

UGB announces net profit of US\$ 1.5 million for 2011

Bahrain, 28 February, 2012: United Gulf Bank (UGB) has announced a net profit of US\$1.5 million for 2011.

Key financial highlights

- Net profit for 2011 is US\$ 1.5 million (2010: US\$ 38.7 million)
- Basic earnings per share for full Year 2011 of 0.18 cents (2010: 4.71 cents)
- Total income before interest and other expenses for full year 2011 US\$ 108.6 million (2010: US\$ 163.3 million)
- Total assets for 2011 of US\$ 1.78 billion (2010: US\$ 1.92 billion)
- Capital adequacy ratio of 18% exceeding the minimum regulatory requirement of 12.5%
- Nine fold increase in profits from commercial banking associates
- The bank's net loss in Q4 2011 of US\$ 12.5 million was due to impairment provisions taken in Q4 2011 against investments (2010: Q4 net loss of US\$ 2.8 million)

Financial Performance

UGB's net profit of US\$ 1.5 million for 2011 (for the 12 months ended 31 December, 2011) was a fall of 96% over the US\$ 38.7 million in 2010, with a similar decrease in basic earnings per share to 0.18 cents from 4.71 cents in 2010.

UGB explained that the decrease in net profit in 2011 was due to reduced investment fees, commission income and investment impairment provisions. However, this fall was offset by an almost nine fold increase in UGB's share of profits from its commercial banking associates. UGB also reduced its expenses during the year.

UGB's total assets at the end of 2011 were US\$1.78 billion, down from US\$ 1.92 billion in 2010, reflecting management efforts to deleverage the bank during 2011.

UGB retains a strong balance sheet with total equity of US\$ 603.2 million (2010: US\$ 600.8 million) and a capital adequacy ratio of 18%, well above the Central Bank of Bahrain's minimum level of 12.5%.

In order to maintain healthy capital, liquidity and retain resources for future growth, UGB's Board of Directors has decided to recommend no shareholder dividend for 2011.

Commenting on the 2011 results, Mr Masaud Hayat, UGB's Chairman, said:

"Overall, 2011 was a difficult year for UGB with economic uncertainty across the region. As a result, regional stock markets and asset values recorded negative returns. This situation had an impact on our results, but this was partly offset by a major increase in our share of profits from our commercial banking associates. This bodes well for the next 12 months and shows the resilience of our investment portfolio. In 2011, our focus was to manage the liquidity and strengthen our capital position – both of which we achieved. Even though our profitability was significantly lower in 2011 compared to 2010, we believe UGB is well positioned to capture any upturn in the market in 2012."

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About UGB:

UGB, the investment banking and asset management subsidiary of KIPCO Group, manages a regional network of investment banking and asset management companies. Its proprietary investments include assets in real estate, private equity, structured products and quoted securities. As of 31 December, 2011 assets under management exceeded US\$ 7.0 billion (31 December 2010: US\$ 8 billion).

UGB's core subsidiaries, associates and joint venture include: Burgan Bank, KIPCO Asset Management Company (KAMCO), North Africa Holding Company, Al Sharq Financial Brokerage Company, Manafae Investment Company, Millennium Private Equity Limited, Royal Capital Company, Syria Gulf Bank, United Networks (formerly United Cable Company), United Gulf Financial Services – North Africa, United Industries Company, Takaad Savings & Pension Company, United Capital Transport Company, Overland Real Estate 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\$ 8 billion including corporate finance, advisory, new issue placement and underwriting, corporate restructuring, bond issuance and merger and acquisition.

www.ugbbah.com

About KIPCO Group:

The KIPCO Group is one of the largest diversified holding companies in the Middle East and North Africa. KIPCO has significant ownership interests in a portfolio of over 60 companies operating across 26 countries. The company's main business sectors are financial services and media. Through the subsidiaries and affiliates of its core companies, KIPCO has interests in the real estate, industrial, education and management advisory sectors.

KIPCO's financial services interests include holdings in commercial and investment banking, asset management and insurance companies. The Group's core operating companies in this sector include Burgan Bank, United Gulf Bank and Gulf Insurance Company. In the media sector, the Group has a presence through the Orbit Showtime Network, the leading pay-TV operator in the region.

www.kipco.com

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