



LOCAL AND WORLD REPORT

FOCUS ON BREAKING NEWS THIS MORNING
IN BAHRAIN AND ACROSS THE GLOBE

UAE reaches historic deal

WASHINGTON: The UAE and Israel yesterday reached a historic agreement that may lead to a full normalisation of diplomatic relations.

Under the accord, Israel has agreed to suspend annexing areas of the occupied West Bank as it had been planning to do, White House officials said.

It also firms up opposition to regional power Iran, which the UAE, Israel and the US view as the main threat in the region.

The agreement was the product of lengthy discussions between Israel, the UAE and the US that accelerated recently, White House officials said.

A joint statement issued by the three nations said Trump, Israeli Prime Minister Benjamin Netanyahu and Abu Dhabi's Crown Prince Shaikh Mohammed bin Zayed Al Nahyan had "agreed to the full normalisation of relations."

"This historic diplomatic breakthrough will advance peace in the Middle East region and is a testament to the bold diplomacy and vision of the three leaders and the courage of the UAE and Israel to chart a new path that will unlock the great potential in the region," the statement said.

In a separate statement, Crown Prince Mohammed stressed that the agreement would stop further Israeli annexation of Palestinian territories.

The UAE said it would remain a strong supporter of the Palestinian people and that the normalisation agreement maintained the viability of a two-state solution to the Israel-Palestinian conflict.

UAE Minister of State for Foreign Affairs Anwar Gargash said the deal had helped defuse what he called a ticking time bomb. He urged the Israelis and Palestinians to return to the negotiating table.

Trump's special envoy Brian Hook said the deal is a "nightmare" for Iran.

Delegations from Israel and the UAE will meet in coming weeks to sign agreements regarding investment, tourism, direct flights, security, telecommunications and other issues, the statement said.

Palestinian President Mahmoud Abbas later rejected the deal.

United Nations Secretary-General Antonio Guterres welcomed "any initiative that can promote peace and security in the Middle East region," a UN spokesman said.

2,220 volunteers for vaccine trials

MANAMA: A total of 2,220 volunteers have registered to take part in the third phase of clinical trials of a potential Covid-19 vaccine within 48 hours of the opening of registration, the Health Ministry said last night. They represent more than a third of the total targeted number, it said, thanking all volunteers for supporting national endeavours to eradicate Covid-19.

Turkey condemned

MANAMA: Bahrain yesterday expressed its strong condemnation of the Turkish military aggression in Sidekan of Erbil province in Iraq.

It stressed that this attack was a flagrant violation of Iraq's sovereignty, the principles of good neighbourliness and the international charters and laws. In this context and during a telephone call with Iraqi Foreign Affairs Minister Dr Fuad Hussein, Foreign Minister Dr Abdulatif Al Zayani expressed deep condolences of Bahrain, His Majesty King Hamad, the government and people to the government and people of Iraq on the martyrdom of soldiers in the Turkish attack.

He affirmed Bahrain's solidarity with Iraq against all threats to its security, stability and territorial integrity.

Talks agenda ready

BAGHDAD: US Embassy in Baghdad has finalised the issues to be discussed by President Donald Trump and Iraqi Prime Minister Mustafa Al Kadhimi when they meet in Washington on Thursday. Washington and Baghdad would look to boost bilateral ties, including in security, energy,

health care and economy, said the embassy. Al Khademi's office said the Iraqi Prime Minister's meeting with the US President has been confirmed and talks will cover bilateral co-operation in various fields namely investment, health and security.

Sources close to Al Khademi said he will be carrying a map featuring the deployment of Iran-backed armed militias, which disrupts Iraq's security and poses a threat to US presence in Iraq.

Al Khademi also held intensive contacts with Iranian security and political parties on Iran's desire to convey a message to Washington on the possibility of ending the tension between the two countries, sources said.

Iran's message to Washington also includes the possibility of reaching an understanding on the security and political situation in Iraq, particularly Iran's readiness to gradually renounce militias operating outside Iraq's security and legal system and refraining from spending funds to affect upcoming elections in Iraq, sources added.

Houthi drone attack

DUBAI: The Saudi-led coalition fighting the Houthi movement in Yemen yesterday said it intercepted and downed an armed drone and two ballistic missiles launched towards a southern part of Saudi Arabia, in a statement carried by Saudi state news outlets.

Cross-border attacks by Iran-aligned Houthi forces have escalated since late May when a truce prompted by the coronavirus pandemic expired.

In late June, missiles reached the Saudi capital Riyadh. The coalition has retaliated with air strikes.

Interim Consolidated Statement of Financial Position

As at 30 June 2020 (Reviewed)

	Reviewed June 30 2020 US\$ 000	Audited December 31 2019 US\$ 000	Reviewed June 30 2019 US\$ 000
ASSETS			
Demand and call deposits with banks	162,091	71,369	107,292
Placements with banks	103,551	236,110	243,529
Investments carried at fair value through statement of income	77,975	97,778	80,760
Investments carried at fair value through other comprehensive income	120,484	131,048	136,914
Investments carried at amortised cost	-	-	-
Loans and receivables	27,841	27,778	25,349
Other assets	63,425	62,933	61,086
Investments in associates	65,509	75,774	75,078
Property and equipment	101,884	102,713	97,873
Goodwill and other intangible assets	50,142	51,849	51,709
Assets of disposal group held for sale	64,835	65,591	66,063
	41,350	-	-
TOTAL ASSETS	879,097	923,223	945,936
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	154,702	307,784	257,882
Deposits from customers	77,174	22,647	52,427
Loans payable	131,896	36,875	79,856
Long term bonds	129,980	131,948	131,844
Other liabilities	83,770	90,965	92,721
TOTAL LIABILITIES	577,522	590,219	614,730
EQUITY			
Share capital	116,132	116,132	116,132
Share premium	5,687	5,687	5,687
Statutory reserve	52,032	52,032	50,890
General reserve	31,763	31,763	30,621
Fair value reserve	(8,972)	(6,009)	(7,872)
Foreign currency translation reserve	(5,597)	(4,569)	(4,814)
Retained earnings	2,170	15,911	7,594
CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	193,215	210,947	198,238
Perpetual Tier 1 capital	33,000	33,000	33,000
Non-controlling interests	75,360	89,057	99,968
TOTAL EQUITY	301,575	333,004	331,206
TOTAL LIABILITIES AND EQUITY	879,097	923,223	945,936

Interim Consolidated Statement of Income

For the six-month period ended 30 June 2020 (Reviewed)

	2020 Six-month period ended 30 June US\$ 000	2019 Six-month period ended 30 June US\$ 000
Continuing operations		
Investment (loss) income - net	(6,561)	17,250
Interest income	2,735	5,163
	(3,826)	22,413
Fees and commissions - net	31,123	30,823
Foreign currency translation gains - net	176	96
Share of results of associates - net	(7,151)	3,941
Total income	20,322	57,273
Interest expense	(9,119)	(11,007)
Operating income before expenses and provisions	11,203	46,266
Salaries and benefits	(16,298)	(22,988)
General and administrative expenses	(10,570)	(15,159)
Operating (loss) income before provisions and tax	(15,665)	8,119
Expected credit losses - net	(355)	124
(Loss) profit before tax from continuing operations	(16,020)	8,243
Taxation - net	(35)	(877)
(LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	(16,055)	7,366
Discontinued operations		
Net profit from discontinued operations	444	-
(LOSS) PROFIT FOR THE PERIOD	(15,611)	7,366
Net (loss) profit for the period attributable to:		
Shareholders of the parent	(10,457)	4,257
- from continuing operations	266	-
- from discontinued operation	(10,191)	4,257
Non-controlling interests		
- from continuing operations	(5,598)	3,109
- from discontinued operation	178	-
	(5,420)	3,109

Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2020 (Reviewed)

	2020 Six-month period ended 30 June US\$ 000	2019 Six-month period ended 30 June US\$ 000
NET (LOSS) PROFIT FOR THE PERIOD	(15,611)	7,366
Other comprehensive loss		
Items that may be reclassified to profit or loss in subsequent periods		
Foreign currency translation reserve	(2,997)	(294)
Fair value changes of investments carried at fair value through other comprehensive income	(3,647)	-
Cash flow hedges	(129)	(835)
	(6,773)	(1,129)
Items that will not be reclassified to profit or loss in subsequent periods		
Fair value changes of investments carried at fair value through other comprehensive income	(4,208)	(6,302)
Total other comprehensive loss	(10,981)	(7,431)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(26,592)	(55)
Total comprehensive (loss) income attributable to:		
- shareholders of the parent	(15,971)	(2,003)
- non-controlling interests	(10,621)	1,938
	(26,592)	(55)

Interim Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2020 (Reviewed)

	2020 Six-month period ended 30 June US\$ 000	2019 Six-month period ended 30 June US\$ 000
Net cash flows (used in) from operating activities	(81,119)	57,032
Net cash flows used in investing activities	(35,737)	(4)
Net cash flows from financing activities	93,260	17,831
Foreign currency translation adjustments	(1,139)	(176)
Movement in non-controlling interests	(3,078)	1,994
NET CHANGE IN CASH AND CASH EQUIVALENTS	(27,811)	76,677
Cash and cash equivalents at 1 January	267,314	237,428
CASH AND CASH EQUIVALENTS AT 30 JUNE	239,503	314,105

Interim Consolidated Statement of Changes In Equity

For the six-month period ended 30 June 2020 (Reviewed)

	Share capital US\$ 000	Share premium US\$ 000	Statutory reserve US\$ 000	General reserve US\$ 000	Fair value reserve US\$ 000	Foreign currency translation reserve US\$ 000	Retained earnings US\$ 000	Total before non-controlling interests US\$ 000	Perpetual Tier 1 capital US\$ 000	Non-controlling interests US\$ 000	Total equity US\$ 000
Balance at 1 January 2020	116,132	5,687	52,032	31,763	(6,009)	(4,569)	15,911	210,947	33,000	89,057	333,004
Loss for the period	-	-	-	-	(4,752)	(1,028)	(10,191)	(15,971)	-	(10,621)	(26,592)
Other comprehensive loss for the period	-	-	-	-	(4,752)	(1,028)	(10,191)	(15,971)	-	(10,621)	(26,592)
Total comprehensive loss for the period	-	-	-	-	(4,752)	(1,028)	(10,191)	(15,971)	-	(10,621)	(26,592)
Transfer upon disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	-	(1,789)	(1,789)	-	-	(1,789)
Interest payment on Tier 1 capital	-	-	-	-	-	-	(1,761)	(1,761)	-	-	(1,761)
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	(3,078)	(3,078)
Balance at 30 June 2020	116,132	5,687	52,032	31,763	(8,972)	(5,597)	2,170	193,215	33,000	75,360	301,575
Balance at 1 January 2019	101,132	5,687	50,890	30,621	(10,121)	(4,534)	13,318	186,963	33,000	94,863	314,856
Profit for the period	-	-	-	-	-	-	4,257	4,257	-	3,109	7,366
Other comprehensive loss for the period	-	-	-	-	(5,980)	(280)	-	(6,260)	-	(1,171)	(7,431)
Total comprehensive (loss) income for the period	-	-	-	-	(5,980)	(280)	4,257	(2,003)	-	1,938	(65)
Issue of share capital	15,000	-	-	-	-	-	-	15,000	-	-	15,000
Transfer upon disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	-	(8,229)	(8,229)	-	-	(8,229)
Interest payment on Tier 1 capital	-	-	-	-	-	-	(1,752)	(1,752)	-	-	(1,752)
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	3,167	3,167
Balance at 30 June 2019	116,132	5,687	50,890	30,621	(7,872)	(4,814)	7,594	198,238	33,000	99,968	331,206

The above Interim Consolidated Statement of Financial Position, Interim Consolidated Statement of Income, Interim Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Statement of Cash Flows and Interim Consolidated Statement of Changes In Equity have been extracted from the Interim Consolidated Consolidated Financial Statements of United Gulf Bank B.S.C. (c) For the six-month period ended 30 June 2020, which were approved by the Board of Directors on 13 August 2020 and was reviewed by Ernst & Young, Kingdom of Bahrain.

Masaud Hayat
Chairman

Faisal Al Ayyar
Vice Chairman

Hussain Lalani
Chief Executive Officer

بنك الخليج المتحد
United Gulf Bank B.S.C. (Closed)

United Gulf Bank B.S.C. (c), P.O. Box 5964, UGB Tower, Manama, Kingdom of Bahrain. Tel: +973 17 533 233, Fax: +973 17 533 137, C.R. No. 10550

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