

Press Release

**AHLI UNITED BANK B.S.C. REPORTS A NET PROFIT OF
US\$ 342.2 MILLION ATTRIBUTABLE TO OWNERS OF THE BANK FOR THE NINE
MONTHS ENDED 30 SEPTEMBER 2022**

Release Date: 10 November 2022

During Q3/2022, Ahli United Bank B.S.C. (AUB) proactively undertook a detailed evaluation of the challenging impact of global recessionary and inflationary pressures on regional and international markets and their possible repercussions on the bank in a conservative and forward looking manner. As a result, AUB recorded a higher exceptional additional precautionary provision charge of US\$ 160.2 million against Stage 1 and Stage 2 exposures (performing assets) as a prudent non-recurring provisioning measure. This led to a reduction in net profit attributable to the owners of the bank for Q3/2022 to US\$ 1.3 million, as compared to US\$ 152.1 million for Q3/2021, a decrease of 99.1%, and a related reduction in the Basic and Diluted Earnings per Share to almost nil in Q3/2022 (US 1.4 cents in Q3/2021). Total comprehensive loss attributable to the owners of the bank for Q3/2022 was US\$ 31.2 million (Q3/2021: Total comprehensive income of US\$ 156.0 million). The core operating performance during the quarter was strong with net interest income of US\$ 235.8 million in Q3/2022 (Q3/2021: US\$ 222.5 million, +6.0%) and total operating income of US\$ 292.0 million in Q3/2022 (Q3/2021: US\$ 274.0 million, +6.6%).

It should be noted that AUB's YTD 30 September 2022 financial results are not consolidated into Kuwait Finance House KSCP (KFH) as per applicable international financial reporting standards, as the Effective Date for acquisition was 2 October 2022. Accordingly, KFH will start consolidating AUB financial results in its reported financial performance from Q4/2022 onwards (for the three months ending 31 December 2022).

AUB reported a net profit attributable to its equity shareholders of US\$ 342.2 million for the first nine months of year 2022 which represents a 24.1% decrease over the YTD Q3/2021 reported profit of US\$ 450.6 million mainly due to higher exceptional precautionary provision charge incurred during Q3/2022 as explained above. Basic and Diluted Earnings per Share in YTD Q3/2022 were US 2.9 cents, compared to US 3.9 cents in YTD Q3/2021. Net interest income for YTD Q3/2022 was US\$ 666.6 million (YTD Q3/2021: US\$ 644.2 million, +3.5%) primarily achieved through increase in interest earning assets. Total operating income for the YTD Q3/2022 was US\$ 895.5 million (YTD Q3/2021: US\$ 826.2 million, +8.4%). Total comprehensive income

attributable to the owners of the bank for YTD Q3/2022 was US\$ 147.7 million (YTD Q3/2021: US\$ 493.8 million, -70.1%).

The Group's equity attributable to owners as at 30 September 2022 decreased by 4.1% on a comparative basis to US\$ 4.3 billion due to dividend distribution and forex revaluation changes (31 December 2021: US\$ 4.5 billion). Return on Average Equity for YTD Q3/2022 was 10.3% (YTD Q3/2021: 14.6%). Return on Average Assets stood at 1.2% for YTD Q3/2022 (YTD Q3/2021: 1.6%), noting that without the precautionary non-recurring provision charge, Return on Average Equity increased to 15.1% and Return on Average Assets increased to 1.7%, above the comparative period in 2021.

The non-performing loans ratio was at 2.6% (31 December 2021: 2.4%) with specific provision (ECL 3) coverage of 81.1% (31 December 2021: 83.1%). Provision coverage levels are calculated on a cash provision basis excluding the value of the substantial additional non-cash (real estate and securities) assigned collaterals available against non-performing loans which total US\$ 437.6 million in value (31 December 2021: US\$ 364.5 million in value). Stage 1 and stage 2 ECL provisions for the non-impaired loans surged to 1.1 % and 15.0% at 30 September 2022 as compared to 0.9% and 11.4% at 31 December 2021, well above the regional banking sector averages, due to the precautionary non-recurring provision charge booked during Q3/2022.

The cost to income ratio for YTD Q3/2022 was unchanged at 29.0% (YTD Q3/2021: 29.0%) reflecting AUB's continuing efforts to enhance operational efficiencies through the progressive roll-out of automation and digitization initiatives as part of the AUB Group's transformation plan.

The AUB Deputy Chairman Mohammad Fouad Al-Ghanim commented "Against a challenging background of global recession and inflation concerns, continued supply chain disruptions, market volatility, and the continuing Russia-Ukraine conflict, AUB has proactively and prudently assessed the potential risk impact on its business and has taken an additional non-recurring precautionary ECL provision charge of US\$ 160.2 million during Q3/2022, on an exceptional basis. This measure represents a continuation of the inherent conservative risk measurement stance taken by the AUB Group over the years whenever warranted by prevailing economic and operating conditions. Excluding this exceptional provision charge, the AUB Group achieved solid operational results in first nine months of 2022 across all countries with consolidated NPAT excluding the exceptional provisions reaching US\$ 502.4 million, a 11.5% increase over the previous year Q3NPAT". Mr. Al-Ghanim added: "I am confident that these measures will significantly contribute to AUB's future performance and to our contribution to the KFH Group going forward. My confidence is underpinned by AUB's strong ability to deliver sustainable earnings growth on a consistent basis through its diversified business model across the Gulf and MENA region and by its well provided and conservatively managed risk exposures."

He concluded by stating that: "The KFH acquisition which is expected to be fully concluded by end of November 2022 is a key milestone in AUB's corporate evolution and a strong testament to

AUB's excellent financial performance over the past 22 years and of the stellar value accretion achieved for its shareholders. This transformational transaction will create a leading Shari'a compliant bank in the regional and global banking space and provide a very solid platform for achieving all its shareholders and corporate aspirations. We look forward to AUB's and KFH's future growth and success in the coming years as this new era unfolds".

About Ahli United Bank (AUB)

Ahli United Bank B.S.C (AUB) is a leading pan-regional financial services provider, incorporated in Bahrain in May 2000. It offers a full range of retail, commercial and private banking & wealth management services, both conventional and Sharia-compliant, across the MENA region and the UK. AUB operates through its Bahrain Head Office and its subsidiaries in Kuwait, Egypt, Iraq, and the UK as well as its associates in Oman and Libya; and a branch in the UAE (DIFC).

Pursuant to acquisition of AUB by Kuwait Finance House K.S.C.P. ("KFH") effective 2 October 2022, KFH is the Parent Company. KFH is a public shareholding company incorporated in the State of Kuwait on 23 March 1977 and listed in the Boursa Kuwait and Bahrain Bourse. KFH is regulated and supervised by Central Bank of Kuwait.

AUB's strong performance has earned it a string of prestigious local and regional accolades over the years, including: "Best Bank in the Middle East" by The Banker (2006, 2016) and by Euromoney (2007, 2012) besides the "Best Bank in Bahrain" consistently over the years and the "Most Innovative Bank in the Middle East" (2021) by EMEA Finance.

Ends

The press release and full set of the interim condensed consolidated financial statements for the period ended 30 September 2022 are available on the Bahrain Bourse, Boursa Kuwait and AUB websites.

www.ahliunited.com

Trading Code Bahrain Bourse and Boursa Kuwait: AUB