

Note From Our Chairman



Abdulla Kamal
Chairman of the Board

In my first year-end statement as SICO's Chairman of the Board, I would like to begin by expressing that it is my honor to have been given the opportunity to serve as Chairman of such a distinguished organization that has proven time and again, its ability to maneuver challenging market conditions and deliver stellar results. Having served as a member of SICO's Board representing the Social Insurance Organization of Bahrain since 2020, I've been able to witness first-hand the impressive journey that SICO has taken to reach its current position as a regional financial institution with an on-the-ground presence in three of the region's most dynamic financial hubs.

The market upheavals of 2023 were considerable. The global economy experienced slower growth as the tightening cycle continued with central banks worldwide attempting to control inflation by raising interest

rates. Although there have been signals of late that inflation is cooling and the tightening cycle is coming to an end, a high interest rate environment has characterized the landscape for the better part of two years making life difficult for investors and the financial sector as a whole. Last year, we also saw the remarkable collapse of several mid-sized banks in the US, including Silicon Valley Bank, which sparked fears of contagion. Perhaps one of the most noteworthy developments of the past year, was what can only be described as the AI revolution. The rapid advancement that we witnessed in the field of artificial intelligence, particularly "Large Language Models", are completely changing the rules of engagement across multiple sectors and businesses, and the financial sector is no exception. This new reality will no doubt present us with fascinating new opportunities, as well as risks.

Despite this tumultuous backdrop, our region and our business has remained remarkably resilient. The contraction in oil sector activities in 2023 that took place as a result of successive oil production cuts by OPEC+, was counterbalanced by the economic diversification efforts that governments across the region have undertaken over the past several years. In 2023, expansion in the non-oil sector is estimated to have grown by 4.3% in the GCC and the trend will continue.

At SICO, we remained focused on organic growth and leveraging our strengths in our core business segments, a strategy that has served us well even during challenging times. Over the past year, our unwavering commitment to operational excellence and a disciplined investment approach continued to propel us towards our overarching goals and substantially increase our assets under management irrespective of prevailing market conditions.

SICO has shown remarkable resilience with a 23% year-on-year increase in consolidated net profit, on the back of strong results posted in the second half of 2023.

11.6 USD
MN
Consolidated Net Profit
in 2023

I'm proud to report that SICO's FY23 results have shown remarkable resilience with BD 4.4 million (USD 11.6 million) in consolidated net profit, representing a 23% increase from the BD 3.6 million (USD 9.4 million) recorded in 2022. The impressive growth was primarily driven by an expansion in net investment income for the year, on the back of strong results posted in the second half of 2023. The growth was further enhanced by a notable increase in net interest income coupled with solid brokerage and net fee income for the year. SICO's net investment income came in at BD 4.4 million (USD 11.8 million), a 326% growth from BD 1.0 million (USD 2.8 million) in 2022. Net fee income declined slightly by 7% to BD 8.1 million (USD 21.6 million) vs. BD 8.7 million (USD 23.1 million) in the previous year as a result of a decrease in booked performance fees.

We are exceptionally proud that we have been able to maintain our upwards trajectory when it comes to our assets under management (AUMs). SICO's AUMs continued to reach record highs in 2023 at USD 6 billion on a gross basis reflecting a 25% increase year-on-year up from USD 4.8 billion in 2022. Over the last five years the Gross AUMs have increased by over 300% from USD 1.9 billion to the current USD 6 billion, with an impressive annual compounded growth of over 26%. This robust growth is a testament to the strength and talent of the SICO asset management team that continues to outperform the market and to launch new products and services that have grown and diversified our client base in both Bahrain and KSA.

All of our lines of business delivered excellent operational performances as we worked to streamline our operations and rollout standardized processes and procedures across our regional footprint in KSA and the UAE. SICO is very well positioned to capture growth opportunities in these markets in 2024. Now that we have onboarded a new CEO with years of regional and local market expertise for our Saudi subsidiary SICO Capital, we are particularly optimistic about our next growth phase in the Kingdom.

The economic outlook for the region as a whole remains positive in 2024. With a continued commitment to economic diversification and a predicted easing of OPEC+ production quotas coupled with declining interest rates at year-end and large government investments, GDP growth

is expected to improve in the coming year with the non-oil sector remaining a key driver of economic activity. All of these developments and more will open new windows of opportunity for SICO.

On behalf of the Board of Directors at SICO, we extend our heartfelt gratitude to Shaikh Abdullah bin Khalifa Al Khalifa, who resigned from his post last April, for his exemplary leadership and guidance during his 12-year tenure as Chairman. His dedication and vision have significantly contributed to the growth of SICO's AUMs and facilitated our successful expansion across the region. With his appointment as the CEO of Bahrain Mumtalakat Holding Company, in accordance with the royal directives of His Royal Highness Prince Salman bin Hamad Al Khalifa, we wish Shaikh Abdullah the very best in his new role.

I also want to thank our Management Team and my fellow Board members for their efforts in helping us reach new heights this year and for continuing to deliver excellent results for our clients, shareholders, and the communities we serve. We thank you for your vision, oversight, and prudent leadership.

On behalf of the Board and the entire team at SICO, I would like to take this opportunity to convey our utmost 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 steadfast support and commitment to diversifying and advancing the Bahraini economy, and making it a regional investment destination of choice. We would also like to give special thanks to our partners and regulators, the Ministry of Finance and National Economy, the Central Bank of Bahrain (CBB), and the Bahrain Bourse (BHB) for their ongoing support.

I look forward to working with the board and management team as well as our regulators to build on the bank's strong foundation and to drive growth in the years to come.

SICO Executives' Remuneration in BD'000

Executive management	Total paid salaries and allowances	Total paid remunerations (Bonus)	Any other cash/in kind remuneration for 2023	Aggregate Amount
Top six remunerations for executives, including CEO and CFO	915	320	164	1,399

Details of SICO's Board Remuneration

Name	Fixed remunerations				Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	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
Independent Directors:													
Tala Fakhro	16,000	5,500	-	-	21,500	-	-	-	-	-	-	21,500	-
Khalid Al-Jassim	16,000	4,250	-	-	20,250	-	-	-	-	-	-	20,250	-
Non-Executive Directors:													
Naseema Haider ¹	16,000	4,500	-	-	20,500	-	-	-	-	-	-	21,500	-
Shaikh Abdulla bin Khalifa Al Khalifa ^{**}	-	1,500	-	-	1,500	-	-	-	-	-	-	1,500	-
Abdulla Kamal ²	32,000	6,250	-	-	38,250	-	-	-	-	-	-	38,250	-
Mohammed Abdulla ¹	16,000	5,500	-	-	21,500	-	-	-	-	-	-	21,500	-
Elham AlMajed ²	16,000	3,500	-	-	19,500	-	-	-	-	-	-	19,500	-
Dana Raees ²	16,000	4,000	-	-	20,000	-	-	-	-	-	-	20,000	-
Khurram Ali Mirza ^{**}	-	500	-	-	500	-	-	-	-	-	-	500	-
Executive Directors:													
Hisham Alkurdi ¹	16,000	4,000	-	-	20,000	-	-	-	-	-	-	20,000	-
Waleed Al Hashar ¹	16,000	4,000	-	-	20,000	-	-	-	-	-	-	20,000	-
Total	160,000	43,500	-	-	203,500	-	-	-	-	-	-	203,500	-

**** Resigned during the year**

1: Remuneration amount and meeting attendance allowance 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