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United Gulf Bank B.S.C.

### UGB announces net profit of US\$ 11 million

**Bahrain, 20 February 2012** – United Gulf Bank B.S.C. (c) ("UGB"), the asset management and investment banking platform of the KIPCO Group, has announced its financial results for 2012.

#### Key Financial Highlights for 2012:

- Net profit of US\$ 11.0 million (2011: US\$ 1.5 million)
- Basic earnings per share of 1.34 cents (2011: 0.18 cents)
- Total income before interest and other expenses US\$ 93.1 million (2011: US\$ 108.6 million)
- Net profit in Q4 2012 of US\$ 6.1 million (2011: Q4 net loss of US\$ 12.5 million)
- Total assets for 2012 of US\$ 1.23 billion (2011: US\$ 1.78 billion)
- Capital adequacy ratio of 23% (2011:18%) exceeds the minimum regulatory requirement of 12.5%

#### Financial Performance

UGB's net profit for 2012 increased by 7.3 times to US\$ 11.0 million compared to US\$ 1.5 million in 2011, with a similar increase in basic earnings per share to 1.34 cents from 0.18 cents in 2011.

The increase in net profit is due to improved results of major associates, increased fees and commission income and reduced interest and operating expenses.

UGB's total assets stood at US\$1.23 billion as at 31 December 2012, down from the US\$ 1.78 billion in 2011. UGB managed to reduce leverage by US\$ 0.4 billion and repay loans from internal resources.

UGB balance sheet remain strong with total equity of US\$ 478.2 million (2011: US\$ 603.2 million) and a capital adequacy ratio of 23% (2011: 18%), well above the Central Bank of Bahrain's minimum level of 12.5%.

UGB's Board of Directors will not be recommending any further dividend for 2012 beyond the US\$ 96.5 million, in kind dividend distribution approved by the Ordinary General Meeting of shareholders on 19<sup>th</sup> December 2012 (2011: Nil).

Commenting on the year results, Chairman Mr Masaud Hayat, said:

"We have delivered on our commitment made last year of deleveraging our balance sheet, managing our cost base and improving our recurring revenue stream. UGB's results show the strength of our asset base which continues to deliver the expected returns. UGB is well positioned to take advantage of certain opportunities that are consistent with our strategy of investing in our core activities and markets"

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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 December 2012 assets under management exceeded US\$ 8.0 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, United Gulf Financial Services – North Africa, Takaad 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\$ 8 billion including corporate finance, advisory, new issue placement and underwriting, corporate restructuring, bond issuance and merger and acquisition.

[www.ugbbah.com](http://www.ugbbah.com)

**About KIPCO Group:**

The KIPCO Group is one of the largest 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, manufacturing, education and healthcare 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 OSN, the leading pay-TV operator in the region.

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