

Ahli United Bank B.S.C.
Pillar III Disclosures - Basel III
30 June 2019

Pillar III Disclosures - Basel III

Six month ended 30 June 2019 (Unaudited)

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Ahli United Bank B.S.C.

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1. CAPITAL STRUCTURE

TABLE - 1

A. NET AVAILABLE CAPITAL	US\$ '000		
	CET 1	AT1	Tier 2
NET AVAILABLE CAPITAL	3,667,022	564,903	467,765
TOTAL ELIGIBLE CAPITAL BASE (CET 1 + AT 1 + Tier 2)			4,699,690
RISK WEIGHTED EXPOSURES			
Credit Risk Weighted Exposures			28,098,477
Market Risk Weighted Exposures			368,247
Operational Risk Weighted Exposures			2,014,173
TOTAL RISK WEIGHTED EXPOSURES			30,480,897
CET 1 & Capital Conversion Buffer (CCB)			12.0%
Tier 1 - Capital Adequacy Ratio (CET 1, AT 1 & CCB)			13.9%
Total - Capital Adequacy Ratio			15.4%

B. CAPITAL ADEQUACY RATIO

As at 30 June 2019, the capital adequacy ratio of banking subsidiaries under Basel III unless mandated otherwise were:

	Subsidiaries			
	Ahli United Bank K.S.C.P. (AUBK)	Ahli United Bank (U.K.) P.L.C. (AUB UK)	Ahli United Bank (Egypt) S.A.E. (AUBE)*	Commercial Bank of Iraq P.S.C. (CBIQ)*
Tier 1 - Capital Adequacy Ratio	14.1%	19.8%	17.8%	571.8%
Total - Capital Adequacy Ratio	15.3%	20.1%	18.5%	600.3%

* under Basel II

TABLE - 2 GROSS CREDIT RISK EXPOSURES

	<i>US\$ '000</i>	
	<i>As at 30 June 2019</i>	<i>Average monthly balance</i>
Balances with central banks	1,334,062	1,172,923
Treasury bills and deposits with central banks	2,002,821	2,234,494
Deposits with banks	3,664,722	3,193,498
Loans and advances	20,302,254	19,972,267
Non-trading investments	8,214,727	7,797,088
Interest receivable and other assets	479,424	422,936
TOTAL FUNDED EXPOSURES	35,998,010	34,793,206
Contingent liabilities	3,227,055	3,263,028
Undrawn loan commitments	715,898	669,037
TOTAL UNFUNDED EXPOSURES	3,942,953	3,932,065
TOTAL GROSS CREDIT RISK EXPOSURE	39,940,963	38,725,271

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	6,332,351	-	263,655	32,957
Claims on public sector entities	988,259	3,749	510,230	63,779
Claims on banks	5,677,127	179,105	2,360,510	295,064
Claims on corporates	21,702,660	952,470	19,605,484	2,450,686
Regulatory retail exposures	1,960,524	48,935	1,433,692	179,210
Residential mortgage exposures	1,504,152	-	632,297	79,037
Equity	521,826	-	1,028,752	128,594
Other exposures	1,808,096	-	2,263,857	282,982
TOTAL	40,494,995	1,184,259	28,098,477	3,512,309
TOTAL CREDIT RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)			28,098,477	3,512,309
TOTAL MARKET RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)			368,247	46,031
TOTAL OPERATIONAL RISK CAPITAL REQUIREMENT (BASIC INDICATOR APPROACH) *			2,014,173	251,772
TOTAL			30,480,897	3,810,112

*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 1,074,226 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	136,981	311,962	-	488,541	-	261,515	135,063	-	1,334,062
Treasury bills and deposits with central banks	599,513	1,017,468	-	-	-	327,687	58,153	-	2,002,821
Deposits with banks	356,976	549,961	224,668	602,877	321,932	6,187	283,430	1,318,691	3,664,722
Loans and advances	3,681,281	9,694,595	2,943,085	1,840,120	118,159	1,812,767	85,532	126,715	20,302,254
Non-trading investments	751,758	155,585	2,905,748	206,025	993,712	476,307	1,345,817	1,379,775	8,214,727
Interest receivable and other assets	117,721	44,182	63,528	150,073	20,160	42,605	18,057	23,098	479,424
Total funded exposures	5,644,230	11,773,753	6,137,029	3,287,636	1,453,963	2,927,068	1,926,052	2,848,279	35,998,010
Contingent liabilities	1,007,839	1,422,629	213,704	6,728	183,805	277,415	65,739	49,196	3,227,055
Undrawn loan commitments	258,753	5,864	235,750	135,951	18,648	59,846	-	1,086	715,898
Total unfunded exposures	1,266,592	1,428,493	449,454	142,679	202,453	337,261	65,739	50,282	3,942,953
TOTAL	6,910,822	13,202,246	6,586,483	3,430,315	1,656,416	3,264,329	1,991,791	2,898,561	39,940,963
	17.3%	33.1%	16.5%	8.6%	4.1%	8.2%	5.0%	7.2%	100.0%

* 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	3,336,883	-	3,336,883	8.4
Banks and other financial institutions	6,456,373	373,056	6,829,429	17.1
Consumer/personal	2,710,859	204,091	2,914,950	7.3
Residential mortgage	1,578,539	43,554	1,622,093	4.1
Trading and manufacturing	6,978,634	1,509,333	8,487,967	21.3
Real estate	5,498,697	103,504	5,602,201	14.0
Services	4,055,460	1,430,733	5,486,193	13.7
Government/public sector	4,799,027	245,536	5,044,563	12.6
Others	583,538	33,146	616,684	1.5
TOTAL	35,998,010	3,942,953	39,940,963	100.0
	90.1%	9.9%	100.0%	

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	1,289,345	44,717	-	-	-	-	-	1,334,062
Treasury bills and deposits with central banks	520,826	527,329	954,666	-	-	-	-	2,002,821
Deposits with banks	2,557,969	808,082	138,671	160,000	-	-	-	3,664,722
Loans and advances	3,159,311	4,165,824	3,430,432	5,321,084	3,339,535	779,162	106,906	20,302,254
Non-trading investments	150,058	373,182	504,598	2,526,036	3,564,612	1,073,021	23,220	8,214,727
Interest receivable and other assets	128,789	133,071	95,419	91,305	11,562	19,278	-	479,424
Total funded exposures	7,806,298	6,052,205	5,123,786	8,098,425	6,915,709	1,871,461	130,126	35,998,010
Contingent liabilities	682,123	627,527	1,057,453	845,181	14,771	-	-	3,227,055
Undrawn loan commitments	4,424	42,294	230,335	335,945	55,293	47,607	-	715,898
Total unfunded exposures	686,547	669,821	1,287,788	1,181,126	70,064	47,607	-	3,942,953
TOTAL	8,492,845	6,722,026	6,411,574	9,279,551	6,985,773	1,919,068	130,126	39,940,963

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 2019</i>	<i>Write off during the period ended 30 June 2019</i>	<i>ECL allowances (Stage 1 & Stage 2)</i>
Consumer/personal	49,383	41,502	12,148	38,935	67,559
Trading and manufacturing	204,370	201,005	10,965	31,399	118,509
Real estate	102,883	62,625	-	-	86,548
Residential mortgage	17,664	15,554	-	-	2,580
Banks and other financial institutions	2,948	2,732	-	-	6,690
Services	24,588	17,566	(1,691)	10,585	138,800
Government/public sector	-	-	-	-	2
Others	9,673	9,328	75	-	5,028
TOTAL	411,509	350,312	21,497	80,919	425,716

* 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)	38,069	240,897	26,254	292	3,725	113,067	1,620	1,792	425,716
ECL allowances (Stage 3)	177,410	84,302	-	932	-	79,946	7,722	-	350,312
TOTAL	215,479	325,199	26,254	1,224	3,725	193,013	9,342	1,792	776,028

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 2019 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	121,121	70,332	9,251	200,704
State of Kuwait	38,193	28,341	32,719	99,253
United Kingdom	932	-	-	932
Arab Republic of Egypt	86,406	14,787	1,705	102,898
Asia (excluding GCC countries)	-	-	7,722	7,722
TOTAL	246,652	113,460	51,397	411,509
	59.9%	27.6%	12.5%	100.0%

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	25,989	12,925	10,469	49,383
Trading and manufacturing	185,241	19,129	-	204,370
Real estate	1,223	73,459	28,201	102,883
Residential mortgage	13,906	3,758	-	17,664
Banks and other financial institutions	-	-	2,948	2,948
Services	18,695	3,837	2,056	24,588
Others	1,598	352	7,723	9,673
TOTAL	246,652	113,460	51,397	411,509
	59.9%	27.6%	12.5%	100.0%

TABLE - 11 RESTRUCTURED CREDIT FACILITIES

	<i>US\$ '000</i>
Balance of any restructured credit facilities as at period end	232,737
Loans restructured during the period	15,177

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>Replacement Cost</i>	<i>Credit Equivalent Exposure</i>
a) Trading			
Foreign exchange related	8,561,197	36,375	70,002
Interest rate related	14,874,248	57,446	55,887
Others	967,053	1,689	5,573
	24,402,498	95,510	131,462
b) Hedging			
Foreign exchange related	44,890	1,293	1,238
Interest rate related	9,208,358	23,852	65,604
	9,253,248	25,145	66,842
	33,655,746	120,655	198,304
			<i>US\$ '000</i>
ii) Amounts of collateral			8,867

TABLE - 13 RELATED PARTY TRANSACTIONS

Refer note 11 to the interim condensed consolidated financial statements of the Group for the period ended 30 June 2019.

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	186,000	23,250	34,492	23,250
Equity position risk	1,536	192	192	171
Foreign exchange risk	178,272	22,284	22,284	16,405
Options & others	2,439	305	342	305
TOTAL MARKET RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)	368,247	46,031		

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>	
ASSETS				
Treasury bills and deposits with central banks	1,042,938	959,883	-	2,002,821
Deposits with banks	3,607,754	56,968	-	3,664,722
Loans and advances	14,875,994	3,190,065	2,236,195	20,302,254
Non-trading investments	659,999	578,669	6,976,059	8,214,727
	20,186,685	4,785,585	9,212,254	34,184,524
LIABILITIES				
Deposits from banks	4,976,329	532,588	69,866	5,578,783
Borrowings under repurchase agreements	2,367,306	69,275	-	2,436,581
Customers' deposits	13,392,864	6,545,045	3,641,664	23,579,573
Subordinated liabilities	17,997	9,688	-	27,685
	20,754,496	7,156,596	3,711,530	31,622,622
On - balance sheet gap	(567,811)	(2,371,011)	5,500,724	
Off - balance sheet gap	3,955,935	1,056,523	(5,012,458)	
Total interest sensitivity gap	3,388,124	(1,314,488)	488,266	
Cumulative interest sensitivity gap	3,388,124	2,073,636	2,561,902	

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	(10,441)
- Realized (loss) gains recognized in the equity	(3,415)

TABLE - 17 SENSITIVITY ANALYSIS - INTEREST RATE RISK

ANNUALISED	<i>US\$ '000</i>
at 25 bps increase (+)/decrease (-)	8,727
at 10 bps increase (+)/decrease (-)	3,491

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 2019 is as per the following table.

	<i>US\$ '000</i>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Equity</i>
at 200 bps - increase (+)	(289,571)	295,968	6,397
at 200 bps - decrease (-)	289,571	(295,968)	(6,397)

APPENDIX I - REGULATORY CAPITAL DISCLOSURES**PD 1 : Capital Composition Disclosure Template***Basel III Common disclosure template***Common Equity Tier 1 capital: instruments and Reserves**

	<i>US\$ '000</i>	
	<i>PIR as on 30 June 2019</i>	<i>Reference</i>
Directly issued qualifying common share capital plus related stock surplus	2,177,632	A1+A2-A3-A4
Retained earnings	413,345	B
Accumulated other comprehensive income (and other reserves)	1,260,837	C1+C2+C3+C4+ C5 +C6 +C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	290,628	D
Common Equity Tier 1 capital before regulatory adjustments	4,142,442	
Common Equity Tier 1 capital: regulatory adjustments		
Goodwill (net of related tax liability)	431,295	E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	78,118	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	(33,993)	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)	-	
Total regulatory adjustments to Common equity Tier 1	475,420	
Common Equity Tier 1 capital (CET1)	3,667,022	

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)	164,903	J
Additional Tier 1 capital before regulatory adjustments	564,903	
Total regulatory adjustments to Additional Tier 1 capital	-	
Additional Tier 1 capital (AT1)	564,903	
Tier 1 capital (T1 = CET1 + AT1)	4,231,925	

Tier 2 capital: instruments and provisions

Directly issued qualifying Tier 2 instruments plus related stock surplus	4,928	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)	76,381	L
Expected Credit Losses & Reserves	386,456	M1+M2
Tier 2 capital before regulatory adjustments	467,765	
Total regulatory adjustments to Tier 2 capital	-	
Tier 2 capital (T2)	467,765	

Total capital (TC = T1 + T2)

Total capital (TC = T1 + T2)	4,699,690	
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Total risk weighted assets

Total risk weighted assets	30,480,897	
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Capital ratios

Common Equity Tier 1 (as a percentage of risk weighted assets)	12.0%
Tier 1 (as a percentage of risk weighted assets)	13.9%
Total capital (as a percentage of risk weighted assets)	15.4%

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%
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of which: Capital Conservation Buffer requirement 2.5%

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

of which: G-SIB buffer requirement (N/A) 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	183,965
Significant investments in the common stock of financial entities	318,582

Applicable caps on the inclusion of Expected Credit Losses in Tier 2

Expected Credit Losses (Stages 1 and 2) eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	437,567	N
Cap on inclusion of Expected Credit Losses in Tier 2 under standardized approach	351,231	M2

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>US\$ '000</i>
Balance sheet per published financial statements	38,046,200
ECL - Stages 1 and 2	437,567
Balance sheet as in Regulatory Return	38,483,767

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

	<i>US\$ '000</i>		
Assets	<i>Balance as per published financial statements</i>	<i>Consolidated PIR data</i>	<i>Reference</i>
Cash and balances with central banks	1,460,016	1,460,016	
Financial assets at fair value through Profit & Loss		119,544	
Treasury bills and deposits with central banks	2,002,821	2,002,821	
Deposits with banks	3,664,722	3,665,414	
Loans and advances	20,302,254	20,727,970	
<i>of which employee stock incentive program</i>		280	A3
Non-trading investments	8,441,837	8,333,373	
Investment properties	231,364	231,364	
Interest receivable and other assets	843,564	843,643	
<i>of which deferred tax assets</i>		692	G1
<i>of which MSP</i>		2,509	A4
Investments in associates	318,348	318,348	
Goodwill and intangible assets	483,858	483,858	
<i>of which Goodwill</i>		431,295	E
<i>of which other intangibles (excluding MSRs)</i>		52,563	F1
Premises and equipment	297,416	297,416	
<i>of which software</i>		25,555	F2
TOTAL ASSETS	38,046,200	38,483,767	
Liabilities			
Deposits from banks	5,578,783	5,578,783	
Customers' deposits	23,579,573	23,579,573	
Borrowings under repurchase agreements	2,436,581	2,436,581	
Interest payable and other liabilities	1,466,022	1,466,022	
<i>of which deferred tax liabilities</i>		1,040	G2
Subordinated liabilities	27,685	27,685	
<i>of which amount eligible for Tier 2</i>		4,928	K
<i>of which amount ineligible</i>		22,757	
TOTAL LIABILITIES	33,088,644	33,088,644	
Equity			
Paid-in share capital	2,180,421	2,180,421	
<i>of which form part of Common Equity Tier 1</i>		2,180,421	
Ordinary Share Capital		2,193,611	A1
Treasury Shares		(13,190)	A2
Perpetual Tier 1 Capital Securities - AUB Bahrain	400,000	400,000	I
Reserves	1,709,407	1,709,407	
<i>of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward		413,345	B
Net profit for the current period		377,516	C1
Share premium		766,209	C2
Legal reserve		586,481	C3
Others		(36,186)	C4
FX translation adjustment		(417,336)	C5
Cumulative fair value changes on FVOCI investments		18,146	C6
Fair value changes of cash flow hedges		(33,993)	C7
<i>of which form part of Tier 2</i>			
Fixed assets revaluation reserves		35,225	M1
Perpetual Tier 1 Capital Securities - AUB Kuwait	200,000	667,728	
Non - controlling interest	467,728		
<i>of which amount eligible for Common Equity Tier 1</i>		290,628	D
<i>of which amount eligible for Additional Tier 1</i>		164,903	J
<i>of which amount eligible for Tier 2</i>		76,381	L
<i>of which amount ineligible</i>		135,816	
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		437,567	N
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		351,231	M2
<i>of which amount ineligible</i>		86,336	
TOTAL EQUITY	4,957,556	5,395,123	

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 (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	2010-1 / Euro Medium Term Note	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, except for the provisions of subordination which will be governed by the Laws of Bahrain	English Law	English Law
4	Transitional CBB rules	Not applicable	Not applicable	Not applicable	Tier 2	Tier 2	Tier 2
5	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	NA	NA	NA
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group	Group	Solo and Group	Group	Group
7	Instrument type	Common Equity Shares	Capital Securities	Capital Securities	Subordinated Debt	Subordinated Debt	Subordinated Debt
8	Amount recognized in regulatory capital	\$2193.6 mn	\$400.0 mn	\$129.8 mn	\$2.0 mn	\$1.4 mn	\$1.5 mn
9	Par value of instrument (USD)	\$0.25	\$1000 subject to minimum of \$200,000	\$1000 subject to minimum of \$200,000	\$1.00	\$4.6 mn	\$5.1 mn
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	31-May-2000	29-Apr-2015	25-Oct-2016	20-Jan-2010	01-Jul-1996	31-Jan-1985, 30-Apr-1985
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity	No Maturity	20-Jan-2020	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	NA	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)	Call Option : 25-Oct-2021 at Par/100%; Tax event at Par/100%; Regulatory Capital Event at 100% (Full or partial)	Early redemption in case of Tax event; or various events of default (Full or partial)	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
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed	Floating	Floating	Floating
18	Coupon rate and any related index	NA	6.875%	5.500%	3m USD LIBOR+150 bps	6m USD LIBOR + 75 bps	6m USD LIBOR + 75 bps
19	Existence of a dividend stopper	NA	Yes	Yes	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	NA	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA	NA
30	Write-down feature	NA	Yes	Yes	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
32	If write-down, full or partial	NA	Fully / Partially	Fully / Partially	NA	NA	NA
33	If write-down, permanent or temporary	NA	Permanent	Permanent	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	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
36	Non-compliant transitioned features	NA	No	No	Yes	Yes	Yes
37	If yes, specify non-compliant features	NA	NA	NA	Non Viability Loss Absorption	Non Viability Loss Absorption	Non Viability Loss Absorption

Leverage Ratio

The leverage ratio serves as a supplementary measure to the risk-based capital requirements. The leverage ratio is computed on a consolidated basis and Bahraini conventional bank licensees must meet a 3% leverage ratio minimum requirement at all times.

Leverage Ratio components

	<i>US\$ '000</i>
Tier1 Capital [A]	4,231,925
Total Exposure [B]	40,335,310
Leverage Ratio ([A] / [B])	<u>10.5%</u>