



Immediate Release

UGB announces 24% increase in first half profit of US\$ 16.5 million

Bahrain – 7 August 2012: United Gulf Bank B.S.C. (c) (UGB), the asset management and investment banking platform of the KIPCO Group, today announced a net profit of US\$ 16.5 million for the six months ended 30 June, 2012 – a 24% increase over same period last year.

Key Financial Highlights

- Net profit of US\$16.5 million (1H11: US\$13.3 million)
- Total income of US\$60.3 million (1H11: US\$63.5 million)
- Earnings per share 2.00¢ (1H10: 1.62¢)
- Total assets of US\$1.44 billion (2011: US\$1.77 billion)
- Capital adequacy ratio of 25% exceeding the minimum regulatory requirement of 12.5%
- Net profit for 2Q12 of US\$ 7.3 million (2Q11: US\$ 8.5 million)
- Total income for 2Q12 of US\$ 27.8 million (2Q11: US\$ 37.2 million)

Financial Performance

UGB recorded a total income of US\$60.3 million for the first half of 2012 compared to US\$63.5 million for the six months ended 30 June, 2011. Fees and commission income contributed \$ US11.5 million for the first half of 2012 compared to US\$ 9.5 million in the same period last year. Contributions from associates increased to US\$ 21.6 million in the first half of 2012, compared US\$ 11.5 million in the same period last year. This was due to improved results of commercial banking and real estate associates. Investment income reduced to US\$ 24.1 million in the first six months of 2012, compared to US\$ 38.5 million in first half of 2011 due to deleveraging and exits of non-trading investments.

UGB's net profit for the second quarter of 2012 (the three months to 30 June, 2012) decreased by 13.4% to \$7.3 million compared to \$ 8.5 million for the same period last year.

UGB's total assets stood at US\$1.44 billion as at 30 June, 2012, a decrease from US\$1.77 billion as at 31 December, 2011. The decrease in assets is part of UGB's strategy to reduce its non-core assets including some real estate holdings.

During the second quarter of 2012, UGB repaid a total of US\$268 million of loans from internally generated funds. So far this year, UGB has reduced its current debt with loan repayments totaling US\$296 million.

UGB's assets under management at 30 June, 2012 were \$7.6 billion, compared to US\$7.1 billion at 30 December, 2011.

Commenting on UGB's first half results, the bank's Chairman, Mr. Masaud Hayat, said:

"These results demonstrate the strength of UGB's underlying core assets which are performing to our expectations. During the quarter, we also paid off another significant proportion of our debt from our own funds. Looking forward, we will continue to maintain a high level of capital and a strong liquidity position. In line with our business strategy, we will also continue to deleverage our balance sheet, while investing in our core activities and markets."

*** ENDS ***

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 30 June 2012 assets under management exceeded US\$ 7.6 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 Gulf Financial Services – North Africa, United Industries Company, Takaud 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

For further information:

United Gulf Bank
Maha Ebrahim
T: +97317533233
E: mebrahim@ugbbah.com