

**AHLI UNITED BANK B.S.C.**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2021**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AHLI UNITED BANK B.S.C.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Ahli United Bank B.S.C. (the "Bank") and its subsidiaries (the "Group") as at 31 March 2021, comprising of the interim condensed consolidated balance sheet as at 31 March 2021 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"), as modified by the Central Bank of Bahrain ("the CBB") referred to under note 2.1 of the accompanying interim condensed consolidated financial statements. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as modified by the CBB.



11 May 2021  
Manama, Kingdom of Bahrain

# AHLI UNITED BANK B.S.C.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Three months ended 31 March 2021 (Reviewed)

	<i>Note</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2021</i>	<i>2020</i>
		<i>USD'000</i>	<i>USD'000</i>
Interest income		<b>326,177</b>	419,742
Interest expense		<b>119,184</b>	205,911
Net interest income		<b>206,993</b>	213,831
Fees and commissions - net		<b>29,493</b>	32,457
Trading income		<b>8,524</b>	11,975
Investment income and others		<b>46,009</b>	60,462
Fees and other income		<b>84,026</b>	104,894
<b>OPERATING INCOME</b>		<b>291,019</b>	318,725
Provision for credit losses and others	6c	<b>30,851</b>	32,463
<b>NET OPERATING INCOME</b>		<b>260,168</b>	286,262
Staff costs		<b>42,554</b>	50,897
Depreciation		<b>8,344</b>	9,392
Other operating expenses		<b>29,835</b>	26,134
<b>OPERATING EXPENSES</b>		<b>80,733</b>	86,423
<b>PROFIT BEFORE TAX AND ZAKAT</b>		<b>179,435</b>	199,839
Tax expense and zakat		<b>9,439</b>	12,953
<b>NET PROFIT FOR THE PERIOD</b>		<b>169,996</b>	186,886
Net profit attributable to non-controlling interests		<b>10,380</b>	15,472
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>		<b>159,616</b>	171,414
<b>EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE BANK FOR THE PERIOD:</b>			
Basic and diluted earnings per ordinary share (US cents)	3	<b>1.6</b>	1.7

**Meshal AbdulAziz Alothman**  
Chairman

**Mohammad J. Al-Marzooq**  
Deputy Chairman

**Adel A. El-Labban**  
Group Chief Executive Officer  
& Managing Director

**AHLI UNITED BANK B.S.C.****INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Three months ended 31 March 2021 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>USD'000</i>	<i>USD'000</i>
<b>Net profit for the period</b>	<b>169,996</b>	186,886
<b><i>Other Comprehensive Income (OCI)</i></b>		
<b>Items that will not be reclassified subsequently to consolidated statement of income</b>		
Net change in fair value of equity investments measured at fair value through OCI	<b>6,094</b>	1,348
Net change in pension fund reserve	<b>6,796</b>	(398)
<b>Items that may be reclassified subsequently to consolidated statement of income</b>		
Foreign currency translation adjustments	<b>2,566</b>	(105,262)
Net movement in fair value of debt instruments held as fair value through OCI	<b>(13,097)</b>	(92,181)
Transfers to consolidated statement of income	<b>(2,972)</b>	1,977
Net change in fair value of cash flow hedges	<b>16,824</b>	(28,162)
<b>Other comprehensive income (loss) for the period</b>	<b>16,211</b>	(222,678)
<b>Total comprehensive income (loss) for the period</b>	<b>186,207</b>	(35,792)
Total comprehensive income attributable to non-controlling interests	<b>11,365</b>	1,162
<b>Total comprehensive income (loss) attributable to the owners of the Bank</b>	<b>174,842</b>	(36,954)

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

# AHLI UNITED BANK B.S.C.

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

31 March 2021 (Reviewed)

		<i>(Audited)</i>
		<i>31 March</i>
		<i>31 December</i>
		<i>2021</i>
		<i>2020</i>
	<i>Note</i>	<i>US\$ '000</i>
		<i>US\$ '000</i>
<b>ASSETS</b>		
Cash and balances with central banks		1,731,135
Treasury bills and deposits with central banks		1,747,560
Deposits with banks		2,684,665
Loans and advances	6	2,333,852
Non-trading investments	7	2,902,307
Investment in associates		3,532,689
Investment properties		20,969,276
Interest receivable, derivative and other assets		9,608,309
Premises and equipment		327,701
Goodwill and other intangible assets		184,974
		794,482
		299,611
		487,043
<b>TOTAL ASSETS</b>		<b>39,445,574</b>
		40,071,167
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Deposits from banks		4,160,454
Borrowings under repurchase agreements		4,218,417
Customers' deposits		3,784,126
Term debts		24,266,823
Interest payable, derivative and other liabilities		25,182,585
Subordinated liabilities		525,000
		175,000
		1,614,508
		1,830,706
		10,091
		10,032
<b>TOTAL LIABILITIES</b>		<b>34,361,002</b>
		35,034,809
<b>EQUITY</b>		
Ordinary share capital		2,533,621
Reserves		2,412,972
Equity attributable to the owners of the Bank		1,516,431
Perpetual Tier 1 Capital Securities		1,588,668
Non-controlling interests		4,050,052
		4,001,640
		600,000
		600,000
		434,520
		434,718
<b>TOTAL EQUITY</b>		<b>5,084,572</b>
		5,036,358
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>39,445,574</b>
		40,071,167

**Meshal AbdulAziz Alothman**  
Chairman

**Mohammad J. Al-Marzooq**  
Deputy Chairman

**Adel A. El-Labban**  
Group Chief Executive Officer  
& Managing Director

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended 31 March 2021 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before tax and zakat	179,435	199,839
Adjustments for:		
Depreciation	8,344	9,392
Investment income and others	(44,773)	(58,178)
Provision for credit losses and others	30,851	32,463
Operating profit before changes in operating assets and liabilities	173,857	183,516
Changes in:		
Mandatory reserve deposits with central banks	(145,590)	53,680
Treasury bills and deposits with central banks	573,594	(20,451)
Deposits with banks	865,246	(455,093)
Loans and advances	(274,659)	(105,149)
Interest receivable, derivatives and other assets	96,312	(192,652)
Deposits from banks	(57,963)	662,229
Borrowings under repurchase agreements	166,057	702,191
Customers' deposits	(915,762)	(1,332,177)
Interest payables, derivatives and other liabilities	(38,342)	63,411
Cash from (used in) operations	442,750	(440,495)
Income tax and zakat paid	(10,085)	(11,018)
Net cash from (used in) operating activities	432,665	(451,513)
<b>INVESTING ACTIVITIES</b>		
Purchase of non-trading investments	(1,210,040)	(736,099)
Proceeds from sale or redemption of non-trading investments	1,467,389	745,211
Additional investment in subsidiary	(8,534)	-
Additional investment in an associate	(27,545)	-
Net decrease in investment properties	989	49,288
Net increase in premises and equipment	(8,301)	(4,125)
Net cash from investing activities	213,958	54,275
<b>FINANCING ACTIVITIES</b>		
Additional term debts	350,000	-
Repayment of subordinated liabilities	-	(17,997)
Dividends and other appropriations paid	-	(221,466)
Dividends paid to non-controlling interests	-	(4,142)
Net cash from (used in) financing activities	350,000	(243,605)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>996,623</b>	<b>(640,843)</b>
Net foreign exchange difference	633	(28,081)
Cash and cash equivalents at 1 January	2,976,999	3,132,123
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>3,974,255</b>	<b>2,463,199</b>
<i>Cash and cash equivalents comprise:</i>		
Cash and balances with central banks, excluding mandatory reserve deposits	969,273	577,546
Deposits with banks, central banks and treasury bills with an original maturity of three months or less	3,004,982	1,885,653
	<b>3,974,255</b>	<b>2,463,199</b>
<b>Additional cash flow information:</b>		
Interest received	349,619	435,747
Interest paid	139,876	238,456

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2021 (Reviewed)

<i>Attributable to the owners of the Bank</i>											
<b>Reserves</b>											
	<i>Ordinary share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Proposed appropriations</i>	<i>Other reserves (note 8)</i>	<i>Total reserves</i>	<i>Equity attributable to the owners</i>	<i>Perpetual Tier 1 Capital Securities</i>	<i>Non- controlling interests</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Balance at 1 January 2021	2,412,972	753,063	704,755	530,302	122,649	(522,101)	1,588,668	4,001,640	600,000	434,718	5,036,358
Donations	-	-	-	-	(2,000)	-	(2,000)	(2,000)	-	-	(2,000)
Bonus shares issued	120,649	-	-	(120,649)	-	-	(120,649)	-	-	-	-
Transfer from OCI reserve	-	-	-	1,355	-	-	1,355	1,355	-	-	1,355
Ordinary share dividend	-	-	-	-	(120,649)	-	(120,649)	(120,649)	-	-	(120,649)
Movement in associates	-	-	-	(2,114)	-	-	(2,114)	(2,114)	-	-	(2,114)
Movement in subsidiaries	-	-	-	(2,474)	-	-	(2,474)	(2,474)	-	(108)	(2,582)
Arising on additional acquisition in a subsidiaries	-	(548)	-	-	-	-	(548)	(548)	-	(11,455)	(12,003)
Total comprehensive income for the period	-	-	-	159,616	-	15,226	174,842	174,842	-	11,365	186,207
<b>Balance at 31 March 2021</b>	<b>2,533,621</b>	<b>752,515</b>	<b>704,755</b>	<b>566,036</b>	<b>-</b>	<b>(506,875)</b>	<b>1,516,431</b>	<b>4,050,052</b>	<b>600,000</b>	<b>434,520</b>	<b>5,084,572</b>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

# Ahli United Bank B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2021 (Reviewed)

<i>Attributable to the owners of the Bank</i>											
<i>Reserves</i>											
	<i>Ordinary share capital US\$ '000</i>	<i>Share premium US\$ '000</i>	<i>Statutory reserve US\$ '000</i>	<i>Retained earnings US\$ '000</i>	<i>Proposed appropriations US\$ '000</i>	<i>Other reserves (note 8) US\$ '000</i>	<i>Total reserves US\$ '000</i>	<i>Equity attributable to the owners US\$ '000</i>	<i>Perpetual Tier 1 Capital Securities US\$ '000</i>	<i>Non- controlling interests US\$ '000</i>	<i>Total US\$ '000</i>
Balance at 1 January 2020	2,193,611	766,230	659,531	611,207	439,722	(404,774)	2,071,916	4,265,527	600,000	496,002	5,361,529
Donations	-	-	-	-	(1,000)	-	(1,000)	(1,000)	-	-	(1,000)
Bonus shares issued	219,361	-	-	(219,361)	-	-	(219,361)	-	-	-	-
Ordinary share dividend	-	-	-	-	(438,722)	-	(438,722)	(438,722)	-	-	(438,722)
Loss on loan contract modification (note 2.5)	-	-	-	(104,903)	-	-	(104,903)	(104,903)	-	(9,506)	(114,409)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(4,142)	(4,142)
Movement in associates	-	-	-	(909)	-	-	(909)	(909)	-	-	(909)
Total comprehensive income (loss) for the period	-	-	-	171,414	-	(208,368)	(36,954)	(36,954)	-	1,162	(35,792)
Balance at 31 March 2020	2,412,972	766,230	659,531	457,448	-	(613,142)	1,270,067	3,683,039	600,000	483,516	4,766,555

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements



31 March 2021 (Reviewed)

## 1 CORPORATE INFORMATION

The parent company, Ahli United Bank B.S.C. ("AUB" or "the Bank") was incorporated in the Kingdom of Bahrain on 31 May 2000 originally as a closed company and changed on 12 July 2000 to a public shareholding company by Amiri Decree number 16/2000. The Bank and its subsidiaries (collectively known as "the Group") are engaged in retail, commercial, Islamic and investment banking business, global fund management and private banking services through branches in the Kingdom of Bahrain, the State of Kuwait, the Arab Republic of Egypt, Republic of Iraq, the United Kingdom and an overseas branch in Dubai International Financial Centre (DIFC). It also operates through its associates in Libya and in the Sultanate of Oman. The Bank operates under a retail banking license issued by the Central Bank of Bahrain ("CBB"). The Bank also engages in life insurance business through its subsidiary, Al Hilal Life B.S.C. (c). The Bank's registered office is located at Building 2495, Road 2832, Al Seef District 428, Kingdom of Bahrain.

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors dated 11 May 2021.

## 2 ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting', using the IFRS as modified by CBB framework. Hence, the framework used in the preparation of the interim condensed consolidated interim financial information of the Group is hereinafter referred to as 'IAS 34 as modified by CBB'.

The accounting policies used in the preparation of annual audited consolidated financial statements of the Group for the year ended 31 December 2020 were in accordance with IFRS as modified by CBB. However, except as indicated in note 2.2 below, all other accounting policies remain the same and have been consistently applied in these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements of the Group for comparative period ending 31 March 2020 have been prepared in accordance with applicable rules and regulations issued by the CBB on regulatory concessionary measures in response to COVID-19. These rules and regulations, in particular CBB circular OG/226/2020 dated 21 June 2020, require the adoption of all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), except for:

- (a) recognition of modification losses on financial assets arising from payment holidays provided to customers impacted by COVID-19 without charging additional interest, in equity instead of profit or loss as required by IFRS 9 Financial Instruments. Any other modification gain or loss on financial assets are recognised in accordance with the requirements of IFRS 9 Financial Instruments; and
- (b) recognition of financial assistance received from the government and/ or regulators in response to its COVID-19 support measures that meets the government grant requirement, in equity, instead of profit or loss. This will only be to the extent of any modification loss recorded in equity as a result of (a) above, and the balance amount to be recognized in profit or loss. Any other financial assistance is recognised in accordance with the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

The above framework forms the basis of preparation and presentation of the interim condensed consolidated financial statements of the Group and is hereinafter referred to as 'IFRS as modified by CBB'.

## 2 ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

The interim condensed consolidated financial statements of the Group do not contain all information and disclosures required for the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2020. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

### 2.2 New standards, interpretations and amendments effective for the period

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, except for adoption of new standards effective as of 1 January 2021. The adoption of the below new standards and amendments did not result in changes to previously reported net profit or equity of the Group.

- Interest Rate Benchmark Reform (Phase 2): Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no material impact on the interim condensed consolidated financial information of the Group.

The Group intends to use the practical expedients in future periods, if they become applicable.

Other amendments to IFRS which are effective for annual accounting period starting from 1 January 2021 did not have any material impact on the accounting policies, financial position or performance of the Group.

### 2.3 New standard issued but not yet effective

IFRS 17 Insurance Contracts is effective from 1 January 2023. The Group is currently evaluating the impact of this new standard. The Group intends to adopt this new standard on the effective date.

### 2.4 Estimates and judgments

COVID-19 pandemic has severely impacted various economies globally, causing disruption to business and economic activities and resulting in significant uncertainties in the operating environment. Global financial markets have also experienced enhanced levels of volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In preparing these interim condensed consolidated financial statements, significant judgments were made by the management in applying the Group's accounting policies. While the key performance metrics are subject to current economic volatility, these are considered to represent management's best assessment based on available or observable information.

The level of estimation uncertainty has increased as a result of the economic disruption and consequential impact of the COVID-19 pandemic.

31 March 2021 (Reviewed)

**2 ACCOUNTING POLICIES (continued)**

**2.4 Estimates and judgments (continued)**

The Group has updated inputs and assumptions used for the determination of ECL in response to uncertainties caused by COVID-19 and oil prices volatility. Under IFRS 9, financial assets are required to be moved from Stage 1 to Stage 2 if and only if they have been the subject of a significant increase in credit risk (SICR) since origination. A SICR occurs when there has been a significant increase to the risk of a default. The Group continues to assess borrowers for other indicators of unlikelihood to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of COVID-19 or non-temporary.

Considering that the situation is evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. This volatility has been reflected through adjustments in the established regression relationships. Management overlays are applied to the model outputs if consistent with the objective of SICR and to address the current market conditions. Furthermore, the Group continues to closely monitor the potential repayment risk impact of COVID-19 on affected industry sectors.

**2.5 Accounting for modification loss**

Based on a regulatory directive issued by the CBB and the Central Bank of Kuwait (the "CBK") as concessionary measures to mitigate the impact of COVID-19, the one-off modification losses amounting to US\$ 114.4 million arising from the 6-month payment holidays provided to financing customers without charging additional interest was recognized directly in the equity for the three-month period ended 31 March 2020. The modification loss was calculated as the difference between the net present value of the modified cash flows relating to financing exposures calculated using the original effective interest rate and the current carrying value of the financial assets on the date of modification.

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Reviewed)

### 3 EARNINGS PER ORDINARY SHARE

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>For basic and diluted earnings per share computation</b>		
Net profit attributable to the owners of the Bank	<b>159,616</b>	171,414
Weighted average ordinary shares outstanding during the period adjusted for bonus shares (in millions)	<b>10,134</b>	10,134
Basic and diluted earnings per ordinary share (US cents)	<b>1.6</b>	1.7
Issued and fully paid ordinary shares of US\$ 0.25 each (in millions)	<b>10,134.5</b>	9,651.9

### 4 CONTINGENT LIABILITIES

The Group had the following credit related contingent liabilities:

	<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Guarantees	<b>2,679,465</b>	2,710,332
Acceptances	<b>255,843</b>	244,546
Letters of credit	<b>673,565</b>	390,673
	<b>3,608,873</b>	3,345,551

### 5 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into four major business segments:

- Retail banking
- Corporate banking
- Treasury and investments
- Private banking

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate, which approximates the cost of funds.

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Reviewed)

### 5 SEGMENT INFORMATION (continued)

Segmental information for the period was as follows:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Treasury and investments</i>	<i>Private banking</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Three months ended 31 March 2021:</b>					
Net interest income	44,801	81,274	67,953	12,965	206,993
Fees and commissions - net	6,894	18,646	721	3,232	29,493
Trading, investment income and others	538	3,071	50,907	17	54,533
<b>OPERATING INCOME</b>	<b>52,233</b>	<b>102,991</b>	<b>119,581</b>	<b>16,214</b>	<b>291,019</b>
Provision (recoveries) for credit losses and others	2,666	28,738	(1,720)	1,167	30,851
<b>NET OPERATING INCOME</b>	<b>49,567</b>	<b>74,253</b>	<b>121,301</b>	<b>15,047</b>	<b>260,168</b>
Operating expenses	30,118	23,146	19,781	7,688	80,733
<b>PROFIT BEFORE TAX AND ZAKAT</b>	<b>19,449</b>	<b>51,107</b>	<b>101,520</b>	<b>7,359</b>	<b>179,435</b>
Tax expense and zakat					9,439
<b>NET PROFIT FOR THE PERIOD</b>					<b>169,996</b>
<b>Less: Attributable to non-controlling interests</b>					<b>10,380</b>
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>					<b>159,616</b>
Inter segment interest included in net interest income above	50,295	(48,963)	(8,124)	6,792	-
	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Treasury and investments</i>	<i>Private banking</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Three months ended 31 March 2020:</b>					
Net interest income	55,256	81,028	62,422	15,125	213,831
Fees and commissions - net	8,260	19,590	722	3,885	32,457
Trading, investment income and others	1,196	3,291	67,844	106	72,437
<b>OPERATING INCOME</b>	<b>64,712</b>	<b>103,909</b>	<b>130,988</b>	<b>19,116</b>	<b>318,725</b>
Provision (recoveries) for credit losses and others	1,806	29,162	1,358	137	32,463
<b>NET OPERATING INCOME</b>	<b>62,906</b>	<b>74,747</b>	<b>129,630</b>	<b>18,979</b>	<b>286,262</b>
Operating expenses	31,671	24,905	21,138	8,709	86,423
<b>PROFIT BEFORE TAX AND ZAKAT</b>	<b>31,235</b>	<b>49,842</b>	<b>108,492</b>	<b>10,270</b>	<b>199,839</b>
Tax expense and zakat					12,953
<b>NET PROFIT FOR THE PERIOD</b>					<b>186,886</b>
<b>Less: Attributable to non-controlling interests</b>					<b>15,472</b>
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>					<b>171,414</b>
Inter segment interest included in net interest income above	65,498	(93,283)	18,352	9,433	-

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

31 March 2021 (Reviewed)

**6 LOANS AND ADVANCES**

**a) Credit quality of loans and advances**

	<i>31 March 2021</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
High standard grade	12,425,603	903,031	-	13,328,634
Standard grade	5,605,716	2,459,283	-	8,064,999
Credit impaired	-	-	584,293	584,293
	<b>18,031,319</b>	<b>3,362,314</b>	<b>584,293</b>	<b>21,977,926</b>
Less: ECL allowances	<b>(146,339)</b>	<b>(364,659)</b>	<b>(497,652)</b>	<b>(1,008,650)</b>
	<b>17,884,980</b>	<b>2,997,655</b>	<b>86,641</b>	<b>20,969,276</b>

  

	<i>31 December 2020 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
High standard grade	12,250,904	839,791	-	13,090,695
Standard grade	5,669,036	2,396,008	-	8,065,044
Credit impaired	-	-	558,863	558,863
	17,919,940	3,235,799	558,863	21,714,602
Less: ECL allowances	(138,970)	(375,961)	(479,793)	(994,724)
	17,780,970	2,859,838	79,070	20,719,878

**b) Reconciliation of ECL allowances**

	<i>2021</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>At 1 January 2021</b>	<b>138,970</b>	<b>375,961</b>	<b>479,793</b>	<b>994,724</b>
Transfer from Stage 1	(3,711)	1,530	2,181	-
Transfer from Stage 2	139	(11,088)	10,949	-
Net remeasurement of ECL allowances (note 6c)	10,834	(1,794)	17,808	26,848
Amounts written-off	-	-	(13,773)	(13,773)
Exchange rate and other adjustments	107	50	694	851
<b>At 31 March 2021</b>	<b>146,339</b>	<b>364,659</b>	<b>497,652</b>	<b>1,008,650</b>

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

31 March 2021 (Reviewed)

**6 LOANS AND ADVANCES (continued)**

**b) Reconciliation of ECL allowances (continued)**

	2020			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 January 2020	100,805	312,454	356,505	769,764
Transfer from Stage 1	(3,072)	950	2,122	-
Transfer from Stage 2	-	(2,812)	2,812	-
Net remeasurement of ECL allowances (note 6c)	17,449	1,523	11,942	30,914
Amounts written-off	-	-	(3,017)	(3,017)
Exchange rate and other adjustments	(119)	(5,510)	(3,504)	(9,133)
At 31 March 2020	<u>115,063</u>	<u>306,605</u>	<u>366,860</u>	<u>788,528</u>

**c) Provision for credit losses and others**

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>2020</i>
	US\$ '000	US\$ '000
Net remeasurement of ECL on loans and advances (note 6 b)	<b>26,848</b>	30,914
Recoveries from loans and advances during the period (from fully provided loans written-off in previous years)	<b>(1,587)</b>	(7,335)
Net remeasurement of ECL for non-trading investments (note 7 b)	<b>(1,720)</b>	1,358
Net remeasurement of ECL on off-balance sheet exposures and others	<b>4,840</b>	31
Net other provision charges	<b>2,470</b>	7,495
	<u><b>30,851</b></u>	<u>32,463</u>

**7 NON-TRADING INVESTMENTS**

**a) Credit quality of non-trading investments**

	<i>31 March 2021</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
High standard grade	<b>5,631,820</b>	-	-	<b>5,631,820</b>
Standard grade	<b>3,283,160</b>	<b>52,520</b>	-	<b>3,335,680</b>
	<u><b>8,914,980</b></u>	<u><b>52,520</b></u>	<u>-</u>	<u><b>8,967,500</b></u>
Less: ECL allowances	<b>(19,872)</b>	<b>(5,220)</b>	-	<b>(25,092)</b>
	<u><b>8,895,108</b></u>	<u><b>47,300</b></u>	<u>-</u>	<u><b>8,942,408</b></u>
Equity instruments at fair value				<u><b>121,972</b></u>
				<u><u><b>9,064,380</b></u></u>
	<i>31 December 2020 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
High standard grade	6,508,714	-	-	6,508,714
Standard grade	2,904,951	95,060	-	3,000,011
	<u>9,413,665</u>	<u>95,060</u>	<u>-</u>	<u>9,508,725</u>
Less: ECL allowances	<b>(21,171)</b>	<b>(5,771)</b>	-	<b>(26,942)</b>
	<u>9,392,494</u>	<u>89,289</u>	<u>-</u>	<u>9,481,783</u>
Equity instruments at fair value				<u>126,526</u>
				<u><u><b>9,608,309</b></u></u>

Equity instruments held at fair value include investments amounting to US\$ 4.8 million (31 December 2020: US\$ 6.5 million) which are designated as FVTPL. Income from FVTPL equity investments for the period amounted to US\$ 0.2 million (31 March 2020: US\$ 22.0 million).

**7 NON-TRADING INVESTMENTS (continued)**

**b) Reconciliation of ECL allowances**

	<i>2021</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>At 1 January 2021</b>	<b>21,171</b>	<b>5,771</b>	<b>-</b>	<b>26,942</b>
Net remeasurement of ECL allowances (note 6c)	<b>(1,080)</b>	<b>(640)</b>	<b>-</b>	<b>(1,720)</b>
Exchange rate and other adjustments	<b>(219)</b>	<b>89</b>	<b>-</b>	<b>(130)</b>
<b>At 31 March 2021</b>	<b>19,872</b>	<b>5,220</b>	<b>-</b>	<b>25,092</b>
	<i>2020</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
At 1 January 2020	9,407	1,733	-	11,140
Transfer from Stage 1	(922)	922	-	-
Net remeasurement of ECL allowances (note 6c)	3,135	(1,777)	-	1,358
Exchange rate and other adjustments	(188)	75	-	(113)
At 31 March 2020	11,432	953	-	12,385



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Reviewed)

8 MOVEMENT IN OTHER RESERVES

	<i>Capital reserve</i>	<i>Property revaluation reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Cumulative changes in</i>			<i>Total other reserves</i>
				<i>OCI reserve</i>	<i>Cash flow hedge reserve</i>	<i>Pension fund reserve</i>	
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Balance at 1 January 2021	17,240	36,309	(473,924)	(2,548)	(53,739)	(45,439)	(522,101)
Currency translation adjustments	-	3	1,451	-	-	-	1,454
Transfers to consolidated statement of income	-	-	-	(2,934)	24	-	(2,910)
Net fair value movements	-	-	-	(5,559)	16,800	-	11,241
Transfers to retained earnings	-	-	-	(1,355)	-	-	(1,355)
Fair value movements and others	-	-	-	-	-	6,796	6,796
<b>Balance at 31 March 2021</b>	<b>17,240</b>	<b>36,312</b>	<b>(472,473)</b>	<b>(12,396)</b>	<b>(36,915)</b>	<b>(38,643)</b>	<b>(506,875)</b>

	<i>Capital reserve</i>	<i>Property revaluation reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Cumulative changes in</i>			<i>Total other reserves</i>
				<i>OCI reserve</i>	<i>Cash flow hedge reserve</i>	<i>Pension fund reserve</i>	
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Balance at 1 January 2020	17,240	35,395	(402,456)	21,331	(37,137)	(39,147)	(404,774)
Currency translation adjustments	-	(10)	(92,989)	-	-	-	(92,999)
Transfers to consolidated statement of income	-	-	-	1,977	(33)	-	1,944
Net fair value movements	-	-	-	(88,786)	(28,129)	-	(116,915)
Fair value movements and others	-	-	-	-	-	(398)	(398)
<b>Balance at 31 March 2020</b>	<b>17,240</b>	<b>35,385</b>	<b>(495,445)</b>	<b>(65,478)</b>	<b>(65,299)</b>	<b>(39,545)</b>	<b>(613,142)</b>

31 March 2021 (Reviewed)

**9 FAIR VALUE MEASUREMENT**

The fair value of financial assets and financial liabilities, with the exception of non-trading investments that are carried at amortised cost, approximate their carrying values. The fair value of the non-trading investments held at amortised cost was US\$ 7,437.2 million as at 31 March 2021 (31 December 2020: US\$ 8,209.5 million). Carrying value of these non-trading investments was US\$ 7,335.2 million as at 31 March 2021 (31 December 2020: US\$ 8,198.3 million).

The Group's primary medium and long-term financial liabilities are the subordinated liabilities. The fair values of these financial liabilities are not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	<i>31 March 2021</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Equity instruments at fair value	<b>184</b>	<b>83,310</b>	<b>38,478</b>	<b>121,972</b>
Debt instruments (FVTOCI)	<b>1,496,445</b>	<b>110,793</b>	-	<b>1,607,238</b>
Derivative assets	-	<b>110,396</b>	-	<b>110,396</b>
Derivative liabilities	-	<b>602,197</b>	-	<b>602,197</b>

	<i>31 December 2020 (Audited)</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Equity instruments at fair value	176	87,911	38,439	126,526
Debt instruments (FVTOCI)	1,181,645	101,817	-	1,283,462
Derivative assets	-	166,662	-	166,662
Derivative liabilities	-	1,014,416	-	1,014,416

During the three months ended 31 March 2021 and 2020, there have been no transfers between Level 1, 2 and 3.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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**10 RELATED PARTY TRANSACTIONS**

The Group enters into transactions with major shareholders, associates, directors, senior management and companies which are controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business at arm's length. All the loans and advances to related parties are performing and are subject to ECL assessments.

The income, expense and the period end balances in respect of related parties included in the consolidated financial statements were as follows:

	<b>2021</b>					<b>Total</b> <b>US\$ '000</b>
	<b>Major</b> <b>shareholders</b> <b>US\$ '000</b>	<b>Associates</b> <b>US\$ '000</b>	<b>Non- Executive</b> <b>Directors</b> <b>US\$ '000</b>	<b>Senior management</b>		
				<b>Management</b> <b>Directors</b> <b>US\$ '000</b>	<b>Others</b> <b>US\$ '000</b>	
<b>For the three months ended</b>						
<b>31 March 2021</b>						
Interest income	-	41	1,477	7	-	1,525
Interest expense	5,181	-	131	21	1	5,334
Fees and commissions	272	314	46	2	-	634
Short term employee benefits	-	-	-	3,353	964	4,317
End of service benefits	-	-	-	462	56	518
Directors' fees and related expenses	-	-	248	-	-	248
<b>As of 31 March 2021</b>						
Deposits with banks	-	24,443	-	-	-	24,443
Loans and advances	-	-	153,789	628	40	154,457
Derivative assets	-	6,308	3	-	-	6,311
Deposits from banks	-	31,515	-	-	-	31,515
Customers' deposits	1,996,255	-	61,170	9,459	849	2,067,733
Subordinated liabilities	10,091	-	-	-	-	10,091
Commitments and contingent liabilities	-	56,451	83,813	-	-	140,264
<b>2020</b>						
	<b>Major</b> <b>shareholders</b> <b>US\$ '000</b>	<b>Associates</b> <b>US\$ '000</b>	<b>Non- Executive</b> <b>Directors</b> <b>US\$ '000</b>	<b>Senior management</b>		<b>Total</b> <b>US\$ '000</b>
				<b>Management</b> <b>Directors</b> <b>US\$ '000</b>	<b>Others</b> <b>US\$ '000</b>	
<b>For the three months ended</b>						
<b>31 March 2020</b>						
Interest income	-	60	1,847	23	2	1,932
Interest expense	36,366	212	174	19	5	36,776
Fees and commissions	264	169	143	1	-	577
Short term employee benefits	-	-	-	3,394	677	4,071
End of service benefits	-	-	-	703	45	748
Directors' fees and related expenses	-	-	570	-	-	570
<b>As of 31 December 2020</b>						
Deposits with banks	-	15,570	-	-	-	15,570
Loans and advances	-	-	144,053	379	-	144,432
Derivatives assets	-	8,853	-	-	-	8,853
Deposits from banks	-	17,086	-	-	-	17,086
Customers' deposits	3,728,982	-	30,405	8,715	396	3,768,498
Subordinated liabilities	10,032	-	-	-	-	10,032
Commitments and contingent liabilities	-	7,436	84,461	-	-	91,897

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Reviewed)

### 11 NET STABLE FUNDING RATIO (NSFR)

The NSFR ratio is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. However, as per CBB circular OG/431/2020 dated 29 December 2020, the limit is reduced to 80% until 31 December 2021, to contain the financial repercussions of COVID-19. The Group's consolidated NSFR ratio as of 31 March 2021 is 115.9% (31 December 2020: 117.0%).

	<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<u>Available Stable Funding:</u>		
Regulatory capital	5,596,411	5,539,056
Retail and SME deposits	6,775,964	6,381,437
Wholesale funding	12,135,017	12,707,451
Others	534,664	480,576
<b>Total Available Stable Funding (A)</b>	<b>25,042,056</b>	<b>25,108,520</b>
<u>Required Stable Funding :</u>		
High-Quality Liquid Assets (HQLA)	1,576,183	1,798,935
Performing loans	13,843,644	13,552,637
Securities (other than HQLA)	2,922,267	2,734,716
Derivative contracts and margins	390,559	587,712
Others	2,458,498	2,405,618
Off-balance sheet items	409,897	388,174
<b>Total Required Stable Funding (B)</b>	<b>21,601,048</b>	<b>21,467,792</b>
<b>NSFR (%) (A/B)</b>	<b>115.9%</b>	<b>117.0%</b>

### 12 TRANSACTION WITH KUWAIT FINANCE HOUSE K.S.C.P. (KFH)

The shareholders of Kuwait Finance House K.S.C.P (KFH) in its AGM/EGM held on 20 January 2020 approved the pursuit of the acquisition of Ahli United Bank B.S.C. ("AUB"/"Bank") through a firm voluntary conditional offer to acquire 100% of the issued and paid up shares of the Bank by way of a share swap at the exchange ratio of 2.325581 AUB shares for each KFH share following approval by the Bank's Board of Directors on 12 September 2019. The KFH approval was conditional on securing a minimum 85% acceptance rate for its tender offer and the proposed acquisition remains subject to conditions precedent and all relevant regulatory and shareholder approvals.

However, subsequently the proposed acquisition procedures were suspended until December 2020 due to the prevailing unprecedented circumstances relating to the Covid-19 pandemic. During December 2020, the AUB Board of Directors, in consultation with KFH Board of Directors, and subject to necessary regulatory approvals, has agreed to extend the suspension period for the resumption of the acquisition of AUB by KFH until completion of KFH's updated assessment to be conducted by the international advisor appointed by KFH in this respect.

AHLI UNITED BANK B.S.C.  
SUPPLEMENTARY FINANCIAL INFORMATION

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At 31 March 2021

**(The attached financial information do not form part of the  
interim condensed consolidated financial statements)**

**Ahli United Bank B.S.C.**

**Q1/2021 Supplementary Public Disclosure- Financial Impact of COVID-19**

As part of the objective to maintain enhanced transparency amidst the current implications of Coronavirus (COVID-19) and pursuant to the Central Bank of Bahrain instructions, the AUB Group herein provides additional supplementary information pertaining to the financial impact of COVID-19 on its interim condensed consolidated financial statements for Q1/2021.

The COVID-19 pandemic continues to severely impact the global economy, causing wide spread disruption to business and economic activities resulting in significant uncertainties in the operating environment. The current quarter has also seen resurgence of Covid-19 virus variants and the resultant health situation impacting the business sentiment and the related global financial markets which are still subject to volatility given the evolving developments and uncertainty offset by the levels of progress achieved in the roll-out of vaccination programs. Various governments and central banks have responded with monetary and fiscal interventions to stabilize economic and market conditions

The Central Bank of Bahrain (CBB) issued a circular on 29 December 2020, directing banks to offer customers additional six months' installments deferment options (up to 30 June 2021) with interest charge. In addition, the Central Bank of Bahrain extended certain relief measures to combat the effects of COVID-19 up to 31 December 2021. These measures included the following:

- Reduction of the cash reserve ratio from 5% to 3% by the CBB;
- Reduction of liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) from 100% to 80%;
- SMEs risk weight reduced from 75% to 25%;
- Cap on merchant fees imposed by local acquirers, cooling off period for transferring exposures from stage 3 to stage 2, relaxation concerning the days past due for ECL staging criteria from stage 1 to stage 2 of 74 days, and relaxation requirement on LTV ratio for residential mortgages.

The table below summarizes the overall financial impact of the above for Q1/2021:

**Overall Impact on Q1/2021 Consolidated Financial Statements**

	Net Impact (In US\$ millions)		
	Consolidated Statement of Income	Consolidated Balance Sheet (Assets)	Group's Equity attributable to Owners
Reduction in Cash Reserve with CBB	-	72.2	-

**Other COVID-19 Impacts:**

In response to the ongoing COVID 19 pandemic related trajectory and projected market impact, regulators sustained the very low-key benchmark interest rates following the rate cuts by the US Federal Reserve beginning H2/2019 and in Q1/2020. This impacted AUB's key operating markets which together with the weak business environment resulted in a lower Net Interest Income by US\$ 6.8 million (-3.2%), reducing the overall AUB Group NPAT for Q1/2021.

Fees and Commissions decreased by US\$ 3.0 million (-9.1%) consequent to the overall subdued economic activity levels.

The AUB Group assessed its Stage 1 and Stage 2 ECL gross provisions on performing loans and advances as a pre-cautionary measure in accordance with IFRS-9 taking into consideration the direction of macro-economic variables and level of assessed management overlays to cover any inherent Significant Increase in Credit Risk (SICR) in specific sectors and in the overall portfolio given the uncertain and evolving impact of the COVID-19 pandemic. Accordingly, gross ECL provisions on Stage 1 and Stage 2 amounting US\$ 9.0 million were taken while Stage 3 loans and advances required ECL provisions of US\$ 17.8 million during Q1/2021.

As a result, AUB Group reported a net profit attributable to its equity shareholders of US\$ 159.6 million for Q1/2021, representing a decrease of 6.9%, as compared to US\$ 171.4 million achieved in Q1/2020, which primarily represented result of operations in the pre-Covid pandemic era.

The AUB Group continued to make donations in various jurisdictions in which the Group operates to support humanitarian and relief efforts in the wake of COVID-19 pandemic and in Q1/2021 donation amounting to US\$ 1.0 million were made.

The AUB Group continues to comply with respective governmental guidelines and regulations to ensure health and safety of the AUB customers and staff during the COVID-19 pandemic period. The Group has also invested in its operational and technical capabilities to provide easy continuous access to its clients to securely conduct their business needs on a remote basis as well as to enhance the ability and training of its staff to handle their responsibilities from remote locations in a controlled manner as required by pandemic conditions.

The above supplementary information should not be relied upon for any other purposes. Since the COVID-19 situation is uncertain and its consequences are still evolving, its impact on the financial results of the bank is presented as assessed on the date of preparation of this information. Circumstances may change which may result in this information becoming out of date or requiring appropriate modification. It is also important to note that this information has not been subject to review by the external auditors and does not form part of the consolidated financial statements for Q1/2021.