



Shaikh Abdulla bin Khalifa Al Khalifa

Najla M. Al Shirawi

SICO posts net profit of BD 715 thousand for second quarter 2016

Asset Under Management reach US\$ 1.02 billion

Manama, Kingdom of Bahrain – 10 August, 2016: Securities & Investment Company (SICO), licensed by the Central Bank of Bahrain as a conventional wholesale bank, announced today its financial results for the second quarter of 2016 and the first six months of the year.

Net profit for the first half of 2016 was BD 422 thousand compared with BD 3.53 million for the first six months of 2015, a decrease of 88 per cent reflecting the challenging economic and market environment during the first half of this year as compared to the first half of the previous year. Operating income totaled BD 3.65 million versus BD 6.78 million for the same period last year. Basic earnings per share were Bahraini 0.99 fils against 8.25 fils for the first six months of 2015.

For the second quarter of 2016, net profit was BD 715 thousand compared with BD 2.12 million for the corresponding period in 2015, with operating income at BD 2.31 million against BD 3.79 million the previous year. Basic earnings per share were Bahraini fils 1.67 compared with 4.96 fils in the second quarter of 2015.

Commenting on these results, Shaikh Abdulla bin Khalifa Al Khalifa, Chairman of Securities & Investment Company, said: "Given another period of challenging economic and market conditions, SICO posted a commendable performance for the first half of 2016, with net profit for the second quarter increasing by 140 per cent over the first three months of the year. It is encouraging to note that albeit very difficult operating environment, SICO managed to maintain profitability in the first half of the year and grow Assets Under Management by 15.9% to reach US\$ 1.02 billion. SICO Management team will remain conservative in this period of volatility and will continue to focus on providing our clients with innovative investment solutions to navigate through these challenging market conditions backed with our deep insight into regional markets."

Year to date, interest income increased to BD 532 thousand from BD 342 thousand a year earlier, primarily due to higher allocation to fixed income and higher interest rates prevailing in the market as compared to the previous year. The contribution to operating income by net fee and commission income was BD 1.26 million (1H15: BD 1.82mn), mainly due to contraction in management fees as average AUMs were lower than previous year as a result of market depreciation. Brokerage and other income contributed BD 823 thousand (1H15: BD 1.01mn), primarily impacted by lower trading volumes across GCC markets year on year. Net investment income amounted to BD 1.03 million (1H15: BD 3.61mn), these positive returns even though they were lower than the previous year driven primarily by the conservative management of this proprietary book, which invests in different geographies and asset classes. For the first six months of 2016, total operating expenses, which include staff overheads, general

administration and other expenses, reduced to BD 3.23 million (1H15: BD 3.25mn), reflecting a disciplined approach to controlling cost.

Assets under management continued to grow during the first half of 2016, reaching BD 385.11 million (US\$ 1,021.53 billion) versus BD 332.33 million (US\$ 881.53 million) at the end of the previous year, this shows SICO's ability to deliver to its clients outperformance in all markets conditions. Assets under custody with the Bank's wholly-owned subsidiary – SICO Funds Services Company (SFS) – decreased marginally to BD 1.64 billion (US\$ 4.35 billion) from BD 1.69 billion (US\$ 4.48 billion) at year-end 2015.

As at 30 June 2016, total balance sheet footings had increased to BD 123.15 million from BD 112.76 million at the end of December 2015; while shareholders' equity stood at BD 56.34 million (net of shareholders dividends paid during the year of BD 2.14 million) compared with BD 58.43 million at the end of the previous year. Investments at fair value through profit or loss increased to BD 14.45 million from BD 14.25 million at year-end 2015, with available-for-sale investments reducing to BD 28.32 million from BD 30.24 million.

Putting SICO's financial results into context, Chief Executive Officer, Ms. Najla M. Al Shirawi, said: "Even though GCC markets had a positive second quarter with the S&P GCC Composite Total Return Index appreciating by 2.7% compared to a depreciation of 3.7% during the first quarter, still market participants showed limited interest in GCC equities, with the aggregate turnover across regional markets declining by 36 per cent year-on-year in the second quarter. In contrast, regional fixed income had a very strong first six months, ending up 4.8 per cent after a negative start to the year. This was driven mainly by the recovery in oil prices, alongside gradually changing expectations of no interest rate hikes by the US Federal Reserve for the remainder of 2016.

"All our lines of business were impacted by the poor market performance and the steep decline in trading activities, however they have all showed resilience against the headwinds experienced in the first half of this year, which is a reflection of clients

confidence in SICO's ability to deliver superior returns on the long term and the introduction of new strategies under the fixed income platform," Ms. Al Shirawi pointed out

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About Securities & Investment Company (SICO)

Headquartered in the Kingdom of Bahrain, and with a growing regional presence and international footprint, Securities & Investment Company (SICO) is one of the premier wholesale banks in the GCC region. SICO provides a select range of investment banking solutions – brokerage, market making, treasury, asset management, corporate finance, and custody and fund administration – which are underpinned by an independent, value-added research capability.

Established in 1995, and listed on the Bahrain Bourse in 2003 as a closed company, SICO operates under a conventional wholesale banking licence from the Central Bank of Bahrain. The Bank has two wholly-owned subsidiaries: SICO Fund Services Company (SFS) – a specialised regional custody house; and SICO UAE – an Abu Dhabi-based brokerage firm licensed by the Emirates Securities & Commodities Agency.

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