



## Consolidated Statement of Financial Position

at 31 December 2016

	2016 US\$ 000	2015 US\$ 000
<strong>ASSETS</strong>		
Demand and call deposits with banks	176,880	176,793
Placements with banks	187,350	57,026
Investments carried at fair value through statement of income	45,178	50,661
Non-trading investments	404,436	285,003
Loans and receivables	1,184,804	1,032,098
Other assets	112,735	119,686
Investments in associates	709,043	853,984
Investment properties	101,326	46,222
Property and equipment	32,117	41,694
Goodwill	51,868	52,321
Assets of disposal group classified as held for sale	-	1,028
<strong>TOTAL ASSETS</strong>	<strong>3,005,737</strong>	<strong>2,716,516</strong>
<strong>LIABILITIES AND EQUITY</strong>		
<strong>LIABILITIES</strong>		
Due to banks and other financial institutions	726,222	838,160
Deposits from customers	985,210	462,086
Loans payable	652,125	714,568
Subordinated debt	50,000	143,270
Other liabilities	62,724	54,999
Liabilities of disposal group classified as held for sale	-	166
<strong>TOTAL LIABILITIES</strong>	<strong>2,476,281</strong>	<strong>2,213,249</strong>
<strong>EQUITY</strong>		
Share capital	208,651	208,651
Treasury shares	(18,131)	(18,131)
Share premium	11,459	11,459
Statutory reserve	100,514	99,888
General reserve	80,999	80,373
Treasury shares reserve	14,248	14,248
Fair value reserve	(49,966)	(48,159)
Foreign currency translation reserve	(37,476)	(34,890)
Retained earnings	83,711	80,497
<strong>CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</strong>	<strong>394,009</strong>	<strong>393,936</strong>
Perpetual Tier 1 capital	33,000	-
Non-controlling interests in equity	102,447	109,331
<strong>TOTAL EQUITY</strong>	<strong>529,456</strong>	<strong>503,267</strong>
<strong>TOTAL LIABILITIES AND EQUITY</strong>	<strong>3,005,737</strong>	<strong>2,716,516</strong>

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	2016 US\$ 000	2015 US\$ 000
<strong>Net profit for the year</strong>	<strong>873</strong>	<strong>3,200</strong>
<strong>Other comprehensive (loss) income to be reclassified to profit or loss in subsequent years:</strong>		
- Foreign currency translation reserve	(2,806)	(25,374)
- Fair value reserve	6,062	(4,046)
- Transfer to consolidated statement of income upon disposal	2,681	(19,628)
- Share of other comprehensive loss of associates - net	(11,690)	(32,497)
- Cash flow hedges	655	279
<strong>Other comprehensive loss to be reclassified to profit or loss in subsequent years</strong>	<strong>(5,098)</strong>	<strong>(81,266)</strong>
<strong>TOTAL COMPREHENSIVE LOSS</strong>	<strong>(4,225)</strong>	<strong>(78,066)</strong>
<strong>Total comprehensive income (loss) attributable to:</strong>		
- shareholders of the parent	1,866	(68,966)
- non-controlling interests	(6,091)	(9,100)
	(4,225)	(78,066)

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to shareholders of the parent												Total equity US\$ 000
	Share capital US\$ 000	Treasury shares US\$ 000	Share premium US\$ 000	Statutory reserve US\$ 000	General reserve US\$ 000	Treasury share 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	
Balance at 1 January 2016	208,651	(18,131)	11,459	99,888	80,373	14,248	(48,159)	(34,890)	80,497	393,936	-	109,331	503,267
Profit (loss) for the year	-	-	-	-	-	-	-	-	6,259	6,259	-	(5,386)	873
Other comprehensive loss	-	-	-	-	-	-	(1,807)	(2,586)	-	(4,393)	-	(705)	(5,098)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(1,807)	(2,586)	6,259	1,866	-	(6,091)	(4,225)
Perpetual Tier 1 capital	-	-	-	-	-	-	-	-	-	-	33,000	-	33,000
Interest payment on Tier 1 capital	-	-	-	-	-	-	-	-	(1,793)	(1,793)	-	-	(1,793)
Transfers during the year	-	-	-	626	626	-	-	-	(1,252)	-	-	-	-
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(793)	(793)
<strong>Balance at 31 December 2016</strong>	<strong>208,651</strong>	<strong>(18,131)</strong>	<strong>11,459</strong>	<strong>100,514</strong>	<strong>80,999</strong>	<strong>14,248</strong>	<strong>(49,966)</strong>	<strong>(37,476)</strong>	<strong>83,711</strong>	<strong>394,009</strong>	<strong>33,000</strong>	<strong>102,447</strong>	<strong>529,456</strong>
Balance at 1 January 2015	208,651	(18,131)	11,459	98,766	79,251	14,248	7,539	(10,403)	71,522	462,902	-	117,485	580,387
Profit (loss) for the year	-	-	-	-	-	-	-	-	11,219	11,219	-	(8,019)	3,200
Other comprehensive loss	-	-	-	-	-	-	(55,698)	(24,487)	-	(80,185)	-	(1,081)	(81,266)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(55,698)	(24,487)	11,219	(68,966)	-	(9,100)	(78,066)
Transfers during the year	-	-	-	1,122	1,122	-	-	-	(2,244)	-	-	-	-
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	946	946
<strong>Balance at 31 December 2015</strong>	<strong>208,651</strong>	<strong>(18,131)</strong>	<strong>11,459</strong>	<strong>99,888</strong>	<strong>80,373</strong>	<strong>14,248</strong>	<strong>(48,159)</strong>	<strong>(34,890)</strong>	<strong>80,497</strong>	<strong>393,936</strong>	<strong>-</strong>	<strong>109,331</strong>	<strong>503,267</strong>

The above Consolidated Statement of Financial Position, Consolidated Statement of Income, Condensed Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Consolidated Statement of Comprehensive Income have been extracted from the Condensed Consolidated Financial Statements of United Gulf Bank B.S.C. for the year ended 31 December 2016, which were approved by the Board of Directors on 28 February 2017 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  
Acting Chief Executive Officer

## Consolidated Statement of Income

For the year ended 31 December 2016

	2016 US\$ 000	2015 US\$ 000
<strong>Continuing operations</strong>		
Interest income	48,503	56,348
Investment income - net	19,709	7,662
	68,212	64,010
Fees and commissions - net	34,484	31,713
Foreign currency translation (losses) gains - net	(5,751)	3,257
Share of results of associates - net	41,080	45,850
<strong>Total income</strong>	<strong>138,025</strong>	<strong>144,830</strong>
Interest expense	(52,932)	(51,574)
<strong>Operating income before expenses and provisions</strong>	<strong>85,093</strong>	<strong>93,256</strong>
Salaries and benefits	(48,540)	(49,540)
General and administrative expenses	(24,989)	(31,829)
<strong>Operating income before provisions and tax</strong>	<strong>11,564</strong>	<strong>11,887</strong>
Impairment loss on investments	(2,933)	(3,153)
Provision for doubtful loans and advances - net	(8,255)	(9,617)
Taxation - net	577	6,637
<strong>Net profit for the year from continuing operations</strong>	<strong>953</strong>	<strong>5,754</strong>
<strong>Discontinued operations</strong>		
Net loss from discontinued operations	(80)	(2,554)
<strong>Net profit for the year</strong>	<strong>873</strong>	<strong>3,200</strong>
<strong>Net loss attributable to non-controlling interests</strong>	<strong>(5,386)</strong>	<strong>(8,019)</strong>
<strong>NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</strong>	<strong>6,259</strong>	<strong>11,219</strong>
<strong>Net (loss) profit attributable to:</strong>		
<strong>Non-controlling interests</strong>		
- from continuing operations	(5,355)	(7,028)
- from discontinued operations	(31)	(991)
	(5,386)	(8,019)
<strong>Shareholders of the parent</strong>		
- from continuing operations	6,308	12,782
- from discontinued operations	(49)	(1,563)
	6,259	11,219
<strong>Earnings per share</strong>		
Basic and diluted earnings per share attributable to shareholders of the parent (US cents)	0.77	1.38
<strong>Basic and diluted earnings per share from continuing operations attributable to shareholders of the parent (US cents)</strong>	<strong>0.77</strong>	<strong>1.57</strong>

## Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 US\$ 000	2015 US\$ 000
Net cash from (used in) operating activities	234,463	(136,963)
Net cash from (used in) investing activities	30,237	(7,535)
Net cash used in financing activities	(124,506)	(28,339)
Foreign currency translation adjustments	(2,586)	(24,487)
Movement in non-controlling interests	(1,498)	(135)
<strong>NET CHANGE IN CASH AND CASH EQUIVALENTS</strong>	<strong>136,110</strong>	<strong>(197,459)</strong>
Cash and cash equivalents at 1 January	220,957	418,416
<strong>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</strong>	<strong>357,067</strong>	<strong>220,957</strong>

