

Ahli United Bank B.S.C.
Pillar III Disclosures - Basel III
30 June 2020

Ahli United Bank B.S.C.

Pillar III Disclosures - Basel III

Six month ended 30 June 2020 (Unaudited)

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1. CAPITAL STRUCTURE

TABLE - 1

A. NET AVAILABLE CAPITAL	US\$ '000		
	CET1	AT1	Tier2
NET AVAILABLE CAPITAL	3,836,324	569,787	478,663
TOTAL ELIGIBLE CAPITAL BASE (CET1 + AT1 + Tier2)			4,884,774
RISK WEIGHTED EXPOSURES			
Credit Risk Weighted Exposures			28,881,900
Market Risk Weighted Exposures			421,714
Operational Risk Weighted Exposures			2,056,433
TOTAL RISK WEIGHTED EXPOSURES			31,360,047
CET1 and Capital Conversion Buffer (CCB)			12.2%
Tier 1 - Capital Adequacy Ratio (CET1, AT1 & CCB)			14.1%
Total - Capital Adequacy Ratio			15.6%

By virtue of CBB's circular OG/226/2020 dated 21 June 2020, for the purposes of capital adequacy computations and for prudential reporting to the CBB, the Group has added back the modification loss, net of the financial assistance from Government and aggregate ECL provision charge for the six month period ended 30 June 2020 relating to exposures classified as Stage 1 and Stage 2 to the Common Equity Tier (CET1) capital. Refer to appendix I for details.

B. CAPITAL ADEQUACY RATIO

As at 30 June 2020, 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	13.6%	17.7%	20.5%	449.5%
Total - Capital Adequacy Ratio	14.8%	17.9%	20.9%	490.1%

* under Basel I

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TABLE - 2 GROSS CREDIT RISK EXPOSURES

	<i>US\$ '000</i>	
	<i>As at 30 June 2020</i>	<i>Average monthly balance</i>
Balances with central banks	1,152,885	1,261,177
Treasury bills and deposits with central banks	1,956,995	1,890,632
Deposits with banks	3,812,135	4,569,106
Loans and advances	21,128,777	20,994,728
Non-trading investments	9,510,408	9,282,050
Interest receivable and other assets	502,877	550,446
TOTAL FUNDED EXPOSURES	38,064,077	38,548,139
Contingent liabilities	3,062,506	3,140,025
Undrawn loan commitments	351,079	485,965
TOTAL UNFUNDED EXPOSURES	3,413,585	3,625,990
TOTAL GROSS CREDIT RISK EXPOSURE	41,477,662	42,174,129

The gross credit exposures reported above are as per the interim condensed consolidated balance sheet as reduced by exposures which do not carry credit risk.

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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</i>
Claims on sovereigns	6,735,810	-	269,577	33,697
Claims on public sector entities	2,551,548	-	964,607	120,576
Claims on banks	5,683,116	211,441	2,131,773	266,472
Claims on corporates	21,651,793	663,409	20,598,985	2,574,874
Regulatory retail exposures	2,055,752	69,259	1,489,869	186,233
Residential mortgage exposures	1,557,717	-	651,940	81,492
Equity	468,321	-	946,300	118,287
Other exposures	1,437,195	-	1,828,849	228,606
TOTAL	42,141,252	944,109	28,881,900	3,610,237
TOTAL CREDIT RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)			28,881,900	3,610,237
TOTAL MARKET RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)			421,714	52,714
TOTAL OPERATIONAL RISK CAPITAL REQUIREMENT (BASIC INDICATOR APPROACH) *			2,056,433	257,054
TOTAL			31,360,047	3,920,005

*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 (US\$ 1,096,764 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 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 opted 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 an insurance subsidiary, Al Hilal Life B.S.C.(c), which is deducted from the regulatory capital as per the CBB rules.

TABLE - 4 GEOGRAPHIC DISTRIBUTION OF GROSS CREDIT EXPOSURES

	US\$ '000								
	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	Total
Balances with central banks	89,269	175,660	-	428,025	-	296,875	163,056	-	1,152,885
Treasury bills and deposits with central banks	626,853	1,026,784	-	-	-	263,197	40,161	-	1,956,995
Deposits with banks	124,358	920,658	87,626	1,264,397	212,771	17,497	28,126	1,156,702	3,812,135
Loans and advances	3,788,593	10,221,313	2,860,034	1,846,064	46,696	2,052,329	94,830	218,918	21,128,777
Non-trading investments	1,076,106	341,876	3,781,031	256,608	735,856	481,746	1,603,046	1,234,139	9,510,408
Interest receivable and other assets	158,641	59,778	72,321	89,047	26,936	56,147	18,991	21,016	502,877
Total funded exposures	5,863,820	12,746,069	6,801,012	3,884,141	1,022,259	3,167,791	1,948,210	2,630,775	38,064,077
Contingent liabilities	859,402	1,307,628	195,594	5,578	208,663	385,177	62,890	37,574	3,062,506
Undrawn loan commitments	161,220	7,342	77,080	71,290	16,268	17,879	-	-	351,079
Total unfunded exposures	1,020,622	1,314,970	272,674	76,868	224,931	403,056	62,890	37,574	3,413,585
TOTAL	6,884,442	14,061,039	7,073,686	3,961,009	1,247,190	3,570,847	2,011,100	2,668,349	41,477,662
	16.6%	33.9%	17.1%	9.6%	3.0%	8.6%	4.8%	6.4%	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	3,109,880	-	3,109,880	7.5
Banks and other financial institutions	6,824,444	384,244	7,208,688	17.4
Consumer/personal	2,616,934	4,104	2,621,038	6.3
Residential mortgage	1,628,592	6,098	1,634,690	3.9
Trading and manufacturing	7,849,795	1,324,432	9,174,227	22.2
Real estate	5,634,564	61,923	5,696,487	13.7
Services	4,681,524	1,490,474	6,171,998	14.9
Government/public sector	5,362,530	117,630	5,480,160	13.2
Others	355,814	24,680	380,494	0.9
TOTAL	38,064,077	3,413,585	41,477,662	100.0
	91.8%	8.2%	100.0%	

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TABLE - 6 RESIDUAL CONTRACTUAL MATURITY OF GROSS CREDIT EXPOSURES

	US\$ '000							Total
	Up to one month	One month to three months	Over three months to one year	Over one year to five years	Over five to ten years	Over ten to twenty years	Over twenty years	
Balances with central banks	1,113,099	39,786	-	-	-	-	-	1,152,885
Treasury bills and deposits with central banks	667,865	464,981	824,149	-	-	-	-	1,956,995
Deposits with banks	1,724,271	853,847	1,234,017	-	-	-	-	3,812,135
Loans and advances	3,901,638	4,471,107	3,604,770	6,109,420	2,451,646	489,087	101,109	21,128,777
Non-trading investments	106,084	64,221	662,345	2,681,218	5,890,058	95,823	10,659	9,510,408
Interest receivable and other assets	149,820	97,746	72,667	67,178	28,577	80,145	6,744	502,877
Total funded exposures	7,662,777	5,991,688	6,397,948	8,857,816	8,370,281	665,055	118,512	38,064,077
Contingent liabilities	377,142	752,956	1,231,767	694,300	6,341	-	-	3,062,506
Undrawn loan commitments	821	5,861	105,016	176,458	30,874	32,049	-	351,079
Total unfunded exposures	377,963	758,817	1,336,783	870,758	37,215	32,049	-	3,413,585
TOTAL	8,040,740	6,750,505	7,734,731	9,728,574	8,407,496	697,104	118,512	41,477,662

TABLE - 7 SECTORAL BREAKDOWN OF IMPAIRED LOANS AND IMPAIRMENT PROVISIONS

	US\$ '000				ECL allowances (Stage 1 & Stage 2) as at 30 June 2020
	Impaired loans (Stage 3) as at 30 June 2020	ECL allowances (Stage 3) as at 30 June 2020	* Net specific charge for the period ended 30 June 2020	Write-off during the period ended 30 June 2020	
Consumer/personal	72,250	65,863	9,085	18	78,098
Trading and manufacturing	185,960	181,600	2,309	-	122,045
Real estate	144,100	94,947	-	-	79,827
Residential mortgage	28,138	19,561	3,325	-	3,097
Banks and other financial institutions	2,083	1,408	-	-	9,093
Services	24,130	9,939	3,227	4,035	155,671
Government/public sector	-	-	-	-	1
Others	10,781	8,878	61	170	6,406
TOTAL	467,442	382,196	18,007	4,223	454,238

* 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)	50,921	257,030	22,730	298	11,966	107,030	3,560	703	454,238
ECL allowances (Stage 3)	172,962	123,653	3,310	3,325	-	70,872	8,074	-	382,196
TOTAL	223,883	380,683	26,040	3,623	11,966	177,902	11,634	703	836,434

TABLE - 9 ECL ALLOWANCE MOVEMENTS FOR LOANS AND ADVANCES

Refer note 6b of the interim condensed consolidated financial statements of the Group for the period ended 30 June 2020 for ECL allowance movements for loans and advances.

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TABLE - 10 IMPAIRED LOANS - AGE ANALYSIS

i) By Geographical region

	<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	11,246	165,745	8,991	185,982
State of Kuwait	104,741	27,166	31,101	163,008
Other GCC Countries	16,472	-	-	16,472
United Kingdom	13,319	-	-	13,319
Arab Republic of Egypt	5,900	71,063	1,767	78,730
Asia (excluding GCC countries)	-	-	9,931	9,931
TOTAL	151,678	263,974	51,790	467,442
	32.4%	56.5%	11.1%	100.0%

ii) By Industry 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	49,693	12,322	10,235	72,250
Trading and manufacturing	12,980	172,980	-	185,960
Real estate	45,499	70,826	27,775	144,100
Residential mortgage	25,115	3,023	-	28,138
Banks and other financial institutions	-	-	2,083	2,083
Services	17,664	4,699	1,767	24,130
Others	727	124	9,930	10,781
TOTAL	151,678	263,974	51,790	467,442
	32.4%	56.5%	11.1%	100.0%

TABLE - 11 RESTRUCTURED CREDIT FACILITIES

	<i>US\$ '000</i>
Balance of any restructured credit facilities as at period end	251,043
Loans restructured during the period	44,994

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

The Bank uses the Current Exposure Method to calculate the exposure for counterparty credit risk for derivative instruments as per CBB Basel 3 guidelines. The table below represent net credit equivalent exposure after giving effect to master netting agreements.

i) Breakdown of the credit exposure

	<i>US\$ '000</i>	
	<i>Notional amount</i>	<i>Net Credit Equivalent Exposure</i>
a) Trading		
Foreign exchange related	11,676,047	113,418
Interest rate related	3,838,948	121,344
Others	98,867	1,942
	15,613,862	236,704
b) Hedging		
Foreign exchange related	7,375	483
Interest rate related	8,737,020	85,425
	8,744,395	85,908
	24,358,257	322,612

	<i>US\$ '000</i>
ii) Amounts of cash collateral	19,243

TABLE - 13 RELATED PARTY TRANSACTIONS

Refer note 10 to the interim condensed consolidated financial statements of the Group for the period ended 30 June 2020.

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	240,690	30,086	30,086	23,544
Equity position risk	1,712	214	214	207
Foreign exchange risk	173,336	21,667	21,667	19,689
Options and others	5,976	747	747	523
TOTAL MARKET RISK CAPITAL REQUIREMENT (STANDARDISED APPROACH)	421,714	52,714		

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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	1,142,053	814,942	-	1,956,995
Deposits with banks	3,689,259	122,609	267	3,812,135
Loans and advances	16,651,139	2,774,272	1,703,366	21,128,777
Non-trading investments	255,017	749,818	8,505,573	9,510,408
	21,737,468	4,461,641	10,209,206	36,408,315
LIABILITIES				
Deposits from banks	4,629,115	673,747	88,312	5,391,174
Borrowings under repurchase agreements	3,577,009	363,374	-	3,940,383
Customers' deposits	14,902,952	6,720,991	2,281,253	23,905,196
Subordinated liabilities	-	9,534	-	9,534
	23,109,076	7,767,646	2,369,565	33,246,287
On balance sheet gap	(1,371,608)	(3,306,005)	7,839,641	
Off balance sheet gap	5,285,342	1,182,103	(6,467,445)	
Total interest sensitivity gap	3,913,734	(2,123,902)	1,372,196	
Cumulative interest sensitivity gap	3,913,734	1,789,832	3,162,028	

TABLE - 16 NET GAINS ON EQUITY INSTRUMENTS

	<i>US\$ '000</i>
Gains / (loss) recognized in Tier1 Capital (CET1)	
- Net unrealized (loss)/ gains recognized in the balance sheet	(18,460)
- Net realized (loss)/ gains recognized in the equity	(1,387)

TABLE - 17 SENSITIVITY ANALYSIS - INTEREST RATE RISK

ANNUALISED	<i>US\$ '000</i>
at 25 bps increase (+)/decrease (-)	8,136
at 10 bps increase (+)/decrease (-)	3,254

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 2020 is as per the following table.

	<i>US\$ '000</i>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Equity</i>
at 200 bps - increase (+)	(306,509)	305,792	(717)
at 200 bps - decrease (-)	306,509	(305,792)	717

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**Regulatory Capital & Leverage Ratio
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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

	US\$ '000	
	PIR as on 30 Jun	Reference
	2020	
	2,412,398	A1-A2-A3
	430,461	B1+B2+B3
	1,142,921	C1+C2+C3+C4+ C5 +C6 +C7
	310,214	D
	4,295,994	
	426,953	E
	84,010	F1+F2
	-	G1-G2
	(65,966)	C7
	14,673	
	459,670	
	3,836,324	
	400,000	I
	169,787	J
	569,787	
	-	
	569,787	
	4,406,111	
	1,919	K
	80,330	L
	396,414	M1+M2
	478,663	
	-	
	478,663	
	4,884,774	
	31,360,047	
	12.2%	
	14.1%	
	15.6%	
	9.0%	
	2.5%	
	NA	
	NA	
	9.0%	
	10.5%	
	12.5%	
	221,900	
	297,879	
	472,914	N
	361,023	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	40,078,833		
ECL - Stages 1 and 2	472,914		
Balance sheet as in Regulatory Return	40,551,747		
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	1,317,727	1,317,727	
Financial assets at fair value through Profit & Loss		84,957	
Treasury bills and deposits with central banks	1,956,995	1,956,995	
Deposits with banks	3,812,135	3,812,785	
Loans and advances	21,128,777	21,583,015	
<i>of which employee stock incentive program</i>		28	A2
Non-trading investments	9,704,412	9,637,340	
Investment properties	179,346	179,346	
Interest receivable and other assets	903,668	903,809	
<i>of which deferred tax assets</i>		573	G1
<i>of which MSP</i>		546	A3
Investments in associates	297,646	297,646	
Goodwill and intangible assets	481,363	481,363	
<i>of which Goodwill</i>		426,953	E
<i>of which other intangibles (excluding MSRs)</i>		54,410	F1
Premises and equipment	296,764	296,764	
<i>of which software</i>		29,600	F2
TOTAL ASSETS	40,078,833	40,551,747	
Liabilities			
Deposits from banks	5,391,174	5,391,174	
Customers' deposits	23,905,196	23,905,196	
Borrowings under repurchase agreements	3,940,383	3,940,383	
Interest payable and other liabilities	1,901,699	1,901,699	
<i>of which deferred tax liabilities</i>		2,278	G2
Subordinated liabilities	9,534	9,534	
<i>of which amount eligible for Tier 2</i>		1,919	K
<i>of which amount ineligible</i>		7,615	
TOTAL LIABILITIES	35,147,986	35,147,986	
Equity			
Paid-in Share Capital	2,412,972	2,412,972	
<i>of which form part of Common Equity Tier 1</i>		2,412,972	
Ordinary Share Capital		2,412,972	A1
Treasury Shares		-	
Perpetual Tier 1 Capital Securities - AUB Bahrain	400,000	400,000	I
Reserves	1,445,986	1,445,986	
<i>of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward		267,674	B1
Net profit for the current period		293,439	C1
Share premium		766,209	C2
Legal reserve		659,531	C3
Others		(24,295)	C4
FX translation adjustment		(469,503)	C5
Cumulative fair value changes on FVOCI investments		(16,494)	C6
Fair value changes of cash flow hedges		(65,966)	C7
<i>of which form part of Tier 2</i>			
Fixed assets revaluation reserves		35,391	M1
CBB modification loss (part of CET1)		98,449	B2
Perpetual Tier 1 Capital Securities - AUB Kuwait	200,000		
Non - controlling interest	471,889	671,889	
<i>of which amount eligible for Common Equity Tier 1</i>		310,214	D
<i>of which amount eligible for Additional Tier 1</i>		169,787	J
<i>of which amount eligible for Tier 2</i>		80,330	L
<i>of which amount ineligible</i>		111,558	
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		472,914	N
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		361,023	M2
<i>of which amount included in CET1 as per CBB</i>		64,338	B3
<i>of which amount ineligible</i>		47,553	
TOTAL EQUITY	4,930,847	5,403,761	

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 (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	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
4	Transitional CBB rules	Not applicable	Not applicable	Not applicable	Tier 2	Tier 2
5	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	NA	NA
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group	Group	Group	Group
7	Instrument type	Common Equity Shares	Capital Securities	Capital Securities	Subordinated Debt	Subordinated Debt
8	Amount recognized in regulatory capital	\$2413.0 mn	\$400.0 mn	\$130.7 mn	\$0.9 mn	\$1.0 mn
9	Par value of instrument (USD)	\$0.25	\$1000 subject to minimum of \$200,000	\$1000 subject to minimum of \$200,000	\$4.4 mn	\$5.1 mn
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	31-May-2000	29-Apr-2015	25-Oct-2016	01-Jul-1996	31-Jan-1985, 30-Apr-1985
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity	No Maturity	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	NA	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	Call Option : On every Distribution Payment Date 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)	NA	NA
16	Subsequent call dates, if applicable	NA	Every Distribution Payment Date	Every Periodic Distribution Date after 26 Oct 2021	NA	NA
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed	Floating	Floating
18	Coupon rate and any related index	NA	5.839%	5.500%	6m USD LIBOR + 75 bps	6m USD LIBOR + 75 bps
19	Existence of a dividend stopper	NA	Yes	Yes	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	NA	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA
30	Write-down feature	NA	Yes	Yes	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
32	If write-down, full or partial	NA	Fully / Partially	Fully / Partially	NA	NA
33	If write-down, permanent or temporary	NA	Permanent	Permanent	NA	NA
34	If temporary write-down, description of write-up mechanism	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
36	Non-compliant transitioned features	NA	No	No	Yes	Yes
37	If yes, specify non-compliant features	NA	NA	NA	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]	4,406,111
Total Exposure [B]	41,927,877
Leverage Ratio ([A] / [B])	<u>10.5%</u>