

# Business

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# Dubai loses 1,600 millionaires

● Covid erodes wealth of rich households

**DUBAI:** The number of millionaires living in Dubai has reduced by at least 1,600 and multi-millionaires by 80 as a result of the coronavirus pandemic.

As the pandemic wreaked havoc around the world and oil prices traded lower, millionaires saw their fortunes fall, according to the data supplied by research firm New World Wealth.

As of the last count, Dubai is now home to 52,100 millionaires, 2,430 multi-millionaires and 10 billionaires with a combined net worth of \$517 billion, down from \$534bn in 2018.

The trend is the same for many other markets. In Abu Dhabi, the millionaire population dropped from 18,800 individuals in 2018 to 18,400 last year. In Riyadh, the impact seemed to be greater, with the number of millionaires falling from 15,100 to 13,600.

“A decline in crude oil prices

negatively impacted on wealth held in most Middle Eastern countries. Brent crude oil prices were steady at around \$100 per barrel between 2011 and 2014 – they have since dropped to \$50 per barrel as of December 2020,” New World Wealth said in a report.

Globally, Dubai emerged as the 30th wealthiest city by total wealth held. The emirate’s major industries are centred around financial services, basic materials, oil and gas, transport, hotels, retail and real estate.

The emirate is also considered the “main luxury hub” in the region, with its luxury sector generating around \$7bn in revenues per year.

“Most of this is generated via luxury cars and luxury hotels. The luxury fashion sector in Dubai is also very large, with most of the top global luxury clothing brands having stores in the Dubai Mall and the Mall of the Emirates,” the report said.



■ Dubai emerged as the 30th wealthiest city by total wealth held

## ■ Aramco seeks one-year extension on \$10bn loan

**DUBAI:** Saudi Aramco has asked banks to extend by a year a \$10 billion loan it raised last May, two sources familiar with the matter said, suggesting that rebounding crude prices are not pushing the oil giant to reduce debt for the time being. The sources confirmed a report by Loan Pricing Corporation, a fixed-income news provider owned by Refinitiv. It is at the banks’ discretion whether to extend the loan, but lenders will likely agree in order to maintain a good relationship with Aramco in the hope of receiving future business, LPC said citing a banker.

## ■ Bank hit by card-eating ATMs

**TOKYO:** Japan’s Mizuho Bank stopped service at some of its automated teller machines (ATMs) yesterday after the machines devoured customers’ cash cards and bank books. The core banking unit of Mizuho Financial Group announced the halt on its website in red letters, switching from the standard black used for previous updates of the problem.

“Due to a system failure, ATM service has been halted at some of our branches,” said Japan’s third-largest lender by assets, with a history of system woes stretching more than a decade. “For customers whose cash cards, bank books, etc. have been taken, we will notify you and return the items at a later date.”

## ■ China’s factory activity misses forecasts

**BEIJING:** China’s factory activity expanded in February at a slower pace than a month earlier, hitting the lowest level since last May and missing market expectations after brief Covid-19-related disruptions earlier in the year.

The official manufacturing Purchasing Manager’s Index (PMI) fell to 50.6 from 51.3 in January, data from the National Bureau of Statistics showed yesterday, remaining above the 50-point mark that separates growth from contraction. Analysts had expected it to decline to 51.1.

Chinese factory activity normally goes dormant during the Lunar New Year break as workers return to their home towns. This year, the government appealed to workers to remain local to curb the spread of Covid-19.

### Consolidated Statement of Financial Position

As at 31 December 2020

|  | 2020<br>US\$ 000 | 2019<br>US\$ 000 |
|--|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |
| Demand and call deposits with banks  | 111,000          | 71,369           |
| Placements with banks  | 72,486           | 236,110          |
| Investments carried at fair value through profit or loss                   | 71,836           | 97,778           |
| Investments carried at fair value through other comprehensive income       | 120,089          | 131,048          |
| Investments carried at amortised cost                                      | -                | 280              |
| Loans and receivables  | 33,098           | 27,778           |
| Other assets   | 62,729           | 62,933           |
| Investments in associates  | 64,675           | 75,774           |
| Investment properties  | 96,716           | 102,713          |
| Property and equipment   | 47,666           | 51,849           |
| Goodwill and other intangible assets                                       | 64,242           | 65,591           |
| <b>TOTAL ASSETS</b>  | <b>746,537</b>   | <b>923,223</b>   |
| <b>LIABILITIES AND EQUITY</b>  |                  |                  |
| <b>LIABILITIES</b>   |                  |                  |
| Due to banks and other financial institutions                              | 167,519          | 307,784          |
| Deposits from customers  | 42,053           | 22,647           |
| Loans payable  | 32,906           | 36,875           |
| Long term bonds  | 131,497          | 131,948          |
| Other liabilities  | 79,601           | 90,965           |
| <b>TOTAL LIABILITIES</b>   | <b>453,576</b>   | <b>590,219</b>   |
| <b>EQUITY</b>  |                  |                  |
| Share capital  | 116,132          | 116,132          |
| Share premium  | 5,687            | 5,687            |
| Statutory reserve  | 52,032           | 52,032           |
| General reserve  | 31,763           | 31,763           |
| Fair value reserve   | (10,720)         | (6,009)          |
| Foreign currency translation reserve                                       | (4,693)          | (4,569)          |
| (Accumulated deficit) Retained earnings                                    | (8,959)          | 15,911           |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b> | <b>181,242</b>   | <b>210,947</b>   |
| Perpetual Tier 1 capital   | 33,000           | 33,000           |
| Non-controlling interests in equity  | 78,719           | 89,057           |
| <b>TOTAL EQUITY</b>  | <b>292,961</b>   | <b>333,004</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>746,537</b>   | <b>923,223</b>   |

### Consolidated Statement of Income

For the year ended 31 December 2020

|   | 2020<br>US\$ 000 | 2019<br>US\$ 000 |
|---|------------------|------------------|
| Interest income   | 5,903            | 9,964            |
| Investment income - net   | 3,354            | 30,371           |
| Fees and commissions - net  | 53,020           | 68,337           |
| Foreign currency gains - net  | 1,619            | 414              |
| Share of results of associates - net                                | (8,381)          | 4,646            |
| <b>Total income</b>   | <b>55,515</b>    | <b>113,732</b>   |
| Interest expense  | (17,874)         | (22,170)         |
| <b>Operating income before expenses and provisions</b>              | <b>37,641</b>    | <b>91,562</b>    |
| Salaries and benefits   | (34,504)         | (45,461)         |
| General and administrative expenses                                 | (23,046)         | (29,615)         |
| <b>Operating (loss) income before provisions and tax</b>            | <b>(19,909)</b>  | <b>16,486</b>    |
| Impairment losses against investments                               | (229)            | -                |
| Provision for unfunded participation                                | (2,634)          | -                |
| Expected credit losses (provision) reversals                        | (969)            | 1,615            |
| <b>(Loss) profit before tax</b>                                     | <b>(23,741)</b>  | <b>18,101</b>    |
| Taxation - net  | 857              | (2,027)          |
| <b>(Loss) profit for the year</b>                                   | <b>(22,884)</b>  | <b>16,074</b>    |
| <b>Net (loss) profit attributable to non-controlling interests</b>  | <b>(3,407)</b>   | <b>4,654</b>     |
| <b>NET (LOSS) PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b> | <b>(19,477)</b>  | <b>11,420</b>    |

### Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

|   | 2020<br>US\$ 000 | 2019<br>US\$ 000 |
|---|------------------|------------------|
| <b>(Loss) profit for the year</b>   | <b>(22,884)</b>  | <b>16,074</b>    |
| <b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b> |                  |                  |
| Fair value reserve  | (6,342)          | (63)             |
| <b>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>      |                  |                  |
| Cash flow hedges  | (129)            | (1,132)          |
| Foreign currency translation reserve  | (1,120)          | (157)            |
| Fair value reserve  | (3,046)          | (7,853)          |
| <b>Other comprehensive loss for the year</b>  | <b>(10,637)</b>  | <b>(9,205)</b>   |
| <b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>  | <b>(33,521)</b>  | <b>6,869</b>     |
| <b>Total comprehensive (loss) income attributable to:</b>   |                  |                  |
| - shareholders of the parent  | (26,192)         | 2,585            |
| - non-controlling interests   | (7,329)          | 4,284            |
|   | <b>(33,521)</b>  | <b>6,869</b>     |

### Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2020

|   | 2020<br>US\$ 000 | 2019<br>US\$ 000 |
|---|------------------|------------------|
| Net cash (used in) from operating activities    | (116,672)        | 84,404           |
| Net cash from (used in) investing activities    | 3,167            | (9,969)          |
| Net cash used in financing activities           | (7,193)          | (18,671)         |
| Foreign currency translation adjustments        | (543)            | (400)            |
| Movement in non-controlling interests           | (3,009)          | (208)            |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | <b>(124,250)</b> | <b>55,156</b>    |
| Cash and cash equivalents at 1 January          | 292,584          | 237,428          |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b> | <b>168,334</b>   | <b>292,584</b>   |

### Consolidated Statement of Changes In Equity

For the year ended 31 December 2020

|   | Attributable to shareholders of the parent |                           |                               |                             |                                |  |   |  |                                      |                                       |                          |
|---|--|---------------------------|-------------------------------|-----------------------------|--------------------------------|--|---|--|--------------------------------------|---------------------------------------|--------------------------|
|   | Share capital<br>US\$ 000                  | Share premium<br>US\$ 000 | Statutory reserve<br>US\$ 000 | General reserve<br>US\$ 000 | Fair value reserve<br>US\$ 000 | Foreign currency translation reserve<br>US\$ 000 | (Accumulated deficit) Retained earnings<br>US\$ 000 | Total before non-controlling interests<br>US\$ 000 | Perpetual Tier 1 capital<br>US\$ 000 | Non-controlling interests<br>US\$ 000 | Total equity<br>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 year   | -  | -                         | -                             | -                           | -                              | -  | (19,477)  | (19,477)   | -                                    | (3,407)                               | (22,884)                 |
| Other comprehensive loss  | -  | -                         | -                             | -                           | (6,591)                        | (124)  | (6,715)   | (6,715)  | -                                    | (3,922)                               | (10,637)                 |
| Total comprehensive loss for the year   | -  | -                         | -                             | -                           | (6,591)                        | (124)  | (19,477)  | (26,192)   | -                                    | (7,329)                               | (33,521)                 |
| Transfer upon disposal of equity investments carried at fair value through other comprehensive income | -  | -                         | -                             | -                           | 1,880                          | -  | (1,880)   | -  | -                                    | -                                     | -                        |
| Interest payment on Tier 1 capital  | -  | -                         | -                             | -                           | -                              | -  | (3,513)   | (3,513)  | -                                    | -                                     | (3,513)                  |
| Other movements in non-controlling interests - net  | -  | -                         | -                             | -                           | -                              | -  | -   | -  | -                                    | (3,009)                               | (3,009)                  |
| <b>Balance at 31 December 2020</b>  | <b>116,132</b>                             | <b>5,687</b>              | <b>52,032</b>                 | <b>31,763</b>               | <b>(10,720)</b>                | <b>(4,693)</b>                                   | <b>(8,959)</b>                                      | <b>181,242</b>                                     | <b>33,000</b>                        | <b>78,719</b>                         | <b>292,961</b>           |
| Balance at 1 January 2019   | 101,132                                    | 5,687                     | 50,890                        | 30,621                      | (10,121)                       | (4,534)  | 13,318  | 186,993  | 33,000                               | 94,863                                | 314,856                  |
| Profit for the year   | -  | -                         | -                             | -                           | -                              | -  | 11,420  | 11,420   | -                                    | 4,654                                 | 16,074                   |
| Other comprehensive loss  | -  | -                         | -                             | -                           | (8,800)                        | (35)   | -   | (8,835)  | -                                    | (370)                                 | (9,205)                  |
| Total comprehensive (loss) income for the year  | -  | -                         | -                             | -                           | (8,800)                        | (35)   | 11,420  | 2,585  | -                                    | 4,284                                 | 6,869                    |
| Issue of share capital  | 15,000                                     | -                         | -                             | -                           | -                              | -  | -   | 15,000   | -                                    | -                                     | 15,000                   |
| Transfer upon disposal of equity investments carried at fair value through other comprehensive income | -  | -                         | -                             | -                           | 8,215                          | -  | (8,215)   | -  | -                                    | -                                     | -                        |
| Interest payment on Tier 1 capital  | -  | -                         | -                             | -                           | -                              | -  | (3,513)   | (3,513)  | -                                    | -                                     | (3,513)                  |
| Transfers during the year   | -  | -                         | 1,142                         | 1,142                       | -                              | -  | (2,284)   | -  | -                                    | -                                     | -                        |
| Dilution in ownership in a subsidiary   | -  | -                         | -                             | -                           | 4,697                          | -  | 5,185   | 9,882  | -                                    | (9,882)                               | -                        |
| Other movements in non-controlling interests  | -  | -                         | -                             | -                           | -                              | -  | -   | -  | -                                    | (208)                                 | (208)                    |
| <b>Balance at 31 December 2019</b>  | <b>116,132</b>                             | <b>5,687</b>              | <b>52,032</b>                 | <b>31,763</b>               | <b>(6,009)</b>                 | <b>(4,569)</b>                                   | <b>15,911</b>                                       | <b>210,947</b>                                     | <b>33,000</b>                        | <b>89,057</b>                         | <b>333,004</b>           |

The above Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Cash Flows and Consolidated Statement of Changes In Equity have been extracted from the Condensed Consolidated Financial Statements of United Gulf Bank B.S.C.(c) for the year ended 31 December 2020, which were approved by the Board of Directors on 28 February 2021 and on which an unqualified audit opinion was issued 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)