

UGB announces first quarter net profit of US\$ 9.1 million

Bahrain, 8th May 2012 – United Gulf Bank B.S.C. (c) ("UGB"), the asset management and investment banking platform of the KIPCO Group, has announced a net profit of US\$ 9.1 million for the first quarter of 2012 - a 89% increase over the first three months of 2011.

Key Financial Highlights

- First quarter net profit of US\$ 9.1 million (1Q11: US\$ 4.8 million)
- Basic earnings per share for 1Q12 of 1.11 cents (1Q11: 0.59 cents)
- Total income before interest and other expenses for 1Q12 US\$ 32.5 million (1Q11: US\$ 26.3 million)
- Total assets of US\$ 1.75 billion (2011: US\$ 1.77 billion)
- Capital adequacy ratio of 18% exceeding versus the minimum regulatory requirement of 12.5%

Financial Performance

UGB's net profit for the three months to 31st March 2012 increased by 89% to US\$ 9.1 million compared to US\$ 4.8 million in the same period last year. Basic earnings per share also increased to 1.11 cents from 0.59 cents in 2011.

The increase in net profit is due to improved results of commercial banking and real estate associates. Contribution from associates increased to US\$ 20.6 million compared to US\$ 2.6 million 1Q11. Fees and commission income also increased to US\$ 6.7 million compared to US\$ 4.2 million in 1Q11. Investment income reduced to US\$ 3.7 million compared to US\$ 17.9 million in 1Q11. In 1Q11 investment income included US\$ 16.3 million from exit of a private equity investment.

UGB's total assets stood at US\$1.75 billion as at 1Q12, which is slightly down from the US\$ 1.77 billion recorded at the end of 2011.

UGB retains a strong balance sheet with total equity of US\$ 621.1 million (2011: US\$ 603.2 million) and a capital adequacy ratio of 18%, well above the Central Bank of Bahrain's minimum level of 12.5%.

Commenting on the results, Mr Masaud Hayat, Chairman of UGB, said:

'The first quarter results demonstrate the strength of UGB's asset base. We have not only posted strong profits for the first quarter but also improved our recurring revenue stream. UGB's strategy is to maintain a strong level of liquidity and a healthy equity base and this has allowed us to reap the rewards of our strict financial discipline and cost-cutting measures.'

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About UGB:

UGB, the merchant banking 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 March 2012 assets under management exceeded US\$ 7.3 billion (31 December 2011: US\$ 7 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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