

Ahli United Bank B.S.C.

**Regulatory Capital & Leverage Ratio
Disclosures - Basel III**

30 September 2019

APPENDIX I - REGULATORY CAPITAL DISCLOSURES

PD 1 : Capital Composition Disclosure Template*Basel III Common disclosure template***Common Equity Tier 1 capital: instruments and Reserves**Directly issued qualifying common share capital plus related stock surplus
Retained earnings

Accumulated other comprehensive income (and other reserves)

Common share capital issued by subsidiaries and held by third parties
(amount allowed in group CET1)

Common Equity Tier 1 capital before regulatory adjustments

Common Equity Tier 1 capital: regulatory adjustments

Goodwill (net of related tax liability)

Other intangibles other than mortgage-servicing rights (net of related tax liability)

Deferred tax assets that rely on future profitability excluding those arising from
temporary differences (net of related tax liability)

Cash-flow hedge reserve

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****Common Equity Tier 1 capital (CET1)****Additional Tier 1 capital: instruments**Directly issued qualifying Additional Tier 1 instruments plus related stock surplus
Additional Tier 1 instruments (and CET1 instruments not included above) issued by
subsidiaries and held by third parties (amount allowed in group AT1)**Additional Tier 1 capital before regulatory adjustments****Total regulatory adjustments to Additional Tier 1 capital****Additional Tier 1 capital (AT1)****Tier 1 capital (T1 = CET1 + AT1)****Tier 2 capital: instruments and provisions**

Directly issued qualifying Tier 2 instruments plus related stock surplus

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)

Expected Credit Losses & Reserves

Tier 2 capital before regulatory adjustments**Total regulatory adjustments to Tier 2 capital****Tier 2 capital (T2)****Total capital (TC = T1 + T2)****Total risk weighted assets****Capital ratios**

Common Equity Tier 1 (as a percentage of risk weighted assets)

Tier 1 (as a percentage of risk weighted assets)

Total capital (as a percentage of risk weighted assets)

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)*of which: Capital Conservation Buffer requirement**of which: bank specific countercyclical buffer requirement (N/A)**of which: G-SIB buffer requirement (N/A)***National minima (if different from Basel 3)**

CBB Common Equity Tier 1 minimum ratio (including buffers)

CBB Tier 1 minimum ratio (including buffers)

CBB total capital minimum ratio (including buffers)

Amounts below the thresholds for deduction (before risk weighting)

Non-significant investments in the capital of other financial entities

Significant investments in the common stock of financial entities

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

Cap on inclusion of Expected Credit Losses in Tier 2 under standardized approach

	<i>US\$ '000</i>	
	<i>PIR as on 30 Sep 2019</i>	<i>Reference</i>
	2,178,078	A1+A2-A3-A4
	413,951	B
	1,441,031	C1+C2+C3+C4+ C5 +C6 +C7
	299,052	D
	4,332,112	
	430,651	E
	79,040	F1+F2
	-	G1-G2
	(44,534)	C7
	7,200	
	472,357	
	3,859,755	
	400,000	I
	169,426	J
	569,426	
	-	
	569,426	
	4,429,181	
	3,979	K
	78,475	L
	386,751	M1+M2
	469,205	
	-	
	469,205	
	4,898,386	
	30,592,556	
	12.6%	
	14.5%	
	16.0%	
	9.0%	
	2.5%	
	NA	
	NA	
	9.0 %	
	10.5%	
	12.5%	
	178,879	
	324,068	
	441,512	N
	351,527	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:

	<u>US\$ '000</u>
Balance sheet per published financial statements	38,638,621
ECL - Stages 1 and 2	441,512
Balance sheet as in Regulatory Return	39,080,133

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

	<u>US\$ '000</u>		
<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	1,517,119	1,517,119	
Financial assets at fair value through Profit & Loss		114,504	
Treasury bills and deposits with central banks	1,980,978	1,980,978	
Deposits with banks	3,826,944	3,827,789	
Loans and advances	20,385,876	20,814,730	
<i>of which employee stock incentive program</i>		196	A3
Non-trading investments	8,748,127	8,645,334	
Investment properties	230,235	230,235	
Interest receivable and other assets	845,713	845,815	
<i>of which deferred tax assets</i>		84	G1
<i>of which MSP</i>		2,147	A4
Investments in associates	323,834	323,834	
Goodwill and intangible assets	484,643	484,643	
<i>of which Goodwill</i>		430,651	E
<i>of which other intangibles (excluding MSRs)</i>		53,992	F1
Premises and equipment	295,152	295,152	
<i>of which software</i>		25,048	F2
TOTAL ASSETS	38,638,621	39,080,133	
<i>Liabilities</i>			
Deposits from banks	4,975,691	4,975,691	
Customers' deposits	24,547,975	24,547,975	
Borrowings under repurchase agreements	2,385,910	2,385,910	
Interest payable and other liabilities	1,546,597	1,546,597	
<i>of which deferred tax liabilities</i>		1,684	G2
Subordinated liabilities	27,547	27,547	
<i>of which amount eligible for Tier 2</i>		3,979	K
<i>of which amount ineligible</i>		23,568	
TOTAL LIABILITIES	33,483,720	33,483,720	
<i>Equity</i>			
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	1,890,205	1,890,205	
<i>of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward		413,950	B
Net profit for the current period		558,420	C1
Share premium		766,230	C2
Legal reserve		586,481	C3
Others		(30,802)	C4
FX translation adjustment		(413,609)	C5
Cumulative fair value changes on FVOCI investments		18,845	C6
Fair value changes of cash flow hedges		(44,534)	C7
<i>of which form part of Tier 2</i>			
Fixed assets revaluation reserves		35,224	M1
Perpetual Tier 1 Capital Securities - AUB Kuwait	200,000		
Non - controlling interest	484,275	684,275	
<i>of which amount eligible for Common Equity Tier 1</i>		299,052	D
<i>of which amount eligible for Additional Tier 1</i>		169,426	J
<i>of which amount eligible for Tier 2</i>		78,475	L
<i>of which amount ineligible</i>		137,322	
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		441,512	N
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		351,527	M2
<i>of which amount ineligible</i>		89,985	
TOTAL EQUITY	5,154,901	5,596,413	

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	\$132.8 mn	\$1.1 mn	\$1.3 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	\$4.5 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]	4,429,181
Total Exposure [B]	40,582,467
Leverage Ratio ([A] / [B])	<u>10.9%</u>