

Ahli United Bank B.S.C.
Regulatory Capital Disclosures - Basel III
31 March 2016

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:

	<i>US\$ '000</i>
Balance sheet per published financial statements	34,587,516
Collective impairment provision	552,415
Balance sheet as in Regulatory Return	35,139,931

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

	<i>US\$ '000</i>		
<i>Assets</i>	<i>Balance as per published financial statements</i>	<i>Consolidated PIR data</i>	<i>Reference</i>
Cash and balances at central banks	1,584,244	1,584,244	
Financial assets at fair value through Profit & Loss		2,672	
Treasury bills and deposits with central banks	2,559,580	2,559,580	
Deposits with banks	3,304,516	3,304,516	
Loans and advances	19,657,461	20,014,725	
<i>of which Employee stock incentive program</i>	4,182	4,182	A3
Non-trading investments	5,539,600	5,715,524	
<i>of which Significant investment exceeding regulatory threshold</i>		5,748	H1
<i>of which investment NOT exceeding regulatory threshold</i>		5,709,776	
Investment properties	161,646	161,646	
Prepayments, accrued income and other assets	687,070	703,625	
<i>of which Deferred Tax Assets</i>		3,216	G
<i>of which MSP</i>		1,036	A4
Investments in associates and joint ventures	307,728	307,728	
<i>of which Significant investment exceeding regulatory threshold</i>		36,634	H2
<i>of which Significant investment NOT exceeding regulatory threshold</i>		271,094	
Goodwill and intangible assets	552,768	552,768	
of which goodwill	453,885	453,885	E
of which other intangibles (excluding MSRs)	98,883	98,883	F1
Property, plant and equipment	232,903	232,903	
<i>of which Software</i>		16,112	F2
TOTAL ASSETS	34,587,516	35,139,931	
<i>Liabilities</i>			
Deposits from banks	4,241,435	4,241,435	
Customer accounts	23,934,568	23,934,568	
Repurchase agreements and other similar secured borrowing	854,163	854,163	
Accruals, deferred income and other liabilities	1,135,249	1,135,249	
Subordinated liabilities	261,407	261,407	
<i>Of which amount eligible for Tier 2</i>		210,244	K
<i>Of which amount Ineligible</i>		51,163	
TOTAL LIABILITIES	30,426,822	30,426,822	
<i>Shareholders' Equity</i>			
Paid-in share capital	1,698,250	1,698,250	
<i>Of which form part of Common Equity Tier 1</i>		1,698,250	
Ordinary Share Capital		1,709,747	A1
Treasury Shares		(11,497)	A2
Perpetual Tier 1 Capital Securities	400,000	400,000	I
Reserves and Accumulated other comprehensive income	1,613,817	1,613,817	
<i>Of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward	613,593	613,593	B
Net profit for the current period	154,605	154,605	C1
Share premium	745,505	745,505	C2
Legal reserve	397,792	397,792	C3
General (disclosed) reserves	(24,545)	(24,545)	C4
FX translation adjustment	(248,948)	(248,948)	C5
Unrealized gains and losses from fair valuing equities	(19,112)	(19,112)	C6
Fair value changes of cash flow hedges	(41,248)	(41,248)	C7
<i>Of which form part of Tier 2</i>			
Fixed assets revaluation reserves	36,175	36,175	M1
Non - controlling interest	448,627	448,627	
<i>Of which amount eligible for Common Equity Tier 1</i>		327,420	D
<i>Of which amount eligible for Additional Tier 1</i>		15,862	J
<i>Of which amount eligible for Tier 2</i>		53,880	L
<i>Of which amount Ineligible</i>		51,465	
Collective impairment provision		552,415	
<i>Of which amount eligible for Tier 2 (Maximum 1.25% of RWA)</i>		307,763	M2
<i>Of which amount Ineligible</i>		244,652	
TOTAL SHAREHOLDER'S EQUITY	4,160,694	4,713,109	

PD 4 : Capital Composition Disclosure Template

	<i>US\$ '000</i>		
	<i>PIR as on 31 Mar 2016</i>	<i>Amounts Subject To Pre-2015 Treatment</i>	<i>Reference</i>
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	1,693,032		A1+A2-A3-A4
Retained earnings	613,593		B
Accumulated other comprehensive income (and other reserves)	964,049		C1+C2+C3+C4+ C5 +C6 +C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	327,420	111,120	D
Common Equity Tier 1 capital before regulatory adjustments	3,598,094		
Common Equity Tier 1 capital: regulatory adjustments			
Goodwill (net of related tax liability)	453,885		E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	45,999	68,996	F1+F2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,216		G
Cash-flow hedge reserve	(41,248)		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)	16,953	25,429	H1 + H2
Total regulatory adjustments to Common equity Tier 1	478,804		
Common Equity Tier 1 capital (CET1)	3,119,290		
Additional Tier 1 capital: instruments			
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)	15,862	(23,793)	J
Additional Tier 1 capital before regulatory adjustments	415,862		
Total regulatory adjustments to Additional Tier 1 capital	-		
Additional Tier 1 capital (AT1)	415,862		
Tier 1 capital (T1 = CET1 + AT1)	3,535,152		
Tier 2 capital: instruments and provisions			
Directly issued qualifying Tier 2 instruments plus related stock surplus	210,244		K
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)	53,880	(10,081)	L
Provisions & Reserves	343,938		M1+M2
Tier 2 capital before regulatory adjustments	608,062		
Total regulatory adjustments to Tier 2 capital	-		
Tier 2 capital (T2)	608,062		
Total capital (TC = T1 + T2)	4,143,214		
RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT	132,570		
<i>Of Which: Intangible assets (RW @ 100%)</i>	68,997		
<i>Of Which: Significant Investments (RW @ 250%)</i>	63,573		
Total risk weighted assets	26,645,898		
Capital ratios			
Common Equity Tier 1 (as a percentage of risk weighted assets)	11.7%		
Tier 1 (as a percentage of risk weighted assets)	13.3%		
Total capital (as a percentage of risk weighted assets)	15.5%		
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		
National minima (if different from Basel 3)			
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%		
Amounts below the thresholds for deduction (before risk weighting)			
Non-significant investments in the capital of other financial entities	150,738		
Significant investments in the common stock of financial entities	339,054		
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)	552,415		
Cap on inclusion of provisions in Tier 2 under standardised approach	307,763		

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 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	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	Series 2011	ISIN: XS0469091275 2010-1 / Euro Medium Term Note	Series 2006	Private Placement	Private Placement	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	English Law, except for the provisions of subordination which will be governed by the Laws of Bahrain	English Law	English Law	English Law	English Law	English Law
4	Transitional CBB rules	Not applicable	Not applicable	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1	NA	NA	NA	NA	NA	NA	NA
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Group	Group	Group	Group
7	Instrument type	Common Equity Shares	Capital Securities	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt
8	Amount recognised in regulatory capital	\$1709.7 mn	\$400.0 mn	\$150.0 mn	\$13.7 mn	\$36.1 mn	\$0.1 mn	\$5.2 mn	\$5.1 mn	\$0.1 mn
9	Par value of instrument (USD)	\$0.25	\$1000 subject to minimum of \$200,000	\$165.0 mn	\$1.00	\$66.7 mn	\$0.7 mn	\$5.2 mn	\$5.1 mn	\$0.7 mn
10	Accounting classification	Shareholders' equity	Shareholders' equity	Liability - amortised cost	Liability - amortised cost	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	18-Apr-2011	20-Jan-2010	13-Dec-2006	01-Jul-1996	01-Jul-1996	31-Jan-1985, 30-Apr-1985	31-Jan-1985
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated	Dated	Perpetual	Perpetual	Dated
13	Original maturity date	No Maturity	No Maturity	15-Oct-2020	20-Jan-2020	15-Dec-2018	17-Aug-2016	No Maturity	No Maturity	17-Aug-2016
14	Issuer call subject to prior supervisory approval	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	Call Option : 29-Apr-2020 at Par/100% ; Tax event at Par/100% ; Regulatory Capital Event at 101% (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	NA	NA
16	Subsequent call dates, if applicable	NA	Every 5 years after 29 April 2020	NA	NA	NA	NA	NA	NA	NA
17	Fixed or floating dividend/coupon	NA	Fixed	Floating	Floating	Floating	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	NA	6.875%	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	6m USD LIBOR + 75 bps	6m USD LIBOR + 75 bps
19	Existence of a dividend stopper	NA	Yes	No	No	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	NA	Noncumulative	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	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA	NA	NA	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	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	NA
30	Write-down feature	NA	Yes	No	No	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)	NA	NA	NA	NA	NA	NA	NA
32	If write-down, full or partial	NA	Fully / Partially	NA	NA	NA	NA	NA	NA	NA
33	If write-down, permanent or temporary	NA	Permanent	NA	NA	NA	NA	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	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	All depositors and creditors	All depositors and creditors	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	No	No	No	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA	NA	NA	NA	NA	NA	NA