

Ahli United Bank B.S.C.
Regulatory Capital Disclosures - Basel III
30 September 2015

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	33,797,971
Collective impairment provision	524,114
Balance sheet as in Regulatory Return	34,322,085

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

	<u>US\$ '000</u>		
Assets	Balance as per published financial statements	Consolidated PIR data	Reference
Cash and balances at central banks	1,840,841	1,840,841	
Financial assets at fair value through Profit & Loss		7,896	
Treasury bills and deposits with central banks	2,236,668	2,236,668	
Deposits with banks	3,147,220	3,147,220	
Loans and advances	19,015,146	19,350,613	
<i>of which Employee stock incentive program</i>	4,194	4,194	A3
Non-trading investments	5,726,144	5,906,644	
<i>of which Significant investment exceeding regulatory threshold</i>		6,171	H1
<i>of which investment NOT exceeding regulatory threshold</i>		5,900,473	
Investment properties	204,584	204,584	
Prepayments, accrued income and other assets	514,344	514,594	
<i>of which Deferred Tax Assets</i>		2,493	G
<i>of which MSP</i>		1,036	A4
Investments in associates and joint ventures	307,964	307,964	
<i>of which Significant investment exceeding regulatory threshold</i>		32,360	H2
<i>of which Significant investment NOT exceeding regulatory threshold</i>		275,604	
Goodwill and intangible assets	572,228	572,228	
of which goodwill	460,086	460,086	E
of which other intangibles (excluding MSRs)	112,142	112,142	F1
Property, plant and equipment	232,832	232,832	
<i>of which Software</i>		14,374	F2
TOTAL ASSETS	33,797,971	34,322,085	
Liabilities			
Deposits from banks	4,209,737	4,209,737	
Customer accounts	23,392,550	23,392,550	
Repurchase agreements and other similar secured borrowing	830,352	830,352	
Accruals, deferred income and other liabilities	815,291	815,291	
Subordinated liabilities	272,847	272,847	
<i>Of which amount eligible for Tier 2</i>		241,317	K
<i>Of which amount Ineligible</i>		31,530	
TOTAL LIABILITIES	29,520,777	29,520,777	
Shareholders' Equity			
Paid-in share capital	1,615,721	1,615,721	
<i>Of which form part of Common Equity Tier 1</i>		1,615,721	
Ordinary Share Capital		1,623,030	A1
Treasury Shares		(7,309)	A2
Perpetual Tier 1 Capital Securities	400,000	400,000	I
Reserves and Accumulated other comprehensive income	1,804,684	1,804,684	
<i>Of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward	526,804	526,804	B
Net profit for the current period	419,225	419,225	C1
Share premium	739,781	739,781	C2
Legal reserve	352,547	352,547	C3
General (disclosed) reserves	(41,164)	(41,164)	C4
FX translation adjustment	(185,908)	(185,908)	C5
Unrealized gains and losses from fair valuing equities	(10,634)	(10,634)	C6
Fair value changes of cash flow hedges	(30,944)	(30,944)	C7
<i>Of which form part of Tier 2</i>			
Fixed assets revaluation reserves	34,978	34,978	M1
Non - controlling interest	456,789	456,789	
<i>Of which amount eligible for Common Equity Tier 1</i>		358,389	D
<i>Of which amount eligible for Additional Tier 1</i>		6,625	J
<i>Of which amount eligible for Tier 2</i>		54,729	L
<i>Of which amount Ineligible</i>		37,047	
Collective impairment provision		524,114	
<i>Of which amount eligible for Tier 2 (Maximum 1.25% of RWA)</i>		294,169	M2
<i>Of which amount Ineligible</i>		229,945	
TOTAL SHAREHOLDER'S EQUITY	4,277,194	4,801,308	

PD 4 : Capital Composition Disclosure Template

	<i>US\$ '000</i>		<i>Reference</i>
	<i>PIR as on 30 Sept 2015</i>	<i>Amounts Subject To Pre-2015 Treatment</i>	
Basel III Common disclosure template			
<i>(For transition period from 1 January 2015 to 31 December 2018)</i>			
Common Equity Tier 1 capital: instruments and Reserves			
Directly issued qualifying common share capital plus related stock surplus	1,610,491		A1+A2-A3-A4
Retained earnings	526,804		B
Accumulated other comprehensive income (and other reserves)	1,242,903		C1+C2+C3+C4+ C5 +C6 +C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	358,389	164,544	D
Common Equity Tier 1 capital before regulatory adjustments	3,738,587		
Common Equity Tier 1 capital: regulatory adjustments			
Goodwill (net of related tax liability)	460,086		E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	25,303	101,213	F1+F2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,493		G
Cash-flow hedge reserve	(30,944)		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)	7,706	30,825	H1 + H2
Total regulatory adjustments to Common equity Tier 1	464,645		
Common Equity Tier 1 capital (CET1)	3,273,942		
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 in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	6,625	(26,499)	J
Additional Tier 1 capital before regulatory adjustments	406,625		
Total regulatory adjustments to Additional Tier 1 capital	-		
Additional Tier 1 capital (AT1)	406,625		
Tier 1 capital (T1 = CET1 + AT1)	3,680,567		
Tier 2 capital: instruments and provisions			
Directly issued qualifying Tier 2 instruments plus related stock surplus	241,317		K
Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	54,729	10,141	L
Provisions & Reserves	329,147		M1+M2
Tier 2 capital before regulatory adjustments	625,193		
Total regulatory adjustments to Tier 2 capital	-		
Tier 2 capital (T2)	625,193		
Total capital (TC = T1 + T2)	4,305,760		
RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT	178,276		
<i>Of Which: Intangible assets (RW @ 100%)</i>	101,213		
<i>Of Which: Significant Investments (RW @ 250%)</i>	77,063		
Total risk weighted assets	25,697,823		
Capital ratios			
Common Equity Tier 1 (as a percentage of risk weighted assets)	12.7%		
Tier 1 (as a percentage of risk weighted assets)	14.3%		
Total capital (as a percentage of risk weighted assets)	16.8%		
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 financials	257,928		
Significant investments in the common stock of financials	358,990		
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)	524,114		
Cap on inclusion of provisions in Tier 2 under standardised approach	294,169		

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	\$1623.0 mn	\$400.0 mn	\$165.0 mn	\$15.5 mn	\$49.9 mn	\$0.1mn	\$5.5 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	\$77.8 mn	\$0.8mn	\$5.5 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	Perpetual	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 ar 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 LIBOR + 75 bps	6m LIBOR + 75 bps	6m LIBOR + 75 bps	6m 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