

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 as detailed in note 2 below (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. 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 consolidated financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors dated 19 February 2019.

2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at and for the years ended 31 December 2018 and 2017. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control is achieved where the Bank is exposed, or has rights, to variable returns from its involvement from its investee and has the ability to affect those returns through its power over the investee. The Bank re-assesses whether or not it controls an investee if facts and circumstances indicates that there are any change to elements of control. The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. Adjustments are made to the consolidated financial statements to bring into line any dissimilar accounting policies that may exist.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated on consolidation. The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities.

The following are the Bank's principal subsidiaries:

<i>Name</i>	<i>Incorporated in</i>	<i>Group's nominal holding</i>	
		<i>31 December 2018</i>	<i>31 December 2017</i>
Ahli United Bank (U.K.) PLC (AUBUK)	United Kingdom	100.0%	100.0%
Ahli United Bank K.S.C.P. (AUBK)*	State of Kuwait	67.3%	67.3%
Ahli United Bank (Egypt) S.A.E. (AUBE)	Arab Republic of Egypt	85.5%	85.5%
Commercial Bank of Iraq P.S.C. (CBIQ)	Republic of Iraq	75.0%	75.0%
Al Ahli Real Estate Company S.P.C. (AREC)	Kingdom of Bahrain	100.0%	100.0%
Ahli United Bank Limited (AUBL)	DIFC - United Arab Emirates	-	100.0%
Al Hilal Life B.S.C. (c) (AHL)	Kingdom of Bahrain	100.0%	100.0%

* Effective holding 74.9% (31 December 2017: 74.9%)

After obtaining approval from Dubai Financial Services Authority (DFSA), AUBL subsidiary business was transferred to the newly established branch in DIFC with effect from 10 December 2018 and operates under a branch licence issued by the DFSA.