



بنك الخليج العتيد ش.م.ب. (مغلقة)
United Gulf Bank B.S.C. (Closed)

Regulatory Capital Disclosure

31 December 2015





Table of Contents

	<u>Page No.</u>
Step 1 - Disclosure of the reported Balance sheet under the regulatory scope of consolidation	2
Step 2 - Expansion of the Balance Sheet under Regulatory scope of consolidation	3
Step 3 - Mapping the components to the composition of capital disclosure templates	5
Disclosure of main features of Regulatory capital instruments	6



3. CAPITAL ADEQUACY (continued)

Composition of Capital – Reconciliation Requirements:

Step 1: Disclose the reported balance sheet under the regulatory scope of consolidation

	Balance sheet as in published financial statements	Consolidated PIR data
		31-Dec-2015
Assets	US\$ 000	US\$ 000
Cash and balances with central banks	176,793	198,424
Due from banks and other financial institutions	57,026	35,395
Investments at fair value through statement of income	50,661	50,661
Loans and advances to customers	1,032,098	1,042,179
Non-trading investments	285,003	822,153
Investments in associated companies	853,984	375,127
Interest receivable and other assets	119,686	114,745
Investment properties	46,222	46,222
Property and equipment	41,694	41,694
Goodwill	52,321	-
Assets of disposal group classified as held for sale	1,028	-
Total assets	2,716,516	2,726,600
Liabilities		
Due to banks and other financial institutions	838,160	838,160
Deposits from Customers	462,086	462,086
Term borrowings	714,568	714,568
Subordinated debt	143,270	-
Interest payable and other liabilities	54,999	55,165
Liabilities of disposal group classified as held for sale	166	-
Total liabilities	2,213,249	2,069,979
Equity		
Share capital	208,651	190,520
Treasury shares	(18,131)	-
Share premium	11,459	11,460
Statutory reserve	99,888	98,766
General reserve	80,373	79,251
Treasury shares reserve	14,248	*
Cumulative changes in fair values	(48,159)	(48,159)
Foreign currency translation adjustments	(34,890)	(34,890)
Retained earnings	80,497	96,989
Collective impairment provision	-	10,082
Subordinated debts	-	143,270
Attributable to the owners of the Bank	393,936	547,289
Non-controlling interests	109,331	109,332
Total equity	503,267	656,621
Total Liabilities and equities	2,716,516	2,726,600

* As of 31 December 2015, transfers of US\$ 1,122 thousand each to Statutory Reserve and General Reserve were not reflected in the consolidated PIR, as they were approved by the shareholders in the Annual General Meeting held on 22 March 2016.



United Gulf Bank B.S.C.
Basel III – Pillar 3 Disclosures
31 December 2015

Step 2: Expand the lines of the regulatory Balance sheet to display all of the components used in the definition of capital disclosure template

	Balance sheet as in published financial statements	Consolidated PIR data	Ref.
	31-Dec-2015	31-Dec-2015	
	US\$ 000	US\$ 000	
Assets			
Cash and balances with central banks	176,793	198,424	
Due from banks and other financial institutions	57,026	35,395	
Investments at fair value through statement of income	50,661	50,661	
Loans and advances to customers	1,032,098	1,042,179	
of which specific provisions	(34,078)	(34,078)	
of which loans and advances (gross of provisions)	1,066,176	1,076,257	
Non-trading investments	285,003	822,153	
of which related to equity investments in financial entities	27,648	27,648	
of which related to CET1	27,648	27,648	a
of which related to Tier 1	-	-	
of which related to Tier 2	-	-	
of which related to other AFS investments	257,355	257,355	
of which equity investments in financial entities	-	537,150	b
Investments in associated companies	853,984	375,127	
of which equity investments in financial entities	580,963	43,813	c
of which other investments	273,021	278,993	
of which Goodwill	-	52,321	d
Interest receivable and other assets	119,686	114,745	
of which deferred tax assets due to temporary differences	40,568	40,568	e
of which Interest receivable and other assets	79,118	74,177	
Investment properties	46,222	46,222	
Property and equipment	41,694	41,694	
Goodwill	52,321	-	
Assets of disposal group classified as held for sale	1,028	-	
Total assets	2,716,516	2,726,600	
Liabilities			
Due to banks and other financial institutions	838,160	838,160	
Deposits from Customers	462,086	462,086	
Term borrowings	714,568	714,568	
Subordinated debt	143,270	-	
Interest payable and other liabilities	54,999	55,165	
Liabilities of disposal group classified as held for sale	166	-	
Total liabilities	2,213,249	2,069,979	
Equity			
Share capital (net of Treasury shares)	190,520	190,520	
of which amount eligible for CET 1	190,520	190,520	f
of which amount eligible for AT 1	-	-	
Share premium	11,459	11,460	g
Statutory reserve	99,888	98,766	h
General reserve	80,373	79,251	i
Treasury shares reserve	14,248	-	
Cumulative changes in fair values	(48,159)	(48,159)	
of which unrealized gains and losses on available for sale financial instruments	569	569	j
of which gains and losses on derivatives held as cash flow hedges	189	189	k
of which unrealized gains and losses from fair valuing equities	(48,917)	(48,917)	l
Foreign currency translation adjustments	(34,890)	(34,890)	m
Retained earnings	80,497	96,989	
of which Treasury shares reserve	-	14,248	n
of which Retained earnings	80,497	82,741	o
Collective impairment provision	-	10,082	p
Subordinated debts	-	143,270	
of which Tier 2 capital instruments	-	68,654	q
Attributable to the owners of the Bank	393,936	547,289	
Non-controlling interests	109,331	109,332	
Total equity	503,267	656,621	
Total Liabilities and equities	2,716,516	2,726,600	



United Gulf Bank B.S.C.
Basel III – Pillar 3 Disclosures
31 December 2015

Step 3: Map each of the components that are disclosed in Step 2 to the composition of capital disclosure templates

		Component of regulatory capital	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1: Instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus	201,980	f+g
2	Retained earnings	82,741	o
3	Accumulated other comprehensive income and losses (and other reserves)	109,216	h+i+j+k+l+m+n
4	<i>Not applicable</i>		
5	Common shares issued by subsidiaries and held by third parties (amount allowed in group CET1)	96,066	
6	Common Equity Tier 1 capital before regulatory adjustments	490,003	
Common Equity Tier 1 capital :regulatory adjustments			
7	Prudential valuation adjustment		
8	Goodwill (net of related tax liabilities)	52,321	d
9	Other intangibles other than mortgage servicing rights (net of related tax liabilities)	270	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities)	16,608	c
11	Cash flow hedge reserve	189	k
12	Shortfall of provisions to expected losses		
13	Securitization gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	<i>Not applicable</i>		
15	Defined benefit pension fund net assets	-	
16	Investments in own shares	-	
17	Reciprocal cross holdings in Common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	110,851	
20	Mortgage servicing rights (amount above 10% of CET1c)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	89,267	
23	of which: significant investments in the common stock	85,068	
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences	4,199	
26	CBB specific regulatory adjustments	(88,681)	
27	Regulatory Adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-2015 treatments		
	of which: Positive or negative adjustments due to aggregation of CET1	(88,681)	
28	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
29	Total regulatory adjustments to Common equity Tier 1	180,825	
30	Common Equity Tier 1 capital (CET1)	309,178	
Additional Tier 1 capital: instruments			
31	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
32	of which: classified as equity under applicable accounting standards		
33	of which: classified as liabilities under applicable accounting standards		
34	Directly issued capital instruments subject to phase out from Additional Tier 1		
35	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	7,167	
36	of which: instruments issued by subsidiaries subject to phase out		
37	Additional Tier 1 capital before regulatory adjustments	7,167	
Additional Tier 1 capital: regulatory adjustments			
38	Investments in own Additional Tier 1 instruments		
39	Reciprocal cross-holdings in Additional Tier 1 instruments		
40	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
41	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
42	CBB specific regulatory adjustments		
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
44	Total regulatory adjustments to Additional Tier 1 capital	-	
45	Additional Tier 1 capital (AT1)	7,167	
46	Tier capital (T1 = CET1 + AT1)	316,345	
Tier 2 capital: instruments and provisions			
47	Directly issued qualifying Tier 2 instruments plus related stock surplus	68,654	q
48	Directly issued capital instruments subject to phase out from Tier 2		
49	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	9,556	
50	of which: instruments issued by subsidiaries subject to phase out		
51	Provisions	10,082	p
	Tier 2 capital before regulatory adjustments	88,292	



3. CAPITAL ADEQUACY (continued)

Step 3: Map each of the components that are disclosed in Step 2 to the composition of capital disclosure templates (continued)

		Component of regulatory capital	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
<i>Tier 2 capital: regulatory adjustments</i>			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments		
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	88,292	
59	Total capital (TC = T1 + T2)	404,637	
60	Total risk weighted assets	2,695,884	
<i>Capital ratios and buffers</i>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.47%	
62	Tier 1 (as a percentage of risk weighted assets)	11.73%	
63	Total capital (as a percentage of risk weighted assets)	15.01%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	9.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical buffer requirement	N/A	
67	of which: G-SIB buffer requirement	N/A	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	11.47%	
<i>National minima (where different from Basel III)</i>			
69	CBB Common Equity Tier 1 minimum ratio	6.50%	
70	CBB Tier 1 minimum ratio	8.00%	
71	CBB total capital minimum ratio	10.00%	
<i>Amounts below the thresholds for deduction (before risk weighting)</i>			
72	Non-significant investments in the capital of other financials	12,295	a
73	Significant investments in the common stock of financials	400,397	a+b+c
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	19,761	e
<i>Applicable caps on the inclusion of provisions in Tier 2</i>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	10,082	p
77	Cap on inclusion of provisions in Tier 2 under standardised approach	32,203	
78	N/A		
79	N/A		
<i>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2023)</i>			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>		
84	Current cap on T2 instruments subject to phase out arrangements		
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>		



United Gulf Bank B.S.C.
Basel III – Pillar 3 Disclosures
31 December 2015

3. CAPITAL ADEQUACY (continued)

Disclosure of main features of regulatory capital instruments

Disclosure of template for main features of regulatory capital instruments				
1	Issuer	United Gulf Bank	United Gulf Bank	FIMBank, Malta
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier)	Share ticker: UGB	ISIN: XS0270878506	Not listed
3	Governing law(s) of the instrument	Laws and regulations of Kingdom of Bahrain	English Laws and Singapore Stock Exchange	Laws of Malta
<i>Regulatory treatment</i>				
4	Transitional CBB rules	Common Equity Tier 1	Tier 2	Tier 2
5	Post-transitional CBB rules	Common Equity Tier 1	Eligible	Eligible
6	Eligible at solo/group/group & solo	Group and solo	Group and solo	Group and solo
7	Instrument type (types to be specified by each jurisdiction)	Common shares	Subordinated Bond	Subordinated Loan
8	Amount recognised in regulatory capital (Currency in mil, as at 31 December 2015)	US\$ 202 million	US\$ 18.7 million	US\$ 50 million
9	Par value of instrument	US\$ 0.25	US\$ 100 million	US\$ 50 million
10	Accounting classification	Shareholders' Equity	Borrowing	Borrowing
11	Original date of issuance	Various	Oct-2006	Sep-2015
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No maturity	13-Oct-2016	Sep-2020
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	Not applicable
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable
<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	Floating dividends	Fixed coupon	Fixed coupon
18	Coupon rate and any related index	Not applicable	3 month LIBOR + 2.7%	6 month LIBOR + 3%
19	Existence of a dividend stopper	Not applicable	Not applicable	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Not applicable	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify	Not applicable	None	None
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable