

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

	<i>US\$ '000</i>
Balance sheet per published financial statements	31,470,055
Collective impairment provision	410,323
Balance sheet as in Regulatory Return	31,880,378

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	840,314	840,314	
Financial assets at fair value through Profit & Loss		1,024	
Treasury bills and deposits with central banks	2,457,356	2,457,356	
Deposits with banks	1,961,086	1,961,086	
Loans and advances	18,880,997	19,204,571	
<i>of which Employee stock incentive program</i>	903	903	A3
Non-trading investments	5,468,506	5,544,753	
<i>of which Significant investment exceeding regulatory threshold</i>		3,764	H1
<i>of which investment NOT exceeding regulatory threshold</i>		5,540,989	
Investment properties	132,058	132,058	
Prepayments, accrued income and other assets	721,923	731,401	
<i>of which Deferred Tax Assets</i>		3,877	G
<i>of which MSP</i>		3,027	A4
Investments in associates	318,207	318,207	
<i>of which Significant investment exceeding regulatory threshold</i>		24,742	H2
<i>of which Significant investment NOT exceeding regulatory threshold</i>		293,465	
Goodwill and intangible assets	476,145	476,145	
of which goodwill	427,498	427,496	E
of which other intangibles (excluding MSRs)	48,648	48,649	F1
Property, plant and equipment	213,463	213,463	
<i>of which Software</i>		17,774	F2
TOTAL ASSETS	31,470,055	31,880,378	
<i>Liabilities</i>			
Deposits from banks	3,603,186	3,603,186	
Customer accounts	21,335,739	21,335,739	
Repurchase agreements and other similar secured borrowing	686,659	686,659	
Accruals, deferred income and other liabilities	1,192,624	1,192,623	
Subordinated liabilities	237,054	237,054	
<i>Of which amount eligible for Tier 2</i>		151,919	K
<i>Of which amount Ineligible</i>		85,135	
TOTAL LIABILITIES	27,055,262	27,055,261	
<i>Shareholders' Equity</i>			
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
Perpetual Tier 1 Capital Securities - AUB Kuwait	200,000		
Reserves and Accumulated other comprehensive income	1,495,631	1,495,631	
<i>Of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward	619,431	619,431	B
Net profit for the current period	159,425	159,425	C1
Share premium	753,956	753,956	C2
Legal reserve	454,856	454,856	C3
General (disclosed) reserves	(45,669)	(45,669)	C4
FX translation adjustment	(447,254)	(447,254)	C5
Unrealized gains and losses from fair valuing equities	(10,666)	(10,666)	C6
Fair value changes of cash flow hedges	(24,435)	(24,435)	C7
<i>Of which form part of Tier 2</i>			
Fixed assets revaluation reserves	35,987	35,987	M1
Non - controlling interest	441,446	641,446	
<i>Of which amount eligible for Common Equity Tier 1</i>		304,218	D
<i>Of which amount eligible for Additional Tier 1</i>		164,436	J
<i>Of which amount eligible for Tier 2</i>		50,511	L
<i>Of which amount Ineligible</i>		122,281	
Collective impairment provision		410,323	
<i>Of which amount eligible for Tier 2 (Maximum 1.25% of RWA)</i>		299,438	M2
<i>Of which amount Ineligible</i>		110,885	
TOTAL SHAREHOLDER'S EQUITY	4,414,793	4,825,116	

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>Reference</i>
	<i>PIR as on 31 Mar 2017</i>	<i>Amounts Subject To Pre-2015 Treatment</i>	
Directly issued qualifying common share capital plus related stock surplus	1,873,786		A1+A2-A3-A4
Retained earnings	619,431		B
Accumulated other comprehensive income (and other reserves)	840,213		C1+C2+C3+C4+ C5 +C6 +C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	304,218	72,497	D
Common Equity Tier 1 capital before regulatory adjustments	3,637,648		
Common Equity Tier 1 capital: regulatory adjustments			
Goodwill (net of related tax liability)	427,496		E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	39,854	26,569	F1+F2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,877		G
Cash-flow hedge reserve	(24,435)		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)	28,506	19,003	H1 + H2
Total regulatory adjustments to Common equity Tier 1	475,298		
Common Equity Tier 1 capital (CET1)	3,162,350		
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)	164,436	23,710	J
Additional Tier 1 capital before regulatory adjustments	564,436		
Total regulatory adjustments to Additional Tier 1 capital	-		
Additional Tier 1 capital (AT1)	564,436		
Tier 1 capital (T1 = CET1 + AT1)	3,726,786		
Tier 2 capital: instruments and provisions			
Directly issued qualifying Tier 2 instruments plus related stock surplus	151,919		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)	50,511	(14,684)	L
Provisions & Reserves	335,425		M1+M2
Tier 2 capital before regulatory adjustments	537,855		
Total regulatory adjustments to Tier 2 capital	-		
Tier 2 capital (T2)	537,855		
Total capital (TC = T1 + T2)	4,264,641		
RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT	74,079		
<i>Of Which: Intangible assets (RW @ 100%)</i>	26,569		
<i>Of Which: Significant Investments (RW @ 250%)</i>	47,509		
Total risk weighted assets	26,094,130		
Capital ratios			
Common Equity Tier 1 (as a percentage of risk weighted assets)	12.1%		
Tier 1 (as a percentage of risk weighted assets)	14.3%		
Total capital (as a percentage of risk weighted assets)	16.3%		
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	69,258		
Significant investments in the common stock of financial entities	338,089		
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)	410,323		
Cap on inclusion of provisions in Tier 2 under standardised approach	299,438		

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	\$148.4 mn	\$117.0 mn	\$10.1 mn	\$15.2 mn	\$4.5 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	\$44.4 mn	\$4.5 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