' confidence but also unlocked new avenues of future financial soulotions, including the issuance of debt securities and secondary offerings.

With tradable shares, AlAbraaj now has a versatile currency for mergers, acquisitions, joint ventures, and talent compensation. The capital infusion from the IPO will also reduce debt and fuel the expansion of new restaurants across the region.

What did the IPO mean for Bahrain?

AlAbraaj Group's IPO resulted in establishing one of the largest publicly traded F&B entities in Bahrain. As the first IPO in Bahrain in six years, it set a precedent for other companies across various sectors to explore the benefits of listing. The strong investor demand for AlAbraaj shares reflected the growing confidence in the BHB, reinforcing the Kingdom's commitment to economic diversification. Furthermore, it underscored Bahrain's strategic vision to position its capital markets as a key driver of sustainable growth and long-term economic development.

The AlAbraaj Group IPO marked a number of firsts

- First on the BHB to structure dividend payments quarterly
- First to allow lead manager discretion on allotment
- First to sell new shares and existing shares simultaneously
- First to offer an online e-subscription platform with biometric KYC
- First to allow subscriptions with deferred funding for institutional investors
- First family business to list in 20 years

04

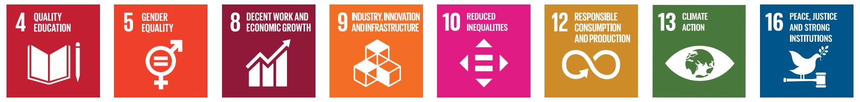
ESG

Environmental, Social, and Governance

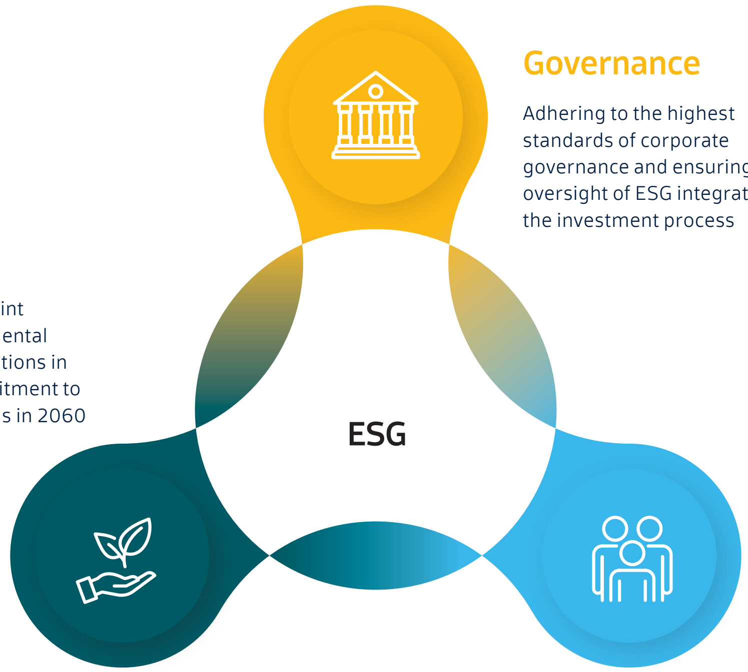
Making an Impact

We take a structured approach to ESG, first by **operating as a responsible business and second by embedding ESG considerations** into our investment processes to drive sustainable and ethical investing.

As a leading regional group, SICO is committed to maintaining its position at the forefront by aligning its ESG policies with globally recognised best practices. We take guidance from prominent independent organizations, including the UN-supported Principles for Responsible Investment (UNPRI), a key advocate for responsible investing, and the United Nations Sustainable Development Goals (UNSDGs), using them as benchmarks to shape our commitment to sustainability and responsible business practices.



At SICO, we take pride in being an ethical organization that upholds diversity, inclusion, environmental sustainability, and strong corporate governance at every level of decision-making and operations. We are also deeply committed to supporting and enriching the communities in which we operate. By embedding ESG principles into the core of our business, we create long-term value for all stakeholders—clients, partners, employees, and the wider community.



Governance

Adhering to the highest standards of corporate governance and ensuring oversight of ESG integration into the investment process

Environmental

Minimising carbon footprint and integrating environmental awareness into our operations in line with Bahrain's commitment to net-zero carbon emissions in 2060

Social

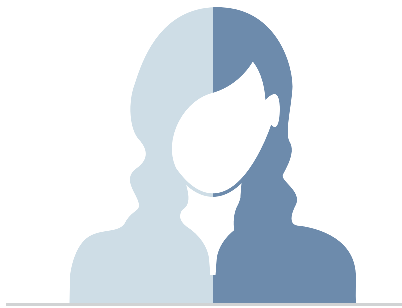
Investing in human capital by focusing on women's empowerment, diversity and inclusion, education, and access to employment

Supporting Our People

Diversity and Inclusion

SICO takes pride in its commitment to being an equal opportunity employer, fostering a diverse workforce, and cultivating a culture that emphasises the empowerment of women. Since 2014, SICO has been led by its first female CEO, Najla Al-Shirawi, and currently, 30% of managerial positions are held by women. The Group is proud to have the highest female representation in Bahrain on its Board of Directors at 44%. Overall, 44% of SICO's total workforce is made up of women, with nine currently in leadership positions. Furthermore, our research team is 44% female, and our brokerage team is led by the only female Chief Broker in Bahrain together with her team, which consists of 60% women. Our market-making business line is also headed by a female, and her team consists of 100% females.

In line with our commitment to equal opportunity, SICO has implemented policies to ensure fair hiring, promotion, and performance management practices that are free from bias. Guided by our Talent Acquisition, Talent Development, and Talent Acknowledgement Policies, these efforts are designed to create an inclusive workplace that values diversity at all levels. The SICO Equal Opportunity Committee plays a key role in promoting gender inclusion and enhancing these policies across the organization. In late 2024, SICO launched a business ethics training course for all employees, with 62% completing the course as of the date of issuing this report. Additionally, all SICO management have completed a diversity and inclusion training course.



9 women in leadership positions

30% females in managerial positions

53% female new hires

40% female board representation

44% female workforce

Note: These figures only represent SICO's Bahrain office.

SICO strengthened its commitment to gender equality by signing the UN Women's Empowerment Principles (WEPs), a global initiative that promotes the advancement of women in the workplace, marketplace, and community. This milestone underscores SICO's dedication to fostering diversity, equity, and inclusion, aligning with national efforts such as the Supreme Council for Women in Bahrain. By joining over 600 regional companies in this initiative, SICO reaffirms its longstanding commitment to empowering women through leadership programs, mentorship opportunities, and policies that support work-life balance and greater female representation in senior management.

SICO continued its partnership with Warsha Consultancy and Development on the "Support and Accelerate Women's Inclusion" (SAWI) initiative, a regional program led by the American University in Beirut. As one of only two local organizations involved in this initiative in Bahrain, SICO focused on implementing and improving inclusive workplace policies, particularly enhancing its Work-from-Home Policy. With structured feedback from Warsha, SICO made significant improvements in several areas, including policy restructuring, performance tracking, flexibility, employee well-being, and communication protocols. To ensure lasting impact, Warsha also developed a policy implementation and monitoring tool, allowing SICO to track progress and measure the effectiveness of these initiatives beyond the duration of the SAWI project.

SICO's offices at the Bahrain World Trade Center (BWTC) are designed to foster collaboration, connection, and well-being. Communal areas provide a comfortable setting where colleagues can gather, unwind, and share meals, while dedicated collaborative spaces encourage brainstorming and teamwork. For more private discussions, phone booths and meeting rooms are readily available. The office also includes prayer rooms to support employees in practicing their faith, as well as wellness rooms that serve as lactation spaces for new mothers and quiet retreats for employees and guests in need of a moment to recharge.

76% average Bahraini nationals at SICO

106 employees completed cybersecurity training

6 nationalities represented

97 employees completed AML training

37 average age

SICO recognises the importance of supporting employees during key life events and provides comprehensive parental leave benefits that go beyond regulatory requirements. Women are entitled to paid leave in accordance with the Bahrain Labour Law, plus up to 120 calendar days of remote work and an additional 60 days of leave with full pay, ensuring they have the flexibility to balance professional and personal commitments. For male employees, SICO offers five days of parental leave, promoting a culture of inclusivity and shared family responsibilities.

Employee well-being is a key pillar of SICO's human capital strategy. We offer flexible working arrangements, with our work-from-home (WFH) policy, enabling eligible employees to work remotely up to 50% of the time. In 2024, 73% of WFH hours in Bahrain, 59% in the UAE, and 24% in KSA were granted to women, with a total of 1,215 WFH days recorded across offices.

Our focus on work-life balance includes flexible and remote hours, family leave policies, maternity support, children's vaccination leave, health club allowances, and recognition programs like long-service awards and referral bonuses.

We provide wellness programs, counselling services, and training initiatives to foster a supportive and productive workplace. In 2024, we introduced mental health sessions to enhance emotional resilience and productivity. Employees are also supported through our open-door policy, promoting transparency and trust, and our Grievance Policy, ensuring workplace concerns are addressed fairly

We uphold a zero-tolerance policy for child and forced labour, embedding this commitment in our employment policies and supplier engagement practices, and we are proud to report zero incidents of discrimination, harassment, or compulsory labour in 2024.

Developing Talent

SICO is deeply committed to nurturing talent through dedicated mentoring and training initiatives. Throughout the year, employees have access to a comprehensive range of training programs covering banking and finance, leadership and management, risk management, anti-money laundering, diversity and inclusion, and essential soft skills. These programs are delivered in collaboration with leading global and local institutions, including the Bahrain Institute of Banking and Finance (BIBF), Roshcomm, Bloomberg, and Thomson Reuters Compliance Learning. By investing in continuous learning, SICO ensures its workforce remains highly skilled and aligned with the latest industry standards and best practices.

Employee Training Hours

Training and development	2022	2023	2024
Total number of training hours (#)	3,103	2,931	3,354
Training hours by gender			
Male (#)	1,848	1,307	1,785
Female (#)	1,255	1,624	1,569

As part of our commitment to human capital development, SICO continues to invest in professional growth through diverse training programs. In 2024, employees collectively completed over 3,000 training hours, strengthening their expertise across key areas. We also deepened our focus on responsible investing by completing the PRI Academy training, with 22% of employees enhancing their understanding of ESG integration in investment decisions.

3,000 training hours

During the year, SICO employees continued to participate in the CFA Society Bahrain's Qodwa Mentorship Program, which pairs candidates with experienced charter holders as mentors to help them work towards their academic and professional goals. Six rounds have been completed, and the seventh round is progressing now. So far, over 150 members have participated in the program (including mentors and mentees).

A total of 106 employees have successfully completed cybersecurity training and 97 completed anti-money laundering (AML) training programmes. These initiatives reflect SICO's commitment to fostering a secure and compliant work environment, where employees are equipped with the necessary knowledge and skills to safeguard sensitive data and uphold regulatory standards. Through these comprehensive training sessions, our workforce has gained valuable insights into identifying and mitigating cyber threats, as well as detecting and preventing illicit financial activities.

Employee Savings Scheme

SICO's employee saving scheme (ESS), launched in 2023, allows employees to opt into a savings plan by designating a portion of their monthly base pay with a guarantee that SICO will match the amount with a cash contribution of a similar amount, subject to a maximum cap and a vesting period. Employees can select one of three global options (aggressive, moderate, conservative) according to their personal investment needs. SICO's Global Markets team then invests the savings in diversified, low-cost liquid investments that are ring-fenced according to best international practices. The ESS was designed in consultation with multinational insurance company, Aon. In 2024, 81% of employees participated in the ESS; excluding KSA, where implementation is still underway.

Employee Engagement

At SICO, fostering collaboration, transparency, and employee satisfaction is central to our success. To enhance the workplace experience, we conduct employee engagement surveys biannually. In 2024, using the globally recognised "Great Place to Work" methodology, the survey achieved an 82% participation rate, up from 75% previously. Results revealed that 87% of employees view SICO as a great place to work, with 79% of responses being positive. These insights reinforce our commitment to creating a supportive, inclusive environment where employees feel valued and empowered to drive organizational success.

> "Survey results revealed that 87% of employees view SICO as a great place to work, with 79% of responses being positive.

Addressing Climate Challenge

SICO is dedicated to addressing greenhouse gas (GHG) emissions through robust policies, governance frameworks, and targeted sustainability initiatives.

We conducted our GHG emissions calculations for the period from January 1 to December 31, 2024, and observed a 29% increase in total emissions compared to the previous year. This increase was primarily due to two factors. The first is the number of employees in our KSA subsidiary nearly doubled in 2024 compared to 2023, leading to higher emissions. Additionally, this year's employee commuting survey had a larger sample size, with 101 employees participating—more than last year. We also extrapolated the results to represent the total workforce, contributing to a more comprehensive emissions assessment.

GHG EMISSIONS In Mt CO2e

Scope	Category	Mt CO2e
Scope 1	Mobile Combustion	8.4
Scope 2	Electricity Consumption	119.8
Scope 2	District Cooling	175.9
Scope 3	Business Travel	35.2
Scope 3	Employee Commuting	245.9
Scope 3	Waste disposal	0.9
Scope 3	Purchased goods and services	0.006

To further strengthen our monitoring, we enhanced our tracking systems and began measuring Scope 3, Category 1 emissions (purchased goods and services) to improve overall GHG emissions reporting. Despite the overall increase in emissions and expanded monitoring, GHG intensity remained nearly unchanged, reinforcing our commitment to responsible and sustainable operations.

Recognising the critical need to identify and manage climate-related risks, we continue to refine our sustainability strategies. A key example of this commitment is our ongoing partnership with The National Initiative for Agricultural Development (NIAD)'s Forever Green campaign, held under the patronage of Her Royal Highness Princess Sabeeka bint Ibrahim Al Khalifa. In 2024, we successfully completed our fifth tree-planting initiative, bringing the total number of trees planted to 2,700 trees planted. These efforts have sequestered 48.6 tonnes of $CO^{2}e$, improving air quality, promoting biodiversity, and supporting soil conservation. Expanding urban green spaces is a reflection of SICO's dedication to Bahrain's national net-zero carbon emissions target.

Further advancing our sustainability efforts, we are implementing a new Society for Worldwide Interbank Financial Telecommunication (SWIFT) solution, eliminating the need for printing SWIFT messages entirely. This initiative will result in the removal of the SWIFT room and printer, significantly reducing paper consumption and optimising operational efficiency.

In regards to water conservation, we have adopted water-efficient technologies and launched employee awareness campaigns to reduce consumption and enhance resource management across our facilities. Additionally, our biodiversity initiatives, including active participation in NIAD's Forever Green campaign, reinforce our commitment to climate action.

Developing Our Communities

SICO is committed to creating sustainable value through impactful community initiatives, employee engagement, and responsible partnerships. In 2024, we invested 1.8% of our company revenues into community programs, supporting education, financial inclusion, and cultural enrichment in alignment with Bahrain Vision 2030 and our ESG priorities.

Educational Initiatives

SICO is dedicated to increasing the accessibility of education through proactive and engaging community initiatives. The Group continued to sponsor a variety of education and career development programs targeting different segments of the population in collaboration with local entities, including the BHB, the CFA Society, and the Bahrain Institute of Banking and Finance (BIBF).

SICO has launched the third round of the Women in Investment (WIM) Programme in collaboration with the Supreme Council for Women (SCW) and the CFA Society – Bahrain. The new training programme was delivered by the BIBF as the knowledge partner. Out of 75 applicants, 26 women were selected to participate in a comprehensive educational journey that included interactive workshops and open discussions.

90% employment rate for WIM participants

The programme achieved impressive outcomes, with a 90% employment rate for participants in the financial sector, highlighting its effectiveness in enhancing the role of Bahraini women in the local economy. This achievement reflects SICO's commitment to promoting diversity and inclusivity in the financial sector and investing in the development of talented local professionals. To further support their professional growth and advancement, the participants will receive ongoing executive mentoring through the CFA Society mentorship programme, Qodwa, which empowers participants by connecting them with experienced industry professionals.

SICO continued to sponsor BHB's TradeQuest Program, a competitive financial simulation that provides university and high school students with real-life experiences simulating local and international financial markets. Participants form investment teams made up of seven to eight members who are given virtual portfolios worth BD 500 thousand and USD 4 million to invest in companies listed on the BHB and the New York Stock Exchange (NYSE). Students trade on both markets during specified trading sessions via an electronic trading platform on the BHB and Stock Trak Websites. Teams are provided with mentors and evaluated based on presentation and the financial performance of their portfolio.

> "To develop the next generation of financial leaders, SICO has launched two specialised programs aimed at ambitious young talent.

SICO lent its support to Bahrain's flagship educational programs, the Crown Prince's International Scholarship Program (CPISP), which it has contributed to for the past 19 years. The CPISP, which celebrated its 25-year anniversary in 2023, is a program established by Bahrain's Prime Minister and Crown Prince, HRH Prince Salman bin Hamad Al Khalifa, and operated through funding by the Crown Prince, as well as a number of local and international sponsors. The program seeks to support talented individuals in their academic journey. Since it first began working with CPISP, SICO has supported more than 195 scholars in pursuing higher education degrees at some of the world's leading educational institutions.

SICO renewed its sponsorship for the 11th edition of the Ibn Khuldoon National School's Annual Model United Nations (MUN), Conference, which brings together students to roleplay as UN delegates and simulate UN committees. MUN participants significantly improve their leadership, public speaking, teamwork, and negotiation skills while also expanding their knowledge of current global issues. This year's conference was hailed as a great success, with 400 students from 15 different schools across the Kingdom of Bahrain.

Members of SICO's staff participated in two initiatives with INJAZ Bahrain, a non-profit organization that was established in 2005 as part of Junior Achievement Worldwide with the aim of empowering young people to own their economic success and be prepared for today's business challenges. SICO employees participated in the organization's Career Speaker Series, where professionals, entrepreneurs, and innovative thinkers from a variety of industries share their personal and professional career journey with students. They also took part in the Entrepreneurship Masterclass, which was a one-day workshop designed to give intermediate school students the opportunity to learn the skills and behaviors necessary to establish and run a company.

To develop the next generation of financial leaders, SICO has launched two specialised programs aimed at ambitious young talent: a job shadowing initiative for Grade 12 students and an internship program for undergraduates from top universities in Bahrain, the UK, and the US. These programs provide hands-on exposure to key departments, including asset management, investment banking, sustainability, legal affairs, brokerage, global markets, compliance, and treasury. Participants gain invaluable industry insights and practical experience.

SICO, in partnership with Bahrain Polytechnic, celebrated the graduation of participants from the SICO LIVE Global Trading Game, a simulated trading platform launched in November 2024. Over the course of three weeks, 25 participants executed more than 1,000 trades using virtual funds and real market data, gaining hands-on experience in fundamental and technical analysis, order types, and risk management. The simulation resulted in a total profit exceeding USD 95 thousand, with students actively exploring key sectors that include banking, technology, energy, and healthcare. This initiative reflects SICO's commitment to financial education and equipping future professionals with practical market insights.

SICO LIVE Global Trading Game

3 weeks

25 participants

+1,000 trades

Also in collaboration with Bahrain Polytechnic, SICO launched the Cybersecurity Research Lab, a leading hub for innovation and research, dedicated to developing solutions that protect digital assets, enhance national security, and expand cybersecurity knowledge. Designed to support academic researchers and postgraduate students, the lab provides cutting-edge infrastructure, including secure network environments, high-performance computing, and virtual collaboration platforms. Supporting over 30 research projects annually, the lab partners with industry, government, and academia to drive impactful research, with a strong emphasis on real-world applications and knowledge dissemination through conferences and publications.

SICO also sponsored the Lamea Project, a youth initiative under the Ministry of Youth Affairs in collaboration with the Institute of Public Administration. Designed to cultivate future leaders, the program selects outstanding Bahraini youth for rigorous assessments and international training, empowering them to propose impactful projects for the Kingdom. With 542 participants from diverse sectors, the initiative fostered skill development through workshops and challenges in communication, project management, strategic innovation, institutional excellence, and AI solutions, equipping young leaders with the expertise to drive meaningful change.

SICO sponsored FinTech Forward, an event hosted by the Bahrain Economic Development Board (EDB) that gathered global experts, financial institutions, and regulators to exchange insights and explore new opportunities driving innovation in financial technology. It also sponsored the Bahrain Chapter of the Institute of Chartered Accounts of India's annual conference.

Healthcare and Social Services

1,183 hours of volunteering by employees

Beyond education, we actively contribute to cultural and social initiatives. In 2024, we maintained our partnership with the Shaikh Ebrahim Center, which has hosted over 500 global thinkers, poets, and philosophers, while restoring historic Bahraini sites. We also advanced our commitment to diversity and inclusion by supporting initiatives for autistic children, equestrian athletes, and football programs.

To address societal needs, our employees dedicated their time to volunteering initiatives, including a Ramadan food drive, which provided meals to underprivileged families across Bahrain.

SICO's impact extends beyond philanthropy. In 2024, we expanded efforts to enhance financial inclusion, improving access to investment solutions for underserved segments and supporting SMEs with innovative financing options. Through internships, training programs, and educational partnerships, we invested in the next generation of financial leaders, reinforcing Bahrain's economic diversification goals.

Responsible Investing

SICO recognises the increasing significance of ESG in the region and aims to stay ahead by aligning with international best practices and peers, integrating ESG considerations into its investment decisions. Understanding the impact of ESG issues on long-term portfolio performance, such as sustainable development and climate change, SICO incorporates ESG criteria to gain insights into potential risks and mitigate them effectively. Embracing the UNPRI framework, the Group remains committed to promoting responsible investment, integrating ESG into its operations for long-term stakeholder value. SICO also prioritises transparency, adhering to global standards such as the Global Investment Performance Standards (GIPS) to safeguard the interests of shareholders and clients.

Launched in 2023, the Responsible Investment Policy of SICO extends its coverage to the Equity and Fixed Income Asset Management Department, as well as the Strategy, Partnership, and Treasury Department. This policy serves as a foundational framework, offering a reference point and presenting a set of initiatives for implementation by all relevant employees engaged in integrating ESG considerations into SICO's investment decision-making process.

The primary objective of this policy is to streamline and enhance the efficiency of the investment process by providing clear guidance. It acts as a comprehensive resource, outlining a series of actions to be undertaken by employees involved in incorporating ESG factors into SICO's investment decisions. In order to efficiently integrate the policy's objectives across the Group, SICO's Fixed Income, Equity, and Investment teams all attended an awareness class to educate them on the implementation of the framework. Additionally, a member of the SICO team is now qualified as a CFA ESG-certified professional.

Developed to offer organizational guidance, this policy outlines how ESG factors should be seamlessly integrated into the investment decision process. It acts as an additional lens, supporting the identification of potential risks that could impact the investment portfolio. Emphasising adaptability, the policy is designed to evolve over time, aligning with shifts in business practices and the regulatory landscape. Regular monitoring is a key feature, with an annual review ensuring that the policy remains robust and aligns with the organization's commitment to responsible investment. Adjustments to the approach are made as necessary, reflecting the dynamic nature of responsible investment practices and the evolving expectations within the industry.

Economic Impact

SICO's economic impact extends beyond revenue generation and operational costs, encompassing significant investments in its workforce, financial ecosystem, and broader market development. Through initiatives such as the Employee Savings Scheme (ESS), SICO supports employees' financial well-being by offering matched contributions and flexible investment options, fostering long-term financial security while ensuring efficient asset management.

Beyond its direct contributions, SICO plays a vital role in advancing education and market development. Through partnerships with educational institutions and initiatives, such as the WIM Programme and the Financial Literacy Summer Camp, SICO actively promotes financial literacy and professional growth. Additionally, its Market-Making division enhances liquidity, strengthens investor confidence, and improves market performance through strategic transactions and the Bahrain Liquidity Fund, driving economic stability and growth.

> "Beyond its direct contributions, SICO plays a vital role in advancing education and market development."

SICO also contributes to Bahrain's financial sector by embracing innovative financial technologies and supporting initiatives such as Fintech Bay, which enhances client interactions and promotes digital transformation. As a sponsor of Bahrain's CFA Society and a regular participant in conferences and panels, SICO remains committed to professional development and capital market growth. Group CEO Najla Al-Shirawi and senior executives from across SICO's business lines frequently engage in industry discussions throughout Bahrain and the GCC, reinforcing SICO's leadership in the financial sector and its role in driving economic progress across the region.

Corporate Governance

Commitment

SICO is committed to upholding the highest standards of corporate governance. This entails complying with regulatory requirements, protecting the rights and interests of all stakeholders, enhancing shareholder value, and achieving organizational efficiency. The Bank has Board-approved policies for Risk Management, Compliance, and Internal Controls, in accordance with the rules and guidelines from the CBB.

The adoption and implementation of corporate governance is the direct responsibility of the Board of Directors. The Board is committed to excellence in corporate governance and adheres to rules of the High-Level Controls Module (HC Module) of the CBB and the principles of the Corporate Governance Code of the Kingdom of Bahrain issued by the Ministry of Industry, Commerce, and Tourism.

Shareholder Information

The Bank's shares are listed on the BHB as a closed company. As of 31 December 2024, the Bank had issued 441,342,373 ordinary shares of Bahraini fils 100 each. The last Annual General Meeting was held on 25 March 2024.

Responsibilities of the Board of Directors

The Board is accountable to the shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. The Board works as a team to provide strategic leadership to staff, maintain the organization's fitness for purpose, set the values and standards for the organization and ensure that sufficient financial and human resources are available.
The Board's roles and responsibilities are outlined in the Board Charter of the Bank. The Board organises a formal schedule of matters for its decision-making process to ensure that the direction and control of the Bank rests with the Board. This process includes strategic issues and planning, review of management structure and responsibilities, monitoring management performance, acquisition and disposal of assets, investment policies, capital expenditure, authority levels, treasury policies, risk management policies, the appointment of auditors and review of financial statements, financing and borrowing activities, reviewing and approving the annual operating plan and budget, ensuring regulatory compliance, and reviewing the adequacy and integrity of internal systems and controls framework.

The Chairman is responsible for leading the Board, ensuring its effectiveness, monitoring the performance of the Executive Management, and maintaining a dialogue with the Bank's shareholders. The Chairman also ensures that new Directors receive a formal and tailored induction to facilitate their contribution to the Board.

Without abdicating its overall responsibility, the Board delegates certain responsibilities to Board committees. This is to ensure sound decision-making and facilitate the conduct of business without unnecessary impediment, since the speed of decision-making in the Bank is crucial. When a committee is formed, a specific charter of the committee is established to cover matters such as the purpose, composition, and function of the committee. The Board has three committees to assist it in carrying out its responsibilities: The Investment Committee; the Audit, Risk, and Compliance Committee; and the Nomination, Remuneration, and Corporate Governance Committee. The Internal Audit, Compliance, and Risk Management functions report directly to the Board through the Audit, Risk, and Compliance Committee.

The Board receives reports and recommendations from Board Committees and Management on matters it considers to be of significance to the Bank.

Board Composition and Election

The Board's composition is guided by the Bank's Articles of Association. As of 31 December 2024, the Board consisted of 10 Directors, three of which are Independent Directors, two are Executive Directors, and five are Non-Executive Directors, including the Chairman. The Bank recognises the need for Board composition to reflect a range of skills and expertise. The profiles of Board Members are listed later in this Review. The Company Secretary is Maryam AlThukair. The classification of Executive, Non-executive, and Independent Directors is in accordance with the definitions stipulated by the CBB. Directors are appointed or elected by the shareholders at the Bank's Annual General Meeting, subject to prior approval by the CBB, for a period of three year. The current term of the Board commenced in March 2023 and ends in March 2026.

Independence of Directors

In line with the requirements of the CBB's HC Module, the Bank has put in place Board-approved criteria to determine "Test of Independence" using formal requirements as specified in the CBB rule book and other relevant requirements as assessed by the Board of SICO. The purpose of the test is to determine whether the Director is "Independent" of management, and any business or other relationships, that could materially interfere with the Director's ability to exercise objective, unfettered, or independent judgment. The test also assesses the Director's ability to act in the best interests of SICO. The CBB has considered that three of the Non-executive Directors of SICO met the relevant requirements of the "Test of Independence", and accordingly, these Directors were classified as "Independent" Directors.

Board and Committee Evaluation

The Board performs a self-evaluation on an annual basis. The Board periodically reviews its Charter and its own effectiveness, while initiating suitable steps for any amendments. The Board also reviews self-evaluations of the individual Board members, Chairman, and the Board Committees, and it considers appropriately any recommendations arising out of such evaluation.

Remuneration of Directors Policy

The Board of Directors' remuneration is governed by provisions of the Commercial Companies Law 2001 and the CBB. The Directors' remuneration is approved by the shareholders at the Annual General Meeting. In addition, the members are paid sitting fees for board and committee meetings. The Board's remuneration is reviewed by the Nomination, Remuneration, and Corporate Governance Committee, as per the remuneration policy. Directors' remuneration is accounted as an expense, as per international accounting standards and CBB regulations.

Board Meetings and Attendance

According to the Bahrain Commercial Companies Law and CBB rules, Board meetings will be conducted at least four times a year on a quarterly basis. All Board members must attend at least 75% of all Board meetings within a calendar year. At least 50% of the Directors must attend each Board meeting, including the Chairman or the Vice-Chairman. During 2024, five Board meetings were held in Bahrain.

Directors' Attendance – January to December 2024

Board Meetings

Board Members	No. 157 26-Feb-24	No. 158 13- May-24	No. 159 6-Jun-24	No. 160 12-Aug-24	No.161 13-Nov-24
Abdulla Kamal (Chairman)	✓	✓	✓	✓	✓
Hisham AlKurdi (Vice Chairman)	✓	✓	✓	✓	✓
Dana Raees	✓	✓	✓	✓	✓
Elham Al Majed	✓	✓	✓	✓	✓
Fadi Al Qutub (Appointed on 30 April 2024)	N/A	✓	✓	✓	✓
Khalid AlJassim	✓	✓	✓	✓	✓
Mohammed Abdulla Isa	✓	✓	✓	✓	✓
Naseema Haider	✓	✓	✓	✓	✓
Tala Fakhro	✓	✓	-	✓	✓
Sh. Waleed Al Hashar	✓	✓	✓	✓	✓

Board Investment Committee Meetings

Board Members	No. 50 30-Jan-24	No. 51 30-Apr-24	No. 52 28-Jul-24	No. 53 12-Aug-24	No. 54 10-Nov-24
Abdulla Kamal (Chairman)	✓	✓	✓	✓	✓
Hisham AlKurdi	✓	✓	✓	✓	✓
Elham Al Majed	✓	✓	✓	✓	✓
Sh. Waleed Al Hashar	✓	✓	✓	✓	✓

Board Audit, Risk & Compliance Committee Meetings

Board Members	No. 82 19-Feb-24	No. 83 12-May-24	No. 84 11-Aug-24	No. 85 11-Nov-24
Tala Fakhro (Chairperson)	✓	✓	✓	✓
Mohammed Abdulla Isa	✓	✓	✓	✓
Naseema Haider	✓	✓	✓	✓

Board Nomination, Remuneration, and Corporate Governance Committee Meetings

Board Members	No. 44 31-Jan-24	No. 45 13-Feb-24	No. 46 4-Jun-24	No. 47 24-Oct-24
Khalid AlJassim (Chairman)	✓	✓	✓	✓
Dana Raees	✓	✓	✓	✓
Fadi Al Qutub (Appointed since meeting no. 46)	N/A	N/A	✓	✓
Mohammed Abdulla Isa (Member until meeting no. 45)	✓	✓	N/A	N/A

Board Committees

Investment Committee

Objective –

- Review investment policies and procedures to monitor the application of, and compliance with, investment policies.
- Approve and recommend (where appropriate) to the Board-relevant investment decisions (as defined in the Investment Policy Guidelines and Restrictions).
- Review strategy and budget business plans prior to submission to the Board.
- Monitor financial performance.
- Oversee the financial and investment affairs of the Bank.

Audit, Risk, and Compliance Committee

Objective –

- Review the Bank's accounting and financial practices.
- Review the integrity of the Bank's financial and internal controls and financial statements.
- Recommend the appointment, compensation, and oversight of the Bank's External Auditors.
- Recommend the appointment of the Head of Internal Audit, Head of Compliance, and Head of Risk.
- Review the Bank's compliance procedures and regulatory matters.
- Provide active oversight on the risk management framework, approve risk policies and Delegated Authority Limits (DAL), and ensure adequacy of risk controls.

Nomination, Remuneration, and Corporate Governance Committee

Objective –

- Identify and screen suitable and qualified candidates as members of the Board of Directors, or for the roles of Chief Executive Officer, Chief Financial Officer, Corporate Secretary, and any other officers of the Bank considered appropriate by the Board if and when such positions become vacant, with the exception of the appointment of the Heads of Internal Auditor, Compliance, and Risk Management, which shall be the responsibility of the Audit, Risk, and Compliance Committee.
- Submit its recommendations, including candidates for Board membership, to the whole Board of Directors, which should, in turn, include them in the agenda for the following Annual Shareholder Meeting.
- Review the Bank's remuneration policies for the approved persons and material risk-takers, which must be approved by the shareholders and be consistent with the Bank's corporate values and strategy.
- Approve the remuneration policy and amounts for approved persons and material risk-takers, as well as the total variable remuneration to be distributed, taking account of total remuneration, including salaries, fees, expenses, bonuses, and other employee benefits.
- Approve, monitor, and review the remuneration system to ensure the system operates as intended.

- Recommend Board Members' remuneration based on their attendance and performance, and in compliance with Article 188 of the Company Law.
- Review the Bank's existing Corporate Governance policies and framework.
- Advise the Board on the Bank's public reporting of information on Corporate Governance practices and issues

Management

The Board delegates the authority for the day-to-day management of the business to the Chief Executive Officer, who is supported by a qualified senior management team and six management committees: Asset Management Committee; Assets, Liabilities, and Investments Committee (ALIC); Governance, Risk, and Compliance Commitee (GRCC), ESG Committee, Digital Transformation Committee, and Cybersecurity Commitee.

Management Committees

Managers	Asset Management Committee	Assets, Liabilities, and Investment Committee	Governance, Risk, and Compliance Committee	ESG Committee	Digital Transformation Committee	Cybersecurity Committee
Group Chief Executive Officer	Chairperson	Chairperson		Chairperson	Chairperson	
Group Chief Capital Markets Officer						
Group Chief Operating Officer			Chairperson			Chairperson
Group Chief Financial Officer						
Group Head of Equities Asset Management						
Group Head of Fixed Income Asset Management						
Head of Proprietary Investments		x				
Group Head of Internal Audit	x	x		x		
Group Chief Risk Officer	x	x				
Head of Fixed Income Middle Office	x					
Head of Equities Middle Office	x					
Head of Compliance and MLRO	x	x				
Head of Treasury		x				
Group Head of Strategy and Treasury		x				
Group Chief Legal Officer						
Group Head of Information Technology						
Group Head of Sustainability and Corporate Communications						
Chief Operating Officer – SICO Capital						
Head of Client Relations						
Group Head of Transformation						
VP of Transformation						
Information Security Officer			x			
Head of Compliance, Finance, and Risk of Subsidiaries of SICO			x			

Shaded = Voting committee members

X = Non-voting member

Asset Management Committee

Objective –

Oversee the fiduciary responsibilities carried out by the Asset Management Department in managing clients' discretionary portfolios and the funds operated and managed by SICO. It also reviews the investment strategy of the Bank's funds and portfolios, reviews portfolio performance, and reviews subscription, redemptions, and compliance.

Assets, Liabilities, and Investments Committee (ALIC)

Objective –

ALIC acts as the principal policy-making body responsible for overseeing the Bank's capital and financial resources. It is also responsible for managing the balance sheet and all proprietary investment activities, including investment strategy and asset, country, and industry/sector allocations. The committee is specifically responsible for managing the balance sheet risk, capital and dividend planning, forecasting and monitoring interest rate risk positions, and liquidity and funds management. The committee is also responsible for formulating and reviewing the Bank's investment policies (subject to approval by the Board), strategies and performance measurement and assessment.

Governance, Risk, and Compliance Committee (GRCC)

Objective –

Oversee the Internal Control functions carried out within SICO by various departments. The scope of GRCC is to look into strengthening the internal control culture throughout the company by ensuring that each department head takes ownership, responsibility, and accountability for internal control. The Committee is entrusted with the responsibility to consult and advise the Board of Directors in the assessment and decision-making concerning the Bank's system of risk management, internal control, and corporate governance.

ESG Committee

Objective –

Support the integration of ESG considerations into the investment decision-making processes across the Equity and Fixed Income Asset Management Departments and the Proprietary Investment Department. It oversees the organization's Responsible Investment Philosophy, assesses the impact of ESG trends at various levels, develops and reviews ESG policies and guidelines, monitors investment performance related to ESG criteria, manages ESG risks and opportunities, and provides specialised training for investment teams. Additionally, the committee reviews and approves changes to investment policies, addresses ESG-related guideline breaches, and updates the Model Portfolio as needed.

Digital Transformation Committee

Objective –

Align the bank's business strategy with technological initiatives to drive digital transformation. It oversees the implementation of fintech solutions, enhances customer digital engagement, streamlines internal operations, and ensures that technology projects support business growth. The committee reviews and prioritises digital initiatives, monitors progress, manages associated risks, and advises on best practices. Additionally, it reports decisions to the Board and periodically reassesses its charter to maintain relevance.

Cybersecurity Committee

Objective –

Oversee the company's cybersecurity risk management, ensuring alignment with organizational objectives and maintaining compliance with regulatory frameworks. It monitors and reviews the company's cyber risk appetite, strategy, governance, policies, and programs to safeguard against internal and external threats. The committee works closely with the ISO to assess cybersecurity measures, incident response plans, access controls, and best practices to mitigate vulnerabilities. Additionally, it ensures employee awareness, evaluates cybersecurity projects, and reports high-level risks to regulatory authorities as required.

Management Profiles

Najla Al Shirawi

Group Chief Executive Officer

Najla Al Shirawi has more than 27 years of investment banking experience. Having been part of SICO since 1997, she was appointed CEO in 2014, following her appointment as deputy CEO in 2013. Najla served with Geneva-based Dar Al-Maal Al-Islami Trust, where she established private banking operations for the Group in the Gulf region. Najla is a Board member at the Bahrain Economic Development Board (EDB) and the Vice Chairperson of SICO Capital in Riyadh, KSA. She is also an Independent Board Member of Eskan Bank BSC(c), Bahrain, and a Board Member of the Bahrain Commercial Facilities Company, the Future Generations Reserve Council, and the Bahrain Institute of Banking and Finance. She holds a Master of Business Administration and Finance from the American College in London and a Bachelor's Degree in Civil Engineering from the University of Bahrain.

Fadhel Makhlooq

Group Chief Capital Markets Officer

With over 42 years of professional experience, Fadhel Makhlooq joined SICO in 2004 as Head of Brokerage before being appointed Head of Investments and Treasury in 2008. He was re-appointed Head of Brokerage in 2010 and then assumed the position of Chief Capital Markets Officer in 2018. Prior to joining SICO, he worked for a number of leading financial institutions, including Investcorp and Chemical Bank (now JPM Morgan Chase). Fadhel is the Chairman of SICO Invest in UAE and he holds a Master of Business Administration from the University of Glamorgan, UK.

K. Shyam Krishnan

Group Chief Financial Officer

K. Shyam Krishnan has 34 years of experience in finance, accounting, audit, investments, and risk management, with the majority of his career spent in conventional and Sharia-compliant banking. Prior to joining SICO in 2015, he was Group Head of Finance at Al Salam Bank-Bahrain. Before this, he was Head of Hedge Funds' Operational Risk Management at Investcorp, Bahrain, and Audit Supervisor at the Bahrain office of Ernst & Young. He is a Chartered Accountant and Management Accountant from India and a Chartered Financial Analyst, Certified Internal Auditor, and a Certified Information Systems Auditor. He holds a Bachelor of Commerce from Madras University, India.

Anantha Narayanan

Group Chief Operating Officer

With over 34 years of diversified experience in operations, audit, finance, and risk within the banking industry, Anantha has built a distinguished career working across multiple prominent financial institutions. He joined SICO in 2008 and Anantha began his professional journey as an external auditor with Big 4 firms. Prior to joining SICO he worked in several leading financial institutions, including Credit Agricole, BBK, Commercial Bank of Oman (now Bank Muscat), and PricewaterhouseCoopers. Currently serving as the Vice Chairman of SICO Invest in the UAE, Anantha holds several prestigious professional qualifications, which include Chartered Accountant (India), Cost Accountant (India), Certified Information Systems Auditor (CISA) (USA), Financial Risk Manager (FRM) (USA). Associate Member, Institute of Financial Studies (UK). Additionally, he holds a Bachelor of Science (Honours) degree from the University of Manchester, UK.

Maryam AlMohri

Group Chief Risk Officer

Maryam AlMohri brings a wealth of experience in risk management to her role as Chief Risk Officer at SICO, specialising in asset management, treasury, brokerage, and investment banking. Maryam's journey with SICO began in 2017, and her most recent position before this appointment was Vice President of Risk Management. Prior to joining SICO, she held the position of Assistant Manager in ALM Reporting and Capital Management at Gulf International Bank. Maryam holds the Chartered Financial Analyst (CFA) designation and a first-class Master of Science (MSc) in Investment Banking and Islamic Finance from the University of Reading, UK. She also earned a Bachelor of Arts (Honors) in Finance and Investment Management from Northumbria University, United Kingdom. Additionally, she is a qualified Chartered Islamic Finance Professional (CIFP).

Noora Janahi

Group Chief Legal Officer

Noora Janahi brings over 16 years of extensive legal experience in investment banking services, corporate law, and offering legal services in banking and finance. She has orchestrated numerous major transactions in Bahrain, including mergers and acquisitions and public and private capital markets transactions. Noora Janahi is licensed before the Court of Cassation and Constitutional Court of Bahrain and is a practicing arbitrator. Noora holds a Master's degree in International Business Law and a License in Law, both from Université de Bourgogne, France. She was also recognised as a leading lawyer in 2020, 2021, and 2022 by Thomson Reuters and highly regarded lawyer in 2024 by IFLR1000.

Shakeel Sarwar

Group Head of Equities Asset Management

Shakeel Sarwar joined SICO in 2004 and, over the length of his career, has accumulated over 30 years of investment industry experience in the UK, Pakistan, and the Middle East. Prior to joining SICO, he worked with Riyad Bank's Asset Management Division and was part of a team that managed over USD 3 billion in KSA equities. He has also held positions with ABN Amro Asia Securities in the UK and Pakistan. Shakeel holds a Master of Business Administration in Banking and Finance from IBA, Karachi, Pakistan.

Ali Marshad

Group Head of Fixed Income Asset Management

Ali Marshad has over 19 years of experience in asset management, investments, treasury, and brokerage. After joining SICO in 2008 as an Analyst in the Investments and Treasury division, Ali then headed up the newly established Fixed Income Desk in 2012 before being promoted to Head of Fixed Income in 2015. Prior to joining SICO, he worked in the UK as an Analyst with Mercer Investment Consulting and as a Performance Analyst with UBS Global Asset Management, London. Ali is a board member of SICO Capital in KSA. A Chartered Financial Analyst, Ali holds a Bachelor of Science (Honours) in Banking, Finance, and Management from Loughborough University, UK.

Wissam Haddad

Group Head of Investment Banking

Wissam Haddad has 23 years of experience in investment banking, private equity, and corporate finance. Prior to joining SICO in 2014, he was a Director with Gate Capital in Dubai and had previously held senior positions with UAE-based Najd Investments, Unicorn Capital, Emirates NBD's NBD Sana Capital, Saudi National Commercial Bank's NCB Capital, and Eastgate Capital, among others. He is also a board member of SICO Invest in the UAE. Wissam holds a Bachelor of Commerce from Concordia University, Canada.

Jithesh K. Gopi

Group Head of Strategy and Treasury

Jithesh Gopi has over 30 years of experience in investment management, research, and analytics. Since 2013, he has worked with Al Rajhi Capital in Riyadh as Head of Research, Head of Asset Management, Director of Research and Financial Institutions, and Director of Corporate Development and Proprietary Investments. In 2006, he joined SICO as Senior Analyst and as Head of Research, covering over 50 companies in major sectors, and he is currently a Board Member at SICO Invest, UAE. Jithesh holds a Bachelor of Science in Mechanical Engineering from the College of Engineering, Trivandrum, India, and a Master of Business Administration from the Asian Institute of Management in Manila, Philippines. He is also a CFA charterholder, and he has completed the Asian International Executive Program at INSEAD Singapore.

Mariam Isa

Head of Brokerage

Mariam Isa has 20 years of experience in regional equity trading and sales. She joined SICO in 2005. Before becoming the Head of Brokerage, she held the position of Chief Broker. Mariam has also worked as a Senior Officer in the Placement Department at Gulf Finance House. She holds a Master of Business Administration in Islamic Finance from the University College of Bahrain, an Associate Diploma in Accounting from the University of Bahrain, and a Treasury and Capital Market Diploma from BIBF. She has also completed the Leadership Development Program at the University of Virginia, USA.

Ahmed Almudawi

Head of Global Markets

Ahmed Almudawi has over 14 years of experience in the fixed income and public equity arenas in both emerging and developed markets. Joining SICO in 2015, Ahmed has been the Global Markets primary On-Desk Trader since 2020. He caters to sell-side clients; namely institutional investors and ultra/high net worth individuals. In 2024, he assumed the position of Head of Global Markets. Joining SICO Funds Services (SFS) in 2015 as a Senior Fund Administrator, Ahmed's vast experience in the field has developed through various exposures within the bank. In 2017, Ahmed transitioned from SICO Funds Services to SICO as Senior Fixed Income Trader within the brokerage team. He is a graduate from Exeter University with a Bachelor of Arts in Accounting and Finance. Ahmed is a Chartered Financial Analyst (CFA) and Chartered Accountant (ACCA).

Salman Al Sairafi

Group Head of Transformation

With more than 22 years of experience in financial services and technology, Salman Al Sairafi joined SICO in 2020 as the Head of the newly established Global Markets division and was appointed as the Head of Transformation in 2024. Prior to joining SICO, he held the role of Chief Investment Officer and Board Member at Capital Growth Management in Bahrain and was a Senior Investment Advisor at United Consulting Group in KSA. Prior to that, he headed the Fixed Income and Money Markets desk at NCB Capital in KSA. Salman has also held various other positions in Bahrain and the UK in the fields of consulting and R&D. Salman is a Board member at SICO Invest in UAE, Dar Al Ma'rifa Centre for Education and EDD consulting in Bahrain and is both a Chartered Financial Analyst and a Chartered Alternative Investment Analyst. A former Chevening Scholar, Salman holds a Bachelor of Engineering in Information Systems Engineering and a Master of Science in Advanced Computing from Imperial College London.

Nishit Lakhotia

Group Head of Research

Nishit Lakhotia has nearly 21 years of experience in the fields of investment research, risk management, hedge funds, and private equity. He has been involved in sell side Research in SICO since 2009, actively covering sectors such as telecommunications, consumers, aviation, and construction across the GCC. Previously, Nishit worked for an Iceland-based private equity firm focusing on India's infrastructure sector and a US-based global hedge fund. Nishit is a Chartered Financial Analyst, a Chartered Alternative Investment Analyst, and a Financial Risk Manager from the Global Association of Risk Professionals. He holds a Master of Business Administration in Finance from the Narsee Monjee Institute of Management Studies, Mumbai, India.

Nadeen Oweis

Group Head of Sustainability and Corporate Communications

Nadeen Oweis joined SICO in 2008 and has accumulated over 23 years of professional experience. Prior to joining SICO, Nadeen oversaw corporate communications and public relations for Microsoft in Bahrain. Before this, she handled regional accounts for Lowe Contexture. She also held posts at Procter and Gamble in Jordan and managed the advertising and promotions account for Radio Fann FM in Jordan. Nadeen holds a master's degree in Diplomatic Studies from the Jordan Institute of Diplomacy, a bachelor's degree in Law from the University of Jordan, and a Certificate of Digital Marketing from Columbia Business School.

Haifa Ajlan

Group Head of HR & Administration

Haifa has more than 23 years of experience in the field of Human Resources. She first joined SICO in 2004, holding the position of Assistant Vice President before now being appointed as Head of Human Resources and Administration. Haifa holds a master's degree in Business Administration from the University of Strathclyde Business School in Glasgow, UK and a bachelor's degree in Business Information Systems from University of Bahrain.

Mohammed Ibrahim

Group Head of Information Technology

Mohammed Ibrahim has over 24 years of experience in the field of information technology (IT), including IT project management, business analysis, complex system builds and interfaces, business continuity planning, and information security. Prior to joining SICO in 2007, he was Training Head and Technical Consultants Team Lead at the Bahrain Institute of Technology and Technical and Training Manager at YAT Group, Egypt. Mohammed is a Certified Information Systems Security Professional (CISSIP), a Master Certified Internet Web Professional (MCIW), a Microsoft Certified Solutions Expert, and a Microsoft Certified Trainer. He holds a Bachelor of Science and Education and a postgraduate diploma in Science and Education from Alexandria University, Egypt.

Mohammed Juma

Head of Compliance and MLRO

Mohammed Juma has over 21 years of experience in compliance, investment, and operations management. Mohammed joined SICO in 2016 as Head of Compliance and MLRO, assuming responsibility for monitoring SICO Group's operational adherence with the guidelines of regulatory authorities. Previously, Mohammed was Head of Compliance and MLRO with the International Investment Bank and JS Bank Limited in Bahrain. Mohammed holds a bachelor's degree in Banking and Finance from the University of Bahrain and has completed the Leadership Grooming Executive Program with the Ivy Business School in Canada and Hong Kong. He is a Certified Compliance Professional and a Certified Anti-Money Laundering Specialist.

Joseph Thomas

Group Head of Internal Audit

Joseph Thomas has over 22 years of experience in internal audits, assurance engagements, and other financial advisory services. Joseph joined SICO in 2015 after having been Head of Internal Audit at Global Banking Corporation and holding a post with the Risk Consulting division of KPMG Bahrain. He began his career with Bharat Overseas Bank in India, followed by an internal audit role at the South Indian Bank. He later served as Audit Manager and Partner at a Dubai-based auditing firm. Joseph is a Chartered Accountant and a Certified Internal Auditor. He holds a Bachelor of Commerce from Mahatma Gandhi University, India.

Fatima Mansoor

Head of Client Relations

With more than 16 years of experience in regional equity trading and client relations, Fatima Mansoor joined SICO in 2006 as a Broker, assuming the role of Senior Broker in 2008. She moved to the Client Relations Department in 2017 and was appointed Head of the department in 2019. Fatima holds a Bachelor of Science in Banking and Finance from the University of Bahrain and a Master of Business and Administration in Finance from the New York Institute of Technology.

Bassam A. Khoury

CEO of SICO Invest

Bassam has over 40 years of international experience in brokerage, investments, and financial consultancy. He joined SICO in 2008 as Head of Brokerage before leaving in 2010 to join QInvest, Qatar, as Head of Regional Brokerage. Prior to re-joining SICO in 2013 as General Manager of SICO Invest in UAE, Bassam was Chief Executive Officer of Bahrain-based ABC Securities. Previously, he worked with Banque Saudi Fransi in KSA, BMB Investment Bank and Lehman Brothers in Bahrain, a private family office in Paris, and M Sternberg & Company in the USA. Bassam holds a Bachelor of Science in Business Administration and Economics from King's College, New York, USA.

Governance Framework

SICO's Corporate Governance framework comprises Board and Committee Charters, Code of Business Conduct, operational policies and procedures, internal controls and risk management systems, compliance procedures, delegated authority limits (DAL), internal and external audit, effective communications and transparent disclosure, and measurement and accountability.

Code of Business Conduct

SICO conducts itself in accordance with the highest standards of ethical behavior. A Code of Conduct for SICO Staff has been developed to govern the personal and professional conduct of all employees. The Code of Conduct outlines areas of conflict of interest, confidentiality, fair and equitable treatment, ethics, and managing customer complaints. A Whistleblowing Policy and Procedures guide is also included within the Code of Conduct for SICO Staff.

Compliance and Anti-Money Laundering

As a licensed conventional wholesale bank and listed company, SICO has comprehensive policies and procedures in place to ensure full compliance with the relevant rules and regulations of the CBB and the BHB. The Bank has an independent Compliance Department, in keeping with Basel and CBB guidelines. The Compliance Department acts as the central coordinator for all matters relating to regulatory reporting and other requirements.

Anti-money laundering measures are also an important area for the Compliance Department, with a designated Money Laundering Reporting Officer (MLRO) and Deputy MLRO. The Bank has documented anti-money laundering and combating the financing of terrorism procedures in conformity to the regulatory requirements in the Kingdom of Bahrain. SICO has implemented a risk-based automated transaction monitoring system, which further enhances the Bank's anti-money laundering measures in line with the regulations of the CBB.

Corporate Communications

SICO conducts all communications with its stakeholders in a professional, honest, transparent, understandable, accurate, and timely manner. Main communication channels include an annual report, a corporate website, and regular announcements in the appropriate local media. To ensure disclosure of relevant information to all shareholders on a timely basis, the Bank publishes its annual report and the past 10 years' financial statements on the corporate website (www.sicobank.com).

Related Party Transactions and Conflict of Interest

The Directors make every practicable effort to arrange their personal and business affairs to avoid a conflict of interest with the Bank. The Directors disclose their interests in other entities or activities to the NRCG Committee on an annual basis, inform the Bank of any conflict of interest whenever it arises, and abstain from voting on any related subject matter. The Bank reviewed all such transactions during 2024, and there were no transactions involving potential conflicts of interest that need to be brought to the shareholders' attention. The related party transaction details are disclosed in Note 27 of the Consolidated Financial Statements.

Recruitment of Relatives

The Bank has a Board-approved policy in place on the employment of relatives to prevent potential favouritism and conflicts of interest in decision-making due to certain relationships among employees, including approved persons.

Remuneration of Board Members and Senior Management and Fees Paid to External Auditors

The remuneration paid to Board members and senior management personnel are disclosed in Note 27 of the Consolidated Financial Statements. The information on fees paid to External Auditors for audit and other services will be available to the CBB and shareholders upon request, provided such disclosure does not impact the interest of the Bank.

Managing Risk

"As the external risk environment becomes more and more complex, the Risk Management function has become a critical component of SICO's ability to remain a resilient bank that can meet its targets and create value for its stakeholders.

Given the prevailing and uncertain market conditions, Risk Management emerges as a vital shield, protecting individuals, businesses, and organizations from potential pitfalls. It is the strategic practice of anticipating, analysing, and mitigating the impact of adverse events.

As the external risk environment becomes more and more complex, the Risk Management function has become a critical component of SICO's ability to remain a resilient bank that can meet its targets and create value for its stakeholders. SICO's Risk Management Department (RMD) is responsible for establishing the risk management framework and appropriate risk guidelines to assist the bank in achieving its strategic and business objectives. The department provides leadership, direction, and coordination in implementing the risk management framework across the entire group. This entails a systematic process of identifying, assessing, and mitigating the principal business risks facing SICO by establishing appropriate controls to manage these risks and ensuring that appropriate monitoring and reporting processes are in place. The bank has established a risk management function that is independent of its risk-taking (business units) functions and reports directly to the Board Audit, Risk, and Compliance Committee (BARCC). During 2024, Risk Management under the leadership of the Group Chief Risk Officer continued to play a pivotal role with the introduction of greater scope for monitoring, reporting, and various other enhancements throughout the RMD. An overview of SICO's risk management framework along with the governance structure is covered in the Risk and Capital Management section of this annual report.

External Risk Factors

Banks operate within a complex web of external risk factors that can significantly impact on their financial health and stability. SICO manages these external risk factors with constant monitoring, stress testing various scenarios, and implementing appropriate mitigation strategies.

Cybersecurity Risk

In today's evolving cybersecurity landscape, modern financial systems face the ongoing challenge of countering increasingly sophisticated threats, particularly as AI-powered tools elevate the complexity of social engineering attacks such as phishing. Cybersecurity has become a critical concern for operational resilience across industries, transcending the financial services sector. As a result, CEOs and boards globally recognise cybersecurity as a core business risk rather than merely a technology concern.

Cybersecurity remains a top priority within SICO's internal risk management framework. We are dedicated to safeguarding our digital assets and ensuring the protection of client and stakeholder information. In alignment with industry best practices, we actively participated in initiatives organised by the CBB, including workshops aimed at advancing cybersecurity measures across Bahrain's banking sector. These sessions highlighted the importance of adopting the latest security practices and controls to uphold the integrity of the financial system. Additionally, SICO participated at cybersecurity discussion forums hosted by the Bahrain Association of Banks, reinforcing its commitment to staying at the forefront of industry developments.

In 2024, SICO further strengthened its cybersecurity framework by upgrading its firewall systems, deployed a web application firewall to strengthen protection against web-based threats, and introduced a Privileged Access Management (PAM) solution to safeguard critical systems and privileged accounts. Recognising that cybersecurity is a shared responsibility, SICO also invested in comprehensive training programs to increase employee and client awareness of potential threats, including phishing emails, security best practices, and their roles in maintaining a secure digital environment.

Geopolitical Risk

Geopolitical risks remain a major concern for the banking sector due to the ongoing Russia-Ukraine conflict, continued regional tensions in the Middle East, and the US-China trade relations. Shifts in global trade policies and supply chains, as well as their potential effects on the prices of agricultural and energy commodities, underscore the need for vigilant monitoring and financial resilience. Regional and political instability continue their significant influence on interest rates and financial markets, thus demanding that banks stay informed with forward-looking decisions to navigate these complexities effectively. SICO's RMD plays a crucial role in safeguarding businesses from the potential disruptions, evolving regulations, and financial consequences arising from geopolitical risks.

Inflation, Market, and Interest Rate Risk

Inflationary measures have eased globally, with the US Federal Reserve maintaining steady interest rates and signaling further potential cuts in 2025, however the effects of elevated living costs and tightening financial conditions continue to weigh on global growth. GCC economies have benefited from higher oil prices, bolstering government revenues and resilience, yet remain vulnerable to geopolitical concerns in the region.

SICO monitors market updates and risks routinely for agile strategy amendments, with a focus on maintaining acceptable fixed income portfolio durations to mitigate any significant interest rate risks.

Environmental, Social, and Governance Risk (ESG)

As ESG becomes more imperative to business strategy, transitioning to integrate sustainability as a core business strategy has become a significant task that must be calculated. This growing attention on ESG is a key focus of SICO and of the CBB, which has recently released its ESG guidelines. The Bank has engaged and implemented a comprehensive review and enhancement of its ESG risk management, evaluating how to better address environmental impact, social responsibility, reporting, and governance practices not only to safeguard its reputation but also to enhance its long-term financial resilience.

> By identifying these risks, we can ensure that our business is resilient to potential external threats and volatile market conditions and give further confidence to our clients and stakeholders.

Internal Risk Priorities

SICO is exposed to the major risk types below.

- Credit Risk
- Concentration Risk
- Market Risk
- Operational Risk
- Liquidity Risk
- Fiduciary Risk
- Compliance and Regulatory Risk
- Reputational Risk
- Legal Risk

These are elaborated further in the Risk and Capital Disclosure section of the annual report.

Subsidiary Oversight

In 2024, SICO continued prioritising robust oversight of its subsidiaries to ensure alignment with the Group's risk management framework. The Bank further enhanced its comprehensive monitoring and reporting mechanisms to support subsidiaries in identifying, assessing, and mitigating potential risks across all subsidiary operations. SICO's proactive approach to oversight ensures the implementation of cohesive risk management practices across the group's subsidiaries.

Changes in the Business

An ongoing rapid rate of change for SICO presents a set of challenges, but the Risk Management department is an active partner to the business model that is up to the task of ensuring that these developments and enhancements are delivered seamlessly without compromising the quality of the client experience or the resilience of operational processes. Our clients' best interests are our top priority, and our fiduciary responsibilities are key. The department also carries out updates of all the relevant risk management frameworks in the light of the changes in business and also ensures compliance with the applicable regulatory requirements across the Group.

Going Forward

The Risk Management department will continue to assist SICO's various business lines in identifying and managing potential sources of risk, ensuring that lessons learned and industry's best practices are applied across the organization. By identifying these risks, we can ensure that our business is resilient to potential external threats, and volatile market conditions and give further confidence to our clients and stakeholders.

Risk Management continually aims to be an effective partner to the front office and support functions, providing a constructive and insightful challenge to current and proposed business practices and products, as necessary. By mapping out internal processes and controls we can rapidly identify new or changing risk factors and address any control vulnerabilities that may emerge in a resource efficient way.

An active and flexible Risk Management function at SICO ultimately gives the bank a competitive advantage to ensure that existing and prospective clients regard SICO as a top-tier investment manager and leader in the risk management space; a "safe pair of hands" to be entrusted with their investments.

The department is continuously enhancing the framework that guides SICO's day-to-day operations and decision-making in a manner that considers market conditions, complex new developments in technology, and the regulatory frameworks in each of the jurisdictions in which SICO operates.

Control Functions

Compliance and Anti-Money Laundering

As a licensed conventional wholesale and listed bank, SICO has implemented comprehensive policies and procedures to ensure full compliance and adherence to all relevant rules and regulations set forth by the Central CBB, the BHB, and other regulatory authorities. In alignment with Basel and CBB guidelines, the Bank has established an Independent Compliance Department, which serves as the central coordinator for all regulatory reporting and compliance related matters. The department is also responsible for ensuring compliance with CBB regulations for anti-money laundering (AML) and counter-terrorism financing (CFT), overseen by a dedicated Money Laundering Reporting Officer (MLRO) and Deputy MLRO. During 2024, SICO maintained compliance with the latest regulatory requirements by the CBB and BHB. A detailed overview of SICO's corporate governance framework, along with a report on key developments throughout the year, is covered in the Corporate Governance Review section of this annual report.

Internal Audit

SICO has a well-established independent Group Internal Audit function that reports directly to the Board Audit, Risk, and Compliance Committee to provide independent and objective assurance over the adequacy and effectiveness of the Bank's and relevant subsidiaries' governance, internal controls, and risk management processes. Its scope and role are defined and approved by the Board Audit, Risk & Compliance Committee ('BARCC'). During 2024, the department met quarterly with the BARCC and the Board Audit Committee of relevant subsidiaries and presented the results of internal audits performed in line with the Board-approved, risk-based internal audit plans. As outlined by the approved group internal audit plan, certain operational, business, and management processes and divisions for SICO and its subsidiaries — SICO Capital CJSC, in Riyadh, KSA and SICO Invest LLC in the UAE — were audited/reviewed. Internal Audit also carried out spot check reviews on an ad-hoc basis covering various areas based on Management's request, with the results being presented to the Senior Management/BARCC.

In 2024, the department continued its focus on internal audits of SICO's KSA Subsidiary, SICO Capital CJSC, and carried out multiple internal audits of certain critical functions and business divisions in SICO Capital. The department continues to support SICO Capital CJSC, with its extensive and specialist experience of internal audit of brokerage, asset management, capital markets' related businesses and securities services; among other areas.

Throughout the year, the department also assisted with various consulting assignments contributing with inputs and reviews at various stages for a number of the group's additional projects such as update of policies and procedures etc. all while keeping adequate safeguards in place in line with IIA standards. During the year, the department also comprehensively revised its policy framework and charter and ensure they are in line with the new revised Global Internal Audit Standards issued by the Institute of Internal Auditors (USA) and also elevated the policy and charter to that of a group role.

Financial Control

The Financial Control Department, which comprises the Accounting and Reporting Unit (ARU) and the Internal Controls and Value-Added Tax (VAT) Unit (ICU & VAT), is responsible for all aspects of accounting, VAT, and internal controls at SICO. ARU is responsible for ensuring the bank's financial accounts and regulatory reporting standards are in good order. The ICU & VAT unit is responsible for all aspects of complying with VAT regulations as promulgated by the National Bureau of Revenue in the Kingdom of Bahrain. In addition, the unit performs key internal control functions across the various finance and accounting tasks that are in place.

During 2024, ARU produced MIS and regulatory reports and prepared consolidated financial statements in accordance with international accounting standards. Paperless processing of payments are in place, electronic authorization procedures are followed with appropriate controls and seamless integration with the various counterparty banks and brokers has been achieved. All the routine and adhoc regulatory requirements of CBB, NBR, MOICT, and the BHB are met without any exception.

The ICU & VAT unit continues to play a key role in ensuring relevant frameworks were set up and implemented throughout SICO to comply with VAT. The unit ensured that the bank complied with regulatory requirements to issue tax invoices, that it filed tax returns in a timely manner, and that VAT was paid on a periodic basis, with amendments to regulations and requirements being handled in a timely fashion. All aspects relating to corporate taxation assessments and the related requirements are also carried out by this unit.

04

Leadership

Board of Directors

Abdulla Kamal
Chairman Non-Executive since 2023, representing
Social Insurance Organization – Bahrain

- Chairman of SICO Board Investment Committee
- Chief Executive Officer, Osool Asset Management BSC (c)
- Chairman: Amlak Real Estate Company; Osool Pension Fund
- Board member: Beyon; Bahrain Marina Development Company
- Professional experience: 21 years
- Education: Bachelor of Science in Accounting, University of Bahrain, Certified Internal Auditor (CIA), Associate Chartered Certified Accountant (ACCA), and Associate Professional Risk Manager (APRM)

Mohammed Abdulla Isa
Non-Executive Director since 2009, representing
BBK BSC – Bahrain

- Member of SICO Board Audit, Risk, and Compliance Committee
- Group Chief Financial Officer, BBK BSC
- Board member: Bahrain Credit Facilities Company
- Professional experience: 34 years
- Education: Certified Public Accountant, American Institute of Certified Public Accountants, Delaware State Board of Accountancy (2001), USA

Hisham Al Kurdi
Vice Chairman and Executive Director since 2020, representing
National Bank of Bahrain BSC – Bahrain

- Member of SICO Board Investment Committee
- Group Chief Executive, Markets and Client Solutions, National Bank of Bahrain, BSC
- Board member: Bahrain Islamic Bank (BISB)
- Professional experience: 27 years
- Education: Bachelor of Science in Engineering in Systems Control, the University of Huddersfield, UK

Tala Fakhro
Independent Director since 2020

- Chairperson of SICO Board Audit, Risk, and Compliance Committee
- Board member: Bahrain Insitute of Banking and Finance; Reboot Coding Institute
- Professional experience: 34 years
- Education: Juris Doctor, Georgetown University Law Center, Washington, and a Bachelor of Arts in Economics, Smith College in Northampton

Dana Raees

Non-Executive Director since 2020, representing
Social Insurance Organization – Bahrain

- Member of SICO Board Nomination, Remuneration, and Corporate Governance Committee
- Chief Legal Officer, Osool Asset Management BSC (c)
- Board member: BBK BSC
- Professional experience: 18 years
- Education: Bachelor of Laws (LLB) from the University of Warwick, UK, and LPC from the University of Law, London

Khalid Al-Jassim

Independent Director since 2020

- Chairman of SICO Board Nomination, Remuneration, and Corporate Governance Committee
- Chairman and Managing Director, Afkar Holding Limited
- Board member: Bahrain Islamic Bank; Coffee Burger Restaurant WLL; Furas Consulatancy WLL; Durrat Resort Management; SICO Capital
- Professional experience: 34 years
- Education: Bachelor of Science in Computer Science and Mathematics from California State University, Long Beach, as well as an Executive MBA from Pepperdine University

Naseema Haider

Independent Director

- Member of SICO Board Audit, Risk, and Compliance Committee
- Regional Head of Private Banking, Ahli United Bank BSC
- Board member: Ministry of Social Development - Social Labour
- Professional experience: 27 years
- Education: Bachelor of Science in Accounting, University of Bahrain, Master's in Fintech Strategy from Strathclyde University in Scotland

Shaikh Waleed K Al Hashar

Executive Director since January 2022, representing
Bank Muscat – Oman

- Member of SICO Board Investment Committee
- Chief Executive Officer: Bank Muscat SAOG
- Board member: Oman Banks Association; College of Baking and Financial Studies; BM Innovate Ltd; Royal Academy of Management; BM SIP Ltd
- Professional experience: 31 years
- Education: postgraduate diploma in General Management, Harvard Business School; Bachelor of Science and Master's Degree in Business Administration, California State University, Sacramento, USA

Elham Adel Al Majed

Non-Executive Director since 2022, representing
Social Insurance Organization – Bahrain

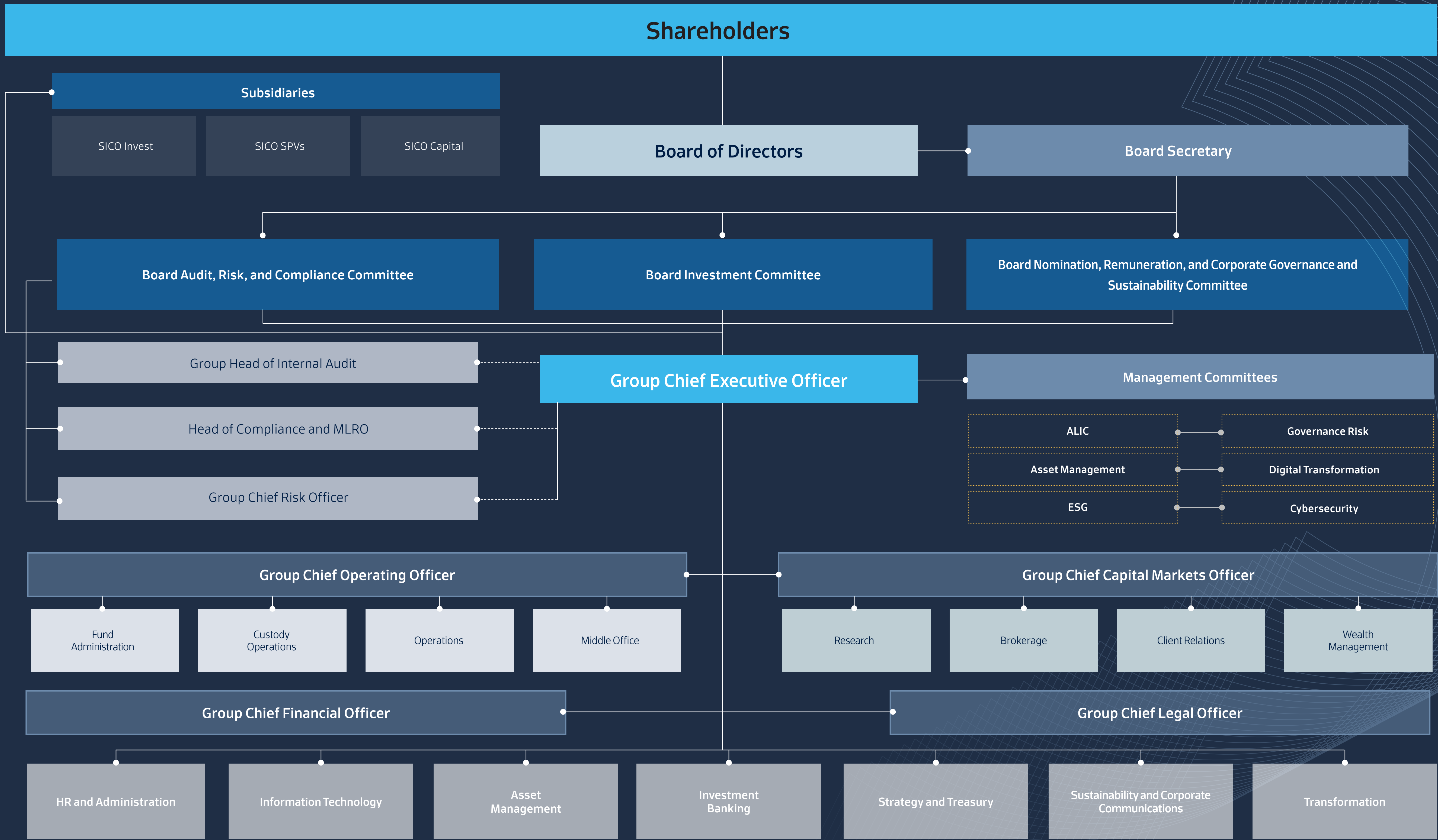
- Member of SICO Board Investment Committee
- Director - Investments: Osool Asset Management BSC (c)
- Board member: Hawar Holding Company, Amber Holdings Limited
- Professional experience: 12 years
- Education: Bachelor's degree in Banking and Finance from University of Bahrain; Chartered Financial Analyst (CFA Institute)

Fadi Al Qutub

Non-Executive Director since 2024, representing
Social Insurance Organization – Bahrain

- Member of SICO Board Nomination, Remuneration, and Corporate Governance Committee
- Chief Investment Officer: Saudi Reinsurance Co.
- Founder and Managing Director: Al Wojha Consulting
- Professional experience: 24 years
- Education: Certified Financial Advisor, Certified Portfolio Manager and a Certified Wealth Manager; Bachelor's degree, Business Management, University of Bahrain

Organization Structure



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Financial Statements

General Information

As at 31 December 2024

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 Committee
	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

EY
Building a better working world

Ernst & Young - Middle East
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Kingdom of Bahrain

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manama@bh.ey.com
C.R. No. 29977-1

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.

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

Key audit matters (continued)

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.

Recognition of net fee income

Key audit matter	How the key audit matter was addressed in the audit
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.	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.

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.

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.

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.

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**

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

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2024

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 incom 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.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2024 (CONTINUED)

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.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2024

Bahraini Dinars '000

Operating activities	Note	2024	2023
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**

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

Notes To The Consolidated Financial Statements

For the year ended 31 December 2024

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 January2024

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

(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.

(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.

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).

3. Material Accounting Policy Information (Continued)

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

(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.

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.

(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 ("ECL").

(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.

3. Material Accounting Policy Information (Continued)

(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
- 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.

(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.

3. Material Accounting Policy Information (Continued)

(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.

(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.

4. Financial Risk Management (Continued)

(b) Credit risk (Continued)

(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.

(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.

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. Concentration indicates 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.

4. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Risk exposure concentration (Continued)

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**

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**

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.

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%).

4. Financial Risk Management (Continued)

(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.

(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.

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**	**-**	**-**

4. Financial Risk Management (Continued)

(e) Market risk (continued)

(ii) Interest rate risk (continued)

2023	Effective interest rate % p.a.	Within 1 year BD	Over 1 year BD	Non-interest sensitive BD	Total BD
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%).

(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.

4. Financial Risk Management (Continued)

(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.

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
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**

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 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**

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
ECL	(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.

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**

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.

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**

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
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**

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:

	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**

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. • These vehicles are financed through issuance of units to investors.	• Investment in units issued by the fund • Management fee • Performance fee • None
Employee share incentive scheme trust	To hold the shares in trust under employee share incentive scheme.	None

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: BD2,052).

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**

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**

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**	**-**

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**	**-**

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**

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.

(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**

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.

34. Accounting Classification And Fair Values (Continued)

(ii) Fair value hierarchy (continued)

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

At 1 January	2024	2023
	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.

(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.

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.

36. Net Stable Funding Ratio (Continued)

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%**

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%**

SICO Remuneration Policy & Related Disclosures

The Bank's total compensation approach, which includes the variable remuneration policy, sets out the Bank's policy on remuneration for Directors and senior management, and the key factors that are taken into account in setting the policy.

The current policy framework and incentive components were approved by the shareholders in the Annual General Meeting held on March 30, 2015. The policy is effective from the year 2014 annual performance incentives onwards The key features of the approved remuneration framework are summarised below.

Remuneration strategy

It is the Bank's basic compensation philosophy to provide a competitive level of total compensation to attract and retain qualified and competent employees. The Bank's variable remuneration policy will be driven primarily by a performance-based culture that aligns employee interests with those of the shareholders of the Bank. These elements support the achievement of our objectives through balancing rewards for both short-term results and long-term sustainable performance. Our strategy is designed to share our success, and to align employees' incentives with our risk framework and risk outcomes.

The quality and long-term commitment of all of our employees is fundamental to our success. We therefore aim to attract, retain and motivate the very best people who are committed to maintaining a career with the Bank, and who will perform their role in the long-term interests of our shareholders. The Bank's reward package comprises the following key elements:

1. Fixed pay
2. Benefits
3. Annual performance bonus

A robust and effective governance framework ensures that the Bank operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Nomination, Remuneration and Corporate Governance Committee of the Board of Directors (NRCGC).

The Bank's remuneration policy in particular considers the role of each employee, and has set guidance on whether an employee is a Material Risk Taker and/or an Approved Person in a business line, control or support function. An Approved Person is an employee whose appointment requires prior regulatory approval because of the significance of the role within the Bank; and an employee is considered a Material Risk Taker if he/she is the Head of a significant business line, or any individuals within their control who have a material impact on the Bank's risk profile.

In order to ensure alignment between what we pay our people and our business strategy, we assess individual performance against annual and long-term financial and non-financial objectives summarised in our performance management system. This assessment also takes into account adherence to the Bank's values, risks and compliance measures and above all integrity. Altogether, performance is therefore judged not only on what is achieved over the short- and long-term, but also importantly on how it is achieved as the NRCGC believes the latter contributes to the long-term sustainability of the business.

NRCGC role and focus

The NRCGC has oversight of all reward policies for the Bank's employees. The NRCGC is the supervisory and governing body for compensation policy, practices and plans. It is responsible for determining, reviewing and proposing variable remuneration policy for approval by the Board. It is responsible for setting the principles and governance framework for all compensation decisions. The NRCGC ensures that all persons must be remunerated fairly and responsibly. The remuneration policy is reviewed on a periodic basis to reflect changes in market practices, the business plan and risk profile of the Bank.

The responsibilities of the NRCGC with regards to the Bank's variable remuneration policy, as stated in its mandate, include but are not limited to, the following:

- Approve, monitor and review the remuneration system to ensure the system operates as intended.
- Approve the remuneration policy and amounts for Approved Persons and Material Risk-Takers, as well as total variable remuneration to be distributed, taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits.
- Ensure remuneration is adjusted for all types of risks, and that the remuneration system takes into consideration employees who earn the same short-run profit, but take different amounts of risk on behalf of the Bank.
- Ensure that for Material Risk Takers, variable remuneration forms a substantial part of their total remuneration.
- Review the stress testing and back testing results before approving the total variable remuneration to be distributed, including salaries, fees, expenses, bonuses and other employee benefits.
- Carefully evaluate practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. The NRCGC will question payouts for income that cannot be realised or whose likelihood of realisation remains uncertain at the time of payment.
- Ensure that for Approved Persons in risk management, internal audit, operations, financial control and compliance functions, the mix of fixed and variable remuneration is weighted in favour of fixed remuneration.
- Recommend Board members' remuneration based on their attendance and performance, and in compliance with Article 188 of the Bahrain Commercial Companies Law.
- Ensure appropriate compliance mechanisms are in place to ensure that employees commit themselves not to use personal hedging strategies or remuneration-and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

As outlined in the Corporate Governance section, the Board is satisfied that all non-executive Directors are independent. The NRCGC comprises of the following members:

NRCGC Members	No of meetings
Khalid Al Jassim (Chairman of NRCG)	4
Mohammed Abdulla Isa (Member until June 2024)	2
Dana Raees	4
Fadi Al Qutub (Member since June 2024)	2

The total amount of NRCG siting fees for 2023 is BD 5,250 [2022: BD 9,000]

External consultants

The NRCGC did not appoint any external consultants during the year.

Scope of application of the remuneration policy

The principles of this remuneration policy apply on a Group-wide basis. However, application of deferral requirements and issue of non-cash instruments for each subsidiary of the Bank will be determined by applicable local regulations and market norms.

Board remuneration

The Bank's Board remuneration is determined in line with the provisions of Article 188 of the Bahrain Commercial Companies Law, 2001. The Board of Directors' remuneration will be capped so that total remuneration (excluding sitting fees) does not exceed 10% of the Bank's net profit after all required deductions as outlined in Article 188 of the Companies law, in any financial year. Board remuneration is subject to approval of the shareholders in the Annual General Meeting. Remuneration of non-executive Directors does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses or pension benefits.

Variable remuneration for staff

Variable remuneration is performance related and consists primarily of the annual performance bonus award. As a part of our staff's variable remuneration, the annual bonus rewards delivery of operational and financial targets set each year, the individual performance of the employees in achieving those targets, and their contribution to delivering the Bank's strategic objectives.

The Bank has adopted a Board-approved framework to develop a transparent link between variable remuneration and performance. The framework is designed on the basis of meeting both satisfactory financial performance and the achievement of other non-financial factors, that will, all other things being equal, deliver a target bonus pool for employees, prior to consideration of any allocation to business lines and employees individually. In the framework adopted for determining the variable remuneration pool, the NRCGC aims to balance the distribution of the Bank's profits between shareholders and employees.

Key performance metrics at the Bank level include a combination of short-term and long-term measures, and include profitability, solvency, liquidity, risk diversification, strategy implementation and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

In determining the amount of variable remuneration, the Bank starts from setting specific targets and other qualitative performance measures that would result in a target top-down bonus pool. The bonus pool is then adjusted to take account of risk via the use of risk-adjusted measures (including forward-looking considerations).

The NRCGC carefully evaluates practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. The NRCGC demonstrates that its decisions are consistent with an assessment of the Bank's financial condition and future prospects.

The Bank uses a formalised and transparent process to adjust the bonus pool for quality of earnings. It is the Bank's objective to pay bonuses out of realised and sustainable profits. If the quality of earnings is not strong, the profit base could be adjusted based on the discretion of the NRCGC.

For the overall Bank to have any funding for distribution of a bonus pool, threshold financial targets have to be achieved. The performance measures ensure that total variable remuneration is generally considerably contracted where subdued or negative financial performance of the Bank occurs. Furthermore, the target bonus pool as determined above is subject to risk adjustments in line with the risk assessment and linkage framework.

Remuneration of control functions

The remuneration level of staff in the control and support functions allows the Bank to employ qualified and experienced personnel in these functions. The Bank ensures that the mix of fixed and variable remuneration for control and support function personnel should be weighted in favour of fixed remuneration. The variable remuneration of control functions is to be based on function-specific objectives, and is not to be determined by the financial performance of the business areas they monitor.

The Bank's performance management system plays a major role in deciding the performance of the support and control units on the basis of the objectives set for them. Such objectives are more focused on non-financial targets that include risk, control, compliance and ethical considerations, as well as the market and regulatory environment, apart from value-adding tasks which are specific to each unit.

Variable compensation for business units

The variable remuneration of the business units is primarily determined by key performance objectives set through the performance management system of the Bank. Such objectives contain financial and non-financial targets, including risk control, compliance and ethical considerations, as well as market and regulatory requirements. The consideration of risk assessments in the performance evaluation of individuals ensures that any two employees who generate the same shortrun profits, but take different amounts of risk on behalf of the bank, are treated differently by the remuneration system.

Risk assessment framework

The purpose of risk linkages is to align variable remuneration to the risk profile of the Bank. In its endeavour to do so, the Bank considers both quantitative measures and qualitative measures in the risk assessment process. Both quantitative measures and human judgement play a role in determining any risk adjustments. The risk assessment process encompasses the need to ensure that the remuneration policy as designed reduces employees' incentives to take excessive and undue risks, is symmetrical with risk outcomes, and delivers an appropriate mix of remuneration that is risk aligned.

The Bank's NRCGC considers whether the variable remuneration policy is in line with the SICO's risk profile, and ensures that through the Bank's ex-ante and ex-post risk assessment framework and processes, remuneration practices where potential future revenues' timing and likelihood remain uncertain, are carefully evaluated.

Risk adjustments take into account all types of risk, including intangible and other risks such as reputation risk, liquidity risk and the strategic measures. The Bank undertakes risk assessments to review financial and operational performance against business strategy and risk performance prior to distribution of the annual bonus. The Bank ensures that total variable remuneration does not limit its ability to strengthen its capital base. The extent to which capital needs to be built up is a function of the Bank's current capital position and its ICAAP.

Risk assessment framework (continued)

The bonus pool takes into account the performance of the Bank which is considered within the context of the Bank's risk management framework. This ensures that the variable pay pool is shaped by risk considerations and Bank-wide notable events.

The size of the variable remuneration pool and its allocation within the Bank takes into account the full range of current and potential risks, including:

- The cost and quantity of capital required to support the risks taken;
- The cost and quantity of the liquidity risk assumed in the conduct of business; and
- Consistency with the timing and likelihood of potential future revenues incorporated into current earnings.

The NRCGC keeps itself abreast of the Bank's performance against the risk management framework. The NRCGC will use this information when considering remuneration to ensure returns, risks and remuneration are aligned.

Risk adjustments

The Bank has an ex-post risk assessment framework which is a qualitative assessment to back-test actual performance against prior risk assumptions.

In years where the Bank suffers material losses in its financial performance, the risk adjustment framework will work as follows:

- There will be considerable contraction of the Bank's total variable remuneration
- At an individual level, poor performance by the Bank will mean individual KPIs are not met, and hence employee performance ratings will be lower
- Reduction in the value of deferred shares or awards
- Possible changes in vesting periods and additional deferral applied to unvested rewards
- Lastly, if the qualitative and quantitative impact of a loss incident is considered significant, a malus or clawback of previous variable awards may be considered

The NRCGC, with the Board's approval, can rationalise and make the following discretionary decisions:

- Increase/reduce the ex-post adjustment
- Consider additional deferrals or increase in the quantum of non-cash awards
- Recovery through malus and clawback arrangements

Malus and clawback framework

The Bank's malus and clawback provisions allow the Bank's Board of Directors to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited/adjusted, or the delivered variable remuneration recovered in certain situations. The intention is to allow the Bank to respond appropriately if the performance factors on which reward decisions were based turn out not to reflect the corresponding performance in the longer-term. All deferred compensation awards contain provisions that enable the Bank to reduce or cancel the awards of employees whose individual behaviour has had a materially detrimental impact on the Bank during the concerned performance year.

Any decision to take back an individual's awards can only be taken by the Bank's NRCGC. The NRCGC takes into account the advice of the CEO, and Risk, Finance and HR Departments as appropriate.

The Bank's malus and clawback provisions allow the Bank's Board to determine that, if appropriate, vested/unvested elements under the deferred bonus plan can be adjusted/cancelled in certain situations. These events include the following:

- Reasonable evidence of misbehaviour or material error by the employee causing harm to the Bank's reputation or where his/her actions have amounted to misconduct, incompetence or negligence
- The employee's business unit suffers a material downturn in its financial performance or a material restatement of the financial statements of the Bank
- The employee's business unit suffers a material risk management failure
- An employee deliberately misleading the market and/or shareholders in relation to the financial performance of the Bank
- A significant deterioration in the financial health of the Bank
- If the Bank and/or relevant line of business is incurring losses in any year during the vesting period, any unvested portions will be subject to malus

Components of variable remuneration

Variable remuneration has following main components:

Upfront cash	The portion of the variable compensation that is awarded and paid out in cash on conclusion of the performance evaluation process for each year.	
Deferred share linked awards	The portion of compensation that is awarded and paid in the form of share linked instruments. The conditions for granting and vesting of shares vary in accordance with the Banks ESOP policy. These awards are granted in following categories:	
	Salary based awards	Provides for up to 5% of annual salary in the form of share awards which are settled at the end of employment.
	Bonus based awards	Granted to employees as a percentage of annual variable compensation in the form of deferred share awards which rateably vests based on completion of predefined service conditions.

All deferred awards are subject to malus provisions. The number of equity share awards is linked to the Bank's share price as per the rules of the Bank's ESOP Scheme. Any dividend on these shares is released to the employee as and when it is declared.

Components of variable remuneration (continued)

Deferred compensation

All employees above a defined grade shall be subject to deferral of variable remuneration as follows:

Element of variable remuneration	CEO, her deputies and other 5 most highly -paid business line employees	Deferral period	Retention	Malus	Clawback
Upfront cash	40%-80%	Immediate	-	-	Yes
Deferred share awards	20%-100%	Minimum 3 years and up to end of employment	Minimum 6 months and up to end of employment	Yes	Yes

The NRCGC, based on its assessment of role profile and risk taken by an employee, could increase the coverage of employees that will be subject to deferral arrangements.

Details of remuneration paid

(a) Board of Directors

BD 000'	Y2024	Y2023
• Sitting Fees	51	44
• Remuneration	220	160

(b) Employee remuneration

		Total Fixed Remuneration		Variable Remuneration		
2024	No.	Cash	Shares	Upfront Cash	Deferred Shares	Total Remuneration
Approved persons in business lines	12	1,287,600	46,575	523,340	139,585	1,997,100
Approved persons in control func-tions	18	1,043,147	37,500	266,480	64,120	1,411,247
Other material risk takers	35	1,216,218	37,680	286,400	59,575	1,599,873
Other Employeers	61	1,188,372	42,513	244,591	49,604	1,525,080
Subsidiaries						
Business Line	31	1,633,500	11,084	157,841	9,074	1,811,499
Other Employees	51	1,388,201	6,324	101,682	6,796	1,503,004
Total	**208**	**7,757,039**	**181,676**	**1,580,335**	**328,754**	**9,847,803**

		Total Fixed remuneration		Variable remuneration		
2023	No.	Cash	Shares	Upfront Cash	Deferred Shares	Total Remuneration
Approved persons in business lines	11	1,123,424	**45,555**	360,000	98,300	1,627,279
Approved persons in control func-tions	16	1,015,343	28,815	146,240	32,560	1,222,958
Other material risk takers	31	1,022,383	30,090	212,380	41,220	1,306,073
Other employeers	47	1,035,959	31,668	136,220	26,380	1,230,227
Subsidiaries						
Business Line	28	1,079,264	4,186	142,482	4,517	1,230,449
Other employees	43	1,149,936	8,643	112,762	8,000	1,279,341
Total	**176**	**6,426,309**	**148,957**	**1,110,084**	**210,977**	**7,896,327**

Notes:

The amounts reported above represent actual awards for 2024 and 2023 rather than accruals and changes in value of prior period awards. Accordingly, the numbers and amounts above may not necessarily agree with numbers/ amounts reported in the financial statements.

(c) Deferred awards

2024	Shares	Amount
Opening Balance	18,693,934	3,103,193
Awarded during the period	2,916,739	510,429
Paid out / released during the period	(3,771,741)	(607,250)
Service, performance and risk adjustment	-	-
Changes in Value of unvested opening awards	-	(115,441)
Closing balance	**17,838,932**	**3,121,813**

2023	Shares	Amount
Opening Balance	18,638,734	2,982,197
Awarded during the period	2,168,270	359,933
Paid out / released during the period	(2,113,070)	(327,526)
Service, performance and risk adjustment	-	-
Changes in Value of unvested opening awards	-	(88,589)
Closing balance	**18,693,934**	**3,103,193**

Notes :

1. The above table summarises the movement in all categories of share awards (i.e. fixed and variable remunera-tion) issued by the Bank to its employees.
2. The amounts and number of shares reported above include the gross value of awards and are not based on the proportion based charge recognized in the financial statements over the vesting period of awards.

Risk and Capital Management Disclosures

For the Period Ended 31st December 2024

Executive Summary

The following Risk and Capital Management Disclosures encompass the qualitative and quantitative disclosures required by the Central Bank of Bahrain (CBB) in compliance with Basel III guidelines.

The information presented herein pertains to SICO BSC (c) consolidated with its subsidiaries (together termed as "SICO" or the "Bank").

The report contains a description of the Bank's risk management and capital adequacy practices, including detailed information on the capital adequacy process.

The disclosures have been prepared in accordance with the Public Disclosure Module ("PD") of the CBB Rule Book, Volume I for Conventional Banks. These disclosures should be read in conjunction with the Notes, in particular the Significant Accounting Policies and Financial Risk Management, in the Bank's Consolidated Financial Statements for the same period.

These disclosures have been reviewed by the Bank's external auditors Ernst & Young – Middle East (E&Y), based on agreed upon procedures as required under Para PD-A.2.4 of the PD Module.

CONTENTS

1. Overview And Structure Of Risk Management

Risk management is the systematic process of identifying, assessing and mitigating the risks to which SICO is exposed. Risk management is essential to the Bank's success, as risk is inherent in its activities, and risks are mitigated by establishing appropriate controls and ensuring that effective monitoring and reporting processes are in place.

The major risk types to which SICO is exposed are:

- Credit risk
- Operational risk
- Market risk
- Liquidity risk
- Concentration risk
- Fiduciary risk
- Compliance Risk
- Reputational risk
- Legal Risk
- Regulatory risk
- Business Continuity

The Bank maintains a strong focus on its risk management framework, capital management and risk governance structure and adopts a structured, consistent and disciplined methodology to align business strategy, processes, people, technology and knowledge to evaluate and manage its risks.

The stages in the risk management process are as follows:

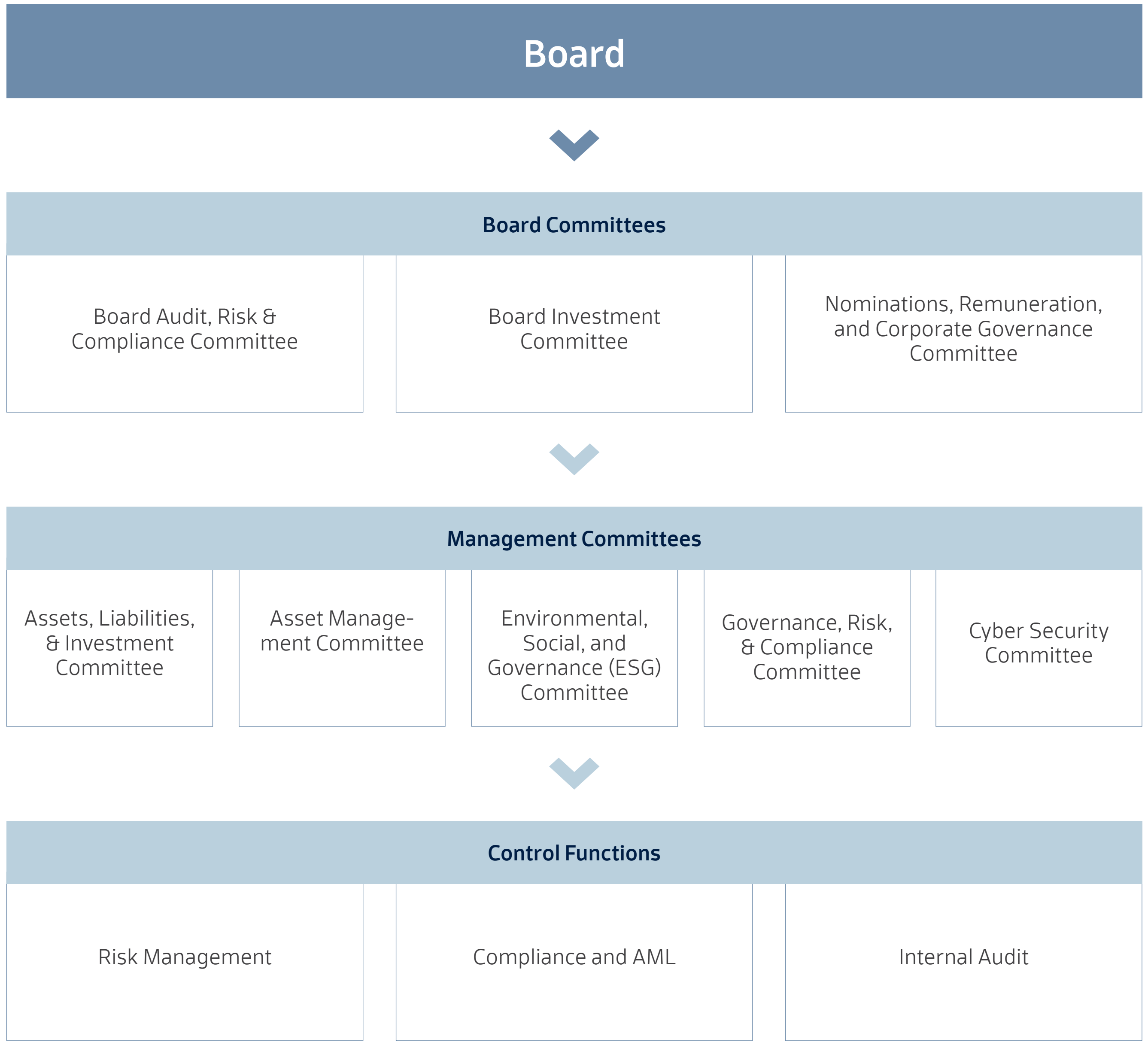
- **Risk identification:** Identification of the risks that impact SICO's various business activities.
- **Quantification of risks and capital coverage:** This step involves quantifying the risks identified in the risk identification process. It creates the objective basis for decision-making and enables the Board and Senior Management to make decisions regarding SICO's risk-bearing capacity within this framework.
- **Aggregation:** Once risks have been identified and quantified, individual risks are aggregated to determine SICO's risk exposure and impact.
- **Ex ante control:** SICO has established various tolerance limits based on the overall risk strategy of the Bank. These limits are revised periodically, taking into account the changing market and economic conditions. SICO has established a comprehensive limit framework to monitor its exposure to all significant risks.
- **Risk monitoring and ex post control:** The risk monitoring process ensures that SICO's risk profile remains in line with its risk tolerance. In this context, there is a standardised procedure for dealing with increasing levels of limit utilisation and limit breaches.

The Bank also applies a rigorous framework of limits to control risk across multiple transactions, products, businesses and markets. This includes setting credit and market risk limits at a variety of levels and monitoring these limits on a daily basis. Limits are typically set at levels that may be periodically exceeded, rather than at levels that reflect the Bank's maximum risk appetite.

2. Risk Governance Structure

SICO has established a strong organisational structure including disciplined control functions to support the Bank's business strategy and risk management.

SICO's Board and Senior Management are responsible for understanding the nature and level of risks faced by the Bank and for ensuring that the risk management process chosen is appropriate considering SICO's risk profile. Senior Management are responsible for ensuring that there is a process to relate the business risk to an adequate level of capital, setting the tolerance for various risks and putting in place the framework and process for measuring and monitoring compliance.



- **Board of Directors (BOD):** The BOD is primarily responsible for approving the Bank's risk strategy, risk appetite and risk policies to manage risks that arise from SICO's business activities. These policies are consistent with the Bank's broader business strategies, capital strength, management expertise and ability to control risk.
- **Board Audit, Risk & Compliance Committee (BARCC):** The BARCC is responsible for reviewing the Bank's accounting and financial practices to ensure integrity of the Bank's consolidated financial statements and adequacy of risk management, compliance and internal control frameworks. The committee also oversees the Internal Audit function. The committee provides active oversight on the risk management framework, approves risk policies and limits and ensures adequacy of risk controls.
- **Board Investment Committee (BIC):** The BIC is the second stage where decision making surrounding SICO's investment and credit activities is considered. This committee approves investments within its discretionary powers as delegated by the BOD, and in some cases the BIC recommends proposals to the BOD for approval.
- **Nominations, Remuneration and Corporate Governance Committee (NRCGC):** The NRCGC contributes to the control framework by nominating qualified Board Members and key management positions. It also approves the remunerations that factor in the risk taken by the business and oversees corporate governance-related issues.
- **Assets, Liabilities, and Investment Committee (ALIC):** ALIC acts as the principal policy-making body at the management level which is responsible for overseeing the Bank's capital and financial resources. It is also responsible for managing the balance sheet and all proprietary investment activities, including investment strategy, and asset, country and sector allocations. The committee is specifically responsible for managing the balance sheet risk, capital and dividend planning, forecasting and monitoring interest rate risk positions, liquidity and fund management. The committee is also responsible for formulating and reviewing the Bank's investment policies (subject to approval by the BOD), strategies and performance measurement and assessment.
- **Assets Management Committee (AMC):** AMC is a management committee that oversees the fiduciary responsibilities carried out by the Asset Management unit in managing clients' discretionary portfolios as well as the funds operated and managed by SICO. It also reviews the investment strategy of the Bank's funds and portfolios and reviews asset allocations, subscriptions, redemptions and adherence to client guidelines.
- **Environmental, Social, and Governance (ESG) Committee:** The ESG committee assists the different departments Asset Management Departments and the Proprietary Investment Department, make it caps in line with "Proprietary Investment Department" with the oversight of their responsible investment philosophy and investment process, including RI investing key at the national, regional, and international levels, ESG management, policies, and guidelines, review of investment performance linked to ESG performance criteria and oversight of investment risks and opportunities management exposure to ESG consideration, as well as specific training requirements for the teams involved in the research and performance assessment activities around ESG. The committee might also: review any amendment/change proposed by the heads of the departments on the investment policies and procedures with regard to RI considerations; review and approve any ESG-related guidelines breaches and create and update the Model Portfolio.
- **Governance, Risk, and Compliance Committee (GRCC):** The GRCC is a management committee that oversees the internal control functions carried out by SICO's various departments. The purpose of the GRCC is to strengthen the internal control culture throughout the company and to ensure adequacy of controls in the various processes followed in the Bank.
- **Cyber Security Committee:** The Cyber Security Committee is responsible for oversight of cybersecurity strategies, governance, policies and practices to protect against cyber threats, mitigate cyber risks, and ensure the resilience of IT infrastructure. It also ensures SICO's adherence to regulatory requirements and industry best practices.
- **Risk Management Department (RMD):** RMD is responsible for establishing a sound risk management framework to assist the Bank in the realisation of its business objectives. It also provides oversight of risk management and risk controls across the organisation by coordinating and communicating with each business unit to manage the risks that arise for its business activities. It also ensures that the principles and requirements of managing risk are consistently adopted throughout the Bank. The RMD has an independent reporting line directly to the BARCC through the Group Chief Risk Officer.
- **Compliance Unit:** The unit is responsible for internal compliance, regulatory compliance and KYC and Anti Money Laundering functions. It ensures compliance with internal and external rules and regulations and is responsible for implementing the compliance framework across the entire Bank.
- **Internal Audit Unit:** The unit provides an additional line of defence within the Bank's risk management and control framework. Internal Audit is primarily responsible for providing independent and objective assurance that the process for identifying, evaluating, and managing significant risks faced by the Bank is appropriate and effectively applied by the business units, control functions and Senior Management.

3. CBB And Basel Guidelines

CBB Rulebook

This disclosure document has been prepared in accordance with the CBB requirements outlined in the Public Disclosure Module ("PD"), which falls under Volume 1 (Conventional Banks) of the CBB Rulebook. This quantitative disclosure document follows the requirements of Basel III - Pillar 3.

BASEL III Framework

Basel III is a comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector.

Basel III measures aim to:

- Improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source
- Improve risk management and governance
- Strengthen banks' transparency and disclosures

The Basel III guidelines are based on a three-pillar framework as follows:

- Pillar 1 - Describes the minimum capital requirements by applying a risk-based methodology in the calculation of risk weighted assets (RWAs) and capital requirements for major asset classes to obtain the capital adequacy ratio (CAR).
- Pillar 2 - Describes the supervisory review processes, which includes the Internal Capital Adequacy Assessment Process (ICAAP).
- Pillar 3 – Describes market discipline, which includes disclosure of the risk management process, and capital adequacy requirements and guidelines.

BASEL III		
Pillar 1	Pillar 2	Pillar 3
Minimum Capital Requirements	Supervisory Review Process	Market Discipline
Risk-based capital requirements for: • Credit risk • Market risk • Operational risk	**Regulatory framework for banks:** Internal Capital Adequacy Assessment Process (ICAAP) **Supervisory framework:** Supervisory Review and Evaluation Process	**Disclosure requirement for banks:** • Specific quantitative and qualitative disclosures • Transparency for market participants concerning the bank's risk position (scope of application, risk management etc.) • Enhanced comparability between banks

Pillar 1

Pillar 1 lays the basis for calculating the regulatory Capital Adequacy Ratio (CAR). It sets out the definition and calculations for RWAs and the derivation of the regulatory capital base. The capital adequacy ratio is calculated by dividing the regulatory capital base by total RWAs.

Below are the approaches used for deriving the CAR:

Approaches for determining regulatory capital requirements		
Credit Risk	Market Risk	Operational Risk
Standardised Approach	**Standardised Approach**	**Basic Indicator Approach**
Foundation IRB Approach (Internal Ratings Based)	Internal Models Approach (IMA)	Standardised Approach
Advanced IRB Approach (Internal Ratings Based)		Advanced Measurement Approach (AMA)

SICO has adopted the Standardised Approach for Credit Risk and Market Risk and follows the Basic Indicator Approach for Operational Risk to determine its capital requirements.

Pillar 2

This pillar sets out the supervisory review and evaluation process of an institution's risk management framework as well as its capital adequacy assessment through ICAAP framework.

The supervisory review and evaluation process represents the CBB's review of the Bank's capital management and an assessment of internal controls and corporate governance. The process is designed to ensure that institutions identify their material risks, allocate adequate capital, and employ sufficient resources to support such risks. The process also encourages institutions to develop and apply enhanced risk management techniques for the measurement and monitoring of risks, in addition to the credit, market and operational risks addressed in the core Pillar 1 framework.

Other risk types not covered by the minimum capital requirements in Pillar 1 include liquidity risk, interest rate risk in the banking book, concentration risk, reputational risk, and other risks. These are covered either by capital or risk management and mitigation processes under Pillar 2.

Pillar 2 also comprises ICAAP, which incorporates a review and evaluation of capital requirements relative to the risks to which the Bank is exposed. The ICAAP addresses all components of the Bank's risk management, from the daily management of more material risks to the strategic capital management of the Bank. The ICAAP is based on the Bank's capital management framework, which is designed to ensure that SICO has sufficient capital resources available to meet regulatory and internal capital requirements, even during periods of economic or financial stress.

Pillar 3

This pillar describes the level of qualitative and quantitative information that should be disclosed about an institution's risk management and capital adequacy practices.

Scope of Application

SICO is a conventional wholesale bank incorporated in Bahrain and regulated by the CBB. SICO provides investment banking services on a regional basis, with a principal focus on the GCC. There is a regulatory requirement to calculate and maintain minimum regulatory capital ratios on both standalone as well as consolidated basis.

The principal subsidiaries that are fully consolidated in SICO's financial statements are SICO Invest L.L.C., incorporated in Abu Dhabi and providing brokerage services in the UAE; and SICO Capital, a full service investment banking firm based in Riyadh, Saudi Arabia that offers a comprehensive range of financial services to individual, institutional and corporate clients across Asset Management, Investment Banking and Brokerage lines of business.

The Bank has a controlling interest in the SICO Fixed Income Fund ("SFIF") and, therefore, consolidates SFIF financials under the requirements of IFRS 10.

4. Capital Structure And Capital Adequacy

For the purpose of computing the regulatory capital adequacy ratio, the Bank applies the methodology and rules as defined in the CA Module of the CBB's Rule Book. The following also need to be considered:

a. The Bank's paid-up capital consists only of ordinary shares that have proportionate voting rights, and the Bank does not have any other type of capital instruments.
b. The Bank's Tier 1 capital, which consists of Common Equity Tier 1, comprises share capital, share premium, reserves, retained earnings, eligible reserves and unrealised losses arising from fair valuing investment securities classified under fair value through other comprehensive income.
c. The Bank does not maintain any additional Tier 1 (AT1).
d. The Bank's Tier 2 capital comprises of general provisions recognized under IFRS 9 Expected Credit Losses.
e. The Bank has prepared its capital structure in accordance with the CBB's Basel III capital adequacy framework.
f. The Bank has no subsidiaries and/or investments that are required to be deducted from capital.
g. The Bank has no restrictions on the transfer of funds or regulatory capital within the Group, other than restrictions over transfers to ensure minimum regulatory capital requirements are met for subsidiary companies.

4.1 Capital Structure

Common Equity Tier 1 (CET1)	
Issued and fully paid ordinary shares	44,134
Less: Employee stock incentive program funded by the bank (outstanding)	(2,263)
Less: Treasury Shares	(1,913)
General Reserve	3,217
Legal / Statutory reserves	9,570
Share Premium	761
Retained Earnings Brought forward	14,114
Current interim cumulative net income / losses	5,503
Securitization exposures subject to deduction	-
Accumulated other comprehensive income and losses	860
Total minority interest in banking subsidiaries given recognition in CET1 capital	-
Less: Investment in financial entities where ownership is < 10% of issued common share capital (amount above 10% CET1a)	-
Less: Goodwill	-
Less: Intangibles other than mortgage servicing rights	(1,489)
Total Common Equity Tier 1 Capital (A)	**72,494**
Other Capital (AT1 & Tier 2)	
Instruments issued by parent company	-
Instruments issued by banking subsidiaries to third parties	-
Share premium	-
Assets revaluation reserve - property, plant, and equipment	-
General loan loss provisions	-
Expected Credit Losses (ECL) Stages 1 & 2	79
Total AT1 & Tier 2 (B)	**79**
Total Available Capital (C) = (A) + (B)	**72,573**
Credit risk weighted exposures	56,746
Market risk weighted exposures	9,449
Operational risk weighted exposures	31,524
Total Risk weighted exposures (D)	**97,719**
CET1 Capital Ratio (A) / (D)	**74.19%**
Total Capital Adequacy Ratio (C) / (D)	**74.27%**

4.2. Capital Adequacy Ratio

As at 31st December 2024, SICO's Consolidated Capital ratio stood at a healthy ratio of 74.27% and continued to stand well over regulatory requirement (12.5%). The Bank's T1 capital adequacy ratios also stood comfortably at 74.19%. A summary of SICO's consolidated and key subsidiaries' capital position is disclosed in the following table.

Consolidated, and subsidiaries above 5% of Group capital

Subsidiaries	Total capital adequacy ratio	Tier 1 capital ratio
SICO consolidated (Group)*	71.90%	71.83%
SICO Invest LLC**	868.27%	584.89%
SICO Capital***	38.50%	38.50%

** SICO Consolidated CAR has been computed by using the Capital Adequacy Model provided by Central Bank of Bahrain*
*** SICO Invest LLC (UAE) CAR has been computed using the capital charges as outlined in Emirates Securities and Commodities Authority (ESCA) regulations, wherein the minimum required ratio is 1.0 with anything above 1.25 considered healthy.*
**** SICO Capital CAR has been computed by using the Capital Adequacy Model provided by Saudi's Capital Market Authority, wherein the minimum required ratio is 8%.*

4.3. Leverage Ratio

In November 2018, CBB issued its final Leverage Regulation, with an effective date of 30th June 2019. The leverage ratio is a simple ratio that serves as a supplementary measure to the risk-based capital requirements. It aims to constrain the build-up of leverage in the financial sector, reinforce the risk-based requirements with a simple non-risk based "backstop" measure, and serve as a broad measure of both the on and off-balance sheet sources of bank leverage. The leverage ratio is measured as Tier 1 Capital divided by Total Exposures. Total Exposures consist of on-balance sheet, off-balance sheet, derivatives and securities financing transactions exposures.

As per CBB regulations, Bahraini banks must meet a 3% leverage ratio minimum requirement at all times. As of 31st December 2024, the leverage ratio for SICO Bank stood at 17.39% on a consolidated level.

4.4. Internal Capital Adequacy Assessment Process

The Bank's capital management framework is intended to ensure that there is sufficient capital to support the underlying risks of the Bank's business activities and to maintain a well-capitalised status under regulatory requirements. The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) that includes Board and senior management oversight, monitoring, reporting and internal control reviews, to identify and measure the various risks that are not covered under Pillar 1 risks and to regularly assess the overall capital adequacy considering the risks and the Bank's planned business strategies. The non-Pillar 1 risks covered under the ICAAP process include liquidity risk, interest rate risk in the banking book, concentration risk, reputational risk and other risks. The ICAAP also keeps in perspective the Bank's strategic plans, growth expectations, future sources and uses of funds, dividend policy and the impact of all these on maintaining adequate capital levels. In addition, the ICAAP process also includes stress testing on the Bank's capital adequacy to determine capital requirement and planning to ensure that the Bank is adequately capitalised in line with the overall risk profile. The Bank has complied with regulatory capital requirements throughout the year.

4.5. Regulatory Capital Disclosures

The capital reconciliation approach shows the link between the balance sheet in the published financial statements and the numbers that are used in the composition of capital disclosure.

For the three-step approach for reconciliation of regulatory capital, please refer to the relevant appendix as follows:

Appendix 1	Step 1: Balance sheet under the regulatory scope of consolidation
Appendix 2	Step 2: Reconciliation of published financial balance sheet to regulatory reporting
Appendix 3	Step 3: Composition of Capital Common Template (transition)
Appendix 4	Disclosure template for main features of regulatory capital instruments

5. Credit Risk

Credit risk represents the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations. The Bank's exposure to credit risk comes mostly from:

- Cash placed with banks and financial institutions
- Proprietary investments in fixed income instruments
- Overdrafts to brokerage clients.
- Settlement risks with delivery versus payment (DVP) customers, counterparty brokers and custodians
- Secured financing transactions (i.e. REPO and reverse REPO)
- Margin trading facilities

Risk Management works in coordination with business units in identifying and aggregating credit exposures. Credit risk also encompasses the following risks to which SICO is exposed and are being effectively managed as a part of the Credit Risk Management strategy:

- **Counterparty Risk:** SICO deals with different counterparties for its money market placements, brokerage and REPO activities. To measure counterparty risk, SICO performs a detailed assessment of the counterparty risk using both qualitative and quantitative factors.
- **Settlement Risk:** SICO is exposed to settlement risk through its brokerage services on unfunded deals where exposure remains until settlement of the trade or transaction. SICO applies several assessments on its clients during the screening and on a subsequent periodic basis to minimise settlement risk.
- **Default Risk:** As part of SICO's margin trading facilities and reverse REPO, it is exposed to the risk of default wherein individuals and corporates may be unable to make the required payments on their obligations. SICO accepts only liquid securities as collateral and applies haircuts to the collateral value, which acts as a margin of safety in case it is to offset collateral against outstanding obligations. Moreover, SICO employs margin calls to ensure collateral coverage does not drop below the agreed parameters.

To measure the aforementioned credit risk components, SICO employs several methodologies for mitigating credit risk. SICO also uses ratings issued by major external credit assessment institutions (ECAIs), to derive the risk weightings under the CBB's Basel III capital adequacy framework. These ratings are used mainly for banks and financial institutions, but also, where applicable, for other exposures such as debt instruments. Where ratings vary between rating agencies, the more conservative rating is adopted.

Credit risk is monitored and controlled by policies and procedures that are put in place by RMD and that have been approved by the Board. The policy framework establishes approval authorities, concentration limits, risk-rating methodologies and guidelines for managing exposures. For lending exposures such as margin trading and reverse REPO, financial securities obtained as collateral are liquid in nature, and appropriate haircuts are also applied to them. The lending exposures are closely monitored along with their collaterals, which are marked to market on a daily basis, and margin calls are enforced where collateral coverage drops below the required level. The Bank also adheres strictly to the large exposure norms as prescribed by the CBB under the Credit Risk Management Module.

The Bank maintains collective impairment provisions in line with the requirements under IFRS 9. The collective Impairment provision is a forward-looking calculation and is established based on various factors. These factors include credit risk ratings of the counterparty, historical default rates adjusted considering multiple scenarios of the future macroeconomic outlook, loss ratios given an event of default, and rating migrations.

5.1. Gross Credit Exposures

As of 31st December 2024	Gross credit exposure	Eligible CRM	Credit exposure after CRM	Average Risk Weight	Credit Risk Weighted Assets	Capital requirement @ 12.5%
Cash items	-	-	-	0%	-	-
Claims on sovereigns	61,956	-	61,956	0%	-	-
Claims on Bahraini PSE	500	-	500	0%	-	-
Claims on banks	280,847	225,848	54,999	27%	14,900	1,862
Claims on corporates	28,442	27,245	1,197	95%	1,133	142
Claims on Investment Firms	-	-	-	0%	-	-
Regulatory retail portfolios	17	-	17	75%	13	2
Investments in securities	19,118	-	19,118	126%	24,007	3,001
Holdings in real estate	5,014	-	5,014	200%	10,028	1,254
Other assets	9,038	2,372	6,666	100%	6,666	833
Total Funded	404,932	255,465	149,466	38%	56,746	7,093
Off Balance Sheet exposures	6,045	-	6,045	100%	6,045	756

The on-balance sheet and off-balance sheet gross exposures have been risk weighted using the applicable risk weights and credit conversion factors (CCF).

The balances above are representative of the position during the period. Hence, the average balances for the year are not separately disclosed.

5.2. Maturity profile

As of 31st December 2024	Less than 1 year	Over 1 year to 5 years	5-10 year	10-20 years	Above 20 years	Total
Cash and cash 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	4,778	3,842	15,216	359	2,293	26,488
Investments at fair value through other comprehensive income	-	4,040	3,720	-	6,098	13,858
Investments at amortized cost	1,583	9,167	-	2,262	788	13,800
Fees 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 gross credit exposures	**361,314**	**18,232**	**19,804**	**2,621**	**9,178**	**411,150**
Other commitments	4,905	-	-	-	-	4,905
Guarantees	3,593	-	-	-	-	3,593

Note: Other Commitments and Guarantees mentioned above do not have a defined maturity and hence conservatively considered less than 1 year.

5.3. Sectoral distribution

As of 31st December 2024	Financial	Sovereign	Diversified Funds	Real Estate	Others	Total
Cash and Bank balances	47,921	4,493	-	-	-	52,414
Treasury bills	-	14,505	-	-	-	14,505
Securities bought under repurchase agreements	247,537	21,681	-	-	3,147	272,366
Investments at fair value through profit or loss	15,354	2,765	3,014	3,465	1,891	26,488
Investments at fair value through other comprehensive income	3,523	6,119	-	1,221	2,995	13,858
Investments at amortized cost	-	13,800	-	-	-	13,800
Fees receivables	1,100	740	102	1,126	317	3,384
Other assets	5,177	1	-	1	6,418	11,597
Property and equipment	-	-	-	-	1,249	1,249
Intangible assets	-	-	-	-	1,489	1,489
Total assets	**320,611**	**64,104**	**3,116**	**5,813**	**17,505**	**411,150**

Note: The above is based on a risk categorization of sectors.

5.4. Geographical distribution

As of 31st December 2024	Middle East and Asia	North America	Europe	Total
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 fair value through profit or loss	20,749	5,739	-	26,488
Investments at fair value through other comprehensive income	13,738	120	-	13,858
Investments at amortized cost	13,800	-	-	13,800
Fees 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**

5.5 Large exposure limits

The following exposures were in excess of the 15% large exposure limit as defined in the Credit Risk Management Module of the CBB's rule book. However, these exposures qualified to be considered as exempt from the large exposure limits of CBB, on account of their short-term tenor (of less than 3 months), lending collateralized by GCC Government securities and inter-bank nature. These exposures are reported to the CBB on a quarterly basis in accordance with the requirements of rule CM-2.6.1 of the Credit Risk Management module of the Rulebook.

Counterparty	Country	Amount (BHD'000)	Exposure as a % to eligible capital base
MIQYAS	Bahrain	145,518	200.5%
GFH + KHCB	Bahrain	97,170	133.9%
CBB	Bahrain	30,329	41.8%
Mashreq Bank	Bahrain	13,359	18.4%
Passerelle Investments SPC	Bahrain	13,064	18.0%

6. Market risk

Market risk is the risk of loss in the value of any financial instrument due to an adverse fluctuation in equity prices, interest rates and foreign exchange rates, whether arising out of factors affecting specific instruments or the market in general.

The Bank's exposure to market risk primarily comes from its investment and trading activities that are conducted by its Proprietary Investments Unit. The Bank invests and trades across different products, such as equities and fixed income, and through different types of funds in regional and international markets.

Market risk is controlled and mitigated primarily through a series of different layers of limits and maintaining a dynamic investment allocation. These limits reflect the Bank's risk appetite in the context of the market environment and business strategy. In setting limits, the Bank takes into consideration many factors, including market volatility, product liquidity and risk appetite.

These limits are adhered by the Proprietary Investments Unit and are also monitored independently by RMD. Market risk is monitored and also controlled by policies and procedures that are put in place and followed across the Bank. The policy framework establishes and clearly defines the approval authorities and portfolio review parameters.

Market risk encompasses the following risks to which SICO is exposed and are being effectively managed as a part of the Market Risk Management strategy:

- Equity price risk
- Interest rate risk
- Currency risk

The market risk weighted assets and the capital requirement is computed as follows:

	Market Risk Weighted Assets			Capital Requirement @ 12.5%
	During the Year-to-date period		As at 31-Dec-2024	
	Minimum	Maximum		
Interest Rate Position Risk	509	561	561	70
Equities Position Risk	123	156	151	19
Foreign Exchange Risk	25	43	43	5
Total min capital required for market risk			**756**	**94**
Multiplier			12.5	12.5
Total			**9,449**	**1,181**

6.1. Equity price risk

A significant portion of the Bank's proprietary investments portfolio comprises equity instruments that are affected by equity price risk. Uncertain conditions in equity markets are carefully considered by rebalancing asset allocations to minimise risk exposures. This risk is also mitigated by managing the portfolio within duly approved investment guidelines and other investment limits. These are closely monitored by RMD and regularly reviewed by ALIC.

SICO's risk management approach continues to be forward-looking, proactive, and highly effective in rebalancing its investment portfolio in line with the Bank's investment strategy to ensure capital preservation, quality and liquidity.

Equity Positions in the Banking Book

	Gross Exposure	Risk Weighted Assets	Capital Requirement @ 12.5%
Equity investments			
- Listed	3,686	3,686	461
- Unlisted	-	-	-
Investment in rated funds	**-**	**-**	**-**
Investment in unrated funds - Listed/Unlisted	**15,432**	**20,321**	**2,540**
- Listed	5,653	5,653	707
- Unlisted	9,778	14,668	1,833
Total	**19,118**	**24,007**	**3,001**

6.2. Interest rate risk

Interest rate risk is the risk where changes in market interest rates might adversely affect the Bank's financial condition. Investments in debt instruments, lending to counterparties through repos, and bank placements, as well as bank borrowings and repo borrowings give rise to interest rate risk. The Treasury Unit monitors and manages these exposures to mitigate this risk.

A reasonable spread is maintained between money market placements and deposit interest rates. Treasury assets and liabilities are maintained in closely matching maturity buckets in highly liquid, short-term money market vehicles to avoid any material mismatch. Moreover, SICO does not trade speculatively in derivatives.

Bank placements are mostly short term (less than three months) with a fixed interest rate and are subject to re-pricing risk at rollover. Investments in bonds are subject to interest rate risk, and the Bank controls the same by managing the portfolio's overall duration.

6.2.(a). Interest rate risk sensitive assets and liabilities

As of 31st December 2024	Effective Interest rate% p.a.	Within 1 year	Over 1 year	Non- interest sensitive	Total
Cash and 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	6,099	13,858
Investments at amortized cost	6.60%	1,583	12,217	-	13,800
Fees 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
Customer accounts	-	-	-	38,100	38,100
Other liabilities	-	-	-	11,271	11,271
Payable to unit holders in consolidated funds	-	-	-	1,223	1,223
Total Liabilities		**286,573**	**-**	**50,594**	**337,167**
Total Equity				**73,983**	**73,983**
Total Liability 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**	**-**	

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

The Bank also applies stress testing to monitor interest rate shocks on its banking book on a periodic basis. The result is presented to the CBB on a semi-annual basis.

6.2.(b). Interest rate risk in the banking book

A 50 bps, 100 bps and 200 bps increase/decrease in market interest rates would negatively/positively affect the value of the fixed rate debt instruments in the banking book as follows:

Amounts in BD '000					
50 bps increase	100 bps increase	200 bps increase	50 bps decrease	100 bps decrease	200 bps decrease
(402)	(804)	(1,609)	402	804	1,609

The interest rate risk on the Bank's placements, reverse-repo loans and short-term borrowings is considered minimal, and hence no sensitivity analysis has been presented. Moreover, on the liabilities side, the customer liabilities are not interest rate sensitive. The short-term borrowings are at fixed rates wherein the interest rate risk is considered minimal and therefore, no sensitivity analysis has been presented.

6.3. Currency risk

A substantial portion of SICO's business is transacted in Bahraini Dinar, GCC currencies and United States Dollar. The Bank's exposure to foreign currencies is minimal and hence the foreign exchange risk is low. Foreign exchange rate risk is managed by applying appropriate limits that are set in accordance with the Bank's strategic plans and risk tolerance, determined by ALIC and approved by the BOD. Treasury manages these positions on an ongoing basis, hedging such exposures as appropriate, while RMD along with ALIC regularly reviews such positions.

There has been no currency sensitivity analysis provided since the Bank mainly invests in securities in USD and/or USD-pegged currencies only.

7. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. Unlike market or credit risks, which are systemic in nature, operational risk is institution-specific and is inherent in the day-to-day operations of the Bank. This risk could arise from a broad spectrum of causes such as deficient transaction processing, business practices, workplace practices, system failures, human errors, business interruptions and damage to physical assets. Operational risk also includes internal and external fraud.

As per the guidelines of the CBB (PD-1.3.21, PD-1.3.33), the Bank has in place sound internal control measures, consisting of operating policies and procedures framework, compliance initiatives and adequate and skilled personnel, which are the key to successful operational risk management. The Bank has a very conservative control philosophy and adopts a number of mechanisms to manage this risk. These include a well-defined organisational structure, approved policies and procedures guidelines, segregation of duties, approval authorities, periodical reconciliations and various limits. Compliance and Internal Audit functions support this activity. The Bank has in place a Risk and Controls Self-Assessment (RCSA) framework to review and manage its operating risks as well as an incident monitoring and escalation process. The operational risk-weighted assets are computed as per the guidelines of the CBB, which are as follows:

Average gross income for the past three years (excluding extraordinary and exceptional income)

	2021	2022	2023
Gross income	17,711	14,441	18,286
Average gross income (A)			16,813
Alpha (B)			15%
(C) = (A) * (B)			2,522
Risk weighted exposures (D) = (C) * 12.5)			**31,524**
Capital requirement @ 12.5% of (D)			**3,940**

8. Other risks

8.1. Concentration risk

Concentration risk arises when the Bank's exposure is concentrated with one or more related counterparties, assets classes, sectors or geographies. Weakness in the counterparty or assets, sector or country may place SICO under considerable risk and potential loss.

The Bank complies strictly with the large exposure norms prescribed by the CBB in the Credit Risk Management Module of the CBB's rule book.

The Bank continues its efforts to maintain an acceptable level of concentration by adhering to the limits set by the investment guidelines.

8.2. Liquidity risk

Liquidity risk is the inability to meet contractual and contingent financial obligations, on- or off-balance sheet, as they are due as a result of the potential inability to liquidate financial assets at the required time and price to cope with a pay out of liabilities or investment obligations in assets. Such risks may arise from a depletion of cash and cash equivalents, investments turning illiquid and mismatches in the maturity pattern of assets and liabilities.

The Bank's Treasury Unit manages this risk by monitoring settlement obligations and maintaining sufficient liquid assets, including call deposits and short-term placements. The Bank's liquidity position is monitored on a daily basis, and maturity mismatches of its maturity profile are also monitored and reported to the ALIC and Board. Moreover, the bank's investment book which is also majorly invested in liquid assets provides support to the Bank's liquidity profile. 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 follows as per CBB requirements. The ratios as of 31st December 2024, are as follows:

Liquidity Ratios	As of 31st December 2024
Liquidity Coverage Ratio	735%
Net Stable Funding Ratio	174%

8.3. Fiduciary risks

Fiduciary risk is defined as the risk that funds entrusted to a financial institution through investments or trusts or agency accounts are (i) not properly managed, (ii) not used for the intended purposes, (iii) not properly recorded and accounted for and (iv) do not achieve value-for-money objectives.

The RMD carries out risk assessment on the various fiduciary activities of the Bank by working alongside the Bank's relevant lines of business and committees to ensure SICO fulfils its fiduciary duties to asset management, fund administration and custody clients, wherein it adopts the appropriate standards relative to the fiduciary relationship with a client. Below are the various activities carried out by SICO and its subsidiaries that can give rise to the following fiduciary risks:

Asset Management: The Bank has a range of controls to support the quality of the investment process, supervised by the Asset Management Committee (AMC). There are operating policies and procedures, and Investment Guidelines, coupled with dedicated buy-side research and other guidelines, to support this activity. There are also strict operational controls to protect clients' assets, a staff code of conduct, and ethical walls to avoid any conflicts of interest.

RMD and Compliance regularly monitor the activities of the Asset Management division, and report their findings and observations to the AMC as well as in the periodic compliance reports sent to clients.

Custody and Fund Administration: The Bank has a dedicated team handling custody and fund administration which has put in place a number of operating controls, including the monitoring and reporting of securities position reconciliations.

Investment Banking: This activity is subject to legal and reputation risk. Such risks are mitigated by obtaining the necessary legal and regulatory approvals. Advisory and underwriting matters are monitored and controlled by Senior Management.

8.4. Business continuity

SICO has in place business continuity plans (BCPs) to ensure the Bank's business operations and functions are carried out in case of any disturbance or unexpected events affecting business operations. The BCP provides each business line with the necessary guidelines and procedures in case of an emergency or disaster. The Bank has established a business continuity centre at a different location within the Kingdom of Bahrain, which maintains a fully operational status and is capable of carrying out the majority of the Bank's operational activities. The effectiveness of the business continuity centre has been tested by conducting actual business from the BCP site as required under CBB regulations.

8.5. Compliance and regulatory risks

Compliance and regulatory risks are the risks to current and prospective earnings or capital arising from the violation of or non-compliance with laws, regulations, rules, prescribed practices, contractual agreements or ethical standards. Compliance risk can lead to diminished reputation, limited business opportunities, reduced expansion potential and even to the cessation of operations. The Bank ensures adherence to all applicable regulations provided by various regulatory authorities, including regulations by the CBB and Bahrain Bourse. In addition, the Bank's internal policies ensure that its practices are in line with best market practices. In 2024, SICO was not subject to any penalties imposed by the regulators in the Kingdom of Bahrain.

8.6. Legal risk

Legal risk is risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws, or regulations. As of the end of December 2024, there are no on-going lawsuits that warrant any provisions to be made. Legal risk in SICO is managed by the Group's legal department in coordination with the appointed external legal counsel.

8.7. Reputational risk

Reputational risk is the risk arising from negative perception on the part of stakeholders, such as clients, counterparties, shareholders, investors, debt-holders, market analysts, other relevant parties or regulators that can adversely affect the Bank's ability to maintain existing, or establish new business relationships and continued access to sources of funding. The Bank manages its reputational risk through diligent corporate governance, skilled and sincere resources, a dedicated reputational risk management framework, and adequate management of reputational events.

APPENDIX 1

Step 1: Balance sheet under the regulatory scope of consolidation.

This step in not applicable to the Bank since the scope of regulatory consolidation and accounting consolidation is identical.

Appendix 2

Step 2: Reconciliation of published financial balance sheet to regulatory reporting as at 31st of December 2024

	Published financial statements	Consolidated PIR data*	Reference
	31-DEC-2024	31-DEC-2024	
Assets	BD ‹000	BD ‹000	
Cash and cash equivalents	52,414	52,417	
of which Cash and balances at central banks	33,221	33,221	
of which Placements with banks and financial institutions	19,193	19,196	
Treasury bills	**14,505**	**14,505**	
Securities bought under repurchase agreement	**272,366**	**272,397**	
Investments at fair value through profit and loss	26,488	26,488	
Investments at fair value through other comprehensive income	13,858	13,858	
Investments at amortized cost	13,800	13,800	
Fees receivables	3,384	3,397	
Other assets	**11,597**	**11,629**	
of which loans and advances (margin receivables)	3,354	3,386	
of which interest receivable	2,318	2,318	
of which other assets	5,925	5,925	
Property and equipment	1,249	1,249	
Intangible assets	1,489	1,489	
Total assets	**411,150**	**411,229**	

	Published financial statements	Consolidated PIR data*	Reference
Liabilities			
Short-term bank borrowings	7,540	7,540	
Securities sold under repurchase agreement	279,033	279,033	
Customer accounts	38,100	38,100	
Other liabilities	11,271	11,271	
of which interest payable	1,670	1,670	
of which other liabilities	9,601	9,601	
Payable to other unit holders (Other liabilities)	1,223	1,223	
Total liabilities	**337,167**	**337,167**	
Shareholders ' Equity			
Share Capital - eligible for CET1	44,134	44,134	A
Shares under employee share incentive scheme	(2,263)	(2,263)	A
Treasury shares	(1,913)	(1,913)	A
Statutory reserve	10,331	10,331	B
of which share premium	761	761	
of which legal reserve	9,570	9,570	
General reserve	3,217	3,217	C
Investments fair value reserve	860	860	D
of which unrealized gains from fair valuing equities	599	599	
of which unrealized gains from other financial instruments	261	261	
Retained earnings	19,617	19,617	E
of which retained earnings brought forward from previous year	14,114	14,114	
of which net profits for the current period	5,503	5,503	
Expected Credit Losses (Stages 1 & 2)	-	79	F
Total shareholder› equity	**73,983**	**74,062**	
Total liabilities and equity	**411,150**	**411,229**	

**The figures are gross of expected credit loss*

Appendix 3

Step 3: Composition of Capital Common Disclosure Template as at 31st December 2024

	Composition of Capital and mapping to regulatory reports	Component of regulatory capital (BD '000s)	Source based on reference no. of the balance sheet under the regulatory scope of consolidation from step 2
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	39,958	A
2	Retained earnings	19,617	E
3	Accumulated other comprehensive income (and other reserves)	14,408	B + C + D
4	Not Applicable	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**73,983**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	1,489	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitization gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Investment in CET1 of subsidiaries	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolida-tion, net of eligible short positions (amount above 10% threshold)	-	
20	Mortgage servicing rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	

	Composition of Capital and mapping to regulatory reports	Component of regulatory capital (BD '000s)	Source based on reference no. of the balance sheet under the regulatory scope of consolidation from step 2
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the common stock of financials	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments	-	
Regulatory Adjustments Applied To Common Equity Tier 1 in Respect of Amounts Subject to Pre-2015 Treatment			
	Investment in financial entities where ownership is < 10% of issued common share capital	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to Common equity Tier 1**	**-**	
29	**Common Equity Tier 1 capital (CET1)**	**72,494**	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase out from Addition-al Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	Additional Tier 1 capital before regulatory adjustments	-	
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insur-ance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments	-	
	REGULATORY ADJUSTMENTS APPLIED TO ADDITIONAL TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT	-	
	OF WHICH: N/A	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	

	Composition of Capital and mapping to regulatory reports	Component of regulatory capital (BD '000s)	Source based on reference no. of the balance sheet under the regulatory scope of consolidation from step 2
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	**Additional Tier 1 capital (AT1)**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**72,494**	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	-	
	Expected Credit Losses (Stage 1 & 2)	79	F
51	Tier 2 capital before regulatory adjustments	-	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments	-	
57	**Total regulatory adjustments to Tier 2 capital**	**79**	
58	**Tier 2 capital (T2)**	**79**	
59	**Total capital (TC = T1 + T2)**	**72,573**	
	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT	-	
	OF WHICH: Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible	-	
60	**Total risk weighted assets**	**97,719**	
	Capital ratios		
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	**74.19%**	
62	**Tier 1 (as a percentage of risk weighted assets)**	**74.19%**	
63	**Total capital (as a percentage of risk weighted assets)**	**74.27%**	

	Composition of Capital and mapping to regulatory reports	Component of regulatory capital (BD '000s)	Source based on reference no. of the balance sheet under the regulatory scope of consolidation from step 2
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement expressed as a percentage of risk weighted assets)	9%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical buffer requirement (N/A)	0%	
67	of which: D-SIB buffer requirement (N/A)	0%	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)**	**74.19%**	
	National minima including CCB (if different from Basel 3)		
69	CBB Common Equity Tier 1 minimum ratio	9%	
70	CBB Tier 1 minimum ratio	10.5%	
71	CBB total capital minimum ratio	12.5%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financials	-	
73	Significant investments in the common stock of financials	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	79	F
77	Cap on inclusion of provisions in Tier 2 under standardized approach (1.25% of Credit Risk weighted Assets)	-	
78	NA	-	
79	NA	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2020 and 1 Jan 2024)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities	-	

APPENDIX 4

Step 4: Disclosure template for main feature of regulatory capital instruments

1	Issuer	SICO BSC (c)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	SICO BI EQUITY
3	Governing law(s) of the instrument	Commercial Companies Law, Bahrain
	Regulatory treatment	
4	Transitional CBB rules	NA
5	Post-transitional CBB rules	NA
6	Eligible at solo/group/group & solo	Yes
7	Instrument type (types to be specified by each jurisdiction)	Common shares
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	BD 39.96 million
9	Par value of instrument	100 fils per share
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1995
12	Perpetual or dated	NA
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA

1	Issuer	SICO BSC (c)
	Coupons / dividends	
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA