

AHLI UNITED BANK B.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
30 SEPTEMBER 2021

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 30 September 2021, comprising of the interim condensed consolidated balance sheet as at 30 September 2021 and the related interim condensed consolidated statements of income, comprehensive income for the three-month period and nine-month period then ended, and the interim condensed consolidated statements of cash flows and changes in equity for the nine-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"), as modified by the Central Bank of Bahrain ("the CBB") referred to under note 2.1 of the accompanying interim condensed consolidated financial statements. 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, as modified by the CBB.



27 October 2021
Manama, Kingdom of Bahrain

AHLI UNITED BANK B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Nine months ended 30 September 2021 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<i>Note</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
Interest income	341,879	337,288	998,344	1,127,020
Interest expense	119,331	144,097	354,140	527,109
Net interest income	222,548	193,191	644,204	599,911
Fees and commissions - net	25,705	21,282	79,176	76,622
Trading income	8,340	9,227	24,987	33,678
Investment income and others	17,421	23,691	77,820	112,754
Fees and other income	51,466	54,200	181,983	223,054
OPERATING INCOME	274,014	247,391	826,187	822,965
Provision for credit losses and others	6c 17,109	35,204	79,925	117,586
NET OPERATING INCOME	256,905	212,187	746,262	705,379
Staff costs	45,151	40,750	131,784	135,945
Depreciation	8,686	7,609	25,640	24,363
Other operating expenses	31,958	29,880	82,443	75,384
OPERATING EXPENSES	85,795	78,239	239,867	235,692
PROFIT BEFORE TAX AND ZAKAT	171,110	133,948	506,395	469,687
Tax expense and zakat	10,614	9,558	30,108	30,934
NET PROFIT FOR THE PERIOD	160,496	124,390	476,287	438,753
Net profit attributable to the non-controlling interests	8,430	8,499	25,664	29,423
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK	152,066	115,891	450,623	409,330
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE BANK FOR THE PERIOD:				
Basic and diluted earnings per ordinary share (US cents)	3 1.5	1.1	4.3	3.9



Meshal AbdulAziz Alothman
Chairman



Mohammad J. Al-Marzooq
Deputy Chairman



Adel A. El-Labban
Group Chief Executive Officer
& Managing Director

AHLI UNITED BANK B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine months ended 30 September 2021 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
Net profit for the period	160,496	124,390	476,287	438,753
<i>Other Comprehensive Income (OCI)</i>				
Items that will not be reclassified subsequently to consolidated statement of income				
Net change in fair value of equity investments measured at fair value through OCI	2,867	(1,749)	8,298	(2,597)
Net change in pension fund reserve	2,198	(2,757)	13,813	(5,145)
Items that may be reclassified subsequently to consolidated statement of income				
Foreign currency translation adjustments	(5,401)	18,783	6,216	(54,877)
Net movement in fair value of debt instruments held as fair value through OCI	5,346	3,067	10,317	(35,694)
Transfers to consolidated statement of income	(3,682)	(4,471)	(5,748)	(3,248)
Net change in fair value of cash flow hedges	1,900	3,717	12,164	(25,112)
Other comprehensive income (loss) for the period	3,228	16,590	45,060	(126,673)
Total comprehensive income for the period	163,724	140,980	521,347	312,080
Total comprehensive income attributable to non-controlling interests	7,692	11,272	27,550	25,026
Total comprehensive income attributable to the owners of the Bank	156,032	129,708	493,797	287,054

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

30 September 2021 (Reviewed)


		(Audited)
		30 September 2021
		31 December 2020
	Note	US\$ '000
		US\$ '000
ASSETS		
Cash and balances with central banks		1,706,807
Treasury bills and deposits with central banks		2,643,090
Deposits with banks		3,362,562
Loans and advances	6	21,829,892
Non-trading investments	7	9,817,458
Investment in associates		335,952
Investment properties		170,431
Interest receivable, derivative and other assets		873,025
Premises and equipment		299,841
Goodwill and other intangible assets		487,884
TOTAL ASSETS		41,526,942
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits from banks		4,373,603
Borrowings under repurchase agreements		3,653,340
Customers' deposits		25,020,407
Term debts		525,000
Sukuk payable	12	600,000
Interest payable, derivative and other liabilities		1,387,616
Subordinated liabilities		9,974
TOTAL LIABILITIES		35,569,940
EQUITY		
Ordinary share capital		2,533,621
Reserves		1,813,727
Equity attributable to the owners of the Bank		4,347,348
Perpetual Tier 1 Capital Securities	13	1,160,815
Non-controlling interests		448,839
TOTAL EQUITY		5,957,002
TOTAL LIABILITIES AND EQUITY		41,526,942



Meshal AbdulAziz Alothman
Chairman



Mohammad J. Al-Marzooq
Deputy Chairman



Adel A. El-Labban
Group Chief Executive Officer
& Managing Director

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Nine months ended 30 September 2021 (Reviewed)

		<i>Nine months ended 30 September</i>	
		<i>2021</i>	<i>2020</i>
	<i>Note</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
OPERATING ACTIVITIES			
Profit before tax and zakat		506,395	469,687
Adjustments for:			
Depreciation		25,640	24,363
Investment income and others		(69,005)	(105,650)
Provision for credit losses and others		79,925	117,586
Operating profit before changes in operating assets and liabilities		542,955	505,986
Changes in:			
Mandatory reserve deposits with central banks		(85,630)	179,914
Treasury bills and deposits with central banks		385,836	(477,287)
Deposits with banks		377,907	816,521
Loans and advances		(1,188,073)	(307,410)
Interest receivable, derivative and other assets		13,497	(73,985)
Deposits from banks		155,186	319,323
Borrowings under repurchase agreements		35,271	928,771
Customers' deposits		(162,178)	(1,016,289)
Interest payable, derivative and other liabilities		(57,989)	(65,210)
Cash from operations		16,782	810,334
Income tax and zakat paid		(31,032)	(37,337)
Net cash (used in) from operating activities		(14,250)	772,997
INVESTING ACTIVITIES			
Purchase of non-trading investments		(2,577,302)	(1,979,188)
Proceeds from sale or redemption of non-trading investments		2,138,312	1,950,247
Additional investment in subsidiary		(8,628)	-
Right subscription in an associate		(27,545)	-
Net decrease in investment properties		18,547	49,660
Net increase in premises and equipment		(29,063)	(16,732)
Dividends received from associates		8,862	14,283
Net cash (used) from in investing activities		(476,817)	18,270
FINANCING ACTIVITIES			
Additional Perpetual Tier 1 Capital Securities issued	13	600,000	-
Redemption of Perpetual Tier 1 Capital Securities	13	(39,185)	-
Expenses related to Perpetual Tier 1 Sukuk issued and others		(2,102)	-
Issuance of Sukuk	12	600,000	-
Distribution on Perpetual Tier 1 Capital Securities		(17,490)	(19,250)
Additional term debts		350,000	-
Repayment of subordinated liabilities		-	(17,996)
Dividends and other appropriations paid		(119,005)	(432,477)
Dividends paid to the non-controlling interests		-	(26,845)
Movement in subsidiary		-	143
Net cash from (used in) financing activities		1,372,218	(496,425)
NET CHANGE IN CASH AND CASH EQUIVALENTS		881,151	294,842
Net foreign exchange difference		991	170
Cash and cash equivalents at 1 January		2,976,999	3,132,123
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		3,859,141	3,427,135
<i>Cash and cash equivalents comprise:</i>			
Cash and balances with central banks, excluding mandatory reserve deposits		1,006,203	1,104,437
Deposits with banks, central banks and treasury bills with an original maturity of three months or less		2,852,938	2,322,698
		3,859,141	3,427,135
Additional cash flow information:			
Interest received		997,622	1,142,512
Interest paid		353,154	590,274

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

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2021 (Reviewed)

	<i>Attributable to the owners of the Bank</i>										
	Reserves							<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>	<i>US\$ '000</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)	-	-	-	-
Ordinary share dividend	-	-	-	-	(120,649)	-	(120,649)	(120,649)	-	-	(120,649)
Transfer from OCI reserve on equity investments	-	-	-	1,411	-	-	1,411	1,411	-	-	1,411
Distribution related to Perpetual Tier 1 Capital Securities	-	-	-	(11,678)	-	-	(11,678)	(11,678)	-	-	(11,678)
Distribution related to Perpetual Tier 1 Sukuk	-	-	-	(4,351)	-	-	(4,351)	(4,351)	-	(1,461)	(5,812)
Perpetual Tier 1 Sukuk issued (Note 13)	-	-	-	-	-	-	-	-	600,000	-	600,000
Perpetual Tier 1 Sukuk redemption (Note 13)	-	-	-	-	-	-	-	-	(39,185)	-	(39,185)
Expenses related to Perpetual Tier 1 Sukuk issued and others	-	-	-	(1,574)	-	-	(1,574)	(1,574)	-	(528)	(2,102)
Movement in associates	-	-	-	(6,342)	-	-	(6,342)	(6,342)	-	-	(6,342)
Movement in subsidiaries	-	-	-	(2,362)	-	-	(2,362)	(2,362)	-	(107)	(2,469)
Arising on additional acquisition in a subsidiary	-	(544)	-	-	-	-	(544)	(544)	-	(11,333)	(11,877)
Total comprehensive income for the period	-	-	-	450,623	-	43,174	493,797	493,797	-	27,550	521,347
Balance at 30 September 2021	2,533,621	752,519	704,755	835,380	-	(478,927)	1,813,727	4,347,348	1,160,815	448,839	5,957,002

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

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2021 (Reviewed)

Attributable to the owners of the Bank

	<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>					
Balance at 1 January 2020	2,193,611	766,230	659,531	611,207	439,722	(404,774)	2,071,916	4,265,527	600,000	496,002	5,361,529
Donations	-	-	-	-	(1,000)	-	(1,000)	(1,000)	-	-	(1,000)
Bonus shares issued	219,361	-	-	(219,361)	-	-	(219,361)	-	-	-	-
Ordinary share dividend	-	-	-	-	(438,722)	-	(438,722)	(438,722)	-	-	(438,722)
Transfer from OCI reserve on equity investments	-	-	-	(1,431)	-	-	(1,431)	(1,431)	-	(12)	(1,443)
Distribution related to Perpetual Tier 1 Capital Securities	-	-	-	(13,750)	-	-	(13,750)	(13,750)	-	-	(13,750)
Distribution related to Perpetual Tier 1 Sukuk	-	-	-	(4,120)	-	-	(4,120)	(4,120)	-	(1,380)	(5,500)
Net loss on loan contract modification (note 2.5)	-	-	-	(98,449)	-	-	(98,449)	(98,449)	-	(9,405)	(107,854)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(26,845)	(26,845)
Movement in associates	-	-	-	(4,455)	-	-	(4,455)	(4,455)	-	-	(4,455)
Movement in subsidiaries	-	(21)	-	(2,909)	-	-	(2,930)	(2,930)	-	(542)	(3,472)
Total comprehensive income (loss) for the period	-	-	-	409,330	-	(122,276)	287,054	287,054	-	25,026	312,080
Balance at 30 September 2020	2,412,972	766,209	659,531	676,062	-	(527,050)	1,574,752	3,987,724	600,000	482,844	5,070,568

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

1 CORPORATE INFORMATION

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 nine-month period ended 30 September 2021 were authorised for issue in accordance with a resolution of the Board of Directors dated 27 October 2021.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting', using International Financial Reporting Standards (IFRS) as modified by CBB framework. Hence, the framework used in the preparation of the interim condensed consolidated financial information of the Group is hereinafter referred to as 'IAS 34 as modified by CBB'.

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 2020, except for the new standards and amendments as detailed in note 2.2 below.

The interim condensed consolidated financial statements of the Group for comparative period ended 30 September 2020 were prepared in accordance with applicable rules and regulations issued by the CBB on regulatory concessionary measures in response to COVID-19. These rules and regulations, in particular CBB circular OG/226/2020 dated 21 June 2020, required the adoption of all IFRS issued by the International Accounting Standards Board (IASB), except for:

- (a) recognition of modification losses on financial assets arising from payment holidays provided to customers impacted by COVID-19 without charging additional interest, in equity instead of profit or loss as required by IFRS 9 Financial Instruments. Any other modification gain or loss on financial assets are recognised in accordance with the requirements of IFRS 9 - Financial Instruments; and
- (b) recognition of financial assistance received from the government and/ or regulators in response to its COVID-19 support measures that meets the government grant requirement, in equity, instead of profit or loss. This will only be to the extent of any modification loss recorded in equity as a result of (a) above, and the balance amount to be recognized in profit or loss. Any other financial assistance is recognised in accordance with the requirements of IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

The above framework formed the basis of preparation and presentation of the interim condensed consolidated financial statements of the Group and is hereinafter referred to as 'IFRS as modified by CBB'.

2 ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The interim condensed consolidated financial statements of the Group do not contain all information and disclosures required for the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2020. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 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 2020, except for adoption of new standards effective as of 1 January 2021. The adoption of the below new standards and amendments did not result in changes to previously reported net profit or equity of the Group.

- *Interest Rate Benchmark Reform (Phase 2): Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no material impact on the interim condensed consolidated financial information of the Group.

The Group intends to use the practical expedients in future periods, if they become applicable.

Other amendments to IFRS which are effective for annual accounting period starting from 1 January 2021 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.3 New standard issued but not yet effective

IFRS 17 Insurance Contracts is effective from 1 January 2023. The Group is currently evaluating the impact of this new standard. The Group intends to adopt this new standard on the effective date.

2.4 Impact of COVID-19 outbreak

COVID-19 pandemic has severely impacted various economies globally, causing disruption to business and economic activities and resulting in significant uncertainties in the operating environment. Global financial markets have also experienced enhanced levels of volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

As a regulatory response to the impact arising from the developing coronavirus pandemic situation, the CBB has issued various relaxation measures from time-to-time to contain the financial repercussions of COVID-19. These mainly include, several deferral programs for eligible customers both with and without interest, reduced limits of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for all locally incorporated banks, cash reserve ratio for retail banks, cap on merchant fees, adjustments to cooling off period for transferring exposures from Stage 3 to Stage 2, relaxation concerning days past due for ECL staging criteria, and relaxation on Loan-to-value (LTV) ratio for residential mortgages.

2 ACCOUNTING POLICIES (continued)

2.4 Impact of COVID-19 outbreak (continued)

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. 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 current market conditions. Furthermore, the Group continues to closely monitor the potential repayment risk impact of COVID-19 on affected industry sectors.

2.5 Accounting for modification loss

Based on a regulatory directive issued by the CBB and the Central Bank of Kuwait (the "CBK") as concessionary measures to mitigate the impact of COVID-19, the one-off modification losses amounting to US\$ 114.4 million arising from the 6-month payment holidays provided to financing customers without charging additional interest was recognized directly in the equity for the nine-month period ended 30 September 2020. The modification loss was calculated as the difference between the net present value of the modified cash flows relating to financing exposures calculated using the original effective interest rate and the current carrying value of the financial assets on the date of modification.

Further, as per the regulatory directive financial assistance amounting to US\$ 6.5 million (representing specified reimbursement of a portion of staff costs and waiver of levies and utility charges) received from the government, in response to its COVID-19 support measures, has been recognized directly in equity under retained earnings for the nine-month period ended 30 September 2020.

The net impact of above two adjustments amounting to US\$ 98.5 million has been debited to retained earnings and US\$ 9.4 million adjusted in non-controlling interest for the nine-month period ended 30 September 2020.

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021 (Reviewed)

3 EARNINGS PER ORDINARY SHARE

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
For basic and diluted earnings per share computation				
Net profit attributable to the owners of the Bank	152,066	115,891	450,623	409,330
Perpetual Tier 1 Capital Securities distribution	-	-	(11,678)	(13,750)
Perpetual Tier 1 Sukuk distribution	-	-	(4,351)	(4,120)
Adjusted net profit for the period attributable to Bank's ordinary equity shareholders for basic and diluted earnings per share computation	152,066	115,891	434,594	391,460
Weighted average ordinary shares outstanding during the period adjusted for bonus shares (in millions)	10,134	10,134	10,134	10,134
Basic and diluted earnings per ordinary share (US cents)	1.5	1.1	4.3	3.9
Issued and fully paid ordinary shares of US\$ 0.25 each (in millions)			10,134.5	9,651.9

4 CONTINGENT LIABILITIES

The Group had the following credit related contingent liabilities:

	<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Guarantees	2,731,089	2,710,332
Acceptances	371,785	244,546
Letters of credit	615,395	390,673
	3,718,269	3,345,551

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. 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

30 September 2021 (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>Nine months ended 30 September 2021:</i>					
Net interest income	140,609	246,652	217,288	39,655	644,204
Fees and commissions - net	18,981	47,957	1,497	10,741	79,176
Trading, investment income and others	3,105	9,329	90,267	106	102,807
OPERATING INCOME	162,695	303,938	309,052	50,502	826,187
Provision (recoveries) for credit losses and others	4,578	77,971	(2,749)	125	79,925
NET OPERATING INCOME	158,117	225,967	311,801	50,377	746,262
Operating expenses	90,700	61,584	63,149	24,434	239,867
PROFIT BEFORE TAX AND ZAKAT	67,417	164,383	248,652	25,943	506,395
Tax expense and zakat					30,108
NET PROFIT FOR THE PERIOD					476,287
Less: Attributable to the non-controlling interests					25,664
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK					450,623
Inter segment interest included in net interest income above	157,454	(150,239)	(27,493)	20,278	-
	<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>Nine months ended 30 September 2020:</i>					
Net interest income	158,262	239,630	161,783	40,236	599,911
Fees and commissions - net	20,100	43,439	2,385	10,698	76,622
Trading, investment income and others	2,238	11,344	132,726	124	146,432
OPERATING INCOME	180,600	294,413	296,894	51,058	822,965
Provision for credit losses and others	16,915	90,404	6,326	3,941	117,586
NET OPERATING INCOME	163,685	204,009	290,568	47,117	705,379
Operating expenses	85,415	62,380	64,630	23,267	235,692
PROFIT BEFORE TAX AND ZAKAT	78,270	141,629	225,938	23,850	469,687
Tax expense and zakat					30,934
NET PROFIT FOR THE PERIOD					438,753
Less: Attributable to the non-controlling interests					29,423
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK					409,330
Inter segment interest included in net interest income above	175,897	(229,639)	30,669	23,073	-

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

30 September 2021 (Reviewed)

6 LOANS AND ADVANCES

a) Credit quality of loans and advances

	<i>30 September 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>
High standard grade	12,758,803	887,473	-	13,646,276
Standard grade	5,974,256	2,666,418	-	8,640,674
Credit impaired	-	-	560,931	560,931
	18,733,059	3,553,891	560,931	22,847,881
Less: ECL allowances	(161,933)	(394,893)	(461,163)	(1,017,989)
	18,571,126	3,158,998	99,768	21,829,892

	<i>31 December 2020 (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	12,250,904	839,791	-	13,090,695
Standard grade	5,669,036	2,396,008	-	8,065,044
Credit impaired	-	-	558,863	558,863
	17,919,940	3,235,799	558,863	21,714,602
Less: ECL allowances	(138,970)	(375,961)	(479,793)	(994,724)
	17,780,970	2,859,838	79,070	20,719,878

b) Reconciliation of ECL allowances

	<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	(5,339)	2,860	2,479	-
Transfer from Stage 2	2,913	(8,698)	5,785	-
Transfer from Stage 3	-	17,461	(17,461)	-
Net remeasurement of ECL allowances (note 6c)	25,187	6,818	53,373	85,378
Amounts written-off	-	-	(63,608)	(63,608)
Exchange rate and other adjustments	202	491	802	1,495
At 30 September 2021	161,933	394,893	461,163	1,017,989

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

30 September 2021 (Reviewed)

6 LOANS AND ADVANCES (continued)

b) Reconciliation of ECL allowances (continued)

	2020			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 January 2020	100,805	312,454	356,505	769,764
Transfer from Stage 1	(3,569)	2,102	1,467	-
Transfer from Stage 2	4,008	(29,801)	25,793	-
Net remeasurement of ECL allowances (note 6c)	48,189	23,863	39,986	112,038
Amounts written-off	-	-	(5,520)	(5,520)
Exchange rate and other adjustments	85	(1,247)	(737)	(1,899)
At 30 September 2020	<u>149,518</u>	<u>307,371</u>	<u>417,494</u>	<u>874,383</u>

c) Provision for credit losses and others

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>2021</i>	<i>2020</i>
	US\$ '000	US\$ '000
Net remeasurement of ECL on loans and advances (note 6 b)	85,378	112,038
Recoveries from loans and advances during the period (from fully provided loans written-off in previous years)	(7,319)	(10,503)
Net remeasurement of ECL for non-trading investments (note 7 b)	(2,749)	6,326
Net remeasurement of ECL on off-balance sheet exposures and others	11,291	445
Net other provision charges	(6,676)	9,280
	<u>79,925</u>	<u>117,586</u>

7 NON-TRADING INVESTMENTS

a) Credit quality of non-trading investments

	30 September 2021			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
High standard grade	5,869,629	5,064	-	5,874,693
Standard grade	3,757,105	86,507	-	3,843,612
	<u>9,626,734</u>	<u>91,571</u>	<u>-</u>	<u>9,718,305</u>
Less: ECL allowances	(20,500)	(3,496)	-	(23,996)
	<u>9,606,234</u>	<u>88,075</u>	<u>-</u>	<u>9,694,309</u>
Equity instruments at fair value				<u>123,149</u>
				<u>9,817,458</u>
	31 December 2020 (Audited)			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
High standard grade	6,508,714	-	-	6,508,714
Standard grade	2,904,951	95,060	-	3,000,011
	<u>9,413,665</u>	<u>95,060</u>	<u>-</u>	<u>9,508,725</u>
Less: ECL allowances	(21,171)	(5,771)	-	(26,942)
	<u>9,392,494</u>	<u>89,289</u>	<u>-</u>	<u>9,481,783</u>
Equity instruments at fair value				<u>126,526</u>
				<u>9,608,309</u>

Equity instruments held at fair value include investments amounted to US\$ 3.3 million as at 30 September 2021 (31 December 2020: US\$ 6.5 million) which are designated as FVTPL. Loss from FVTPL equity investments for the period amounted to US\$ 1.7 million (30 September 2020: Gain of US\$ 29.1 million).

7 NON-TRADING INVESTMENTS (continued)

b) Reconciliation of ECL allowances

	<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)	(385)	(2,364)	-	(2,749)
Exchange rate and other adjustments	(286)	89	-	(197)
At 30 September 2021	20,500	3,496	-	23,996
	<i>2020</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 2020	9,407	1,733	-	11,140
Transfer from Stage 2	89	(89)	-	-
Net remeasurement of ECL allowances (note 6c)	5,845	481	-	6,326
Exchange rate and other adjustments	15	69	-	84
At 30 September 2020	15,356	2,194	-	17,550

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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>	
Balance at 1 January 2021	17,240	36,309	(473,924)	(2,548)	(53,739)	(45,439)	(522,101)
Currency translation adjustments	-	6	4,186	-	-	-	4,192
Transfers to interim consolidated statement of income	-	-	-	(5,618)	72	-	(5,546)
Net fair value movements	-	-	-	20,034	12,092	13,813	45,939
Transfers to retained earnings on equity investments	-	-	-	(1,411)	-	-	(1,411)
Balance at 30 September 2021	17,240	36,315	(469,738)	10,457	(41,575)	(31,626)	(478,927)

	<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>	
Balance at 1 January 2020	17,240	35,395	(402,456)	21,331	(37,137)	(39,147)	(404,774)
Currency translation adjustments	-	(3)	(51,669)	-	-	-	(51,672)
Transfers to interim consolidated statement of income	-	-	-	(3,248)	(99)	-	(3,347)
Net fair value movements	-	-	-	(38,530)	(25,013)	(5,145)	(68,688)
Transfers to retained earnings on equity investments	-	-	-	1,431	-	-	1,431
Balance at 30 September 2020	17,240	35,392	(454,125)	(19,016)	(62,249)	(44,292)	(527,050)

30 September 2021 (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\$ 7,893.5 million as at 30 September 2021 (31 December 2020: US\$ 8,209.5 million). Carrying value of these non-trading investments was US\$ 7,755.4 million as at 30 September 2021 (31 December 2020: US\$ 8,198.3 million).

The Group's primary medium and long-term financial liabilities are the term debts, Sukuk payable and 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>30 September 2021</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	76	84,166	38,907	123,149
Debt instruments (FVTOCI)	1,818,925	120,008	-	1,938,933
Derivative assets	-	127,957	-	127,957
Derivative liabilities	-	530,641	-	530,641

	<i>31 December 2020 (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	176	87,911	38,439	126,526
Debt instruments (FVTOCI)	1,181,645	101,817	-	1,283,462
Derivative assets	-	166,662	-	166,662
Derivative liabilities	-	1,014,416	-	1,014,416

During the nine months ended 30 September 2021 and 2020, there have been no transfers between Level 1, 2, 3 and no significant movements were noted in Level 3 investments.

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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 assessment.

The income, expense and the period end balances in respect of related parties included in the interim condensed consolidated financial statements were as follows:

	2021					
	Senior management					Total
	Major	Associates	Non-Executive	Management		
shareholders	Directors		Directors	Directors	Others	US\$ '000
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
For the nine months ended						
30 September 2021						
Interest income	-	53	5,826	21	-	5,900
Interest expense	11,309	-	522	63	4	11,898
Fees and commissions	809	1,631	984	8	1	3,433
Short term employee benefits	-	-	-	9,240	2,292	11,532
End of service benefits	-	-	-	924	148	1,072
Directors' fees and related expenses	-	-	745	-	-	745
As of 30 September 2021						
Deposits with banks	-	4,905	-	-	-	4,905
Loans and advances	-	-	177,850	273	-	178,123
Derivative assets	-	5,642	-	-	-	5,642
Deposits from banks	-	19,522	-	-	-	19,522
Customers' deposits	2,113,956	-	43,094	8,731	953	2,166,734
Subordinated liabilities	9,974	-	-	-	-	9,974
Commitments and contingent liabilities	-	48,025	85,396	-	-	133,421
2020						
Senior management						Total
Major	Associates	Non-Executive	Management			
shareholders		Directors	Directors	Directors	Others	US\$ '000
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
For the nine months ended						
30 September 2020						
Interest income	-	126	4,834	59	3	5,022
Interest expense	82,610	356	77	85	6	83,134
Fees and commissions	861	1,041	514	11	2	2,429
Short term employee benefits	-	-	-	9,263	1,996	11,259
End of service benefits	-	-	-	1,603	129	1,732
Directors' fees and related expenses	-	-	1,385	-	-	1,385
As of 31 December 2020						
Deposits with banks	-	15,570	-	-	-	15,570
Loans and advances	-	-	144,053	379	-	144,432
Derivative assets	-	8,853	-	-	-	8,853
Deposits from banks	-	17,086	-	-	-	17,086
Customers' deposits	3,728,982	-	30,405	8,715	396	3,768,498
Subordinated liabilities	10,032	-	-	-	-	10,032
Commitments and contingent liabilities	-	7,436	84,461	-	-	91,897

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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/431/2020 dated 29 December 2020, the limit is reduced to 80% until 31 December 2021, to contain the financial repercussions of COVID-19. The Group's consolidated NSFR ratio as of 30 September 2021 was 117.0% (31 December 2020: 117.0%).

	<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<u>Available Stable Funding:</u>		
Regulatory capital	6,155,756	5,539,056
Retail and SME deposits	6,854,163	6,381,437
Wholesale funding	12,413,287	12,707,451
Others	850,282	480,576
Total Available Stable Funding (A)	26,273,488	25,108,520
<u>Required Stable Funding:</u>		
High-Quality Liquid Assets (HQLA)	1,481,903	1,798,935
Performing loans	14,434,926	13,552,637
Securities (other than HQLA)	3,278,148	2,734,716
Derivative contracts and margins	343,039	587,712
Others	2,496,769	2,405,618
Off-balance sheet items	423,377	388,174
Total Required Stable Funding (B)	22,458,162	21,467,792
NSFR (%) (A/B)	117.0%	117.0%

12 SUKUK PAYABLE

	<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Issued by the Bank	600,000	-

The Sukuk was issued during the period through a wholly owned special purpose vehicle with a tenor of 5 years maturing on 9 September 2026 and carries a fixed profit rate of 2.615% per annum, payable semi-annually in arrears on 9 September and 9 March respectively commencing 9 March 2022. The above Sukuk is listed on the London Stock Exchange.

Sukuk issued is initially recognized at their fair value being the issue proceeds. Changes in fair value to the extent of the changes in fair value of the Sukuk hedged and unamortised transaction costs amounting US\$ 8.4 million is included under 'Interest receivable, derivative and other assets'.

13 PERPETUAL TIER 1 CAPITAL SECURITIES

	<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Issued by the Bank	400,000	400,000
Perpetual Tier I Sukuk-2021	600,000	-
Perpetual Tier I Sukuk-2016	160,815	200,000
	1,160,815	600,000

In addition to existing Perpetual Tier I securities issued by the Bank's subsidiary Ahli United Bank K.S.C.P ("AUBK") amounting US\$ 200 million in 2016 ("Perpetual Tier I Sukuk-2016"), AUBK completed a US\$ 600 million Basel III compliant Additional Tier 1 Perpetual Capital Sukuk ("Perpetual Tier I Sukuk-2021") issue during June 2021 that bears a profit rate of 3.875% per annum, which are eligible to be classified under equity. The Perpetual Tier I Sukuk-2021 are subordinated, unsecured and carry a periodic distribution amount, payable semi-annually in arrears, is callable after five year period of issuance until the first call date ending June 2026 or any profit distribution date thereafter subject to certain redemption conditions including prior CBK approval. The Perpetual Tier I Sukuk-2021 and Perpetual Tier I Sukuk-2016 are listed on the Irish Stock Exchange and NASDAQ Dubai.

In June 2021, AUBK announced a tender offer to the holders of the outstanding Perpetual Tier I Sukuk-2016 under the terms of the Tender Offer Memorandum and the AUBK fully settled the accepted validly tendered Capital Certificates amounting to US\$ 39,185 thousands. Accordingly, the aggregate face amount of the outstanding Perpetual Tier I Sukuk-2016 as of 30 September 2021 was US\$ 160,815 thousands. In accordance with approval from CBK to recall Perpetual Tier I Sukuk-2016 at its discretion, AUBK has recalled and fully redeemed the outstanding Perpetual Tier I Sukuk-2016 on 25 October 2021.

14 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 remains 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, has agreed to extend the suspension period for the resumption of the acquisition of AUB by KFH until completion of KFH's updated assessment to be conducted by the international advisor appointed by KFH in this respect. Further, AUB has and will disclose on the Bahrain Bourse and Borsa 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.

**(The attached financial information do not form part of the
interim condensed consolidated financial statements)**

Ahli United Bank B.S.C.

**Supplementary Public Disclosure- Financial Impact of COVID-19 For Period Ended 30
September 2021**

As part of the objective to maintain enhanced transparency amidst the current implications of Coronavirus (COVID-19) and pursuant to the Central Bank of Bahrain instructions, the AUB Group herein provides additional supplementary information pertaining to the financial impact of COVID-19 on its interim condensed consolidated financial statements for the period ended 30 September 2021.

The COVID-19 pandemic continues to severely impact the global economy, causing wide spread disruption to business and economic activities resulting in significant uncertainties in the operating environment. The current period has also seen resurgence of Covid-19 virus variants with the resultant health situation impacting the business sentiment which is exasperated by shortages of raw materials and components affecting production in many key industries for e.g., vehicles, mobile phones and energy. As a result, global financial markets are still subject to volatility given the evolving developments and uncertainty. Various governments and central banks have extended monetary and fiscal interventions to stabilize economic and market conditions.

In the GCC region, Governments have conducted successful vaccination programs which ensured that majority of the population have been vaccinated (including booster dosage in the Kingdom of Bahrain) and have taken proactive steps to ensure opening-up of local economies and return of customer confidence. Further, it is believed recent recovery in oil prices will assist in stimulating recovery of local economies and boost business confidence.

The Central Bank of Bahrain (CBB) issued a circular on 27 May 2021, directing banks to offer customers six months' installments deferment options up to 31 December 2021 with interest charge. In addition, the Central Bank of Bahrain extended certain relief measures to combat the effects of COVID-19 up to 31 December 2021. These measures included the following:

- Reduction of the cash reserve ratio from 5% to 3% by the CBB;
- Reduction of liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) from 100% to 80%;

- SMEs risk weight reduced from 75% to 25%;
- Cap on merchant fees imposed by local acquirers, cooling off period for transferring exposures from stage 3 to stage 2, relaxation concerning the days past due for ECL staging criteria from stage 1 to stage 2 of 74 days, and relaxation requirement on LTV ratio for residential mortgages.

The table below summarizes the overall financial impact of the above for YTD Q3/2021:

Overall Impact on Interim Condensed Consolidated Financial Statements

	Net Impact (In US\$ millions)		
	Consolidated Statement of Income	Consolidated Balance Sheet (Assets)	Group's Equity attributable to Owners
Reduction in Cash Reserve with CBB	-	65.4	-

Other COVID-19 Impacts:

AUB Group reported a net profit attributable to its equity shareholders of US\$ 450.6 million for YTD Q3/2021, representing an increase of 10.1%, as compared to US\$ 409.3 million achieved in YTD Q3/2020.

In response to the ongoing COVID 19 pandemic related trajectory and projected market impact, regulators sustained the very low-key benchmark interest rates following the rate cuts by the US Federal Reserve beginning H2/2019 and in Q1/2020. Net Interest Income increased by US\$ 44.3 million (+7.4%) primarily due to asset growth and reduction in funding costs driven by lower liquidity premia.

Fees and Commissions increased by US\$ 2.6 million (+3.3%) consequent to marginal improvement in economic activity levels.

The AUB Group assessed its Stage 1 and Stage 2 ECL gross provisions on performing loans and advances as a pre-cautionary measure in accordance with IFRS-9 taking into consideration the projected direction of

macro-economic variables and level of assessed management overlays to cover any inherent Significant Increase in Credit Risk (SICR) in specific sectors and in the overall portfolio given the uncertain and evolving impact of the COVID-19 pandemic. Accordingly, gross ECL provisions on Stage 1 and Stage 2 amounting US\$ 32.0 million were taken while Stage 3 loans and advances required ECL provisions of US\$ 53.4 million during YTD Q3/2021.

The AUB Group continued to make donations in various jurisdictions in which the Group operates to support humanitarian and relief efforts in the wake of COVID-19 pandemic and included donations amounting to US\$ 1.0 million in YTD Q3/2021.

The AUB Group continues to comply with respective governmental guidelines and regulations and adherence to precautionary measures to ensure health and safety of the AUB customers and staff during the COVID-19 pandemic period. The Group has also invested in its operational and technical capabilities to provide easy continuous access to its clients to securely conduct their business needs on a remote basis as well as to enhance the ability and training of its staff to handle their responsibilities from remote locations, as applicable, in a controlled manner as required by pandemic conditions.

The above supplementary information should not be relied upon for any other purposes. Since the COVID-19 situation is uncertain and its consequences are still evolving, its impact on the financial results of the bank is presented as assessed on the date of preparation of this information. Circumstances may change which may result in this information becoming out of date or requiring appropriate modification. It is also important to note that this information has not been subject to review by the external auditors and does not form part of the consolidated financial statements for the period ended 30 September 2021.