

UGB Announces Realignment of Operations

Bahrain, 1 August 2017– The shareholders of United Gulf Bank, B.S.C. (“UGB”) are in the process of reviewing the operational structure of UGB and exploring options to separate the regulated banking activities from the portfolio of core investments managed by UGB. The strategic realignment of operations would set out clear goals for the two distinct business lines and would help enhance performance and bring capital efficiency to the business.

In this regard, KIPCO, the majority shareholder of UGB, will float a new Holding company in Bahrain (The Holding Company) which will ultimately fully own the existing UGB (regulating banking entity). In the final structure, the portfolio of the core investments currently managed by UGB will also be transferred to the Holding Company. UGB will remain a wholesale conventional bank governed by CBB. The regulated banking activities and assets under management including investment banking along with related liabilities will be retained at UGB level.

The Holding Company is proposed to be listed on the Bahrain Bourse to ensure transparency and proper governance while UGB will remain a wholesale conventional bank governed by CBB and is proposed to be delisted.

Ultimately there will be no change in UGB operations and it will continue to serve its customers as it is doing currently. The consolidated financial statements of United Gulf Holding Co. will mirror the existing financial position of UGB and the existing shareholding structure of UGB is proposed to be moved up at the Holding Company level.

The aforementioned realignment of UGB operations has in-principle been approved by CBB, and is subject to shareholder’s and other regulatory approvals.

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About UGB:

UGB is the merchant banking subsidiary of KIPCO Group. Its proprietary investments include assets in commercial banking, real estate, private equity, and quoted securities. As of 31 March 2017 assets under management exceeded US\$ 10.4 billion (31 December 2016: US\$ 10.0 billion).

UGB's core subsidiaries and associates include: Burgan Bank, KAMCO Investment Company (KAMCO), FIMBank p.l.c, North Africa Holding Company, United Gulf Financial Services – North Africa, Takaoud Savings & Pension Company, United Capital Transport Company and United Real Estate Company.

UGB and its subsidiary KAMCO have a proven track record of successfully completing more than 60 investment banking transactions for its clients since 2001 with an aggregate value of over US\$ 10 billion including corporate finance, advisory, new issue placement and underwriting, corporate restructuring, bond issuance and merger and acquisition.

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