

Ahli United Bank B.S.C.
Regulatory Capital Disclosures - Basel III
30 September 2017

APPENDIX I - REGULATORY CAPITAL DISCLOSURES

PD 2 : Reconciliation Of Regulatory Capital

i) Step 1: Disclosure of Balance Sheet under Regulatory scope of Consolidation

There are no differences between the regulatory and accounting consolidation, with both following the line by line consolidation approach as per the IFRS 10 Consolidated Financial Statements without excluding any entities. As mandated by the Central Bank of Bahrain ("CBB"), Loans & Advances and Investments have been grossed up with collective impairment provision, as presented below:

	<u>US\$ '000</u>
Balance sheet per published financial statements	33,788,211
Collective impairment provision	413,858
Balance sheet as in Regulatory Return	34,202,069

ii) Step 2: Expansion of the Balance Sheet under Regulatory scope of Consolidation

<i>Assets</i>	<u>Balance as per published financial statements</u>	<u>Consolidated PIR data</u>	<i>Reference</i>
Cash and balances with central banks	1,193,845	1,193,845	
Financial assets at fair value through Profit & Loss		1,126	
Treasury bills and deposits with central banks	2,712,346	2,712,346	
Deposits with banks	2,547,741	2,547,741	
Loans and advances	19,370,708	19,706,558	
<i>of which employee stock incentive program</i>		807	A3
Non-trading investments	5,975,424	6,042,569	
<i>of which significant investment exceeding regulatory threshold</i>		2,148	H1
<i>of which investment NOT exceeding regulatory threshold</i>		6,040,421	
Investment properties	168,147	168,147	
Interest receivable and other assets	784,330	794,067	
<i>of which deferred tax assets</i>		3,059	G1
<i>of which MSP</i>		2,221	A4
Investments in associates	331,234	331,234	
<i>of which significant investment exceeding regulatory threshold</i>		14,670	H2
<i>of which significant investment NOT exceeding regulatory threshold</i>		316,564	
Goodwill and intangible assets	481,248	481,248	
of which goodwill		431,468	E
of which other intangibles (excluding MSRs)		49,780	F1
Premises and equipment	223,188	223,188	
<i>of which software</i>		22,257	F2
TOTAL ASSETS	33,788,211	34,202,069	
Liabilities			
Deposits from banks	4,003,536	4,003,536	
Customers' deposits	23,129,777	23,129,777	
Borrowings under repurchase agreements	760,014	760,014	
Interest payable and other liabilities	914,455	914,455	
<i>of which deferred tax liabilities</i>		2,475	G2
Subordinated liabilities	226,273	226,273	
<i>of which amount eligible for Tier 2</i>		126,757	K
<i>of which amount ineligible</i>		99,516	
TOTAL LIABILITIES	29,034,055	29,034,055	
Equity			
Paid-in share capital	1,877,716	1,877,716	
<i>of which form part of Common Equity Tier 1</i>		1,877,716	
Ordinary Share Capital		1,889,213	A1
Treasury Shares		(11,497)	A2
Perpetual Tier 1 Capital Securities - AUB Bahrain	400,000	400,000	I
Reserves	1,808,313	1,808,313	
<i>of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward		600,495	B
Net profit for the current period		468,707	C1
Share premium		754,308	C2
Legal reserve		454,856	C3
General (disclosed) reserves		(40,865)	C4
FX translation adjustment		(422,199)	C5
Unrealized gains and losses from fair valuing equities		(13,530)	C6
Fair value changes of cash flow hedges		(29,210)	C7
<i>of which form part of Tier 2</i>			
Fixed assets revaluation reserves		35,751	M1
Perpetual Tier 1 Capital Securities - AUB Kuwait	200,000	668,127	
Non - controlling interest	468,127	668,127	
<i>of which amount eligible for Common Equity Tier 1</i>		315,539	D
<i>of which amount eligible for Additional Tier 1</i>		165,762	J
<i>of which amount eligible for Tier 2</i>		50,197	L
<i>of which amount ineligible</i>		136,629	
Collective impairment provision		413,858	
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		316,686	M2
<i>of which amount ineligible</i>		97,172	
TOTAL EQUITY	4,754,156	5,168,014	

PD 4 : Capital Composition Disclosure Template

Basel III Common disclosure template

(For transition period from 1 January 2015 to 31 December 2018)

Common Equity Tier 1 capital: instruments and Reserves

Directly issued qualifying common share capital plus related stock surplus

Retained earnings

Accumulated other comprehensive income (and other reserves)

Common share capital issued by subsidiaries and held by third parties

(amount allowed in group CET1)

Common Equity Tier 1 capital before regulatory adjustments

Common Equity Tier 1 capital: regulatory adjustments

Goodwill (net of related tax liability)

Other intangibles other than mortgage-servicing rights (net of related tax liability)

Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)

Cash-flow hedge reserve

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)

Total regulatory adjustments to Common equity Tier 1

Common Equity Tier 1 capital (CET1)

Additional Tier 1 capital: instruments

Directly issued qualifying Additional Tier 1 instruments plus related stock surplus

Additional Tier 1 instruments (and CET1 instruments not included above) issued by subsidiaries and held by third parties (amount allowed in group AT1)

Additional Tier 1 capital before regulatory adjustments

Total regulatory adjustments to Additional Tier 1 capital

Additional Tier 1 capital (AT1)

Tier 1 capital (T1 = CET1 + AT1)

Tier 2 capital: instruments and provisions

Directly issued qualifying Tier 2 instruments plus related stock surplus

Tier 2 instruments (and CET1 and AT1 instruments not included above) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)

Provisions & Reserves

Tier 2 capital before regulatory adjustments

Total regulatory adjustments to Tier 2 capital

Tier 2 capital (T2)

Total capital (TC = T1 + T2)

RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT

of which: Intangible assets (RW @ 100%)

of which: Significant Investments (RW @ 250%)

Total risk weighted assets

Capital ratios

Common Equity Tier 1 (as a percentage of risk weighted assets)

Tier 1 (as a percentage of risk weighted assets)

Total capital (as a percentage of risk weighted assets)

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)

of which: Capital Conservation Buffer requirement

of which: bank specific countercyclical buffer requirement (N/A)

of which: G-SIB buffer requirement (N/A)

National minima (if different from Basel 3)

CBB Common Equity Tier 1 minimum ratio (including buffers)

CBB Tier 1 minimum ratio (including buffers)

CBB total capital minimum ratio (including buffers)

Amounts below the thresholds for deduction (before risk weighting)

Non-significant investments in the capital of other financial entities

Significant investments in the common stock of financial entities

Applicable caps on the inclusion of provisions in Tier 2

Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)

Cap on inclusion of provisions in Tier 2 under standardised approach

PIR as on 30 Sep 2017	US\$ '000		Reference
	Amounts Subject To Pre-2015 Treatment		
1,874,688			A1+A2-A3-A4
600,495			B
1,172,067			C1+C2+C3+C4+ C5 +C6 +C7
315,539	82,482		D
3,962,789			
431,468			E
43,222	28,815		F1+F2
584			G1-G2
(29,210)			C7
16,818	11,212		H1 + H2
462,882			
3,499,907			
400,000			I
165,762	22,826		J
565,762			
-			
565,762			
4,065,669			
126,757			K
50,197	(14,220)		L
352,437			M1+M2
529,391			
-			
529,391			
4,595,060			
56,845			
28,815			
28,030			
27,585,354			
12.7%			
14.7%			
16.7%			
9.0%			
2.5%			
NA			
NA			
9.0 %			
10.5%			
12.5%			
41,125			
362,885			
413,858			
316,686			

PD 3 : Main features of regulatory capital instruments

1	Issuer	Ahli United Bank B.S.C.	Ahli United Bank B.S.C.	Ahli United Bank K.S.C.P.	Ahli United Bank B.S.C.	Ahli United Bank B.S.C.	Ahli United Bank B.S.C.	Ahli United Bank (U.K.) PLC	Ahli United Bank (U.K.) PLC
2	Unique identifier	AUBB.BH - Bahrain Bourses AUB/818 - Kuwait Stock Exchange	ISIN: XS1133289832 / Perpetual Tier 1 Capital Securities	ISIN: XS1508651665 / Perpetual Tier 1 Capital Securities	Series 2011	ISIN: XS0469091275 2010-1 / Euro Medium Term Note	Series 2006	Private Placement	Private Placement
3	Governing law(s) of the instrument	Laws of Bahrain	English Law, except for the provisions of subordination which will be governed by the Laws of Bahrain	English Law, except for the provisions of subordination which will be governed by the Laws of Kuwait	English Law	English Law, except for the provisions of subordination which will be governed by the Laws of Bahrain	English Law	English Law	English Law
4	Transitional CBB rules	Not applicable	Not applicable	Not applicable	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	NA	NA	NA	NA	NA
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group	Group	Solo and Group	Solo and Group	Solo and Group	Group	Group
7	Instrument type	Common Equity Shares	Capital Securities	Capital Securities	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt
8	Amount recognised in regulatory capital	\$1,889.2 mn	\$400.0 mn	\$149.7 mn	\$100.4 mn	\$8.3 mn	\$8.1 mn	\$4.8 mn	\$5.1 mn
9	Par value of instrument (USD)	\$0.25	\$1000 subject to minimum of \$200,000	\$1000 subject to minimum of \$200,000	\$165.0 mn	\$1.00	\$33.3 mn	\$4.8 mn	\$5.1 mn
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	31-May-2000	29-Apr-2015	25-Oct-2016	18-Apr-2011	20-Jan-2010	13-Dec-2006	01-Jul-1996	31-Jan-1985, 30-Apr-1985
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity	No Maturity	15-Oct-2020	20-Jan-2020	15-Dec-2018	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	Call Option : 29-Apr-2020 ar Par/100%; Tax event at Par/100%; Regulatory Capital Event at 101% (Full or partial)	Call Option : 25-Oct-2021 ar Par/100%; Tax event at Par/100%; Regulatory Capital Event at 100% (Full or partial)	Various financial & non-financial Covenants	Early redemption in case of Tax event; or various events of default (Full or partial)	Various financial & non-financial Covenants	NA	NA
16	Subsequent call dates, if applicable	NA	Every 5 years after 29 April 2020	Every 5 years after 26 Oct 2021	NA	NA	NA	NA	NA
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed	Floating	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	NA	6.875%	5.500%	6m USD LIBOR + 375 bps	3m USD LIBOR+150 bps	6m USD LIBOR + 123 bps	6m USD LIBOR + 75 bps	6m USD LIBOR + 75 bps
19	Existence of a dividend stopper	NA	Yes	Yes	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	NA	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA	NA	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA	NA	NA	NA
30	Write-down feature	NA	Yes	Yes	No	No	No	No	No
31	If write-down, write-down trigger(s)	NA	Notification by regulator of Non viability without (a) write-down ; or (b) a public sector injection of capital (or equivalent support)	Notification by regulator of Non viability without (a) write-down ; or (b) a public sector injection of capital (or equivalent support)	NA	NA	NA	NA	NA
32	If write-down, full or partial	NA	Fully / Partially	Fully / Partially	NA	NA	NA	NA	NA
33	If write-down, permanent or temporary	NA	Permanent	Permanent	NA	NA	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 Capital Bonds	Subordinated Debts	Subordinated Debts	All depositors and creditors	All depositors and creditors	All depositors and creditors	All depositors and creditors	All depositors and creditors
36	Non-compliant transitioned features	NA	No	No	Yes	Yes	Yes	Yes	Yes
37	If yes, specify non-compliant features	NA	NA	NA	Non Viability Loss Absorbtion	Non Viability Loss Absorbtion	Non Viability Loss Absorbtion	Non Viability Loss Absorbtion	Non Viability Loss Absorbtion