

**AHLI UNITED BANK B.S.C.**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2022**

## **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 2022, comprising of the interim condensed consolidated balance sheet as at 31 March 2022 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"). 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.



11 May 2022  
Manama, Kingdom of Bahrain

# AHLI UNITED BANK B.S.C.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Three months ended 31 March 2022 (Reviewed)

	<i>Note</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2022</i>	<i>2021</i>
		<i>USD'000</i>	<i>USD'000</i>
Interest income		<b>340,978</b>	326,177
Interest expense		<b>128,887</b>	119,184
Net interest income		<b>212,091</b>	206,993
Fees and commissions - net		<b>27,435</b>	29,493
Trading income		<b>10,124</b>	8,524
Investment and other income		<b>61,001</b>	46,009
Fees and other income		<b>98,560</b>	84,026
<b>OPERATING INCOME</b>		<b>310,651</b>	291,019
Provision for credit losses and others	6c	<b>33,583</b>	30,851
<b>NET OPERATING INCOME</b>		<b>277,068</b>	260,168
Staff costs		<b>45,829</b>	42,554
Depreciation		<b>8,797</b>	8,344
Other operating expenses		<b>32,540</b>	29,835
<b>OPERATING EXPENSES</b>		<b>87,166</b>	80,733
<b>PROFIT BEFORE TAX AND ZAKAT</b>		<b>189,902</b>	179,435
Tax expense and zakat		<b>7,917</b>	9,439
<b>NET PROFIT FOR THE PERIOD</b>		<b>181,985</b>	169,996
Net profit attributable to non-controlling interests		<b>11,048</b>	10,380
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>		<b>170,937</b>	159,616
<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>1.7</b>	1.6

**Meshal AbdulAziz Alothman**  
Chairman

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

**Adel A. El-Labban**  
Group Chief Executive Officer

**AHLI UNITED BANK B.S.C.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Three months ended 31 March 2022 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>USD'000</i>	<i>USD'000</i>
<b>Net profit for the period</b>	<b>181,985</b>	169,996
<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>4,806</b>	6,094
Net change in pension fund reserve	<b>(1,574)</b>	6,796
<b>Items that may be reclassified subsequently to consolidated statement of income</b>		
Foreign currency translation adjustments	<b>(105,205)</b>	2,566
Net change in fair value of debt instruments held as fair value through OCI	<b>(27,727)</b>	(13,097)
Transfers to consolidated statement of income arising on sale of debt instruments	<b>(800)</b>	(2,972)
Net change in fair value of cash flow hedges	<b>19,036</b>	16,824
<b>Other comprehensive (loss) income for the period</b>	<b>(111,464)</b>	16,211
<b>Total comprehensive income for the period</b>	<b>70,521</b>	186,207
Total comprehensive income attributable to non-controlling interests	<b>4,912</b>	11,365
<b>Total comprehensive income attributable to the owners of the Bank</b>	<b>65,609</b>	174,842

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

# AHLI UNITED BANK B.S.C.

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

31 March 2022 (Reviewed)

		<i>(Reviewed)</i> <b>31 March</b> <b>2022</b>	<i>(Audited)</i> <b>31 December</b> <b>2021</b>
	<i>Note</i>	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>ASSETS</b>			
Cash and balances with central banks		<b>1,970,888</b>	1,819,841
Treasury bills and deposits with central banks		<b>1,520,191</b>	1,731,698
Deposits with banks		<b>4,002,376</b>	4,116,647
Loans and advances	6	<b>22,219,774</b>	22,075,148
Non-trading investments	7	<b>9,607,030</b>	9,923,294
Investment in associates		<b>336,716</b>	343,076
Investment properties		<b>188,301</b>	188,648
Interest receivable, derivative and other assets		<b>1,005,397</b>	916,200
Premises and equipment		<b>310,209</b>	311,929
Goodwill and other intangible assets		<b>473,910</b>	486,889
<b>TOTAL ASSETS</b>		<b>41,634,792</b>	41,913,370
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits from banks		<b>4,732,348</b>	4,638,973
Borrowings under repurchase agreements		<b>4,658,399</b>	3,775,499
Customers' deposits		<b>24,169,010</b>	25,203,941
Term borrowings		<b>1,060,222</b>	1,088,822
Interest payable, derivative and other liabilities		<b>1,018,509</b>	1,278,187
Subordinated liabilities		<b>9,844</b>	9,983
<b>TOTAL LIABILITIES</b>		<b>35,648,332</b>	35,995,405
<b>EQUITY</b>			
Ordinary share capital		<b>2,533,621</b>	2,533,621
Reserves		<b>1,999,588</b>	1,936,083
Equity attributable to the owners of the Bank		<b>4,533,209</b>	4,469,704
Perpetual Tier 1 Capital Securities		<b>1,000,000</b>	1,000,000
Non-controlling interests		<b>453,251</b>	448,261
<b>TOTAL EQUITY</b>		<b>5,986,460</b>	5,917,965
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>41,634,792</b>	41,913,370

**Meshal AbdulAziz Alothman**  
Chairman

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

**Adel A. El-Labban**  
Group Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended 31 March 2022 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before tax and zakat	189,902	179,435
Adjustments for:		
Depreciation	8,797	8,344
Investment and other income	(24,805)	(35,844)
Provision for credit losses and others	33,583	30,851
Share of profit from associates	(8,755)	(8,929)
Operating profit before changes in operating assets and liabilities	198,722	173,857
Changes in:		
Mandatory reserve deposits with central banks	88,936	(145,590)
Treasury bills and deposits with central banks	(195,456)	573,594
Deposits with banks	1,146,269	865,246
Loans and advances	(163,339)	(274,659)
Interest receivable, derivatives and other assets	(58,188)	96,312
Deposits from banks	93,375	(57,963)
Borrowings under repurchase agreements	882,900	166,057
Customers' deposits	(1,034,931)	(915,762)
Interest payables, derivatives and other liabilities	117,906	(38,342)
Net cash flows generated from operations	1,076,194	442,750
Income tax and zakat paid	(10,655)	(10,085)
Net cash flows generated from operating activities	1,065,539	432,665
<b>INVESTING ACTIVITIES</b>		
Purchase of non-trading investments	(780,417)	(1,210,040)
Proceeds from sale or redemption of non-trading investments	542,138	1,467,389
Additional investment in subsidiary	-	(8,534)
Additional investment in an associate	-	(27,545)
Net decrease in investment properties	-	989
Net increase in premises and equipment	(3,604)	(8,301)
Net cash flows (used in) / from generated from investing activities	(241,883)	213,958
<b>FINANCING ACTIVITIES</b>		
Additional term debts	-	350,000
Net cash flows generated from financing activities	-	350,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>823,656</b>	<b>996,623</b>
Net foreign exchange difference	(18,520)	633
Cash and cash equivalents at 1 January	2,609,526	2,976,999
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>3,414,662</b>	<b>3,974,255</b>
<i>Cash and cash equivalents comprise:</i>		
Cash and balances with central banks, excluding mandatory reserve deposits	839,482	969,273
Deposits with banks, central banks and treasury bills with an original maturity of three months or less	2,575,180	3,004,982
	<b>3,414,662</b>	<b>3,974,255</b>
<b>Additional cash flow information:</b>		
Interest received	378,205	349,619
Interest paid	164,059	139,876

Ahli United Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2022 (Reviewed)

	<i>Attributable to the owners of the Bank</i>										
	<i>Reserves</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>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>US\$ '000</i>					
<b>Balance at 1 January 2022</b>	2,533,621	752,538	765,479	600,122	306,034	(488,090)	1,936,083	4,469,704	1,000,000	448,261	5,917,965
Movement in associates	-	-	-	(2,116)	-	-	(2,116)	(2,116)	-	-	(2,116)
Movement in subsidiaries	-	12	-	-	-	-	12	12	-	78	90
Total comprehensive income for the period	-	-	-	170,937	-	(105,328)	65,609	65,609	-	4,912	70,521
<b>Balance at 31 March 2022</b>	<b>2,533,621</b>	<b>752,550</b>	<b>765,479</b>	<b>768,943</b>	<b>306,034</b>	<b>(593,418)</b>	<b>1,999,588</b>	<b>4,533,209</b>	<b>1,000,000</b>	<b>453,251</b>	<b>5,986,460</b>

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements

# Ahli United Bank B.S.C.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2022 (Reviewed)

	<i>Attributable to the owners of the Bank</i>										
	<i>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>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>				
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
Balance at 31 March 2021	2,533,621	752,515	704,755	566,036	-	(506,875)	1,516,431	4,050,052	600,000	434,520	5,084,572

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements



31 March 2022 (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 months period ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors dated 11 May 2022.

### 2 ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Bank and the Group are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

The consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with IFRS modified by CBB as the comparative information included in the 31 December 2021 consolidated financial statements were reported in accordance with the IFRS modified by CBB. The transition from "IFRS modified by CBB" to IAS 34 and IFRS as issued by IASB has not resulted in any material changes to the previously reported numbers in the consolidated financial statements for the year ended 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 2021, except as noted in note 2.1 and adoption of new standards effective as of 1 January 2022. The adoption of below new standards and amendments did not result in changes to previously reported net profit or equity of the Group.

##### *- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. These amendments had no material impact on the interim condensed financial statements of the Bank as there were no significant modifications of the Bank's financial instruments during the period.

Other amendments to IFRS which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

31 March 2022 (Reviewed)

## 2 ACCOUNTING POLICIES (continued)

### 2.3 New standard issued but not yet effective

#### *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group intends to adopt this standard on the effective date.

### 2.4 Estimates and judgments

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.

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 uncertainties if any in SICR assessment arising from CBB-mandated deferrals. Furthermore, the Group continues to closely monitor the potential repayment risk impact of COVID-19 on affected industry sectors.

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2022 (Reviewed)

### 3 EARNINGS PER ORDINARY SHARE

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</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>170,937</b>	159,616
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>1.7</b>	1.6
Issued and fully paid ordinary shares of US\$ 0.25 each (in millions)	<b>10,134.5</b>	10,134.5

### 4 CONTINGENT LIABILITIES

The Group had the following credit related contingent liabilities:

	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Guarantees	<b>2,683,097</b>	2,727,426
Acceptances	<b>443,264</b>	431,573
Letters of credit	<b>833,790</b>	730,247
	<b>3,960,151</b>	3,889,246

### 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 2022 (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>
<i>Three months ended 31 March 2022:</i>					
Net interest income	44,209	80,913	75,481	11,488	212,091
Fees and commissions - net	6,832	16,020	1,233	3,350	27,435
Trading, investment income and others	804	4,151	66,108	62	71,125
<b>OPERATING INCOME</b>	<b>51,845</b>	<b>101,084</b>	<b>142,822</b>	<b>14,900</b>	<b>310,651</b>
Provision (recoveries) for credit losses and others	(3,523)	8,626	26,710	1,770	33,583
<b>NET OPERATING INCOME</b>	<b>55,368</b>	<b>92,458</b>	<b>116,112</b>	<b>13,130</b>	<b>277,068</b>
Operating expenses	31,186	25,506	22,548	7,926	87,166
<b>PROFIT BEFORE TAX AND ZAKAT</b>	<b>24,182</b>	<b>66,952</b>	<b>93,564</b>	<b>5,204</b>	<b>189,902</b>
Tax expense and zakat					7,917
<b>NET PROFIT FOR THE PERIOD</b>					<b>181,985</b>
<b>Less: Attributable to non-controlling interests</b>					<b>11,048</b>
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>					<b>170,937</b>
<b>Inter segment interest included in net interest income above</b>	<b>29,584</b>	<b>(36,009)</b>	<b>1,039</b>	<b>5,386</b>	<b>-</b>
	<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>
<i>Three months ended 31 March 2021:</i>					
Net interest income	47,205	78,870	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>54,637</b>	<b>100,587</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>51,971</b>	<b>71,849</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>21,853</b>	<b>48,703</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>
<b>Inter segment interest included in net interest income above</b>	<b>32,108</b>	<b>(30,776)</b>	<b>(8,124)</b>	<b>6,792</b>	<b>-</b>

**AHLI UNITED BANK B.S.C.**
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2022 (Reviewed)

**6 LOANS AND ADVANCES**
**a) Credit quality of loans and advances**

	<i>31 March 2022 (Reviewed)</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	13,278,513	656,105	-	13,934,618
Standard grade	6,440,414	2,270,806	-	8,711,220
Credit impaired	-	-	566,003	566,003
	<b>19,718,927</b>	<b>2,926,911</b>	<b>566,003</b>	<b>23,211,841</b>
Less: ECL allowances	(191,865)	(341,044)	(459,158)	(992,067)
	<b>19,527,062</b>	<b>2,585,867</b>	<b>106,845</b>	<b>22,219,774</b>
	<i>31 December 2021 (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	13,026,377	596,906	-	13,623,283
Standard grade	6,562,685	2,296,880	-	8,859,565
Credit impaired	-	-	558,530	558,530
	19,589,062	2,893,786	558,530	23,041,378
Less: ECL allowances	(171,528)	(330,668)	(464,034)	(966,230)
	<b>19,417,534</b>	<b>2,563,118</b>	<b>94,496</b>	<b>22,075,148</b>

**b) Reconciliation of ECL allowances**

	<i>2022</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 2022</b>	<b>171,528</b>	<b>330,668</b>	<b>464,034</b>	<b>966,230</b>
Transfer from Stage 1	(2,462)	858	1,604	-
Transfer from Stage 2	86	(1,179)	1,093	-
Transfer from Stage 3	-	157	(157)	-
Net remeasurement of ECL allowances (note 6c)	24,993	16,193	1,171	42,357
Amounts written-off	-	-	(4,055)	(4,055)
Exchange rate and other adjustments	(2,280)	(5,653)	(4,532)	(12,465)
<b>At 31 March 2022</b>	<b>191,865</b>	<b>341,044</b>	<b>459,158</b>	<b>992,067</b>

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2022 (Reviewed)

### 6 LOANS AND ADVANCES (continued)

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

	<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>
At 1 January 2021	138,970	375,961	479,793	994,724
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
At 31 March 2021	<u>146,339</u>	<u>364,659</u>	<u>497,652</u>	<u>1,008,650</u>

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Net remeasurement of ECL on loans and advances (note 6 b)	<b>42,357</b>	26,848
Recoveries from loans and advances during the period (from fully provided loans written-off in previous years)	<b>(23,644)</b>	(1,587)
Net remeasurement of ECL for non-trading investments (note 7 b)	<b>26,710</b>	(1,720)
Net remeasurement of ECL on off-balance sheet exposures and others	<b>169</b>	4,840
Net other provision (write-back) / charges	<b>(12,009)</b>	2,470
	<u><b>33,583</b></u>	<u>30,851</u>

### 7 NON-TRADING INVESTMENTS

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

	<i>31 March 2022 (Reviewed)</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	<b>5,621,780</b>	<b>4,838</b>	-	<b>5,626,618</b>
Standard grade	<b>3,743,429</b>	<b>173,235</b>	-	<b>3,916,664</b>
	<b>9,365,209</b>	<b>178,073</b>	-	<b>9,543,282</b>
Less: ECL allowances	<b>(21,141)</b>	<b>(31,731)</b>	-	<b>(52,872)</b>
	<b>9,344,068</b>	<b>146,342</b>	-	<b>9,490,410</b>
Equity instruments at fair value				<b>116,620</b>
				<u><b>9,607,030</b></u>
	<i>31 December 2021 (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	5,958,028	5,036	-	5,963,064
Standard grade	3,818,558	55,610	-	3,874,168
	9,776,586	60,646	-	9,837,232
Less: ECL allowances	(23,273)	(2,990)	-	(26,263)
	9,753,313	57,656	-	9,810,969
Equity instruments at fair value				112,325
				<u>9,923,294</u>

Equity instruments held at fair value include investments amounting to US\$ 3.5 million (31 December 2021: US\$ 3.8 million) which are designated as FVTPL. Income from FVTPL equity investments for the period amounted to US\$ 0.1 million (31 March 2021: US\$ 0.2 million).

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2022 (Reviewed)

7 NON-TRADING INVESTMENTS (continued)

b) Reconciliation of ECL allowances

	<i>2022</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 2022</b>	<b>23,273</b>	<b>2,990</b>	<b>-</b>	<b>26,263</b>
Transfer from Stage 1	(249)	249	-	-
Net remeasurement of ECL allowances (note 6c)	(1,785)	28,495	-	26,710
Exchange rate and other adjustments	(98)	(3)	-	(101)
<b>At 31 March 2022</b>	<b>21,141</b>	<b>31,731</b>	<b>-</b>	<b>52,872</b>
	<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>
At 1 January 2021	21,171	5,771	-	26,942
Net remeasurement of ECL allowances (note 6c)	(1,080)	(640)	-	(1,720)
Exchange rate and other adjustments	(219)	89	-	(130)
At 31 March 2021	19,872	5,220	-	25,092

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2022 (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>
<b>Balance at 1 January 2022</b>	<b>17,240</b>	<b>36,574</b>	<b>(476,737)</b>	<b>(6,421)</b>	<b>(41,387)</b>	<b>(17,359)</b>	<b>(488,090)</b>
Currency translation adjustments	-	(7)	(99,451)	-	-	-	(99,458)
Transfers to interim condensed consolidated statement of income	-	-	-	(784)	(15)	-	(799)
Net fair value movements	-	-	-	(22,548)	19,051	(1,574)	(5,071)
<b>Balance at 31 March 2022</b>	<b>17,240</b>	<b>36,567</b>	<b>(576,188)</b>	<b>(29,753)</b>	<b>(22,351)</b>	<b>(18,933)</b>	<b>(593,418)</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 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 interim condensed consolidated statement of income	-	-	-	(2,934)	24	-	(2,910)
Net fair value movements	-	-	-	(5,559)	16,800	6,796	18,037
Transfers to retained earnings	-	-	-	(1,355)	-	-	(1,355)
<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>



# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2022 (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\$ 7,713.8 million as at 31 March 2022 (31 December 2021: US\$ 7,986.8 million). Carrying value of these non-trading investments was US\$ 7,675.2 million as at 31 March 2022 (31 December 2021: US\$ 7,865.7 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 2022 (Reviewed)</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	253	75,429	40,938	116,620
Debt instruments (FVTOCI)	1,703,059	127,133	-	1,830,192
Derivative assets	-	266,513	-	266,513
Derivative liabilities	-	226,820	-	226,820

  

	<i>31 December 2021 (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	340	72,834	39,151	112,325
Debt instruments (FVTOCI)	1,814,322	138,874	-	1,953,196
Derivative assets	-	120,307	-	120,307
Derivative liabilities	-	453,654	-	453,654

During the three months ended 31 March 2022 and 2021, there have been no transfers between Level 1, 2, 3 and no significant movements were noted in Level 3 investments..

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2022 (Reviewed)

**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. 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>2022</b>					
	<b>Senior management</b>					
	<i>Major shareholders</i>	<i>Associates</i>	<i>Non- Executive Directors</i>	<i>Management Directors</i>	<i>Others</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>For the three months ended</i>						
<i>31 March 2022</i>						
Interest income	-	2	2,230	10	-	2,242
Interest expense	2,101	-	201	16	1	2,319
Fees and commissions	6	536	170	2	2	716
Short term employee benefits	-	-	-	3,051	863	3,914
End of service benefits	-	-	-	252	87	339
Directors' fees and related expenses	-	-	372	-	-	372
<i>As of 31 March 2022</i>						
Deposits with banks	-	16,778	-	-	-	16,778
Loans and advances	-	-	274,685	459	97	275,241
Deposits from banks	-	22,020	-	-	-	22,020
Customers' deposits	1,512,653	-	77,190	12,411	891	1,603,145
Derivative liability	-	477	-	-	-	477
Subordinated liabilities	9,844	-	-	-	-	9,844
Commitments and contingent liabilities	310	34,074	79,657	-	-	114,041
<b>2021</b>						
<b>Senior management</b>						
	<i>Major shareholders</i>	<i>Associates</i>	<i>Non- Executive Directors</i>	<i>Management Directors</i>	<i>Others</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>For the three months ended</i>						
<i>31 March 2021</i>						
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
<i>As of 31 December 2021</i>						
Deposits with banks	-	13,384	-	-	-	13,384
Loans and advances	-	-	321,615	311	31	321,957
Derivatives assets	-	4,501	-	-	-	4,501
Deposits from banks	-	39,004	-	-	-	39,004
Customers' deposits	2,541,430	-	43,552	9,626	831	2,595,439
Subordinated liabilities	9,983	-	-	-	-	9,983
Commitments and contingent liabilities	560	44,425	83,136	-	-	128,121

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2022 (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/106/2020 dated 17 March 2020, OG/296/2020 dated 26 August 2020, OG/431/2020 dated 29 December 2020 and OG/417/2021 dated 23 December 2021, the limit is reduced to 80% until 30 June 2022, to contain the financial repercussions of COVID-19. The Group's consolidated NSFR ratio as of 31 March 2022 is 114.0% (31 December 2021: 118.1%).

	<i>(Reviewed)</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>(Audited)</i> <b>31 December</b> <b>2021</b> <i>US\$ '000</i>
<u>Available Stable Funding:</u>		
Regulatory capital	<b>6,347,136</b>	6,270,390
Stable deposits	<b>6,694,311</b>	6,958,945
Wholesale funding	<b>12,241,625</b>	13,039,788
Others	<b>694,985</b>	650,939
<b>Total Available Stable Funding (A)</b>	<b>25,978,057</b>	26,920,062
<u>Required Stable Funding :</u>		
High-Quality Liquid Assets (HQLA)	<b>1,350,334</b>	1,439,864
Performing loans	<b>15,005,772</b>	14,730,855
Securities (other than HQLA)	<b>3,268,758</b>	3,341,785
Derivative contracts	<b>210,282</b>	283,217
Others	<b>2,520,863</b>	2,562,446
Off-balance sheet items	<b>437,466</b>	438,989
<b>Total Required Stable Funding (B)</b>	<b>22,793,475</b>	22,797,156
<b>NSFR (%) (A/B)</b>	<b>114.0%</b>	118.1%

### 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 is 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, agreed to extend the suspension period for the resumption of the acquisition of AUB by KFH, until completion of KFH's updated assessments to be conducted by the international advisor appointed by KFH in this respect.

During December 2021, the AUB Board of Directors, in coordination with KFH and regulatory authorities, agreed to the update of financial and legal due diligence studies, and the resumption of all connected procedures related to the acquisition, including the assessment of the impact of such studies on the final share exchange ratio. AUB has re-appointed the specialised professional advisors previously appointed to provide AUB with the necessary financial, tax (KPMG) and legal (Linklaters LLP) studies regarding the transaction.

Subsequently, the specialised professional advisors appointed by AUB have completed their due diligence studies on KFH and their reports have been submitted to the AUB Board of Directors for review and evaluation. KFH has also communicated the AUB Board a revised share exchange ratio, which is subject to the KFH obtaining shareholder and regulatory approvals. The AUB and KFH boards are currently in discussions regarding the share exchange ratio issue and potential alternatives.

AUB has and will disclose on the Bahrain Bourse and Boursa Kuwait, any relevant developments on this matter, as required, on a prompt ongoing basis, to ensure transparency and to comply with governing laws and regulations.

31 March 2022 (Reviewed)

**13 DIVIDENDS PROPOSED FOR THE YEAR 2021**

At AUB's Annual General Meeting on 7 April 2022, the shareholders approved the Board of Directors' recommendation to distribute cash dividends for 2021 at 12% of par value (US 3.0 cents per ordinary share), totalling US\$ 304.0 million in cash, together with a bonus share issue of 10% of the issued capital (one share per 10 ordinary shares).

**14 SUBSEQUENT EVENT**

Subsequent to the 31 March 2022, AUB has executed an agreement with Citibank to acquire Citibank's consumer business in the Kingdom of Bahrain, subject to regulatory approvals.