

Ahli United Bank B.S.C.

Regulatory Capital & Leverage Ratio
Disclosures - Basel III

31 March 2023

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

Directly issued qualifying common share capital plus related stock surplus

Retained earnings

Accumulated other comprehensive income (and other reserves)

Common share capital issued by subsidiaries and held by third parties
(amount allowed in group CET1)

Common Equity Tier 1 capital before regulatory adjustments

Common Equity Tier 1 capital: regulatory adjustments

Goodwill (net of related tax liability)

Other intangibles other than mortgage-servicing rights (net of related tax liability)

Deferred tax assets that rely on future profitability excluding those arising from
temporary differences (net of related tax liability)

Cash-flow hedge reserve

Significant investments in the common stock of banking, financial and insurance
entities that are outside the scope of regulatory consolidation, net of eligible short
positions (amount above 10% threshold)**Total regulatory adjustments to Common equity Tier 1****Common Equity Tier 1 capital (CET1)****Additional Tier 1 capital: instruments**

Directly issued qualifying Additional Tier 1 instruments plus related stock surplus

Additional Tier 1 instruments (and CET1 instruments not included above) issued by
subsidiaries and held by third parties (amount allowed in group AT1)**Additional Tier 1 capital before regulatory adjustments****Total regulatory adjustments to Additional Tier 1 capital****Additional Tier 1 capital (AT1)****Tier 1 capital (T1 = CET1 + AT1)****Tier 2 capital: instruments and provisions**

Directly issued qualifying Tier 2 instruments plus related stock surplus

Tier 2 instruments (and CET1 and AT1 instruments not included above) issued by
subsidiaries and held by third parties (amount allowed in group Tier 2)

Expected Credit Losses & Reserves

Tier 2 capital before regulatory adjustments**Total regulatory adjustments to Tier 2 capital****Tier 2 capital (T2)****Total capital (TC = T1 + T2)****Total risk weighted assets****Capital ratios**

Common Equity Tier 1 (as a percentage of risk weighted assets)

Tier 1 (as a percentage of risk weighted assets)

Total capital (as a percentage of risk weighted assets)

Institution specific buffer requirement (minimum CET1 requirement plus capital
conservation buffer plus countercyclical buffer requirements plus D-SIB buffer
requirement expressed as a percentage of risk weighted assets)*of which: Capital Conservation Buffer requirement**of which: bank specific countercyclical buffer requirement (N/A)**of which: D-SIB buffer requirement***National minima (if different from Basel 3)**

CBB Common Equity Tier 1 minimum ratio (including buffers)

CBB Tier 1 minimum ratio (including buffers)

CBB total capital minimum ratio (including buffers)

Amounts below the thresholds for deduction (before risk weighting)

Non-significant investments in the capital of other financial entities

Significant investments in the common stock of financial entities

Applicable caps on the inclusion of Expected Credit Losses in Tier 2Expected Credit Losses (Stages 1 and 2) eligible for inclusion in Tier 2 in respect of
exposures subject to standardized approach (prior to application of cap)

Cap on inclusion of Expected Credit Losses in Tier 2 under standardized approach

<i>US\$ '000</i>	
<i>PIR as on</i>	<i>Reference</i>
<i>31 March 2023</i>	
2,786,983	A1
717,218	B1+B2+B3+B4
859,917	C1+C2+C3+C4+ C5 +C6 +C7
319,964	D
4,684,082	
472,710	E
74,150	F1+F2
-	G1-G2
(153)	C7
14,673	
561,380	
4,122,702	
400,000	I
341,114	J
741,114	
-	
741,114	
4,863,816	
-	K
95,952	L
402,607	M1+M2
498,559	
-	
498,559	
5,362,375	
31,554,481	
13.1%	
15.4%	
17.0%	
10.5%	
2.5%	
NA	
1.5%	
10.5%	
12.0%	
14.0%	
345,353	
366,319	
580,287	N
363,880	M2

PD 2 : Reconciliation Of Regulatory Capital**i) Step 1: Disclosure of Balance Sheet under Regulatory scope of Consolidation**

There are no differences between the regulatory and accounting consolidation, with both following the line by line consolidation approach as per the IFRS 10 Consolidated Financial Statements without excluding any entities. As mandated by the Central Bank of Bahrain ("CBB"), financial assets have been grossed up with impairment allowances for expected credit losses (ECL) - Stages 1 and 2, as presented below:

	<i>US\$ '000</i>
Balance sheet per published financial statements	39,935,255
ECL - Stages 1 and 2	580,287
Balance sheet as in Regulatory Return	40,515,542

ii) Step 2: Expansion of the Balance Sheet under Regulatory scope of Consolidation

	<i>US\$ '000</i>	
<i>Assets</i>	<i>Balance as per published financial statements</i>	<i>Consolidated PIR data</i>
Cash and balances with central banks	1,366,808	1,366,808
Financial assets at fair value through Profit & Loss		10,409
Treasury bills and deposits with central banks	2,528,809	2,528,809
Deposits with banks	3,320,358	3,321,551
Loans and advances	20,729,674	21,279,476
Non-trading investments	9,379,502	9,398,368
Investment properties	197,728	197,728
Interest receivable and other assets	1,223,110	1,223,127
<i>of which deferred tax assets</i>		87
Investments in associates	358,403	358,403
Goodwill and intangible assets	501,130	501,130
<i>of which Goodwill</i>		472,710
<i>of which other intangibles (excluding MSRs)</i>		28,420
Premises and equipment	329,733	329,733
<i>of which software</i>		45,730
TOTAL ASSETS	39,935,255	40,515,542
<i>Liabilities</i>		
Deposits from banks	3,003,155	3,003,155
Customers' deposits	24,764,077	24,764,077
Borrowings under repurchase agreements	3,649,634	3,649,634
Term Borrowings	1,687,826	1,170,024
Sukuk payable	-	517,802
Interest payable and other liabilities	1,183,584	1,183,584
<i>of which deferred tax liabilities</i>		8,303
Subordinated liabilities	9,563	9,563
<i>of which amount eligible for Tier 2</i>		-
<i>of which amount ineligible</i>		9,563
TOTAL LIABILITIES	34,297,839	34,297,839
<i>Equity</i>		
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
Treasury Shares		-
Perpetual Tier 1 Capital Securities - AUB Bahrain	400,000	400,000
Reserves	1,404,279	1,404,279
<i>of which form part of Common Equity Tier 1</i>		
Retained earnings/(losses) brought forward		505,633
Proposed Dividend Payable		
Net profit for the current period		200,398
Share premium		752,544
Legal reserve		820,089
Others		(17,501)
FX translation adjustment		(844,683)
Cumulative fair value changes on FVOCI investments		(50,776)
Fair value changes of cash flow hedges		(153)
<i>of which form part of Tier 2</i>		
Fixed assets revaluation reserves		38,728
CBB modification loss (part of CET1)		78,593
Perpetual Tier 1 Capital Securities - AUB Kuwait	600,000	
Non - controlling interest	446,154	
<i>of which amount eligible for Common Equity Tier 1</i>		319,964
<i>of which amount eligible for Additional Tier 1</i>		341,114
<i>of which amount eligible for Tier 2</i>		95,952
<i>of which amount ineligible</i>		289,124
Impairment Allowance for Expected Credit Losses - Stages 1 and 2		580,287
<i>of which amount eligible for Tier 2 (maximum 1.25% of RWA)</i>		363,880
<i>of which amount included in CET1 as per CBB</i>		132,991
<i>of which amount ineligible</i>		83,416
TOTAL EQUITY	5,637,416	6,217,703

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	\$318.7 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 designated as DSIB must meet a 3.75% leverage ratio minimum requirement at all times.

Leverage Ratio components

	<i>US\$ '000</i>
Tier1 Capital [A]	4,863,816
Total Exposure [B]	42,921,911
Leverage Ratio ([A] / [B])	11.3%