

**Ahli United Bank B.S.C.**  
**Pillar III Disclosures - Basel III**  
**30 June 2018**

Pillar III Disclosures - Basel III

Six month ended 30 June 2018 (Unaudited)

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# Ahli United Bank B.S.C.

## Pillar III Disclosures - Basel III

30 June 2018

### 1. CAPITAL STRUCTURE

TABLE - 1

A. NET AVAILABLE CAPITAL	US\$ '000		
	<i>CET 1</i>	<i>AT1</i>	<i>Tier 2</i>
NET AVAILABLE CAPITAL	3,515,016	557,785	511,384
<b>TOTAL ELIGIBLE CAPITAL BASE (CET 1 + AT 1 + Tier 2)</b>			<b>4,584,185</b>
<b>RISK WEIGHTED EXPOSURES</b>			
Credit Risk Weighted Exposures			25,740,113
Market Risk Weighted Exposures			527,185
Operational Risk Weighted Exposures			1,944,316
<b>TOTAL RISK WEIGHTED EXPOSURES</b>			<b>28,211,614</b>
CET 1 & Capital Conversion Buffer (CCB)			12.5%
Tier 1 - Capital Adequacy Ratio (CET 1, AT 1 & CCB)			14.4%
<b>Total - Capital Adequacy Ratio</b>			<b>16.2%</b>

### B. CAPITAL ADEQUACY RATIO

As at 30 June 2018, the capital adequacy ratio of banking subsidiaries under Basel III unless mandated otherwise were:

	<i>Subsidiaries</i>			
	<i>Ahli United Bank K.S.C.P. (AUBK)</i>	<i>Ahli United Bank (U.K.) P.L.C. (AUB UK)</i>	<i>Ahli United Bank (Egypt) S.A.E. (AUBE)*</i>	<i>Commercial Bank of Iraq P.S.C. (CBIQ)*</i>
Tier 1 - Capital Adequacy Ratio	15.2%	20.7%	17.1%	671.7%
Total - Capital Adequacy Ratio	16.4%	21.0%	18.2%	720.7%

\* *under Basel II*

**TABLE - 2 GROSS CREDIT RISK EXPOSURES**

	<i>US\$ '000</i>	
	<i>As at 30 June 2018</i>	<i>Average monthly balance</i>
Balances with central banks	1,037,967	834,741
Treasury bills and deposits with central banks	2,517,914	2,630,686
Deposits with banks	2,419,352	2,372,342
Loans and advances	19,601,604	19,261,282
Non-trading investments	6,337,725	5,803,294
Interest receivable and other assets	455,587	425,878
<b>TOTAL FUNDED EXPOSURES</b>	<b>32,370,149</b>	<b>31,328,223</b>
Contingent liabilities	3,351,341	3,467,990
Undrawn loan commitments	814,421	944,924
<b>TOTAL UNFUNDED EXPOSURES</b>	<b>4,165,762</b>	<b>4,412,914</b>
<b>TOTAL GROSS CREDIT RISK EXPOSURE</b>	<b>36,535,911</b>	<b>35,741,137</b>

The gross credit exposures reported above are as per the interim consolidated balance sheet as reduced by exposures which do not carry credit risk.

TABLE 3 - RISK WEIGHTED EXPOSURES

	<i>US\$ '000</i>			
	<i>Gross exposure</i>	<i>Secured by eligible CRM</i>	<i>Risk weighted exposures after CRM</i>	<i>Capital requirement including buffers</i>
Claims on sovereigns	6,075,679	-	258,295	32,287
Claims on public sector entities	1,090,356	-	689,057	86,132
Claims on banks	4,862,794	116,985	2,042,507	255,313
Claims on corporates	19,221,373	911,523	17,775,263	2,221,908
Regulatory retail exposures	1,990,824	23,669	1,475,366	184,420
Residential mortgage exposures	1,539,217	-	645,328	80,666
Equity	521,465	-	999,371	124,921
Investments in funds	39,323	-	58,087	7,261
Other exposures	1,359,070	-	1,796,839	224,605
<b>TOTAL</b>	<b>36,700,101</b>	<b>1,052,177</b>	<b>25,740,113</b>	<b>3,217,513</b>
<b>TOTAL CREDIT RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)</b>			<b>25,740,113</b>	<b>3,217,513</b>
<b>TOTAL MARKET RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)</b>			<b>527,185</b>	<b>65,898</b>
<b>TOTAL OPERATIONAL RISK CAPITAL REQUIREMENT (BASIC INDICATOR APPROACH) *</b>			<b>1,944,316</b>	<b>243,039</b>
<b>TOTAL</b>			<b>28,211,614</b>	<b>3,526,450</b>

\*Indicator for operational risk exposure is gross income, adjusted for exceptional items, as per BIA approach. This approach uses average of adjusted gross income for previous three financial years (USD 1,036,968 thousands) for operational risk computation.

The gross exposure in the above table represents the on and off balance sheet credit exposures before credit risks mitigations (CRM), determined in accordance with CBB issued Pillar III guidelines. The off balance sheet exposures are computed using relevant conversion factors.

Under the CBB Basel III Guidelines, banks may choose between two options when calculating credit risk mitigation capital relief. The simple approach which substitutes the risk weighting of the collateral for the risk weighting of the counterparty or the comprehensive approach whereby the exposure amount is adjusted by the actual value ascribed to the collateral. The Group has selected to use the comprehensive method where collateral is in the form of cash or bonds or equities. The Group uses a range of risk mitigation tools including collateral, guarantees, credit derivatives, netting agreements and financial covenants to reduce credit risk. The Group has an equity investment in insurance subsidiary, Al Hilal Life B.S.C.(c), which is consolidated at the Group level and its assets are risk weighted as per CBB rules.

TABLE - 4 GEOGRAPHIC DISTRIBUTION OF GROSS CREDIT EXPOSURES

	US\$ '000								Total
	Kingdom of Bahrain	State of Kuwait	Other GCC countries *	United Kingdom	Europe (excluding United Kingdom)	Arab Republic of Egypt	Asia (excluding GCC countries)	Rest of the World	
Balances with central banks	137,677	85,274	-	489,940	-	299,567	25,509	-	1,037,967
Treasury bills and deposits with central banks	511,120	1,249,492	-	-	-	569,021	188,281	-	2,517,914
Deposits with banks	122,110	103,707	275,225	410,233	401,663	32,652	437,700	636,062	2,419,352
Loans and advances	3,408,701	9,333,302	3,218,335	1,801,589	158,589	1,441,683	154,245	85,160	19,601,604
Non-trading investments	635,843	135,715	1,819,654	153,002	969,736	456,938	987,159	1,179,678	6,337,725
Interest receivable and other assets	104,276	54,784	45,574	133,255	32,570	47,048	13,392	24,688	455,587
<b>Total funded exposures</b>	<b>4,919,727</b>	<b>10,962,274</b>	<b>5,358,788</b>	<b>2,988,019</b>	<b>1,562,558</b>	<b>2,846,909</b>	<b>1,806,286</b>	<b>1,925,588</b>	<b>32,370,149</b>
Contingent liabilities	999,117	1,407,158	254,931	23,796	170,501	372,246	51,114	72,478	3,351,341
Undrawn loan commitments	198,003	34,525	261,155	255,520	32,074	33,144	-	-	814,421
<b>Total unfunded exposures</b>	<b>1,197,120</b>	<b>1,441,683</b>	<b>516,086</b>	<b>279,316</b>	<b>202,575</b>	<b>405,390</b>	<b>51,114</b>	<b>72,478</b>	<b>4,165,762</b>
<b>TOTAL</b>	<b>6,116,847</b>	<b>12,403,957</b>	<b>5,874,874</b>	<b>3,267,335</b>	<b>1,765,133</b>	<b>3,252,299</b>	<b>1,857,400</b>	<b>1,998,066</b>	<b>36,535,911</b>
	<b>16.7%</b>	<b>34.0%</b>	<b>16.1%</b>	<b>8.9%</b>	<b>4.8%</b>	<b>8.9%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>100.0%</b>

\* Other GCC countries are countries which are part of the Gulf Co-operation Council comprising Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia and United Arab Emirates apart from Kingdom of Bahrain and State of Kuwait which are disclosed separately.

TABLE - 5 SECTORAL CLASSIFICATION OF GROSS CREDIT EXPOSURES

	US\$ '000			%
	Funded	Unfunded	Total	
Balances with central banks	3,555,881	-	3,555,881	9.7
Banks and other financial institutions	5,442,461	664,398	6,106,859	16.7
Consumer/personal	2,673,093	14,109	2,687,202	7.3
Residential mortgage	1,546,921	63,876	1,610,797	4.4
Trading and manufacturing	6,048,925	1,395,908	7,444,833	20.4
Real estate	5,006,562	318,311	5,324,873	14.6
Services	3,995,483	1,263,692	5,259,175	14.4
Government/public sector	3,605,355	264,274	3,869,629	10.6
Others	495,468	181,194	676,662	1.9
<b>TOTAL</b>	<b>32,370,149</b>	<b>4,165,762</b>	<b>36,535,911</b>	<b>100.0</b>
	<b>88.6%</b>	<b>11.4%</b>	<b>100.0%</b>	

TABLE - 6 RESIDUAL CONTRACTUAL MATURITY OF GROSS CREDIT EXPOSURES

	US\$ '000							
	<i>Up to one month</i>	<i>One month to three months</i>	<i>Over three months to one year</i>	<i>Over one year to five years</i>	<i>Over five to ten years</i>	<i>Over ten to twenty years</i>	<i>Over twenty years</i>	<i>Total</i>
Balances with central banks	988,435	49,532	-	-	-	-	-	1,037,967
Treasury bills and deposits with central banks	761,577	751,763	1,004,574	-	-	-	-	2,517,914
Deposits with banks	1,911,836	406,335	51,693	49,488	-	-	-	2,419,352
Loans and advances	3,696,349	3,656,659	2,236,840	5,627,016	3,463,010	821,122	100,608	19,601,604
Non-trading investments	86,791	293,412	610,497	2,919,764	1,948,973	454,649	23,639	6,337,725
Interest receivable and other assets	79,890	67,739	97,612	115,035	89,847	5,464	-	455,587
<b>Total funded exposures</b>	<b>7,524,878</b>	<b>5,225,440</b>	<b>4,001,216</b>	<b>8,711,303</b>	<b>5,501,830</b>	<b>1,281,235</b>	<b>124,247</b>	<b>32,370,149</b>
Contingent liabilities	406,243	706,036	1,351,690	781,873	105,499	-	-	3,351,341
Undrawn loan commitments	53,532	59,749	144,445	484,613	48,726	23,356	-	814,421
<b>Total unfunded exposures</b>	<b>459,775</b>	<b>765,785</b>	<b>1,496,135</b>	<b>1,266,486</b>	<b>154,225</b>	<b>23,356</b>	<b>-</b>	<b>4,165,762</b>
<b>TOTAL</b>	<b>7,984,653</b>	<b>5,991,225</b>	<b>5,497,351</b>	<b>9,977,789</b>	<b>5,656,055</b>	<b>1,304,591</b>	<b>124,247</b>	<b>36,535,911</b>

TABLE - 7 SECTORAL BREAKDOWN OF IMPAIRED LOANS AND IMPAIRMENT PROVISIONS

	US\$ '000				
	<i>Impaired and past due loans</i>	<i>*ECL allowances (Stage 3)</i>	<i>** Net specific charge for the period ended 30 June 2018</i>	<i>Write off during the period ended 30 June 2018</i>	<i>*ECL allowances (Stage 1 &amp; Stage 2)</i>
Consumer/personal	80,231	59,356	3,667	2,251	74,373
Trading and manufacturing	53,363	44,171	24,365	2,829	181,274
Real estate	102,741	101,097	-	-	124,565
Residential mortgage	17,467	17,306	(772)	-	1,636
Banks and other financial institutions	3,648	3,163	-	-	19,081
Services	144,381	132,652	2,336	2,334	166,495
Government/public sector	-	-	-	-	606
Others	8,780	8,564	(665)	-	5,452
<b>TOTAL</b>	<b>410,611</b>	<b>366,309</b>	<b>28,931</b>	<b>7,414</b>	<b>573,482</b>

\* The IFRS 9 Standard adopts a forward-looking expected credit loss (ECL) approach.

\*\* Net specific charge (ECL allowance - Stage 3) for the period excludes recoveries from fully provided loans written off in prior years.

TABLE - 8 GEOGRAPHICAL DISTRIBUTION OF IMPAIRMENT PROVISIONS FOR LOANS AND ADVANCES

	<i>US\$ '000</i>								
	<i>Kingdom of Bahrain</i>	<i>State of Kuwait</i>	<i>Other GCC countries</i>	<i>United Kingdom</i>	<i>Europe (excluding United Kingdom)</i>	<i>Arab Republic of Egypt</i>	<i>Asia (excluding GCC countries)</i>	<i>Rest of the world</i>	<i>Total</i>
ECL allowances (Stage 1 & 2)	109,907	230,300	47,011	634	1,365	176,718	5,342	2,205	<b>573,482</b>
ECL allowances (Stage 3)	130,387	205,417	-	-	-	15,230	15,275	-	<b>366,309</b>
<b>TOTAL</b>	<b>240,294</b>	<b>435,717</b>	<b>47,011</b>	<b>634</b>	<b>1,365</b>	<b>191,948</b>	<b>20,617</b>	<b>2,205</b>	<b>939,791</b>

TABLE - 9 ECL ALLOWANCE MOVEMENTS FOR LOANS AND ADVANCES

Refer note 7b of the interim condensed consolidated financial statements of the Group for the period ended 30 June 2018 for ECL allowance movements.

**TABLE - 10 IMPAIRED LOANS - AGE ANALYSIS**

**i) By Geographical area**

	<i>US\$ '000</i>			<i>Total</i>
	<i>Three months to one year</i>	<i>One to three years</i>	<i>Over three years</i>	
Kingdom of Bahrain	101,438	31,403	6,890	<b>139,731</b>
State of Kuwait	67,016	141,341	21,234	<b>229,591</b>
United Kingdom	1,634	-	-	<b>1,634</b>
Arab Republic of Egypt	14,657	562	1,503	<b>16,722</b>
Asia (excluding GCC countries)	15,000	-	7,933	<b>22,933</b>
<b>TOTAL</b>	<b>199,745</b>	<b>173,306</b>	<b>37,560</b>	<b>410,611</b>
	<b>48.7%</b>	<b>42.2%</b>	<b>9.1%</b>	<b>100.0%</b>

**ii) By Sector**

	<i>US\$ '000</i>			<i>Total</i>
	<i>Three months to one year</i>	<i>One to three years</i>	<i>Over three years</i>	
Consumer/personal	38,320	34,453	7,458	<b>80,231</b>
Trading and manufacturing	51,864	1,022	477	<b>53,363</b>
Real estate	74,503	28,238	-	<b>102,741</b>
Residential mortgage	15,648	1,819	-	<b>17,467</b>
Banks and other financial institutions	-	-	3,648	<b>3,648</b>
Services	18,756	107,581	18,044	<b>144,381</b>
Others	654	193	7,933	<b>8,780</b>
<b>TOTAL</b>	<b>199,745</b>	<b>173,306</b>	<b>37,560</b>	<b>410,611</b>
	<b>48.7%</b>	<b>42.2%</b>	<b>9.1%</b>	<b>100.0%</b>

**TABLE - 11 RESTRUCTURED CREDIT FACILITIES**

	<i>US\$ '000</i>
Balance of any restructured credit facilities as at period end	333,749
Loans restructured during the period	76,944

The above restructurings did not have any significant impact on the present or future earnings and were primarily extensions of the loan tenor.

**TABLE - 12 COUNTERPARTY CREDIT RISK IN DERIVATIVE TRANSACTIONS**

**i) Breakdown of the credit exposure**

	<i>US\$ '000</i>		
	<i>Notional amount</i>	<i>Gross positive fair value</i>	<i>Credit conversion factor</i>
Foreign exchange related	11,303,606	53,575	192,688
Interest rate related	15,462,367	115,608	201,237
	<b>26,765,973</b>	<b>169,183</b>	<b>393,925</b>

Gross positive fair value represents the replacement cost of the derivatives

**ii) Amounts of collateral**

*US\$ '000*  
11,534

**TABLE - 13 RELATED PARTY TRANSACTIONS**

Refer note 11 to the interim condensed consolidated financial statements of the Group for the period ended 30 June 2018.

**TABLE - 14 CAPITAL REQUIREMENT FOR COMPONENTS OF MARKET RISK**

	<i>US\$ '000</i>			
	<i>Risk- weighted exposures</i>	<i>Capital requirement</i>	<i>Maximum value</i>	<i>Minimum value</i>
Interest rate risk	284,624	35,578	39,386	24,664
Equity position risk	1,176	147	433	147
Foreign exchange risk	238,360	29,795	30,048	16,944
Options & others	3,032	379	5,653	379
<b>TOTAL MARKET RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)</b>	<b>527,192</b>	<b>65,899</b>		

**TABLE - 15 INTEREST RATE RISK**

	<i>US\$'000</i>			<i>Total</i>
	<i>Less than three months</i>	<i>Three months to one year</i>	<i>Over one year</i>	
<b>ASSETS</b>				
Treasury bills and deposits with central banks	1,505,509	1,012,405	-	2,517,914
Deposits with banks	2,416,976	2,376	-	2,419,352
Loans and advances	15,881,446	1,977,807	1,742,351	19,601,604
Non-trading investments	548,862	853,347	4,935,516	6,337,725
	<b>20,352,793</b>	<b>3,845,935</b>	<b>6,677,867</b>	<b>30,876,595</b>
<b>LIABILITIES</b>				
Deposits from banks	3,256,718	433,182	-	3,689,900
Borrowings under repurchase agreements	304,559	636,593	-	941,152
Customers' deposits	12,410,299	8,348,344	3,098,275	23,856,918
Subordinated liabilities	17,996	185,985	-	203,981
	<b>15,989,572</b>	<b>9,604,104</b>	<b>3,098,275</b>	<b>28,691,951</b>
On - balance sheet gap	4,363,221	(5,758,169)	3,579,592	
Off - balance sheet gap	1,987,255	1,560,211	(3,547,466)	
Total interest sensitivity gap	6,350,476	(4,197,958)	32,126	
Cumulative interest sensitivity gap	<b>6,350,476</b>	<b>2,152,518</b>	<b>2,184,644</b>	

**TABLE - 16 GAINS ON EQUITY INSTRUMENTS**

	<i>US\$ '000</i>
Gains / (loss) recognized in Tier1 Capital (CET1)	
- Unrealized (loss) gains recognized in the balance sheet	(10,428)
- Realized (loss) gains recognized in the equity	(5,705)

**TABLE - 17 SENSITIVITY ANALYSIS - INTEREST RATE RISK**

<b>ANNUALISED</b>	<i>US\$ '000</i>
at 25 bps increase (+)/decrease (-)	10,752
at 10 bps increase (+)/decrease (-)	4,301

The impact of a +/- 200bps interest rate shock on assets and liabilities which are carried at fair value and the consequent impact on equity as of 30 June 2018 is as per the following table.

	<i>US\$ '000</i>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Equity</i>
at 200 bps - increase (+)	(170,404)	178,273	7,869
at 200 bps - decrease (-)	170,404	(178,273)	(7,869)

## 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"), financial assets have been grossed up with impairment allowances for expected credit losses (ECL) - Stages 1 and 2, as presented below:

	<i>U/\$\$ '000</i>
<b>Balance sheet per published financial statements</b>	<b>34,420,842</b>
ECL - Stages 1 and 2	587,145
<b>Balance sheet as in Regulatory Return</b>	<b>35,007,987</b>

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

	<i>U/\$\$ '000</i>		
<i>Assets</i>	<i>Balance as per published financial statements</i>	<i>Consolidated PIR data</i>	<i>Reference</i>
Cash and balances with central banks	1,189,100	1,189,100	
Financial assets at fair value through Profit & Loss		164,271	
Treasury bills and deposits with central banks	2,517,914	2,517,914	
Deposits with banks	2,419,352	2,420,475	
Loans and advances	19,601,604	20,175,086	
<i>of which employee stock incentive program</i>		732	A3
Non-trading investments	6,615,184	6,462,772	
<i>of which significant investment exceeding regulatory threshold</i>		-	H1
<i>of which investment NOT exceeding regulatory threshold</i>		6,462,772	
Investment properties	262,832	262,832	
Interest receivable and other assets	792,740	793,420	
<i>of which deferred tax assets</i>		541	G1
<i>of which MSP</i>		3,193	A4
Investments in associates	311,409	311,409	
<i>of which significant investment exceeding regulatory threshold</i>		-	H2
<i>of which significant investment NOT exceeding regulatory threshold</i>		311,409	
Goodwill and intangible assets	479,315	479,315	
<i>of which Goodwill</i>		430,230	E
<i>of which other intangibles (excluding MSRs)</i>		49,085	F1
Premises and equipment	231,392	231,392	
<i>of which software</i>		22,763	F2
<b>TOTAL ASSETS</b>	<b>34,420,842</b>	<b>35,007,986</b>	
<i>Liabilities</i>			
Deposits from banks	3,689,900	3,689,900	
Customers' deposits	23,856,918	23,856,918	
Borrowings under repurchase agreements	941,152	941,152	
Interest payable and other liabilities	1,061,427	1,023,329	
<i>of which ECL on off balance sheet exposures and others - Stages 1 and 2</i>	38,098	-	
<i>of which deferred tax liabilities</i>		1,264	G2
Subordinated liabilities	203,981	203,981	
<i>of which amount eligible for Tier 2</i>		92,281	K
<i>of which amount ineligible</i>		111,700	
<b>TOTAL LIABILITIES</b>	<b>29,753,378</b>	<b>29,715,280</b>	
<i>Equity</i>			
Paid-in share capital	1,979,351	1,979,351	
<i>of which form part of Common Equity Tier 1</i>		1,979,351	
Ordinary Share Capital		1,992,541	A1
Treasury Shares		(13,190)	A2
Perpetual Tier 1 Capital Securities - AUB Bahrain	400,000	400,000	I
Reserves	1,643,140	1,643,140	
<i>of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward		432,183	B1
Retained Earnings - grossed up for phasing for transitioning IFRS 9 ECL impact		124,772	B2
Net profit for the current period		357,425	C1
Share premium		763,660	C2
Legal reserve		516,728	C3
Others		(34,183)	C4
FX translation adjustment		(430,993)	C5
Cumulative fair value changes on FVOCI investments		17,292	C6
Fair value changes of cash flow hedges		(14,538)	C7
<i>of which form part of Tier 2</i>			
Fixed assets revaluation reserves		35,566	M1
Perpetual Tier 1 Capital Securities - AUB Kuwait	200,000	644,973	
Non - controlling interest	444,973		
<i>of which amount eligible for Common Equity Tier 1</i>		280,413	D
<i>of which amount eligible for Additional Tier 1</i>		157,785	J
<i>of which amount eligible for Tier 2</i>		61,785	L
<i>of which amount ineligible</i>		144,990	
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		625,242	N
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		321,752	M2
<i>of which amount ineligible</i>		303,490	
<b>TOTAL EQUITY</b>	<b>4,667,464</b>	<b>5,292,706</b>	

**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**

	<i>US\$ '000</i>		
	<i>PIR as on 30 Jun 2018</i>	<i>Amounts Subject To Pre-2015 Treatment</i>	<i>Reference</i>
Directly issued qualifying common share capital plus related stock surplus	1,975,426		A1+A2-A3-A4
Retained earnings	556,955		B1 +B2
Accumulated other comprehensive income (and other reserves)	1,175,391		C1+C2+C3+C4+ C5 +C6 +C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	280,413	33,979	D
Common Equity Tier 1 capital before regulatory adjustments	<b>3,988,185</b>		
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Goodwill (net of related tax liability)	430,230		E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	57,478	14,370	F1+F2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		G1-G2
Cash-flow hedge reserve	(14,538)		C7
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)	-	-	H1 + H2
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>473,170</b>		
<b>Common Equity Tier 1 capital (CET1)</b>	<b>3,515,015</b>		
<b>Additional Tier 1 capital: instruments</b>			
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	400,000		I
Additional Tier 1 instruments (and CET1 instruments not included above) issued by subsidiaries and held by third parties (amount allowed in group AT1)	157,785	10,554	J
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>557,785</b>		
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>		
<b>Additional Tier 1 capital (AT1)</b>	<b>557,785</b>		
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>4,072,800</b>		
<b>Tier 2 capital: instruments and provisions</b>			
Directly issued qualifying Tier 2 instruments plus related stock surplus	92,281		K
Tier 2 instruments (and CET1 and AT1 instruments not included above) issued by subsidiaries and held by third parties (amount allowed in group T2)	61,785	(8,285)	L
Provisions & Reserves	357,318		M1+M2
<b>Tier 2 capital before regulatory adjustments</b>	<b>511,384</b>		
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>		
<b>Tier 2 capital (T2)</b>	<b>511,384</b>		
<b>Total capital (TC = T1 + T2)</b>	<b>4,584,184</b>		
RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT	14,370		
<i>of which: Intangible assets (RW @ 100%)</i>	14,370		
<i>of which: Significant Investments (RW @ 250%)</i>	-		
<b>Total risk weighted assets</b>	<b>28,211,613</b>		
<b>Capital ratios</b>			
Common Equity Tier 1 (as a percentage of risk weighted assets)	12.5%		
Tier 1 (as a percentage of risk weighted assets)	14.4%		
Total capital (as a percentage of risk weighted assets)	<b>16.2%</b>		
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)	9.0%		
<i>of which: Capital Conservation Buffer requirement</i>	2.5%		
<i>of which: bank specific countercyclical buffer requirement (N/A)</i>	NA		
<i>of which: G-SIB buffer requirement (N/A)</i>	NA		
<b>National minima (if different from Basel 3)</b>			
CBB Common Equity Tier 1 minimum ratio (including buffers)	9.0 %		
CBB Tier 1 minimum ratio (including buffers)	10.5%		
CBB total capital minimum ratio (including buffers)	12.5%		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
Non-significant investments in the capital of other financial entities	230,356		
Significant investments in the common stock of financial entities	311,641		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	500,470		N - B2
Cap on inclusion of provisions in Tier 2 under standardised approach	321,752		

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	\$1,992.5 mn	\$400.0 mn	\$133.7 mn	\$75.8 mn	\$5.6 mn	\$1.0 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	\$11.1 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