



RISK MANAGEMENT COMMITTEE REPORT

1 JULY 2024 – 30 SEPTEMBER 2024

FINAL VERSION



شركة الاستثمار والتنمية
COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P

منذ 1975

تمت الموافقة في اجتماع مجلس الإدارة
الآن دوره لعام 2024 بتاريخ 27/7/2024

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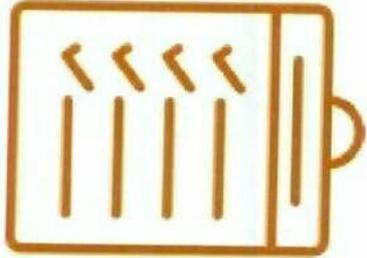


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Overview

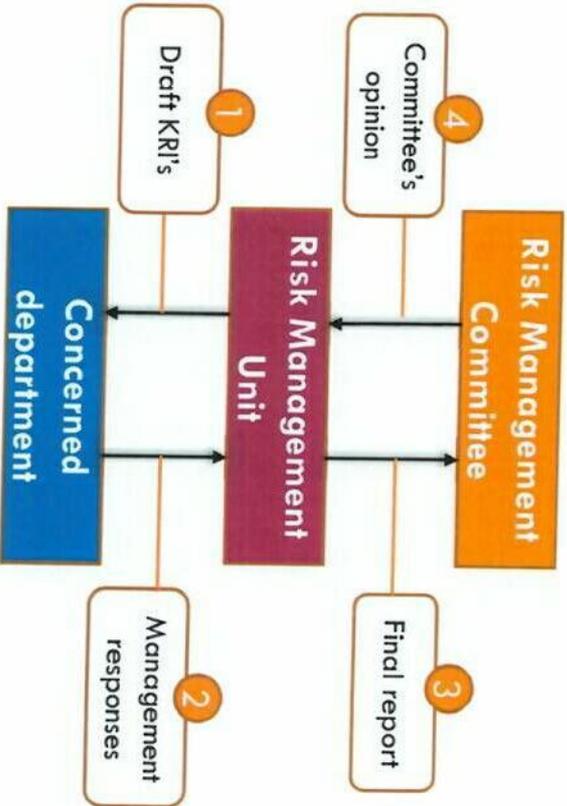
Report Description

The following report providing an assessment, analyzing & evaluating of the main risk areas in CIDCO. The reported risks will be included the financial & non-financial (operational) risks which will be reported on quarter basis. This report will highlight the concerned department's response & the opinion of the risk management committee on each identified risk's factor to be able to track the subsequent risk rating/value in the next quarters.

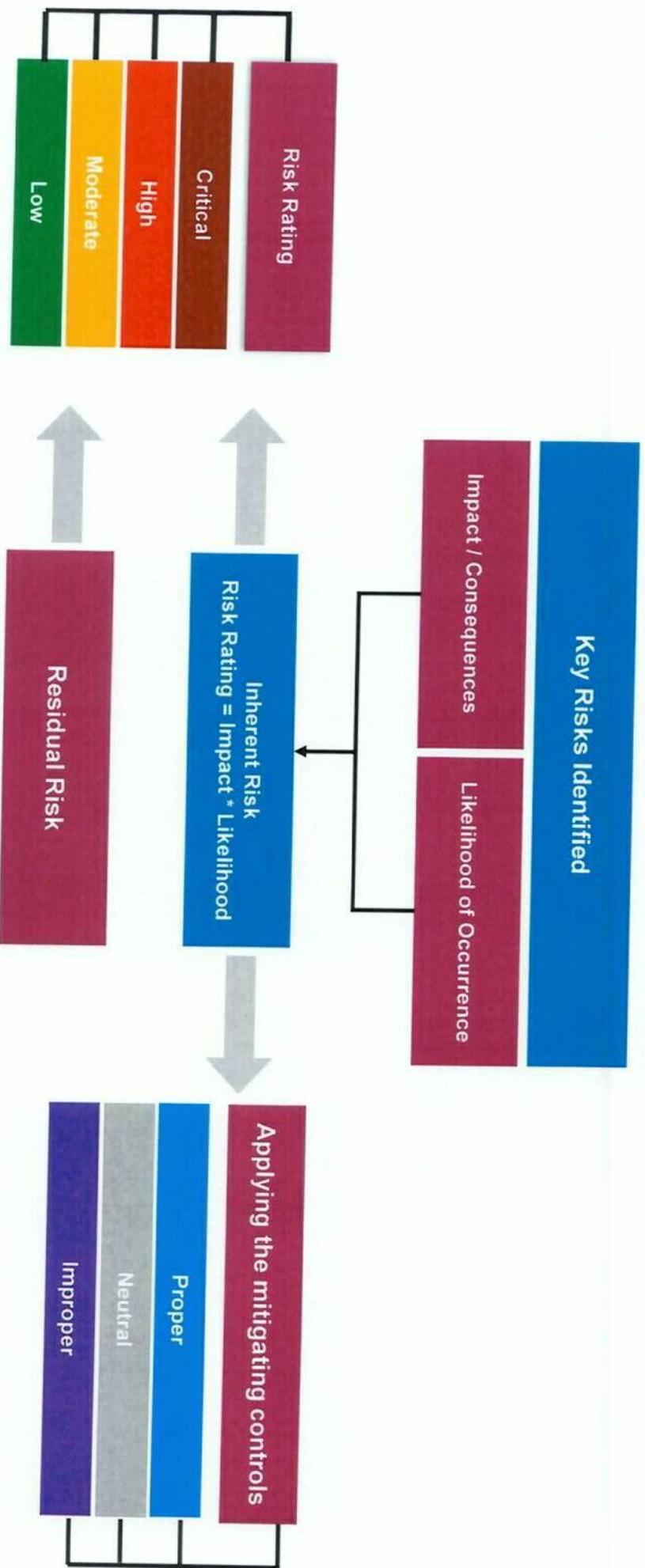


Report Distribution

This report shall be prepared by the Risk Committee in CIDCO at the end of March, June, September & December of each financial year. Each concerned department might be viewed apart from this report in order to provide their comment/reply.



Risk and Control Matrix (RACM)



Risk and Control Matrix (RACM)

Impact	
It is the expected or current harm or adverse effect that may occur due to exposure to the risk.	
Impact Classification	Result/Value
Critical	4
High	3
Moderate	2
Low	1

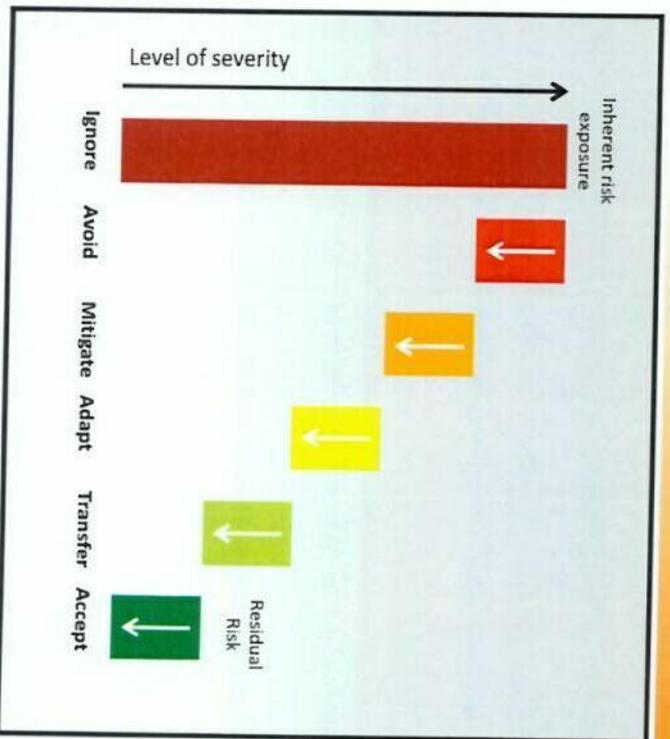
Likelihood	
It is the occurrence possibility of a potential risk.	
Likelihood Classification	Result/Value
Active	4
Likely	3
Not Likely	2
Rare	1

Risk and Control Matrix (RACM)

The below diagram shows the general risk's evaluation through measuring the risk's severity & risk's likelihood as well.

Severity of Impact		Likelihood of Occurrence				
Critical	5	1	2	3	4	5
High	4	1	2	3	4	5
Moderate	3	1	2	3	4	5
Low	2	1	2	3	4	5
Minor	1	1	2	3	4	5
		Slight	Not Likely	Likely	High Likely	Expected

The below diagram shows how the controls are responding to the risk to mitigate the inherent risks from the full and high-risk exposure range to the residual and acceptable risk range.





SUMMARY OF KEY RISKS

Summary of Key Risks

#	Risk ID	Risk title	Likelihood	Impact	Inherent Risk	Controls	Residual Risk
1	Compliance Risk	Policies and procedures updates	Not Likely	High	Moderate	Proper	Low
2	Compliance Risk	CMA disciplinary Board resolutions	Rare	Critical	High	Proper	Low
3	Compliance Risk	Anti money laundering and CFT	Rare	Critical	High	Proper	Low
4	Operational Risk	Client call logs	Rare	Moderate	Low	Proper	Low
5	Operational Risk	Concentration Risk	Active	Critical	Critical	Improper	Critical
6	Operational Risk	Media Disposal and Re-use policy	Rare	Moderate	Moderate	Proper	Low
7	Operational Risk	E- Trading Department	Rare	Moderate	Low	Proper	Low
8	Operational Risk	Network Interruption	Likely	Critical	Critical	Proper	Moderate
9	Operational Risk	Policies and procedures updates	Active	Moderate	Moderate	Proper	Moderate
10	Financial Risk	IFRS updates	Rare	High	Moderate	Proper	Low
11	Financial Risk	Value at Risk (VaR) Analysis	Rare	High	Moderate	Proper	Low

DETAILED KEY RISKS



شركة الساحل للاستثمار والتنمية
COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P

منذ 1975 Since

Detailed Key Risks

Risk ID: Compliance Risk - 1

#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
1.	Policies and procedures updates	Not Likely	High	Moderate	Proper	Low

Risk Definition

- Risk of not updating the policies and procedures manual in accordance with the requirements and resolutions of the CMA.

The company situation in terms of corresponded risk

Reference / Resolution Number	Date of publishing	Summary description of amendments
Resolution No. (84) of 2024 Regarding Amendments to some Provisions of the Margin Trading Service	27 June 2024	<p>Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws and their amendments;</p> <p>- CMA Board of Commissioners Resolution passed in its meeting No. (20) of 2024 held on 26/06/2024. Amended Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments. The concerned bodies shall execute this Resolution, each within its jurisdiction. This Resolution shall come into force from the date of its issuance, and it shall be published in the Official Gazette.</p>
Resolution No. (75) of 2024 Regarding Amendments to Some Provisions of the Attachment of Securities	12 June 2024	<p>Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws and their amendments;</p> <p>- CMA Board of Commissioners Resolution passed in its meeting No. (3-19) of 2024 held on 11/06/2024. Amended Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments. The concerned bodies shall execute this Resolution, each within its jurisdiction. This Resolution shall come into force from the date of its issuance, and it shall be published in the Official Gazette.</p>

Detailed Key Risks

Risk ID: Compliance Risk - 1

#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
1.	Policies and procedures updates	Not Likely	High	Moderate	Proper	Low

Controls & mitigation action plans

- Ongoing oversight of the CMA resolutions and identifying resolutions and circulars which have a direct effect on the Policies and Procedures;
- Performing updates on the Policies and Procedures and submitting for the Board of Director Approvals;
- Establishing communication across the departments to ensure changes to the Policies and Procedures are understood.

Quarterly risk assessment & follow-up as of 30 September 2024

As per 30 September 2024, there are no any new CMA resolution regarding amending the compliance & Legal Affairs Group policies and procedures manual given that the last CMA resolution for amending the compliance policies was in June 2024. Also, the compliance & legal Affairs Group policies & procedures are up to date & complied with the CMA rules and regulations. The target date is not applicable since there is no any further actions to be taken in this point. We will examine this KRI during the subsequent periods.

Detailed Key Risks

Risk ID: Compliance Risk - 2						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
2.	CMA disciplinary Board resolutions	Rare	Critical	High	Proper	Low

Risk Definition

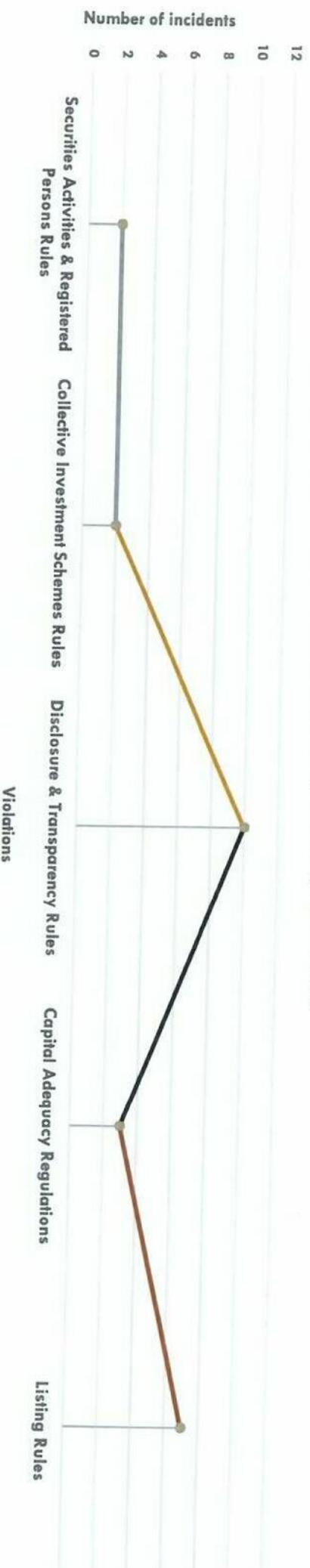
Following the establishment of the Capital Market Authority and the issuance of Laws and Resolutions, the CMA discloses the decisions of the Disciplinary Board through resolutions on non-compliances with laws and regulations.

These resolutions issued by the Disciplinary Board for other listed companies on Boursa, Kuwait could be taken as a useful tool to identify most common form of non-compliances and amend the current business practices to incorporate mechanism for compliance with the issues raised by the CMA

Based on the above, there is a risk that Coast might be exposed to compliance if the CMA updates are not well-monitored by the company.

The company situation in terms of corresponded risk

The following is the types of the violations with the number of violation's incidents during the third quarter of 2024:



Detailed Key Risks

Risk ID: Compliance Risk - 2						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
2.	CMA disciplinary Board resolutions	Rare	Critical	High	Proper	Low

Controls & mitigation action plans

To reduce the non-compliance risk of, it is recommended for the registered compliance officer to monitor the Disciplinary Board resolutions and ensure that similar matters are not prevailing within the company.

We also recommend management to include disciplinary actions undertaken by the CMA within the Audit Program when conducting internal audit engagements.

Quarterly risk assessment & follow-up as of 30 September 2024

During the third quarter of the year 2024, the company did not get any penalties or fines from CMA. The company is complying with the CMA bylaws. Also, the company is conducting a compliance checklist on monthly basis to ensure that the company is in line with the CMA updates and the disciplinary actions undertaken by the CMA and the procedures are including within the Audit Program. Therefore, the risk severity is under check, and it became lower. Moreover, the target date is not applicable since there is no any further actions to be taken in this point. We will examine this KRI during the subsequent periods.

Detailed Key Risks

Risk ID: Compliance Risk - 3						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
3.	Anti money laundering & CFT	Rare	Critical	High	Proper	Low

Risk Definition

Pursuant to the Law Number 106/2013 concerning Anti-Money Laundering and Combating the Financing of Terrorism, CMA issued Law Number 72 of 2015 which outlines key reporting of Suspicious Transactions to Kuwait Financial Intelligence Unit using designated SAR Forms and Reports. Moreover, Enhanced Due Diligence instructions have been set out for those clients in NCCCT (Non-Cooperative Country or Territory) and those designated as a jurisdiction of prime Money Laundering concern by the US Treasury.

Discussion with the Compliance Department revealed that the new laws have been incorporated into the AML Policies and Procedures, however, absence of staff training and circularization of the new instructions might result in inefficiencies in implementing the new law. This would result in fines or penalties being imposed by the Regulatory Authorities.

The company situation in terms of corresponded risk

Company and designated departments are actively involved in educating the BOD and employees as vested duty respectively.

Detailed Key Risks

Risk ID: Compliance Risk - 3						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
3.	Anti money laundering & CFT	Rare	Critical	High	Proper	Low

Controls & mitigation action plans

Anti-money laundering (AML) training for employees in a company is crucial to ensure compliance with regulations and to prevent illicit financial activities. The comprehensive plan outlining control actions and mitigation strategies for AML training includes Risk assessment, customize the training program for organizational needs, regular training sessions, training material accessibility, Assessment and certification and feedback mechanism.

Quarterly risk assessment & follow-up as of 30 September 2024

To complete the training requirements under CIDCO, the company performed AML training for all employees and Board Members on November 26, 2023. For the year 2024, AML training will be provided on November 12, 2024. As a result, the risk is still managed and minimized. The target date is 12 November 2024

Detailed Key Risks

Risk ID: Operational Risk - 1						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
4.	Client call logs	Rare	Moderate	Low	Proper	Low

Risk Definition

CMA Law module 8 (Conduct of Business) of the Year 2015, provides guidance on Phone Call Recording. The law states as per the following articles:

Article 6-5 states that "A Licensed Person must take the necessary steps to record and maintain telephone conversations and electronic communications related to the Licensed Person's activities"

Article 6-9 states that "A Licensed Person must maintain records, reports, telephone conversations and written and electronic correspondence as well as documents related to its activity; for no less than five years commencing from the date the record was created or until settlement of a dispute between the Licensed Person and the Client or any other Person"

Further, CMA Law Module 7 (Clients' Funds and Clients' Assets) Article 6-1-6 (Contracts and Agreements with Clients) provides guidance as below,

Each agreement concluded with a Client shall in particular, "Procedures of order receipt and execution, stating whether this shall be done in writing or via recorded phone calls or E-mail or other modern means of communications

The company situation in terms of corresponded risk

Coast Investment & Development Company maintains a live call recording system which automatically updates on new calls being recorded and client contracts are updated with procedures of order receipt and execution.

Detailed Key Risks

Risk ID: Operational Risk - 1						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
4.	Client call logs	Rare	Moderate	Low	Proper	Low

Controls & mitigation action plans

Not maintaining client call logs and registers can pose significant risks to a business, including loss of important information, compliance issues, and potential legal ramifications. Implementing control and mitigation actions is crucial to address these risks effectively. Here are some control and mitigation action plans: implement a call log system, Automate call log process, enforce documentation policies, provide training and education, regular monitoring and review and implement quality assurance measures.

Quarterly risk assessment & follow-up as of 30 September 2024

Call recordings are still working in the company. Also, the IT department is continuously maintaining a backup for the recorded calls and implying all the required security functions & restrictions upon the recording process. Accordingly, the risk is considered still minor. Moreover, the target date is not applicable since there is no any further actions to be taken in this point. We will examine this KRI during the subsequent periods to check the corresponded controls adequacy.

Detailed Key Risks

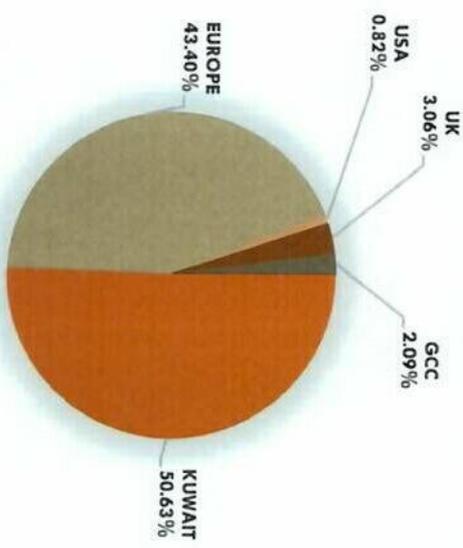
Risk ID: Operational Risk - 2						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
5.	Concentration Risk	Active	Critical	Critical	Improper	Critical

Risk Definition

For the company to avoid concentration risk, the investments should be made in different countries and different Industries. During the risk assessment, we have noticed that Coast Investment & Development Company significant investment in Germany and Kuwait, and mostly are strategic investments. Coast Investment & Development Company is exposed to Macro-Economic risk which might affect adversely the financial performance of the company.

The company situation in terms of corresponded risk

The company has a high concentration risk due to high investment concentration in Europe & Kuwait. The following chart will illustrate the geographical distribution of the company's investments as of 30 September 2024:



COMMITTEE RISK REPORT – SECOND QUARTER 2024

Detailed Key Risks

Risk ID: Operational Risk - 2						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
5.	Concentration risk	Active	Critical	Critical	Improper	Critical

Controls & mitigation action plans

- Seeking potential buyers and create negotiations with the second parties in order to exit the investment and improve the level of investment diversification.
- Waiting for a business turnaround in Germany to reduce the strategic investment exposure and to diversify to various other markets and business.
- Enter new economies & markets to reduce the overall investment concentrations and to achieve a better investment structure.

Quarterly risk assessment & follow-up as of 30 September 2024

The company has initiated efforts to diversify its investments by establishing an investment portfolio in the KSA market. Additionally, negotiations are underway to reduce exposure in its most concentrated investments in Germany and Europe. However, the risk associated with these concentrations remains. Consequently, the investment concentrations are largely unchanged compared to the previous quarter, and the risk level continues to be high and actively monitored. There is no specific time horizon to mitigate the negative consequences resulted from concentration risk since the matter is totally depend on the BOD discretion.

Detailed Key Risks

Risk ID: Operational Risk - 3						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
6.	Media Disposal and Re-use policy	Rare	Moderate	Moderate	Proper	Low

Risk Definition

In order for the company to avoid concentration risk, the investments should be made in different countries and different Industries. The Information Technology Department is responsible for ensuring timely and appropriate disposal of unnecessary and unused electronic media. Procedures for ensuring appropriate re-usage of the electronic devices and media is also the responsibility of the IT Department.

During our risk assessment of appropriate storage and discarding of electronic devices and storage media, we have identified multiple Workstations, storage media, etc. stored on Third Floor and Mezzanine Floor which are not being used by the staff.

The company situation in terms of corresponded risk

The company did not conduct any media disposing during the Third quarter 2024 and the company intended to follow the company's policy in case of disposing media assets.

Detailed Key Risks

Risk ID: Operational Risk - 3

#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
6.	Media Disposal and Re-use policy	Rare	Moderate	Moderate	Proper	Low

Controls & mitigation action plans

- Following the company's policy in case of disposing the media assets.
- Document the disposing process by creating the proper documentation cycle.
- Address and highlight the disposed assets clearly with its information & data.

Quarterly risk assessment & follow-up as of 30 September 2024

We did not observe that the company disposed any media or electronic devices during the **Third** quarter 2024 and the most recent media disposal occurred in month of May 2018. Accordingly, the organization has updated policies and procedures for media disposal, and it process which is well defined and highlighted. The level of risk is therefore minimal. Moreover, the target date is not applicable since there is no any further actions to be taken in this point. We will examine this KRI during the subsequent periods to check the corresponded controls adequacy.

Detailed Key Risks

Risk ID: Operational Risk - 4						
#	Risk title	Likelihood	Impact	Inherent risk	Residual risk	
7.	E- Trading Department	Rare	Moderate	Low	Proper	Low

Risk Definition

E- Trading department has been established by CIDCO to expand its activities and cope with market requirements. This department is concerned with electronic shares trading locally as well as internationally through computerized system and mobile application.

Clients will be dealing with the system provided by CIDCO by placing orders online directly on desired securities.

The company situation in terms of corresponded risk

Currently, the E-trade department is still having only 3 clients but in September 2023, the company initiated an investment portfolios in KSA by a net investment amount of KWD 500,000. The E-trade department is responsible to execute the deal orders on behalf of the company in this portfolio. There is no highlighted risks on the E-trade department since the department has a limited number of clients & limited work scope.

Detailed Key Risks

Risk ID: Operational Risk - 4						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
7.	E- Trading Department	Rare	Moderate	Low	Proper	Low

Controls & mitigation action plans

- Hiring of professional and experienced management.
- Appropriate and timely training for all support staff.
- Complying with CMA, KSE, CBK and AML laws and regulations in order to avoid any disruption in actives and penalties.
- Updating and securing the IT systems in order to protect client data from external threats.

Quarterly risk assessment & follow-up as of 30 September 2024

The E-trade department is still applying all the controls that restrict the access to the client's confidential information's and the we believe that the applied controls are adequate to run the department'. During Q3 2024, there are no significant changes in the E-trade department. Therefore, the risk is minimal. Moreover, the target date is not applicable since there is no any further actions to be taken in this point. We will examine this KRI during the subsequent periods to check the corresponded controls adequacy.

Detailed Key Risks

Risk ID: Operational Risk - 5						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
8.	Network Interruption	Likely	Critical	Critical	Proper	Moderate

Risk Definition

The internet connection is essential to run the company's operations and to execute the trading orders for the company's clients. CIDCO is relying on "Intel(R) Ethernet Connection" to operate the internet connection in the company.

We observed that the company had experienced a network disconnection during the office hours which directly affected on the company's operations in which the company's works have been interrupted from 10:00 AM until 3:00 PM.

An internet outage in a trading company can have severe consequences, causing loss of real-time market data, hindering transactions, disrupting communication with clients and partners, and potentially leading to financial losses.

The company situation in terms of corresponded risk

Currently, the concerned department is taking the defective actions plan to prevent such incident to be happen in the future and the risk impact is inactive.

Detailed Key Risks

Risk ID: Operational Risk - 5

#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
8.	Network Interruption	Likely	Critical	Critical	Proper	Moderate

Controls & mitigation action plans

- Conduct a meeting with the internet providers to determine the reason behind such risk.
- Ensure that there is no any internal technical issue led to internet disconnection.
- Decide if there is an importance to have a better service provider for the internet services after evaluate the situation.
- Take then necessary steps/actions to mitigate the likelihood of such risk to be occurred again.
- Setout a quick resolution and backup plans as a mitigation action.

Quarterly risk assessment & follow-up as of 30 September 2024

IT Team has reconfigured wireless Internet connection in our firewall to provide redundancy services. The same is tested and working fine.

IT Team also identified key persons to provide laptops to attend their job without interruption like Coast network issues and Covid kind of scenarios. All the devices are secured under Sophos Intercept Antivirus solution.

The IT department has submitted a mitigation plan report to the CEO to provide a proper estimation of the risk situation. Therefore, we think that the risk is still active, but it is under the control of the company, and it will be under our review by the next quarter. Moreover, the target date is not applicable since there is no any further actions to be taken in this point. We will examine this KRI during the subsequent periods to check the corresponded controls adequacy.

Detailed Key Risks

Risk ID: Operational Risk - 6						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
9.	Policies and procedures updates	Active	Moderate	Moderate	Proper	Moderate

Risk Definition

Upon reviewing the Business Risk Management Policies and Procedures, we realized that a few risk factors are missing from the manual. These missing risk factors are clearly addressed in the Risk Appetite Statement. The identified missing risk factors are:

Risk type	Definition	Procedures
Credit Risk	The possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations.	Include credit assessment processes, credit limits, monitoring credit exposures, and mitigation strategies like collateral requirements.
Cash Flow Risk	is the risk that the company will not have sufficient cash to meet its obligations as they come due.	Detail cash flow forecasting, liquidity management strategies, and contingency funding plans.
Leverage Risk	is associated with the use of borrowed funds to finance the company's operations, which can amplify both gains and losses.	Include leverage limits, monitoring debt levels, and stress testing scenarios to assess the impact of different leverage levels.
Compliance Risk	is the risk of legal or regulatory sanctions, financial loss, or reputational damage a company may suffer due to its failure to comply with laws, regulations, and standards.	Cover compliance monitoring, regular audits, employee training on regulatory requirements, and reporting mechanisms for compliance breaches.

Detailed Key Risks

Risk ID: Operational Risk - 6						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Inherent risk
9.	Policies and procedures updates	Active	Moderate	Moderate	Proper	Moderate

The company situation in terms of corresponded risk

Currently, the risk management unit is maintaining in its policies & procedures manual the following risk factors:

- Market Risk
- Strategic Risk
- Liquidity Risk
- Reputation Risk
- Operational risk

Also, the risk management unit is monitoring & reporting all the key risks through the management reports. But some key risks (mentioned above) are not addressed in the approved policies & procedures manual.

Controls & mitigation action plans

- Address all the risks factor in the policies & procedures manual and update it.
- Implement the necessary procedures to identify, monitor, mitigate & report all the key risks.
- Conduct a periodic evaluation for the risk management policies & procedures manual in order to highlight any needed changes.

Quarterly risk assessment & follow-up as of 30 September 2024

The risk management unit has implemented the necessary changes in the policy and updated the policies and procedures manual accordingly. As of September 2024, the updated manual is sent for approval from the Board of Directors (BOD). Since the BOD has not yet approved the updates, the controls are in place, but the residual risk remains moderate until the BOD's approval is obtained. The target date for this KRI is Q1 2025.

Detailed Key Risks

Risk ID: Financial Risk - 1						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
10.	IFRS Updates	Rare	High	Moderate	Proper	Low

Risk Definition

The Finance Department in Coast Investment & Development is responsible for ensuring appropriate implementation of the IFRS.

The management of CIDCO is required to be updated with the new developments in the IFRS to ensure smooth transition between standards and during the audit of the financial statements.

The risk of lack of monitoring the updates on the IFRS Standards might result in possible delays in the issuance of Interim Reports, Annual Financial Statements or misstatement in the financial statement as a result of inappropriate application of the accounting standard.

Moreover, transitions between standards often result in revaluation of financial instruments which might adversely affect the financial performance of the company.

Therefore, we recommend management to consider establishing training programs in order to update on the progress of new standards.

The company situation in terms of corresponded risk

The company is following the IFRS in conducting its management accounts. Also, the company conducting its financials through a well-known audit firm which implementing the updated IFRS in preparing the financials. The management is aware about the current or upcoming updates in IFRS & the concerned staff are ready and well-trained in implementing IFRS.

Detailed Key Risks

Risk ID: Financial risk -1						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
10.	IFRS Updates	Rare	High	Moderate	Proper	Low

Controls & mitigation action plans

The consequences of not training staff in IFRS and accounting standards can be far-reaching, impacting financial integrity, regulatory compliance, decision-making processes, and ultimately, the organization's overall performance and reputation. This will lead to inaccurate financial reporting, non-compliance, poor decision making, increased audit risks, financial losses, reputational damage and loss of competitive advantage.

Quarterly risk assessment & follow-up as of 30 September 2024

The company conducted an IFRS training session for 4 staff members in the Finance Department during the year 2022 to stay up to date with the new IFRS updates. However, during the year 2023, the company did not conduct any training sessions for IFRS since there were no relevant updates to IFRS related to the company's scope of operations. Currently, the finance department is willing to conduct an inhouse IFRS training on IAS 28 (Investment in Associates & Joint Ventures) by end of July 2024 for the finance department staff. Therefore, we believe that the risk still controlled and there is no target dates applicable on this KRI, we will examine the adequacy of controls during coming periods.

Detailed Key Risks



Risk ID: Financial Risk - 2						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
11.	VaR Analysis	Rare	High	Moderate	Proper	Low

Risk Definition

In accordance with the Articles of Association and portfolio position and the latest fund fact sheet for Coast Investment Fund (CIF), the investment allocation is spread across various stocks listed in Boursa, Kuwait, namely in 11 stocks. This has been mapped onto a correlation matrix demonstrating the degree of positive or negative correlation between two different stocks. Higher correlation demonstrates plausible relationship between one stock against the other, while the lower correlation demonstrates weaker relationship to a change in one stock price against the other.

SECTOR ALLOCATION AS OF

30/06/2024



The company situation in terms of corresponded risk

With the invested total amount approximating KD 8.09 MN, we have considered the total amount excluding the unquoted investments in CIF of KD 547k. The table represents that at 95% confidence level, the expected maximum negative value at risk (VaR) amounts to KD 460k, which is approximately 5.33% of the total invested capital. The CIF is currently underperforming compared to its benchmark the S&P Kuwait index and has experienced a significant decrease in net worth due to recent redemptions. The Fund management fee is insufficient to support CIDCO's operational cash flow. CIF may be eligible for a performance fee if its performance exceeds S&P index. YTD 2024 Saudi index lost -2.41 %, while the Kuwait All Share index gained with a 1.76% increase. The S&P underperformed by 1.95 % during the second quarter.

Summary

Total Network	8,644,225
Value at daily risk	7,383,520
Upper 95% confidence value at daily risk	9,106,799
Lower 95% confidence value at daily risk	8,183,854
Upper expected gain at 95%	462,574
Lower expected Loss at 95%	(460,372)
Lower expected change (%)	-5.33%

Detailed Key Risks

Risk ID: Financial Risk - 2						
#	Risk title	Likelihood	Impact	Inherent risk	Controls	Residual risk
11.	VaR Analysis	Rare	High	Moderate	Proper	Low

Controls & mitigation action plans

Off late navigating the complexities of regional conflicts and their impact on the financial markets requires a strategic and cautious approach. For CIDCO, the potential volatility in GCC markets due to geopolitical tensions necessitates a well-planned strategy to mitigate risks capturing potential opportunities.

A refined approach includes the keen market analysis, flexible in and out strategy, risk management, scenario planning, communication with stakeholders, legal and compliance oversight and most important point is to keep minimal exposure to high-risk investments. By implementing this strategy can strive to maintain profitability and to protect its assets without being overly exposed to the risks associated with a potential escalation in regional conflicts. Our approach prioritizes both capital preservation and ability to adapt swiftly to changing market conditions.

Quarterly risk assessment & follow-ups as of 30 June 2024

In recent developments, CIDCO has initiated a redemption process for a specified portion of its fund, with a concurrent strategic reallocation of these assets across various markets, including the TASI, and the US Markets, in which the higher exposure in local market as well as in the US markets. Currently, CIDCO retains a 50.02% ownership stake in the fund, and the remaining 49.85% is under the ownership of Kuwait Investment Authority (KIA), Kuwait's prominent investment entity. This collective ownership represents a dominant share of 99.87% of the total holdings.

Following anticipated redemption requests and subsequent withdrawals by an associate shareholder, fund's total net worth KD 8 million. As a result, CIDCO will receive only a minimal management fee from this fund. Additionally, CIDCO is actively engage in both US and GCC markets for higher returns and flexibility for a fair amount of return.

Coast Investment Fund Actual Performance Jan - June 2024

Month	NAV (Fils)	Change (Fils)	Change %
December-23	893		
January-24	943	50	5.60%
February-24	948	5	0.53%
March-24	952	4	0.42%
April-24	940	-12	-1.26%
May-24	916	-24	-2.55%
June-24	911	-5	-0.55%
Total Return YTD 2024			2.02%
YTD 2024 Actual performance (Saudi Tadawul All Share)			-2.41%
YTD 2024 Actual performance (Borsa All Share Index)			1.76%

ORGANIZATIONAL STRUCTURE



شركة الساحل للتجارية والاسثمار
COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P

منذ 1975 Since

Organizational Structure

