

Al Baraka Islamic Bank B.S.C.(c)
CBB - Composition of Capital Disclosure Requirements
As at 30 September 2020

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CBB - Composition of Capital Disclosure Requirements

PD-1 Regulatory Capital Reconciliation

As at 30 September 2020

Common Disclosure Template		PIRI	Reference
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus	136,458	E
2	Retained earnings	(11,891)	G
3	Accumulated other comprehensive income (and other reserves)	(8,320)	H-L
4	<i>Not applicable</i>	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	12,915	N
6	Common Equity Tier 1 capital before regulatory adjustments	129,162	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	30,635	B
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,438	A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	11,800	C1
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Not applicable	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	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)	-	
20	Mortgage servicing rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	949	C2
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the common stock of financials	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	CBB specific regulatory adjustments	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to Common equity Tier 1	46,822	
29	Common Equity Tier 1 capital (CET1)	82,340	

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Common Disclosure Template		PIRI	Reference
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	111,000	F
31	of which: classified as equity under applicable accounting standards	111,000	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	137	O
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 capital before regulatory adjustments	111,137	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	CBB specific regulatory adjustments	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)	111,137	
45	Hair Cut due to shortage in CET-1 Capital	-	
46	Net Available Capital after regulatory adjustments and haircut	111,137	
47	Tier 1 capital (T1 = CET1 + AT1)	193,477	
Tier 2 capital: instruments and provisions			
48	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
49	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	-	
50	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	5,038	D
51	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
52	<i>Assets revaluation reserve - property, plant, and equipment</i>	-	P
53	Provisions	3,257	Q
54	Tier 2 capital before regulatory adjustments	8,295	

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Common Disclosure Template		PIRI	Reference
Tier 2 capital: regulatory adjustments			
55	Investments in own Tier 2 instruments	-	
56	Reciprocal cross-holdings in Tier 2 instruments	-	
57	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
58	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
59	National specific regulatory adjustments	-	
60	Total regulatory adjustments to Tier 2 capital	-	
61	Tier 2 capital (T2)	8,295	
62	Total capital (TC = T1 + T2)	201,772	
63	Total risk weighted assets	823,604	
Capital ratios and buffers			
64	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.00%	
65	Tier 1 (as a percentage of risk weighted assets)	23.49%	
66	Total capital (as a percentage of risk weighted assets)	24.50%	
67	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)	12.5%	
68	of which: capital conservation buffer requirement	2.5%	
69	of which: bank specific countercyclical buffer requirement	N/A	
70	of which: D-SIB buffer requirement	N/A	
71	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	3.5%	
National minima including CCB (where different from Basel III)			
72	CBB Common Equity Tier 1 minimum ratio	9%	
73	CBB Tier 1 minimum ratio	10.5%	
74	CBB total capital minimum ratio	12.5%	

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As at 30 September 2020

Common Disclosure Template		PIRI	Reference
Amounts below the thresholds for deduction (before risk weighting)			
75	Non-significant investments in the capital of other financials	-	
76	Significant investments in the common stock of financials	-	
77	Mortgage servicing rights (net of related tax liability)	-	
78	Deferred tax assets arising from temporary differences (net of related tax liability)	8,318	
Applicable caps on the inclusion of provisions in Tier 2			
79	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	3,257	Q
80	Cap on inclusion of provisions in Tier 2 under standardised approach	7,130	
81	N/A		
82	N/A		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2023)			
83	Current cap on CET1 instruments subject to phase out arrangements	-	
84	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
85	Current cap on AT1 instruments subject to phase out arrangements	-	
86	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
87	Current cap on T2 instruments subject to phase out arrangements	-	
88	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

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Statement of Financial Position

Appendix PD-2

Step-1

	As per published financial statements 30 September 2020 US \$ '000	As per Consolidated PIRI Return 30 September 2020 US \$ '000
Assets		
Cash and balances with banks and financial institutions	296,813	297,245
Receivables	525,535	536,002
Ijara Muntahia Bittamleek & Ijara receivables	305,000	306,146
Musharaka	309,137	315,112
Investments	869,173	827,783
Investments in real estate	14,552	16,313
Investment in joint venture & associates	14,642	14,712
Premises and equipment	43,904	44,933
Goodwill	13,553	30,635
Other assets	60,670	64,246
Total Assets	2,452,979	2,453,127
Liabilities		
Due to banks and financial institutions	30,420	30,420
Current accounts	303,542	303,542
Medium Term Financing	70,852	70,852
Other liabilities	108,320	114,161
Total liabilities	513,134	518,975
Equity of Investment Account Holders	1,670,843	1,670,843
Subordinated debt	11,881	6,802
Shareholders' Equity		
CET 1		
Share capital	136,458	136,458
Perpetual Tier1 capital	111,000	111,000
Retained earnings	(7,880)	(31,807)
Reserves	(6,178)	14,853
Total Shareholders' Equity	233,400	230,504
Non controlling interest	23,721	26,003
Total Liabilities, URIA and shareholders' equity	2,452,979	2,453,127

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CBB - Composition of Capital Disclosure Requirements
Statement of Financial Position
Appendix PD-2
Step-2

	As per published financial statements	As per Consolidated PIRI Return	
	30 September 2020	30 September 2020	
	US \$ '000	US \$ '000	
Assets			
Cash and balances with banks and financial institutions	296,813	297,245	
Receivables	525,535	536,002	
Ijara Muntahia Bittamleek & Ijara income receivable	305,000	306,146	
Musharaka	309,137	315,112	
Investments carried at fair value through profit & loss	262	12,529	
Investments carried at amortized cost	775,756	776,428	
Investments carried at fair value through equity	93,155	38,826	
Investments in real estate	14,552	16,313	
Investment in joint venture & associates	14,642	14,712	
Premises and equipment	43,904	44,933	
of which intangibles	3,438	3,438	A
Goodwill	13,553	30,635	B
Other assets	60,670	63,298	
of which deferred tax subject to direct deduction		11,800	C1
of which deferred tax subject to threshold deduction		949	C2
Total Assets	2,452,979	2,453,128	
Liabilities			
Due to banks and financial institutions	30,420	30,420	
Current accounts	303,542	303,542	
Medium Term Financing	70,852	70,852	
Other liabilities	108,320	114,162	
Total liabilities	513,134	518,976	
Equity of Investment Account Holders	1,670,843	1,670,843	
Subordinated debt	11,881	6,802	
of which allowed as T2		5,038	D
Shareholders' Equity			
CET 1			
Share capital	136,458	136,458	E
Perpetual AT1 Capital	111,000	111,000	F
Accumulated losses	(6,178)	(11,891)	G
Statutory reserve	23,228	23,228	H
General reserves	8,687	8,687	I
Foreign exchange reserve	(38,704)	(38,705)	J
Revaluation reserve on investments	(1,037)	(1,475)	K
Other reserves	(54)	(55)	L
Non controlling interest	23,721	26,003	M
NCI CET1		12,915	N
NCI AT1		137	O
Tier 2			
Revaluation reserve on premises and equipment	-	-	P
Expected credit losses for stage1 and stage2	-	3,257	Q
Total Shareholders' Equity	257,121	256,507	
Total Liabilities, URIA and shareholders' equity	2,452,979	2,453,128	

Legal entities included within the regulatory scope of consolidation but excluded from the accounting scope of consolidation:

Name	Activities	Total Assets	Total Equity
Itqan Capital Company	Fund management and investment advisory	19,076	13,472

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Disclosure template for main features of regulatory capital instruments

Appendix PD-3

1	Issuer	Al Baraka Islamic Bank	Al Baraka Islamic Bank	Al Baraka Islamic Bank	Al Baraka Bank (Pakistan) Limited	Al Baraka Bank (Pakistan) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA	NA	NA	NA
3	Governing law(s) of the instrument	Kingdom of Bahrain	Kingdom of Bahrain	Kingdom of Bahrain	All applicable laws and regulations of the Islamic Republic of Pakistan	All applicable laws and regulations of the Islamic Republic of Pakistan
	<i>Regulatory treatment</i>					
4	Transitional CBB rules	CET 1	AT1	AT1	Tier 2	Tier 2
5	Post-transitional CBB rules	CET 1	AT1	AT1	Tier 2	Tier 2
6	Eligible at solo/group/group&solo	Both solo and Group	Both solo and Group	Both solo and Group	GROUP	GROUP
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Subordinated Mudaraba debt	Subordinated Mudaraba debt	Unrestricted Mudaraba Sukuk	Unrestricted Mudaraba Sukuk
8	Amount recognised in regulatory capital (Currency in USD K, as of most recent reporting date)	136,458	81,000	30,000	2,829	9,052
9	Par value of instrument	100	Not Applicable	Not Applicable	NA	NA
10	Accounting classification	Equity	Equity	Equity	Liability - amortized cost	Bullet Payment after 7 Years
11	Original date of issuance	Various	2018	2019	2014	2017
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	Not Applicable	Perpetual	Perpetual	2021	2024
14	Issuer call subject to prior supervisory approval	Not Applicable	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	<i>Coupons / dividends</i>					
17	Fixed or floating dividend/coupon	As decided by shareholder	Fixed	Fixed	Floating	Floating
18	Coupon rate and any related index	Not Applicable	Various	Various	KIBOR	6 Month Kibor + 0.75%
19	Existence of a dividend stopper	Not Applicable	Yes	Yes	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Not Applicable	No	No	Not Applicable	Not Applicable
22	Noncumulative or cumulative	Not Applicable	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Not Applicable	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	Not Applicable	Yes	Yes	No	No
31	If write-down, write-down trigger(s)	Not Applicable	If regulatory requires to meet the minimum capital requirements as per laws applicable in country of incorporation.	If regulatory requires to meet the minimum capital requirements as per laws applicable in country of incorporation.	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Full	Full	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Permanent	Permanent	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to all liabilities	Senior to common equity and subordinate to all liabilities	Senior to common equity and subordinate to all liabilities	Subordinate to all liabilities	Subordinate to all liabilities
36	Non-compliant transitioned features	Not Applicable	No	No	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable