

COMPASS

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SICO posts BD 3.5mn net profit for the first six months of 2015

SICO reported a net profit of BD 3.5 million for the first half of 2015 compared with BD 5.1 million for the first six months of 2014; while operating income was BD 6.8 million versus BD 8.2 million for the same period last year, due mainly to the lower performance and turnover of all GCC markets. Basic earnings per share were Bahraini 8.3 fils against 11.8 fils for the first six months of 2014.

The contribution from brokerage and other income was BD 1.0 million (1H14: BD 1.6mn); with net fee and commission income accounting for BD 1.8 million (1H14: BD 2.3mn), and net interest income amounting to BD 784 thousand (1H14: BD 657 thousand). Net investment income remained strong at BD 3.2 million (1H14: BD 3.7mn). For the first six months of 2015, total operating expenses, which include staff overheads, general administration and other expenses, amounted to BD 3.3 million (1H14: BD 3.2mn).

As at 30 June 2015, total balance sheet footings had increased to BD 123.8 million from BD 115.6 million at the end of



Shaikh Abdulla bin Khalifa Al Khalifa
Chairman

December 2014; while shareholders' equity remained roughly on par at BD 60.6 million. Investments at fair value through profit or loss increased to BD 20.5 million from BD 17.3 million at year-end 2014, with available-for-sale investments reducing slightly to BD 28.6 million from BD 28.8 million.

Assets under management grew by 10.5 per cent to BD 374.4 million (US\$ 993.1 million) from BD 338.8 million (US\$ 898.7 million)

at the end of the previous year; while assets under custody with the Bank's wholly-owned subsidiary – SICO Funds Services Company (SFS) – increased by 6.7 per cent to BD 1.75 billion (US\$ 4.6 billion) from BD 1.64 billion (US\$ 4.4 billion) at year-end 2014.

Commenting on these results, Chairman Shaikh Abdulla bin Khalifa Al Khalifa said: "SICO posted a highly commendable performance for the first half of 2015, especially given the more favourable economic and market background during the corresponding period in 2014. Encouragingly, the Bank's results for the second quarter of 2015 showed a marked improvement over the results for the first three months, almost on par with second quarter of 2014, which bodes well for the remainder of the year."

Payment of a cash dividend of BD 3.86 million, representing 9 per cent of the paid-up capital, was recommended by SICO's board of directors and approved by shareholders at the Bank's annual general meeting held on Monday 25 March 2015.

SICO mandated by Eskan Bank to list first REIT on the Bahrain Bourse

Eskan Bank has appointed SICO as lead arranger for the first real estate investment trust (REIT) to be listed on the Bahrain Bourse, and only the second Sharia-compliant listed REIT in the Gulf region.

As arranger, SICO is responsible for managing the entire process, which includes internal property valuations along with independent real estate valuers, legal structure, regulatory submissions, and the initial public offering. The Sharia-compliant REIT is expected to have a total value of BD 20 million, with a tranche that will be offered to the public through the IPO that is planned to take place

later this year. Eskan Bank's REIT will consist of two income-generating and unleveraged properties – Segaya Plaza in Segaya and Danaat Al Madina in Isa Town.

A listed REIT is a regulated investment vehicle that invests directly in real estate with its units traded like a stock on exchanges. REITs generally provide investors with access to real estate, a regular and stable income stream, diversification, and enhance the liquidity of their portfolios.

New listing rules for REITs issued by the Bahrain Bourse came into effect on

17 May 2015, with requirements including a minimum of two properties with a combined asset value of no less than US\$ 20 million. REITs are regulated by the Central Bank of Bahrain (CBB), and must be authorised by the CBB before they can be listed. According to CBB regulations, the dividend payout ratio of a REIT has to be at least 90 per cent of its net realised income.

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New lease of life for Bahrain-domiciled REITs



Dr. Khalid Abdulla
General Manager, Eskan Bank

“The initiative of listing the REIT will be the first in Bahrain by Eskan Bank, where we offer a financial instrument that will add to the breadth of investment opportunities, and position the institution as an innovative bank spearheading financial sophistication and depth. In line with our social mandate, this new REIT gives Bahrainis the opportunity to share in Eskan Bank’s significant property development activities.”



Ms. Najla M. Al Shirawi
Chief Executive Officer, SICO

“We are pleased to be working with Eskan Bank to lead and manage this historic REIT listing in Bahrain. The introduction of this new alternative investment asset class will contribute in adding depth to the Kingdom’s real estate sector, while helping to improve liquidity on the Bahrain Bourse. Our involvement illustrates SICO’s commitment to broaden the investment products offered to investors in the local market.”



Shaikh Khalifa bin Ebrahim Al Khalifa
Chief Executive, Bahrain Bourse

“The planned listing of Eskan Bank’s REIT underlines the keen interest we have witnessed from property developers and managers in REIT as an alternative investment option; and also among investors who would benefit from investing in property as an asset without directly owning and managing the property. The introduction of the REIT listing rules will facilitate investment in productive assets and benefit all involved stakeholders.”

Frequently asked questions about REITs



Wissam Haddad

1. What is a REIT?

A real estate investment trust (REIT) is a legal structure, such as a company, that holds income generating real estate assets and issues units to investors. The unit holders effectively become the legal owners of the real estate assets in proportionate amounts of their unit holdings, and receive the proportionate amount of rent available after paying expenses. Units in a REIT are not unlike owning shares in a company, where the shareholder is the owner of the company and receives any dividends declared. REITs are an efficient way to open the real estate sector to everyone and allow anyone, regardless of their financial situation, to become real estate owners and investors.

2. Are REITs new?

REITs were first established in the United States in 1960. By the end of 2014, there were 216 REITs listed on the major stock exchanges in the USA, and another 900 or so that were not listed but active. In Bahrain, the REIT law was issued in 2007 and updated in 2012, but did not have clear provisions to be offered to the public. Investment in these REITs was only on a private basis, and was limited to investors who met certain strict restrictions. The Bahrain Bourse’s REIT listing rules took effect from 17 May 2015, and now allow the listing and trading of REIT units on the Bourse, which is open to everyone.

3. What regulations protect investors in listed REITs?

Most significant is the requirement to have all REITs approved and registered by the Central Bank of Bahrain, and to ensure independent appointment of registered trustees, custodians, administrators, REIT managers, property valuers and auditors. In Bahrain, REITs also have to distribute at least 90% of their net profits to investors, and debt finance has to be limited to a maximum of 60% of the property’s value. To provide some level of risk diversification, REITs must have at least two properties with a minimum valuation of US\$ 20 million.

4. What are the key benefits of listed REITs on the Bahrain Bourse?

Most significantly, listed REITs are accessible to all kinds of investors. Anyone interested in buying a unit in a listed REIT would simply setup a brokerage account with one of the Bahrain Bourse registered brokers, and acquire the quantity of units in the REIT of their choice. The benefits of listed REITs from an investment perspective, is that they offer less correlation to other asset classes, such as stocks, and therefore diversify any investor’s investment portfolio. Furthermore, real estate as an asset class normally requires large sums of capital to acquire an apartment or an office, and therefore a REIT provides access to real estate with significantly less capital. Bahrain Bourse listed REITs are restricted to income-generating real estate, and the local regulations require a minimum of 90% of all net income from the asset to be distributed to unit holders. Finally, listed REITs are regulated by the Central Bank of Bahrain and subject to the listing rules of the Bahrain Bourse. These strict regulations are in place for the protection of the average investor.

5. What is the performance track record of listed REITs?

Since 1960, listed REITs have outperformed the S&P 500, Dow Jones Industrials and NASDAQ Composite over most long-term horizons, and provided better returns than corporate bonds. According to data analysed from Bloomberg, the compound annual growth rate per year over 10 years (2004 to 2014) for the Dow Jones Equity REIT Total Return Index was 8%, which compared more than favourably with the Bloomberg US Corporate Bond Index (6%), the S&P 500 Index (5%), and significantly outperformed the Thomson Reuters/Core Commodity CRB Commodity Index(-2%), the Barclay Hedge Fund of Funds Index (2%), the Dollar Index (1%) and the S&P Listed Private Equity Index (-1%).

6. What is the exit strategy for listed REITs?

Listed REITs will be traded on the Bahrain Bourse. As such, just like investors calling their broker to sell a share they own in a listed company, they would be able to sell a unit in a REIT in the same way at any time, at a price determined by the market at that time.

This Q&A was compiled by Wissam Haddad, Head of Corporate Finance at SICO

SICO recognised for highest value of traded shares on Bahrain Bourse



SICO CEO Ms. Al Shirawi receives the award from Bahrain Bourse CEO Shaikh Khalifa bin Ebrahim Al Khalifa in the presence of Thomson Reuters MENA GM Samer Habbal

SICO was honoured with a special award at the AFE Equities Summit 2015 which was held on 22-23 April at the Ritz Carlton Hotel & Spa, Bahrain. The Bank received the award for the 'Highest Traded Shares on the Bahrain Bourse in 2014' in recognition of being ranked first in terms of the highest value of transactions on the Bourse during the year. The Bank handled

over 5,400 transactions involving more than 700 million shares with a total value of BD 213 million (US\$ 562 million), constituting a market share of 39.5 per cent.

Through its focus on serving active institutional investors with large trading books, SICO maintained its status as the leading broker on the Bahrain Bourse for the 16th consecutive year. The Bank continued to be the preferred broker for large trades, and executed most of the major deals on the Bourse in 2014.

SICO Chief Executive Officer Ms. Najla Al Shirawi accepted the award from Bahrain Bourse Chief Executive Shaikh Khalifa bin Ebrahim Al Khalifa. "We are honoured to receive this award, which reflects the strong performance by our brokerage division during 2014, with income growing by 128 per cent due to increased flows from clients across all product lines.

"Business growth resulted from an increase in institutional sales through a dedicated team

with a growing regional focus, more business from existing clients, and an expanded client base. Capitalising on continued market volatility, SICO extended its provision of advisory services to clients, including in-depth research on GCC equities, which witnessed significant growth during the year," Ms. Al Shirawi said.

Brokerage update

SICO maintained its leading status on the Bahrain Bourse during the first six months of 2015. The Bank continued to be the preferred broker for large trades, and executed most of the major deals on the Bourse. This included handling the purchase of 25.6 million ordinary shares of Takaful International BSC in two tranches during April 2015, which is equivalent to 41 per cent of the company's outstanding shares. During the first half of the year, SICO handled 1,228 transactions (buy and sell) involving 134 million shares with a total value of BD 39 million, equating to a 51 per cent market share.

BUSINESS IN BRIEF

Fixed Income

SICO remained active in the fixed income market during the first half of 2015. The newly-established Fixed Income division raised BD 68.2 million for the longer-term securities issuances by the Central Bank of Bahrain during this period.

Custody & Administration

Assets under custody with the Bank's wholly-owned subsidiary – SICO Funds Services Company (SFS) – increased by 6.7 per cent to BD 1.75 billion (US\$ 4.6 billion) in the first six months of 2015 from BD 1.64 billion (US\$ 4.4 billion) at year-end 2014. The Company has appointed a new Acting General Manager (see page 7).

Net investment income remains healthy

SICO's investment strategy during the first six months of 2015 focused on overweighting its investments in the equity markets, with exposure to the GCC, Europe, Asia and the US. The Bank tactically traded its exposure in these markets, which helped reduce investment volatility during the Greek crisis and the sharp market sell-off in China. Net investment income for the period remained strong at BD 3.2 million.

During the first quarter the portfolio was overweight in equities, while in the second three months SICO reduced its exposure to equities and increased exposure to fixed income and cash as the situation in Greece started to show signs of stress. Following a sharp technically-driven move in Asia during May, the Bank also reduced its exposure, since the market was bound to adjust.

Subsequently, the European markets went through elevated levels of volatility and downside pressure, as uncertainty about the Greek debt repayment increased.

In Asia, the technical move of opening up Hong Kong to investors from mainland China drove Asian markets higher. At the same time, mainland China was trading at very high multiples based on the expectation of China A-shares' inclusion in the MSCI and the inflow of passive funds, which did not take place. SICO took the opportunity and traded both markets to reduce its exposure. The Bank also reduced its exposure to the US, based on valuations and the expectation of a move in interest rates. SICO also increased its exposure to floating rate bonds and Bahrain government local currency bonds since it saw value in them.

Asset management growth momentum continues

Assets under management with SICO maintained their growth momentum, increasing by 10.5 per cent to BD 374.4 million (US\$ 993.1 million) during the first half of 2015 from BD 338.8 million (US\$ 898.7 million) at the end of the previous year. All SICO funds (equity and fixed income) outperformed their respective benchmarks and peers, with a particularly strong performance by the Khaleej Equity Fund (KEF) – returning 13.3% versus 3.7% by the S&P GCC Composite Index, and the SICO Gulf Equity Fund (SGEF) – with a return of 12.4% against minus 2.8% for the S&P GCC ex-Saudi Index. In a new development, the country coverage mandate of KEF and SGEF has been extended to cover the wider MENA region (including Egypt), with the flexibility to invest up to 10 per cent of their portfolios outside the GCC.

During the period, the discretionary portfolio management accounts (DPMAs) offered by SICO continued to attract increased interest, with new mandates received from prominent regional clients including sovereign wealth funds and pension funds. The Bank's recently-introduced hybrid discretionary portfolio service – which combines equities and fixed income – also attracted interest from more conservatively-minded investors. In addition, SICO acts as the investment manager for funds sponsored by other institutions. The Bank supports these clients by exercising its unique fund management capabilities to manage the entire or country-specific components of their funds. The three external funds currently managed by SICO continued to outperform their respective benchmark indices during the first half of 2015.

SICO funds and benchmark returns for first half 2015

SICO Fund	Fund Return	Benchmark Index	Benchmark Return
Khaleej Equity Fund	13.3%	S&P GCC	3.7%
Gulf Equity Fund	12.4%	S&P CCG Ex Saudi	-2.8%
Selected Securities Fund	2.0%	Bahrain All Share	-4.1%
Kingdom Equity Fund	15.1%	Tadawul	9.0%
Fixed Income Fund	2.7%	Barclays EM GCC Bond	2.1%



SICO supports initiatives to promote women's empowerment

In line with its commitment to support women's empowerment, SICO has announced its support for Bahrain Women's Day 2015. Each year, under the patronage of Her Royal Highness Princess Sabeeka bint Ebrahim Al Khalifa, wife of His Majesty King Hamad and President of the Supreme Council for Women (SCW), the role of women in the Kingdom of Bahrain is recognised. This year celebrates the contributions of women in the financial and banking sector.

To support this initiative, the Central Bank of Bahrain, in cooperation with the SCW, is organising a series of events throughout 2015 to promote the role of women in the sector. This includes a number of roundtables, and training and mentoring programmes, leading to a main conference on 'Women in Banking and Finance' to be held on 30th November, just ahead of Bahrain Women's Day on 1st December.

The first roundtable discussion - 'The Challenges Facing Women in Reaching Positions of Authority in the Financial Sector' - took place on 20th April at the Bahrain Bourse Auditorium. SICO Chief Executive Officer, Ms. Najla Al Shirawi, was invited to be a speaker at the event (see report below). She was also invited to participate in a panel on 'Women in Islamic Finance' at the 11th World Islamic Funds & Financial Markets Conference (WIFFMC) held in Bahrain; and in a panel on 'Female Empowerment in the Middle East'

at the 13th Annual Middle East Conference organised by the London Business School and the Middle East Club in London.

Extensive research conducted by SICO to support these speaking engagements by Ms. Al Shirawi has revealed some very interesting facts and figures. A selection of statistics are included in this special feature to help shed light on the subject of women's empowerment from a global, regional and Bahraini perspective.

Challenges facing women in Bahrain's financial sector



At the event, from left, BHB CEO Shaikh Khalifa bin Ebrahim Al Khalifa, Ms. Al Shirawi, Dr. Al Maskati, SCW Secretary General Ms. Hala Al Ansari, Shaikha Hessa, and CBB Governor Mr. Rasheed Al Maraj

A high-powered roundtable discussion - 'The Challenges Facing Women in Reaching Positions of Authority in the Financial Sector' - organised by the Central Bank of Bahrain (CBB) in cooperation with the Supreme Council for Women, took place on 20th April at the Bahrain Bourse (BHB) Auditorium, hosted by BHB chief executive Shaikh Khalifa bin Ebrahim Al Khalifa. The event brought together leading female figures from the

industry to share their experiences and insights into the obstacles that remain for women in climbing the corporate ladder.

Speakers at the event were Al Salam Bank chairwoman Shaikha Hessa bint Khalifa Al Khalifa, SICO chief executive Najla Al Shirawi, Intellect Resource managing partner Sabah Almoayyed, and CBB executive director for corporate services Dr. Huda Al Maskati. CBB

Governor Rasheed Al Maraj encouraged chief executives across the financial services sector to review and take into account the recommendations shared at the discussion in order to provide further support for women in the sector and help ensure their success.

As well sharing some interesting research findings on why more women in positions of authority makes sound economic and business sense (see below), Ms. Najla Al Shirawi also offered advice on how women can advance their careers and break through the 'glass ceiling'. This term was first coined in 1979 to describe the visible but seemingly impassable barrier that keeps women from rising to the upper rungs of the corporate ladder.

"While qualifications, experience and talent are obviously important, I firmly believe that sheer hard work makes the difference. Hard work in performing, delivering results, taking the initiative, not being afraid to speak up and challenge, being available, leading by example, inspiring your colleagues, cultivating team work, and importantly, enjoying what you do - are all critical success factors," Ms. Al Shirawi pointed out.

"But above all, to reach the top, women need to have the passion to succeed. Progress and advancement do not come on a silver platter, they have to be earned. And that means having the self confidence to take on new challenges, overcome the hurdles placed in their way, and proving that they are as good as, if not better than, the next man. On a practical note, women should not limit themselves to what are considered to be the traditional support function roles of women in business, such as HR, IT and operations. Instead, actively pursue career openings in the core business activities of an institution, since such experience will lead to corporate leadership roles at the top," she advised.

"I will not pretend that it is easy. For many women, it entails balancing the demands of running a home and raising a family with that of holding down a challenging business role. But never feel guilty. I strongly believe that being an equally successful mother and businesswoman is the ideal role model for children to aspire to. And it is achievable, not an impossible dream. Today's four panellists have shown that it can be done," Ms. Al Shirawi concluded.

Selected research findings by SICO on the status of women's empowerment

MENA region statistics

- In the 2014 World Economic Forum's Global Gender Gap Index, the 15 Arab / African countries of the MENA region had an average ranking of 128 out of 142 countries covered, and closed 60% of their gender gap.
- In the WEF 2014 Gender Gap sub index for Educational Attainment, the MENA region improved its ranking to fourth place, with 93% of the gap closed. Notably, in 13 of the 15 Arab / African countries of the MENA region, tertiary enrolment rates for women were higher than those for men.
- According to the 2014 United Nations Development Programme (UNDP) Human Development Report, the female participation rate (15 years and above) for Arab states was 24.7% compared with 50% for the world.

GCC region statistics

- A 2015 study by Dammam-based Prince Sultan bin Abdulaziz Fund for Women's Development, shows that female participation in the labour force of the GCC has increased by 83% over the past decade.
- According to the "Women's Careers in the GCC 2015" report by the Pearl Initiative, 80 per cent of women in the region feel that simply being a woman puts them at a disadvantage at work.

- This study also shows that females in the GCC make up roughly 52% of students enrolled in higher education, but only 38% of the workforce. Fewer break through the glass ceiling, with only 24% holding senior business roles, 17% sitting on corporate boards, and only 12% in CEO positions.

Kingdom of Bahrain statistics

- The Economist Intelligence Unit's 'Women's Economic Opportunity Report 2012' placed Bahrain 3rd in the Middle East region and 78th in the world.
- The UNDP's 2011 Gender Inequality Index ranked Bahrain 44 out of 187 economies, registering the highest improvement in the GCC (up 11 places).
- A study conducted by Master Card in 2012 found that Bahraini women were the most empowered in the Middle East, and closest to men in terms of socio-economic parity.
- Women make up around 35% of Bahrain's employment force, and more than 47% of the public sector.
- Women represent 38% of the total Bahraini workforce in the financial sector, with three female CEOs, and 29 women as board members of financial institutions.

Reasons for women at the top

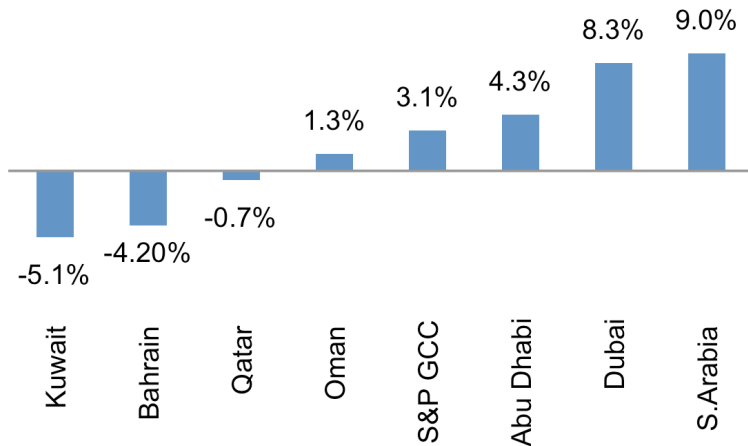
- Studies by McKinsey show that companies with gender diversity at the top drive stronger financial performance on multiple measures, including higher profits, improved stock price growth, and better return on equity.
- Credit Suisse analysed over 2,500 companies and found that those with more than one woman on the board had outperformed those with no female directors by 26% since 2005. They noticed that the presence of women in business meetings prompts a greater sense of formality, which leads to more task-focused and efficient discussions. Companies with women on the board tend to be closer to the consumer, and have a better sense of what is happening in their product markets.
- In a recent Harvard Business Review article, Professor Roy Adler presented his findings from tracking over two hundred Fortune 500 companies and comparing their financial performance to industry medians. He discovered that companies with the highest percentage of female executives delivered earnings far in excess of the median for other large firms in their industries. He noted that companies that 'smash the glass ceiling' enjoy higher profits.

SICO Research: GCC Market Snapshot

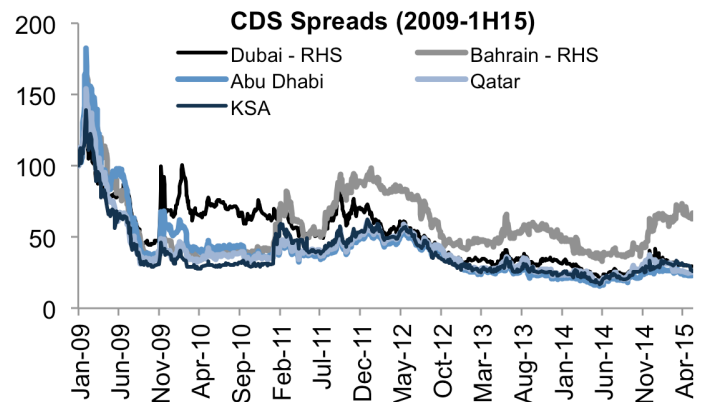
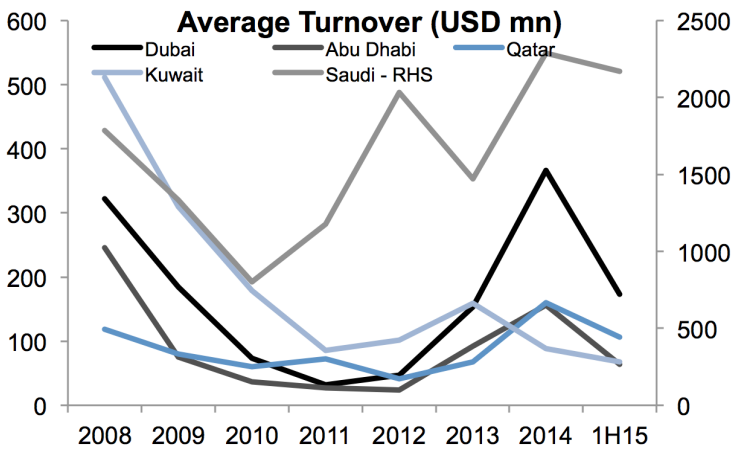
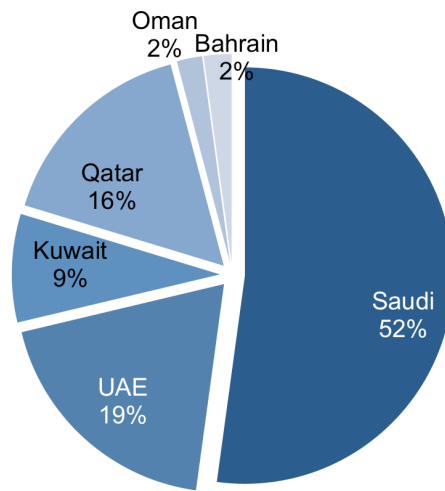
The performance of GCC markets was relatively muted in the first half of 2015 compared with the same period in 2014, with the S&P GCC Composite gaining 3.1% compared to a gain of 8.9% in the first six months of last year. Among the key markets during the period, Saudi Arabia gained 9.0% (1H14:11.5%), Dubai 8.3% (1H14:17.0%) and Qatar dropped by minus 0.7% (1H14: +10.7%). Market turnovers, as captured by average daily turnover in US dollars, declined across all markets compared to 1H14; Abu Dhabi and Dubai led with a 72% and 61% decline, respectively. Traded value in Saudi Arabia also declined (6.5% lower) albeit

modestly, with the key event being the opening of the market to qualified foreign investors in the first half of 2015. However, as is generally the case, the Saudi market had already factored this in months before the event, so when the market opened in mid-June, the impact was muted. For the first six months of 2015, Saudi Arabia, Dubai and Abu Dhabi were in positive territory, with gains of 9.0%, 8.3% and 4.3% respectively, while Kuwait and Bahrain were the key underperformers with negative returns of 5.1% and 4.1%, respectively.

Index Returns - 1H15

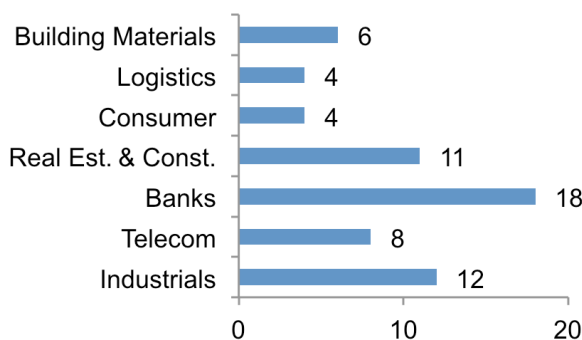


GCC indices breakdown by market cap

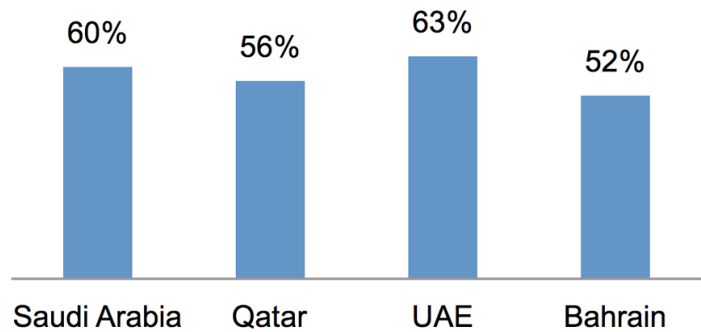


SICO Coverage Universe

Companies under coverage



SICO Research coverage - Key GCC countries



Note: Coverage as a percentage of index-based companies at 1H15

CEO's MESSAGE

Staying ahead of the game



I am pleased to report that SICO's highly encouraging financial results for the first half of 2015 reflect the continued contribution from all our core business lines, and our success in effectively managing expenses. They also illustrate our ability to stay ahead of the game in the face of ongoing economic and market volatility.

Brokerage maintained its active presence across the region, including its leading status on the Bahrain Bourse, and was recognised by receipt of a prestigious award at the AFE Equities Summit. Asset

Management performed strongly, with AUM continuing their upward trend, and all SICO's funds outperforming their respective benchmarks. The Bank also remained active in the fixed income market, and participated in the longer-term Sukuk issuances by the Central Bank of Bahrain. Corporate Finance won a historic mandate to arrange the listing of the first real estate investment trust (REIT) on the Bahrain Bourse for Eskan Bank, which underlines the success of our policy to widen the scope of SICO's investment banking products and services.

The ongoing proactive and prudent management of our proprietary book by Investments and Treasury, which enabled SICO to respond successfully to market volatility during the period, resulted in net investment income and net interest income both remaining strong. Research, which acts as a key business enabler and competitive differentiator, further expanded its activities, with 63 GCC-listed companies now under coverage. The Bank's subsidiary, SICO Funds Services Company (SFS), continued to grow its assets under custody; while our other subsidiary – SICO UAE – continued to make progress in implementing their institutionally-focused strategy.

Putting SICO's financial results for the first half of 2015 into context, all GCC markets performed lower than the corresponding period in 2014, when the S&P Composite Index gained 10.8 per cent compared with 6.4 per cent for the first six months of 2015. The average daily market turnover also declined across all markets, with Dubai and Abu Dhabi being the most affected at minus 61% and 72%, respectively. In terms of oil prices, Brent crude averaged US\$ 59.3 per barrel during the first half of 2015 compared with US\$ 108.8 per barrel for the corresponding period in 2014.

On a more positive note, the second quarter of 2015 witnessed an improvement in market performance and oil prices. All GCC markets traded higher and finished in positive territory except for Kuwait and Bahrain; while the average price of Brent crude rose from US\$ 55 per barrel at the end of the first quarter 2015 to US\$ 63.5 at the end of June. The overall recovery across GCC markets was boosted by corporate earnings, attractive valuations for some of the heavyweights, the opening of the Saudi market to foreign investors, and greater stability of oil prices.

During the first half of 2015, there were some changes to our management team. Accordingly, I welcome Shyam Krishnan as the new Chief Financial Officer,

Ali Marshad as Head of Fixed Income, and Sreenivasan Konnat as Acting General Manager of SICO Fund Services Company (SFS). Shyam, Ali and Sreeni have well-proven professional skills, relevant qualifications, and extensive experience in their respective fields. As such, they will further strengthen SICO's management team, and play an important role in contributing to the ongoing development of the Bank and its planned strategic progress. Their appointments illustrate SICO's ability to attract high-calibre talent while providing employees with significant career progression opportunities. In turn, I take this opportunity to bid farewell to Hanan Sater, who retired after 18 years as Financial Controller; and Mark Said, General Manager of SFS; and thank them for their respective contributions.

The role of women in Bahrain's financial and banking sector has come under the spotlight as the core focus of Bahrain Women's Day 2015. A diverse programme of events is being organised by the Central Bank of Bahrain in cooperation with the Supreme Council of Women (SCW) under the patronage of Her Royal Highness Princess Sabeeka bint Ebrahim Al Khalifa, wife of His Majesty King Hamad, and SCW President. SICO has committed its wholehearted support to this celebration of the role of women in banking, which is in line with our commitment to promote women's empowerment and gender diversity.

The number of women employed by SICO, which currently stands at 36 per cent, is on par with the percentage for both Bahrain's total workforce and the banking sector; but above average for the number of women in executive and management positions. While the growing participation of women is an encouraging trend for the industry, it is worth noting that there are only three female chief executives, one board chairwoman, and 29 board members in a sector that has 403 licensed financial institutions, so there is enormous room for improvement.

It is therefore extremely pleasing to see the CBB Governor Rashid Al Maraj recently encouraging chief executives across the financial services sector to provide further support for women and help ensure their success. This issue of Compass contains some very interesting statistics on women's empowerment locally, regionally and internationally.

Looking ahead, we anticipate a tough third quarter. The expected recovery in oil prices and improved market performance seems doubtful. In addition, GCC governments are now adopting or considering new fiscal counter-measures to offset the impact of falling oil revenues; while heightened geo-political tensions in some parts of the region continues to be a cause for concern.

Nevertheless, our outlook for SICO for the rest of year remains optimistic. We have in place the core fundamentals to help us to continue staying ahead of the game. These include a solid financial base; a strong and committed team; diversified business lines and revenue streams; a loyal client base; and a healthy pipeline of mandates and transactions. We look forward to further growth in our fee-based income, and an ongoing positive contribution to the bottom line by our conservatively-managed proprietary book; while we continue to manage our costs effectively.

Najla M. Al Shirawi
Chief Executive Officer



Shaikha Lulua bint Ahmed Al Khalifa (left) and Ms. Al Shirawi

SICO supports youth education

As part of its corporate social responsibility programme, SICO provided the Al Mabarrah Al Khalifa Foundation with financial support. Established in 2011 as a non-profit organisation, the Foundation provides education support for young Bahrainis aged between 14 and 21 to help them develop their skills and realise their full potential. This support takes the form of university scholarships, youth leadership programmes, and training and mentoring.

The Foundation is also involved in a number of community outreach projects in which students act as volunteers. Since establishment, the Foundation has provided over 100 university scholarships.

SICO Chief Executive Officer, Ms. Najla M. Al Shirawi met with Shaikha Lulua bint Ahmed Al Khalifa, a Board of Trustees Member of Al Mabarrah Al Khalifa Foundation, and presented her with a cheque on behalf of the Bank.

Latest management appointments announced



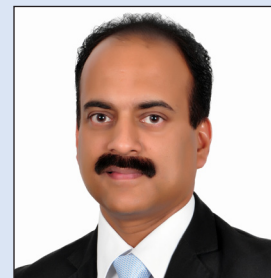
Chief Financial Officer
K. Shyam Krishnan

Shyam has 25 years' experience in finance, accounting, audit, investments and risk management, with the majority of his career spent in conventional and Sharia-compliant banking. Prior to joining SICO, he was Group Head of Finance at Al Salam Bank-Bahrain. Before this, he was Head of Operational Risk Management Hedge Funds at Investcorp, Bahrain; and Audit Supervisor at the Bahrain office of Ernst & Young. Shyam is a Chartered Accountant, Chartered Financial Analyst, Certified Internal Auditor, Management Accountant; and Cost Accountant. He holds a Bachelor of Commerce degree from the University of Madras, India.



Head of Fixed Income
Ali Marshad

Ali has over 10 years' experience in asset management, investments, treasury and brokerage. Joining SICO in 2008 as an Analyst in the Investments & Treasury division, he then headed up the newly-established Fixed Income Desk in 2012, before being promoted to his current position in January 2015. Prior to joining SICO, he worked in the UK as an Analyst with Mercer Investment Consulting, and as a Performance Analyst with UBS Global Asset Management - London. A Chartered Financial Analyst, Ali holds a BSc (Honours) degree in Banking, Finance & Management from Loughborough University, UK.



Acting General Manager, SFS,
Sreenivasan Konnat

Sreeni has a total of 23 years' professional experience, with the majority of this time spent in funds administration, financial control and accounting, and back office operations. He joined SICO in 1998 in the Financial Control department; and was appointed Head of Asset Administration with the Bank's subsidiary, SICO Funds Services Company (SFS) in 2007. Prior to SICO, Sreeni was Back Office Supervisor and Systems Administrator with GWK Bank-Bahrain and Chief Accountant with Al Namal Group of Companies in Bahrain. He holds a BSc degree in Chemistry from the University of Calicut, India.



From left: Aqeel Alhamadi and Fahan Essa

SICO plays host to summer trainees

During the summer of 2015, SICO provided two-month internships for three university students. Aqeel Jalal Alhamadi, studying at Bahrain Polytechnic; and Farhan Essa, a student at Queen Mary College, University of London; both spent their time with Information Technology. Mishal Mohammed Yousif who is studying at Bangor University, Wales, UK was placed with Investments & Treasury.

Promotions

The following SICO staff members have been promoted to a higher grade:

- Abdulrahman Saif – Investments & Treasury
- Ali Marshad – Fixed Income
- Waruna Kumarage – Asset Management
- Najla Ebrahim – HR & Administration
- Asma Baljeek – HR & Administration
- Siddarth Chaudhary – Internal Audit
- Nitin Garg – Research
- Chiradeep Ghosh – Research
- Fatima Haidari – Financial Control
- Salman M. Al Alawi - SFS

Professional Qualifications

Congratulations to Nitin Garg, a research manager with SICO Research, on passing Level 3 of the CFA examinations. The following staff members are currently studying for the CFA qualification: Anoop Fernandes, Research – Level 3; Abbas Ali Mulla, Investments & Treasury and Manuel Al Mutawa, Fixed Income – Level 2; and Rami Jamal and Aneel Kanwer, Asset Management – Level 2.

New Joiners

- K. Shyam Krishnan, Chief Financial Officer
- Saleh Sayed Saleh Mohamed, Senior Broker – SICO UAE
- Abbas Ali Mulla Mohammed Husain, Senior Analyst – Investments & Treasury
- Batool Sayed Anwar Alhusaini, Assistant Portfolio Manager – Asset Management
- Zuhair Fadhel Abbas Salman, Messenger – HR & Administration
- Ahmed Al Mudawi - Senior Fund Administrator – SFS
- Mohammed Al Abbas, Associate Sales – Asset Management

Happy Staff Occasions

MARRIAGES

- Ali Marshad – Head of Fixed Income
- Noor Al Shirawi – Fund Administrator (SFS)

BIRTHS

- Anoop Fernandes – Research (baby girl)
- Salman Al Alawi – Custody Senior Officer, SFS (baby girl)
- Hamad Al Hiddi – Risk Management & Compliance (baby boy)

Latest Headcount

	SICO	SFS	SICO UAE	Total
31 August 2015	74	9	15	98
31 December 2014	71	10	15	96

AFE Equities Summit



Fadhel Makhloq, Head of Brokerage, was a speaker at the AFE Equities Summit 2015 which was held during April at the Ritz Carlton Hotel & Spa, Bahrain. He took part in two panel discussions – one addressing ‘Current Trends and Challenges for the Arab Exchanges’, and the other on ‘Attracting New IPOs’. The conference, which was sponsored by SICO, was organised by the Arab Federation of Exchanges (AFE) in association with the Bahrain Bourse and Thomson Reuters.

Euromoney GCC Financial Forum



CEO Najla Al Shirawi spoke at Euromoney GCC Financial Forum, which was co-hosted with the Bahrain Economic Development Board, in February. She participated in a panel discussion entitled ‘Regional Finance in the Global Marketplace’. Topics included an update of Bahrain’s financial sector strategy; regulatory issues such as FATCA, OFAC and AML; the benefits of passporting and standardisation; developments in clearing, custody and settlement; and issues and trends facing regional capital markets, including the opening of Tadawul to foreign investors.

A ‘double first’ for Mutamahin graduate Dana Sahwan

Ms. Dana Ali Sahwan, a Banking & Finance student at Bahrain Polytechnic, has joined the Asset Management division at SICO on a special six-month internship as part of the CFA Society Bahrain’s Mutamahin (Apprentice) Graduate Development Programme. She has the double distinction of being the first winning student of the Programme to be placed with a participating financial institution, and the first to join a banking business unit rather than a support function. Dana was selected from 45 candidates following an intensive twelve-week training and evaluation programme covering topics such as ethics, project management, team work and presentations. Earlier this year, SICO signed an agreement with CFA Society Bahrain to be a participating financial institution for Mutamahin, the first fresh graduate development programme in Bahrain. This innovative programme aims to create a new generation of ethical, dedicated and seasoned financial professionals.

Kicking off for charity

As part of its corporate social responsibility programme, SICO sponsored the 17th Bahrain Annual Six-a-Side Football Tournament in May 2015, which was entitled ‘Kick for a Cause’. This popular charity event is organised by the Rotary Club of Manama and the Rotaract Club of Bahrain, to support children in need. All funds raised will go to screening and helping children with diabetes; helping to curb and eventually eliminate sickle cell and other genetic blood diseases; and organising events and days out for orphans and children with disabilities. Thirty men’s teams and seven women’s teams took part in the competition together with a number of school teams, plus several club teams from Bahrain and the Eastern Province of Saudi Arabia.

13th Annual Middle East Conference



SICO CEO Najla Al Shirawi was a member of a panel that addressed ‘Female Empowerment in the Middle East’ at the 13th Annual Middle East Conference, which was organised by the London Business School and the Middle East Club in London during May. Topics covered by the panel included gender equality in the workplace, evolution of women in society and the economy, the role of education in promoting female empowerment, and regional success stories.

Latest news from SICO Executive Training Programme



From left: Fatima, Raneem, Nadia Al BinKhalil (Head of HR & Admin.), Talal and Batool

Three participating university graduates in SICO’s Executive Training Programme were offered permanent positions at the Bank during the year. They are Fatima Yateem, who joined the Corporate Finance division, Talal Salman Sanad, who is now a member of the Investments & Treasury team and Batool Sayed Anwar Alhusaini, who joined the Asset Management department. In addition, a new graduate has joined the Programme as Trainee; Raneem Moneer Seroor, who has been placed with Research.

Financial Controller Retires



Hanan Y. Sater, Financial Controller of SICO for the past 18 years, retired in June 2015. At Hanan Y. Sater farewell reception, Chief Executive Officer Najla Al Shirawi paid tribute to her long and loyal service. “Joining SICO in 1997, Hanan is one of the Bank’s longest-serving employees. During her tenure, she established excellent working relationships with the Central Bank of Bahrain, the Bahrain Bourse, and other regulatory authorities; while the Financial Control division was expanded to include a new Internal Controls Unit. Hanan was tireless in her duties and responsibilities, and supported the transformation of SICO from a local brokerage house to a regional investment bank through the adoption of the latest international accounting standards and new regulatory disclosures. Having been with us for nearly two decades, she became an institution in her own right, and will be sadly missed. On behalf of the entire SICO team, I wish her all the very best for her retirement.”