

**Consolidated Statement of Financial Position**

At 31 December 2018

	2018 US\$ 000	2017 US\$ 000
<b>ASSETS</b>		
Demand and call deposits with banks	143,510	97,993
Placements with banks	108,529	68,577
Investments carried at fair value through statement of income	81,852	19,268
Non-trading investments	167,647	221,566
Held-to-maturity investments	494	-
Loans and receivables	25,191	4,216
Other assets	61,097	31,820
Investments in associates	71,513	77,512
Investment properties	107,629	105,093
Property and equipment	39,394	1,679
Goodwill and other intangible assets	66,634	52,390
<b>TOTAL ASSETS</b>	<b>873,490</b>	<b>680,114</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Due to banks and other financial institutions	220,879	250,211
Deposits from customers	32,608	31,018
Loans payable	67,033	98,658
Long term bonds	131,739	-
Other liabilities	106,375	37,358
<b>TOTAL LIABILITIES</b>	<b>558,634</b>	<b>417,245</b>
<b>EQUITY</b>		
Share capital	101,132	101,132
Share premium	5,687	5,687
Statutory reserve	50,890	49,881
General reserve	30,621	29,612
Fair value reserve	(10,121)	12,867
Foreign currency translation reserve	(4,534)	(3,871)
Retained earnings	13,318	7,659
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>	<b>186,993</b>	<b>202,967</b>
Perpetual Tier 1 capital	33,000	33,000
Non-controlling interests in equity	94,863	26,902
<b>TOTAL EQUITY</b>	<b>314,856</b>	<b>262,869</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>873,490</b>	<b>680,114</b>

**Consolidated Statement of Changes In Equity**

For the year ended 31 December 2018

	Attributable to shareholders of the parent											Perpetual Tier 1 capital	Non-controlling interests	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	US\$ 000			
Balance at 1 January 2018	101,132	-	5,687	49,881	29,612	-	12,867	(3,871)	7,659	202,967	33,000	26,902	262,869	
Transition adjustment on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	-	3,037	(4,093)	-	(1,056)	-	465	(591)	
Profit for the year	101,132	-	5,687	49,881	29,612	-	15,904	(3,871)	3,566	201,911	33,000	27,367	262,278	
Other comprehensive loss	-	-	-	-	-	-	-	10,093	-	10,093	-	1,021	11,114	
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(20,835)	(663)	-	(21,498)	-	(3,451)	(24,949)	
Transfer upon disposal of non-trading investments	-	-	-	-	-	-	(5,190)	-	5,190	-	-	-	-	
Interest payment on Tier 1 capital	-	-	-	-	-	-	-	(3,513)	(3,513)	(3,513)	-	-	(3,513)	
Transfers during the year	-	-	-	1,009	1,009	-	-	(2,018)	-	-	-	-	-	
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	78,557	78,557	
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,631)	(8,631)	
<b>Balance at 31 December 2018</b>	<b>101,132</b>	<b>-</b>	<b>5,687</b>	<b>50,890</b>	<b>30,621</b>	<b>-</b>	<b>(10,121)</b>	<b>(4,534)</b>	<b>13,318</b>	<b>186,993</b>	<b>33,000</b>	<b>94,863</b>	<b>314,856</b>	
Balance at 1 January 2017	208,651	(18,131)	11,459	100,514	80,999	14,248	(49,966)	(37,476)	83,711	394,009	33,000	102,447	529,456	
Net profit before reclassification adjustments	-	-	-	-	-	-	-	-	7,915	7,915	-	455	8,370	
Reclassification adjustments	-	-	-	-	-	-	59,826	27,939	(87,765)	-	-	-	-	
Other comprehensive income	-	-	-	-	-	-	3,007	5,666	-	8,673	-	682	9,355	
Total comprehensive income (loss) for the year	-	-	-	-	-	-	62,833	33,605	(79,850)	16,588	-	1,137	17,225	
Capital reduction	(107,519)	18,131	(5,772)	(50,633)	(36,387)	(14,248)	-	-	(7,689)	(204,117)	-	-	(204,117)	
Transfers during the year	-	-	-	-	(15,000)	-	-	-	15,000	-	-	-	-	
Interest payment on Tier 1 capital	-	-	-	-	-	-	-	(3,513)	(3,513)	(3,513)	-	-	(3,513)	
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(76,682)	(76,682)	
Balance at 31 December 2017	101,132	-	5,687	49,881	29,612	-	12,867	(3,871)	7,659	202,967	33,000	26,902	262,869	

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 Consolidated Financial Statements of United Gulf Bank B.S.C.(c) for the year ended 31 December 2018, which were approved by the Board of Directors on 27 February 2019 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 2018

	2018 US\$ 000	2017 US\$ 000
<b>Continuing operations</b>		
Interest income	6,363	4,431
Investment income - net	4,812	23,810
Gain on bargain purchase of subsidiary	23,928	-
	35,103	28,241
Fees and commissions - net	42,965	25,391
Foreign currency gains (losses) - net	1,621	(409)
Share of results of associates - net	(764)	(2,922)
<b>Total income</b>	<b>78,925</b>	<b>50,301</b>
Interest expense	(14,732)	(15,232)
<b>Operating income before expenses and provisions</b>	<b>64,193</b>	<b>35,069</b>
Salaries and benefits	(30,310)	(15,862)
General and administrative expenses	(20,277)	(9,730)
<b>Operating income before provisions and tax</b>	<b>13,606</b>	<b>9,477</b>
Impairment loss on investments	-	(462)
Provision for losses against unfunded participation	(805)	-
Expected credit losses / provision	(2,306)	(2,895)
Taxation - net	95	(1,018)
<b>Net profit for the year from continuing operations</b>	<b>10,590</b>	<b>5,102</b>
Net profit from discontinued operations	524	3,268
<b>Net profit before reclassification adjustments</b>	<b>11,114</b>	<b>8,370</b>
Reclassification adjustments	-	(87,765)
<b>Profit (loss) for the year</b>	<b>11,114</b>	<b>(79,395)</b>
<b>Net profit attributable to non-controlling interests</b>	<b>1,021</b>	<b>455</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>10,093</b>	<b>(79,850)</b>

**Condensed Consolidated Statement of Cash Flows**

For the year ended 31 December 2018

	2018 US\$ 000	2017 US\$ 000
Net cash from operating activities	18,534	24,982
Net cash (used in) from investing activities	(20,465)	710,443
Net cash from (used in) financing activities	96,601	(884,755)
Foreign currency translation adjustments	663	33,605
Movement in non-controlling interests	(8,631)	(75,030)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>86,702</b>	<b>(190,815)</b>
Cash and cash equivalents at 1 January	166,252	357,067
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>252,954</b>	<b>166,252</b>

**Consolidated Statement Of Comprehensive Income**

For the year ended 31 December 2018

	2018 US\$ 000	2017 US\$ 000
<b>Profit (loss) for the year</b>	<b>11,114</b>	<b>(79,395)</b>
<b>Other comprehensive income:</b>		
Reclassification adjustments	-	87,765
	11,114	8,370
<b>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent period</b>		
Fair value reserve	(13,283)	4,950
Foreign currency translation reserve	(1,093)	6,029
Transfer to consolidated statement of income upon disposal	-	(1,880)
Cash flow hedges	180	256
	(14,196)	9,355
<b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent period</b>		
Fair value reserve	(10,753)	-
<b>Other comprehensive (loss) income for the year</b>	<b>(24,949)</b>	<b>97,120</b>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>	<b>(13,835)</b>	<b>17,725</b>
<b>Total comprehensive (loss) income attributable to:</b>		
shareholders of the parent	(11,405)	16,588
non-controlling interests	(2,430)	1,137
	(13,835)	17,725