

The Business



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Bank operating income surges to \$21.5 million

By ARTHUR MACDONALD

MANAMA: Launching a private investment bank, in July 2008 in the middle of the largest financial meltdown since the 1930s, may have seemed a bit too ambitious.

But in just two full years' trading Bahrain-based Oasis Capital Bank (OCB) has managed to build up an impressive portfolio and post a profit.

The bank, headquartered at the Bahrain Financial Harbour, yesterday posted a profit of \$7.5 million for last year with operating income up from \$6.6m in its first full year to \$21.5m.

It also announced a \$13.2m increase in the value of its real estate investments and said its excess funds had been prudently invested in highly rated liquid financial assets which earned it \$3.5m.

Fee income increased by 62 per cent to \$4.8m and the bank continued to build its portfolio.

OCB's first major project has been a £162m joint venture in the UK with UNITE, with the bank taking a 75pc holding



■ Dr Al Mulla

Equity unit sets up \$100m fund

MANAMA: The bank's private equity division has established its first diversified investment vehicle, OCB Global Investment Opportunities, a \$100m target fund seeded and managed by OCB in partnership with Credit Suisse.

It aims to invest in mid market private equity transactions alongside leading managers in Europe, the US and

Asia. Earlier in the year, the group completed a partnership with Zouk Ventures, a leading clean technology investor with a view to exploit a number of growing opportunities in

in the business.

This has seen the venture develop three student accommodation buildings in London which were brought in ahead of schedule and within budget. They now have in excess of 90pc occupancy rates.

The developments have just under 1,300-bed spaces and have been built as modu-

lar constructions by UNITE, which reduces the timescale for construction and thus the time capital has been held up, according to OCB chief executive officer Dr Farid Al Mulla.

"This is not so much a real estate development as an investment in education as far as I am concerned," he said.

"We will be looking to do more business like this, both for education and nurses

renewable energy, energy efficiency and waste and water technologies in Europe and the Mena region.

"We have been investing in a number of income-generating projects with an aim to exit within about four years," said Dr Al Mulla.

"We look at about 80 possible projects a year and chose about four but before we go ahead with anything we always bring in outside consultants to see if they agree with our thinking and if they question it we walk away.

"This is about risk and controlling risk.

"I regard the exit strategy as the key to investment," he added.

accommodation in the future," he added.

He said that the financial turmoil which existed globally when the bank was set up has allowed it to target specific projects that established banks were shying away from.

OCB has also acquired a controlling interest in New York-based CapitalSpring, a company that provides senior debt, mezzanine capital and

"Once you have added value to a project then it is time to exit and find another home for capital rather than have it tied up for a long time.

"The business is about adding value and then taking capital and investing it to add value elsewhere, not hanging on forever," Dr Al Mulla said.

"The board is encouraged by the results in this challenging environment and by the prospects of deal flows coming to the bank," said OCB chairman Shaikh Mohamed bin Isa Al Khalifa.

"The accent is to be patient, but also to continue to make progress in building the franchise into a successful venture."

preferred equity to franchise owners, particularly in the fast food industry.

"These companies tend to be small to medium businesses banks have been avoiding in the current financial climate but we are able to meet this demand and there is no shortage of demand for fast food in the US. People always need to eat," said Dr Al Mulla.

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