

SICO Reports BD 2.9 Million Net Profit in the First Half of 2019



Shaikh Abdulla bin Khalifa Al Khalifa
Chairman of the Board



Ms. Najla M. Al Shirawi
Chief Executive Officer

Manama, Kingdom of Bahrain – 4 August 2019 SICO BSC (c), licensed as a conventional wholesale bank by the Central Bank of Bahrain “CBB”, announced today its consolidated results for the second quarter and first half ended 30 June 2019. SICO’s consolidated net profit for the first six months of 2019 increased 15% to BD 2.9 million compared to the BD 2.5 million recorded in the same period of 2018. Net operating income grew 26% to BD 7.6 million in the first half of 2019 compared to the BD 6.0 million achieved in the corresponding period last year. Total operating expenses, including staff overheads, general administration and other expenses, recorded BD 3.8 million in the first half of 2019, an increase of 17% compared to the BD 3.2 million recorded in the same period last year. First half 2019 earnings per share (EPS) were 7.76 Bahraini fils compared to 6.74 Bahraini fils in the first half of 2018. Total comprehensive income grew 13% to BD 3.0 million for the first six months of 2019 compared to BD 2.7 million in the first half of 2018.

On a quarterly basis, SICO recorded a consolidated net profit of BD 1.00 million in the second quarter of 2019, a 5.6% decrease versus the BD 1.07 million delivered in the same quarter last year. SICO’s net operating income for the quarter grew by 11% to BD 3.1 million from the BD 2.8 million recorded in the comparable quarter of 2018. The bank’s total operating expenses stood at BD 1.9 million in the quarter ended 30 June 2019, a 19% increase over the BD 1.6 million recorded in the same quarter last year. Second quarter 2019 EPS were 2.73 Bahraini fils compared to 2.89 Bahraini fils in the second quarter of 2018. Total comprehensive income for the quarter was BD 1.08 million or a 5% decrease versus the BD 1.14 million recorded in the second quarter of 2018.

Commenting on SICO’s performance for the first half, Chairman of the Board Shaikh Abdulla bin Khalifa Al Khalifa said: “SICO has maintained its position as the number one brokerage house in Bahrain, a leading regional market maker and a trusted advisor and partner for its clients and investors as they navigate elevated regional uncertainty. The results speak for themselves and our market leadership was duly recognized with a string of awards year-to-date. We look forward to replicating our success across regional markets as SICO works to expand its presence and continue to grow shareholder value.”

Growth during the first half of the year was driven by strong net investment income, which grew 45% to BD 3.5 million compared to BD 2.5 million in the first half of 2018. Growth was also supported by higher net fee income reaching BD 2.0 million in first half of 2019, a 17% increase over the 2018 figure of BD 1.7 million.

Higher fee income was driven by an improved performance of the bank's Asset Management division, with total Assets Under Management (AUMs) growing 11% to BD 779.2 million (US\$ 2.1 billion) as of 30 June 2019 from BD 699.1 million (US\$ 1.9 billion) at year-end 2018.

Assets under custody with the Bank's wholly-owned subsidiary, SICO Funds Services Company (SFS), stood at BD 2.7 billion (US\$ 7.1 billion) at 30 June 2019, increasing by 15% from BD 2.3 billion (US\$ 6.2 billion) posted at the end of 2018.

SICO's total balance sheet footings recorded BD 151.1 million as at 30 June 2019, increasing by 12% from the BD 135.3 million at the end of 2018 and driven largely by higher cash and bank balances. Meanwhile, SICO's total shareholders' equity amounted to BD 55.6 million at the close of the six-month period, net of BD 3.1 million cash dividends for FY 2018 distributed during the first quarter of 2019, versus BD 55.7 million at year-end 2018. SICO's consolidated capital adequacy ratio stood at a healthy 54.32% as at 30 June 2019.

Chief Executive Officer Ms. Najla Al Shirawi reported: "In spite of mixed environment for regional markets, we reported strong numbers in the fee business delivering double digit growth in assets under management along with outperformance of regional benchmarks, which continued to inspire investor confidence allowing us to build a strong pipeline for new mandates. On the brokerage business side, the slowdown in some markets was offset by strong flows that came to Saudi and Kuwait markets, which were further buoyed by our research division's growing reputation for on-the-mark recommendations, meeting and exceeding fair value targets for SICO Research's Top-20 Model Portfolio, with our weighted average diversified recommendations outperforming the benchmark S&P GCC total return by 7.5% year-to-date. Investment Banking activities have seen increased demand for advisory services, which include valuations, restructuring and private placement. Our Market Making and Liquidity Providing business has continued to outperform Bahrain and UAE peers in terms of turnover and number of mandates."

SICO's continued strong performance saw it awarded Best Investment Bank in Bahrain at the 2019 Euromoney Middle East Awards during the second quarter of the year, and earlier in 2019 the bank was named Best Equity Research House in Bahrain at the Global Business Outlook Awards. These awards are the latest in a long list of accolades that SICO has received over the years for its ability to adapt to challenging market conditions and deliver exceptional results.

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About SICO

SICO is a leading regional asset manager, broker, and investment bank, with USD 2.1 bn in assets under management (AUM). Today SICO operates under a wholesale banking licence from the Central Bank of Bahrain and also oversees two wholly owned subsidiaries: an Abu Dhabi-based brokerage firm, SICO Financial Brokerage and a specialised regional custody house, SICO Fund Services Company (SFS). Headquartered in the Kingdom of Bahrain with a growing regional and international presence, SICO has a well-established track record as a trusted regional bank offering a comprehensive suite of financial solutions, including asset management, brokerage, investment banking, and market making, backed by a robust and experienced research team that provides regional insight and analysis of more than 90 percent of the region's major equities. Since inception in 1995, SICO has consistently outperformed the market and developed a solid base of institutional clients. Going forward, the bank's continued growth will be guided by its commitments to strong corporate governance and developing trusting relationships with its clients. The bank will also continue to invest in its information technology capabilities and the human capital of its 100 exceptional employees.

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