

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

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

**30 September 2022**

**APPENDIX I - REGULATORY CAPITAL DISCLOSURES****PD 1 : Capital Composition Disclosure Template***Basel III Common disclosure template***Common Equity Tier 1 capital: instruments and Reserves**

	<i>US\$ '000</i>	
	<i>PIR as on 30 Sep 2022</i>	<i>Reference</i>
Directly issued qualifying common share capital plus related stock surplus	2,786,983	A1
Retained earnings	556,098	B1+B2+B3+B4
Accumulated other comprehensive income (and other reserves)	1,141,113	C1+C2+C3+C4+ C5 +C6 +C7
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	325,042	D
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>4,809,236</b>	

**Common Equity Tier 1 capital: regulatory adjustments**

Goodwill (net of related tax liability)	416,760	E
Other intangibles other than mortgage-servicing rights (net of related tax liability)	82,741	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	2,257	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	
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>516,431</b>	
<b>Common Equity Tier 1 capital (CET1)</b>	<b>4,292,805</b>	

**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)	351,382	J
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>751,382</b>	

**Total regulatory adjustments to Additional Tier 1 capital**

<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>	
	<b>751,382</b>	
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>5,044,187</b>	

**Tier 2 capital: instruments and provisions**

Directly issued qualifying Tier 2 instruments plus related stock surplus	-	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)	97,753	L

## Expected Credit Losses &amp; Reserves

<b>Tier 2 capital before regulatory adjustments</b>	<b>421,057</b>	M1+M2
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>518,810</b>	
<b>Tier 2 capital (T2)</b>	<b>-</b>	
	<b>518,810</b>	

**Total capital (TC = T1 + T2)**

<b>Total capital (TC = T1 + T2)</b>	<b>5,562,997</b>	
<b>Total risk weighted assets</b>	<b>33,082,660</b>	

**Capital ratios**

Common Equity Tier 1 (as a percentage of risk weighted assets)	13.0%
Tier 1 (as a percentage of risk weighted assets)	15.2%
Total capital (as a percentage of risk weighted assets)	<b>16.8%</b>

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	396,268
Significant investments in the common stock of financial entities	348,614

**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)	751,791	N
Cap on inclusion of Expected Credit Losses in Tier 2 under standardized approach	384,522	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>
<b>Balance sheet per published financial statements</b>	<b>41,669,583</b>
ECL - Stages 1 and 2	751,791
<b>Balance sheet as in Regulatory Return</b>	<b>42,421,374</b>

**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	1,273,043	1,273,043	
Financial assets at fair value through Profit & Loss		3,687	
Treasury bills and deposits with central banks	2,496,907	2,496,907	
Deposits with banks	3,907,302	3,907,868	
Loans and advances	21,202,647	21,873,853	
Non-trading investments	9,798,817	9,875,138	
Investment properties	186,763	186,763	
Interest receivable and other assets	1,674,350	1,674,361	
<i>of which deferred tax assets</i>		36	G1
Investments in associates	348,381	348,381	
Goodwill and intangible assets	461,671	461,671	
<i>of which Goodwill</i>		416,760	E
<i>of which other intangibles (excluding MSRs)</i>		44,911	F1
Premises and equipment	319,702	319,702	
<i>of which software</i>		37,830	F2
<b>TOTAL ASSETS</b>	<b>41,669,583</b>	<b>42,421,374</b>	
<b><i>Liabilities</i></b>			
Deposits from banks	4,066,550	4,066,550	
Customers' deposits	24,738,799	24,738,799	
Borrowings under repurchase agreements	3,854,763	3,854,763	
Term Borrowings	2,125,979	1,618,853	
Sukuk payable	-	507,126	
Interest payable and other liabilities	1,142,362	1,142,362	
<i>of which deferred tax liabilities</i>		15,101	G2
Subordinated liabilities	9,111	9,111	
<i>of which amount eligible for Tier 2</i>		-	K
<i>of which amount ineligible</i>		9,111	
<b>TOTAL LIABILITIES</b>	<b>35,937,564</b>	<b>35,937,564</b>	
<b><i>Equity</i></b>			
Paid-in share capital	2,786,983	2,786,983	
<i>of which form part of Common Equity Tier 1</i>		2,786,983	
Ordinary Share Capital		2,786,983	A1
Treasury Shares		-	
Perpetual Tier 1 Capital Securities - AUB Bahrain	400,000	400,000	I
Reserves	1,497,253	1,497,253	
<i>of which form part of Common Equity Tier 1</i>			
Retained earnings/(losses) brought forward		319,605	B1
Proposed Dividend Payable		-	B2
Net profit for the current period		342,227	C1
Share premium		752,549	C2
Legal reserve		765,479	C3
Others		1,288	C4
FX translation adjustment		(662,442)	C5
Cumulative fair value changes on FVOCI investments		(60,245)	C6
Fair value changes of cash flow hedges		2,257	C7
<i>of which form part of Tier 2</i>			
Fixed assets revaluation reserves		36,535	M1
CBB modification loss (part of CET1)		91,448	B3
Perpetual Tier 1 Capital Securities - AUB Kuwait	600,000		
Non - controlling interest	447,783	1,047,783	
<i>of which amount eligible for Common Equity Tier 1</i>		325,042	D
<i>of which amount eligible for Additional Tier 1</i>		351,382	J
<i>of which amount eligible for Tier 2</i>		97,753	L
<i>of which amount ineligible</i>		273,606	
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		751,791	N
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		384,522	M2
<i>of which amount included in CET1 as per CBB</i>		145,045	B4
<i>of which amount ineligible</i>		222,224	
<b>TOTAL EQUITY</b>	<b>5,732,019</b>	<b>6,483,810</b>	

## 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.
2	Unique identifier	AUBB.BH - Bahrain Bourses AUB/818 - Kuwait Stock Exchange	ISIN: XS1133289832 / Perpetual Tier 1 Capital Securities	ISIN: XS2342243875 / Perpetual Tier 1 Capital Securities
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
4	Transitional CBB rules	Not applicable	Not applicable	Not applicable
5	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group	Group
7	Instrument type	Common Equity Shares	Capital Securities	Capital Securities
8	Amount recognized in regulatory capital	\$2787.0 mn	\$400.0 mn	\$348.6 mn
9	Par value of instrument (USD)	\$0.25	\$1000 subject to minimum of \$200,000	\$1000 subject to minimum of \$200,000
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity
11	Original date of issuance	31-May-2000	29-Apr-2015	17-Jun-2021
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	NA	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)	First Call Option : 17-Jun-2026 at Par/100%; Tax event at Par/100%; Regulatory Capital Event at 100% (Full or partial)
16	Subsequent call dates, if applicable	NA	Every Distribution Payment Date	Any day falling in the period commencing on (and including) the First Call Date and ending on (and including) the First Reset Date (17-Dec-2026) or on any profit payment date thereafter
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed
18	Coupon rate and any related index	NA	5.839%	3.875%
19	Existence of a dividend stopper	NA	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	NA	Noncumulative	Noncumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	NA	Yes	Yes
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)
32	If write-down, full or partial	NA	Fully / Partially	Fully / Partially
33	If write-down, permanent or temporary	NA	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	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
36	Non-compliant transitioned features	NA	No	No
37	If yes, specify non-compliant features	NA	NA	NA

**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]	5,044,187
Total Exposure [B]	45,220,317
Leverage Ratio ([A] / [B])	<u>11.2%</u>