

Ahli United Bank B.S.C.

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

31 March 2021

APPENDIX I - REGULATORY CAPITAL DISCLOSURES

PD 1 : Capital Composition Disclosure Template

	<i>US\$ '000</i>	
	<i>PIR as on 31 March 2021</i>	<i>Reference</i>
Basel III Common disclosure template		
Common Equity Tier 1 capital: instruments and Reserves		
Directly issued qualifying common share capital plus related stock surplus	2,533,593	A1-A2-A3
Retained earnings	649,914	B1+B2+B3
Accumulated other comprehensive income (and other reserves)	1,073,699	C1+C2+C3+C4+ C5 +C6 +C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	301,181	D
Common Equity Tier 1 capital before regulatory adjustments	4,558,387	
Common Equity Tier 1 capital: regulatory adjustments		
Goodwill (net of related tax liability)	431,145	E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	95,076	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	(36,915)	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)	14,673	
Total regulatory adjustments to Common equity Tier 1	503,979	
Common Equity Tier 1 capital (CET1)	4,054,408	
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)	162,892	J
Additional Tier 1 capital before regulatory adjustments	562,892	
Total regulatory adjustments to Additional Tier 1 capital	-	
Additional Tier 1 capital (AT1)	562,892	
Tier 1 capital (T1 = CET1 + AT1)	4,617,300	
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	1,009	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)	74,393	L
Expected Credit Losses & Reserves	399,730	M1+M2
Tier 2 capital before regulatory adjustments	475,132	
Total regulatory adjustments to Tier 2 capital	-	
Tier 2 capital (T2)	475,132	
Total capital (TC = T1 + T2)	5,092,432	
Total risk weighted assets	31,638,787	
Capital ratios		
Common Equity Tier 1 (as a percentage of risk weighted assets)	12.8%	
Tier 1 (as a percentage of risk weighted assets)	14.6%	
Total capital (as a percentage of risk weighted assets)	16.1%	
Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement expressed as a percentage of risk weighted assets)	9.0%	
<i>of which: Capital Conservation Buffer requirement</i>	2.5%	
<i>of which: bank specific countercyclical buffer requirement (N/A)</i>	NA	
<i>of which: G-SIB buffer requirement (N/A)</i>	NA	
National minima (if different from Basel 3)		
CBB Common Equity Tier 1 minimum ratio (including buffers)	9.0 %	
CBB Tier 1 minimum ratio (including buffers)	10.5%	
CBB total capital minimum ratio (including buffers)	12.5%	
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	149,683	
Significant investments in the common stock of financial entities	327,934	
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)	538,448	N
Cap on inclusion of Expected Credit Losses in Tier 2 under standardized approach	363,418	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	39,445,574
ECL - Stages 1 and 2	538,448
Balance sheet as in Regulatory Return	39,984,022

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	1,731,135	1,731,135	
Financial assets at fair value through Profit & Loss		4,766	
Treasury bills and deposits with central banks	2,684,665	2,684,665	
Deposits with banks	2,902,307	2,904,509	
Loans and advances	20,969,276	21,480,274	
<i>of which employee stock incentive program</i>		28	A2
Non-trading investments	9,064,380	9,084,706	
Investment properties	184,974	184,974	
Interest receivable and other assets	794,482	794,638	
<i>of which deferred tax assets</i>		54	G1
<i>of which MSP</i>		-	A3
Investments in associates	327,701	327,701	
Goodwill and intangible assets	487,043	487,043	
<i>of which Goodwill</i>		431,145	E
<i>of which other intangibles (excluding MSRs)</i>		55,898	F1
Premises and equipment	299,611	299,611	
<i>of which software</i>		39,178	F2
TOTAL ASSETS	39,445,574	39,984,022	
<i>Liabilities</i>			
Deposits from banks	4,160,454	4,160,454	
Customers' deposits	24,266,823	24,266,823	
Borrowings under repurchase agreements	3,784,126	3,784,126	
Term Borrowings	525,000	525,000	
Interest payable and other liabilities	1,614,508	1,614,508	
<i>of which deferred tax liabilities</i>		4,177	G2
Subordinated liabilities	10,091	10,091	
<i>of which amount eligible for Tier 2</i>		1,009	K
<i>of which amount ineligible</i>		9,082	
TOTAL LIABILITIES	34,361,002	34,361,002	
<i>Equity</i>			
Paid-in share capital	2,533,621	2,533,621	
<i>of which form part of Common Equity Tier 1</i>		2,533,621	
Ordinary Share Capital		2,533,621	A1
Treasury Shares		-	
Perpetual Tier 1 Capital Securities - AUB Bahrain	400,000	400,000	I
Reserves	1,516,431	1,516,431	
<i>of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward		406,420	B1
Net profit for the current period		159,616	C1
Share premium		752,515	C2
Legal reserve		704,755	C3
Others		(21,403)	C4
FX translation adjustment		(472,473)	C5
Cumulative fair value changes on FVOCI investments		(12,396)	C6
Fair value changes of cash flow hedges		(36,915)	C7
<i>of which form part of Tier 2</i>			
Fixed assets revaluation reserves		36,312	M1
CBB modification loss (part of CET1)		98,449	B2
Perpetual Tier 1 Capital Securities - AUB Kuwait	200,000		
Non - controlling interest	434,520	634,520	
<i>of which amount eligible for Common Equity Tier 1</i>		301,181	D
<i>of which amount eligible for Additional Tier 1</i>		162,892	J
<i>of which amount eligible for Tier 2</i>		74,393	L
<i>of which amount ineligible</i>		96,054	
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		538,448	N
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		363,418	M2
<i>of which amount included in CET1 as per CBB</i>		145,045	B3
<i>of which amount ineligible</i>		29,985	
TOTAL EQUITY	5,084,572	5,623,020	

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	\$2533.6 mn	\$400.0 mn	\$127.1 mn	\$0.5 mn	\$0.5 mn
9	Par value of instrument (USD)	\$0.25	\$1000 subject to minimum of \$200,000	\$1000 subject to minimum of \$200,000	\$5.0 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	24-Jul-2025	24-Jul-2025
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	5 years and 1 day notice period	5 years and 1 day notice period
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]	4,617,300
Total Exposure [B]	42,241,498
Leverage Ratio ([A] / [B])	<u>10.9%</u>