



Shaikh Abdulla bin Khalifa Al Khalifa
Chairman of the Board

Ms. Najla Al Shirawi
Chief Executive Officer

SICO Reports BD 2.8 million Net Profit in the First Half of 2021

Strong income growth across diversified business activities and a 66% year-to-date increase in assets under management

Manama, Kingdom of Bahrain – 11 August 2021 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 six months ended 30 June 2021.

On a quarterly basis, SICO recorded a consolidated net profit attributable to the shareholders of the parent amounting to BD 1.6 million in Q2-2021 compared to BD 2.0 million recorded in the same quarter last year, a 20% year-on-year decline. Lower profitability is primarily due to decreased trading volumes in the market and a consequent decline in brokerage income. Earnings per share (EPS) recorded 3.86 Bahraini fils in the second quarter of the year compared to 5.29 Bahraini fils in the second quarter of 2020. SICO’s total comprehensive income for Q2-2021 was BD 1.8 million compared to BD 2.6 million recorded in the same quarter last year, representing a decrease of 33%.

On a year-to-date basis, SICO recorded a consolidated net profit attributable to the shareholders of the parent for the first six months of 2021 amounting to BD 2.8 million, an increase of 1,652% from the BD 159 thousand recorded in the first half of 2020. EPS were 7.09 Bahraini fils for the first six months of 2021 compared to 0.43 Bahraini fils for the same period of 2020. SICO reported a total comprehensive income of BD 3.2 million for the first half of 2021, as compared to the comprehensive loss of BD 666 thousand booked for the first six months of 2020.

Total equity attributed to shareholders increased by 12% to BD 65.1 million as at 30 June 2021 compared to BD 58.3 million recorded at year-end 2020. The increase in shareholders’ equity stemmed largely from SICO’s liquidation of its treasury shares through the share swap-based acquisition of Muscat Capital, and the addition of a new shareholder (Bank Muscat) during the period. It is also worth noting that SICO had distributed a dividend for the year 2020 amounting to BD 2.1 million, equivalent to 5% of share capital as at the first half ended 30 June 2021.

SICO's total assets recorded BD 229.4 million as at 30 June 2021, an increase of 26% from the BD 181.8 million recorded at year-end 2020. The growth in assets was driven by the acquisition during the period of a majority stake in Saudi Arabia's Muscat Capital, which has been rebranded as SICO Capital. SICO consolidated the assets and liabilities of SICO Capital on a line-by-line basis from the first quarter of 2021, including off-balance sheet items, driving an overall increase in SICO's total asset position. The increase in total assets during the six-month period was further driven by an increase in securities bought under repurchase agreements.

The six-month period saw broad-based strength across most of SICO's business lines as regional markets continued to recover on the back of favourable tailwinds. SICO's net investment income recorded BD 2.7 million in 1H-2021, reversing the figure of negative BD 342 thousand booked for the same period of 2020. Net fee income reached BD 2.3 million in 1H-2021, an increase of 31% from the BD 1.7 million recorded one year previously, reflecting the positive performance of SICO's mandates and funds and the strong growth in total assets under management (AUMs). Net other interest income reached BD 846 thousand for the first six months of 2021, growing by 16% from the BD 727 thousand recorded in the first half of 2020. The growth came despite a lower interest rate environment during the period compared to the same period in the previous year.

Meanwhile, brokerage income came in at BD 1.5 million for 1H-2021, compared to BD 2.1 million registered in the same period of 2020, marking a 28% decrease. This decline was driven by a slowdown in fixed-income trading volumes compared to the extraordinary activity witnessed last year.

Consolidated AUMs amounted to BD 1.5 billion (USD 3.9 billion), increasing by 66% from BD 877.9 million (USD 2.3 billion) as at year-end 2020. This increase is attributed to consolidation of SICO Capital's AUMs to the amount of USD 793 million combined with a net increase in SICO AUMs by USD 748 million during the period. Assets under custody with the bank's wholly owned subsidiary, SICO Funds Services Company (SFS), stood at BD 3.2 billion (USD 8.4 billion) as at 30 June 2021, increasing by 5% from BD 3.0 billion (USD 8 billion) at year-end 2020.

Commenting on SICO's performance for the first half of 2021, Chairman of the Board Shaikh Abdulla bin Khalifa Al Khalifa said: "Halfway through 2021, SICO is firmly on the path to leveraging the ongoing recovery in our broader market and to create sustainable value for the firm's clients. The Board of Directors is pleased with the strength we are witnessing across SICO's lines of business as the firm expands its geographic and operational footprint. The integration of SICO Capital is proceeding apace, providing us with an expanded platform for innovation, while our existing operations continue to generate rapid organic growth, leaving us in a strong position to make the most of new opportunities and to deliver on our strategic initiatives."

Chief Executive Officer Ms. Najla Al-Shirawi further added: "SICO is pushing forward with its growth efforts at each of our lines of business. The second quarter saw continued strength in regional equity markets, reflecting the ongoing recovery in consumer demand, a rapid increase in oil prices, and the rollout of COVID-19 vaccination programs. SICO successfully leveraged these dynamics to drive strong performance at our proprietary funds, generating rapid growth in the firm's net investment income. SICO also recorded vigorous growth across the firm's mandates and funds during 1H-2021, boosting the total value of AUMs and yielding double-digit growth in net fee income. Halfway through 2021, we are successfully consolidating our on-the-ground presence in Saudi Arabia through our new subsidiary, SICO Capital, which is expected to expand the offering provided to SICO's clients, while driving growth moving forward. While we remain cognizant of market challenges, we will draw on our successful strategies and leading market position to further build and diversify our revenue streams and cater to our investors' unique objectives. Meanwhile, we begun rolling out a suite of cutting-edge digital systems, an initiative which will allow us to push through the automation of manual processes, digitize a range of existing client services and provide our customers with new value. These

initiatives promise to significantly strengthen client engagement, aid in the attraction of new clients, and drive increased use of SICO's digital channels, yielding a major boost to operational efficiency and further differentiating our value proposition.

“Finally, our ability to successfully withstand market pressures and maintain our position as Bahrain’s gateway to global capital markets was on sharp display at the Euromoney Awards for Excellence, where SICO was named Best Investment Bank in Bahrain for the third consecutive year. We were also named Best Investment Bank in Bahrain at the 2021 Global Finance World’s Best Investment Banks awards for the second consecutive year, once again recognizing SICO’s exceptional record in the face of challenging environments. Additionally, SICO retained its ranking as the number one broker on the Bahrain Bourse for the twenty-third consecutive year, further demonstrating our brokerage business’s outstanding resilience.”

SICO is listed on Bahrain Bourse (“BHB”) and its code is SICO-C. The press release and full set of financial statements are available on BHB website.

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About SICO

SICO is a leading regional asset manager, broker, market maker and investment bank, with USD 3.9 bn in assets under management (AUM). Today SICO operates under a wholesale banking licence from the Central Bank of Bahrain and also oversees three wholly owned subsidiaries: an Abu Dhabi-based brokerage firm, SICO Financial Brokerage, a specialised regional custody house, SICO Fund Services Company (SFS), and a Saudi-based investment banking company, SICO Capital. 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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