

Al Baraka Islamic Bank B.S.C.(c)
CBB - Composition of Capital Disclosure Requirements
As at 30 September 2019

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CBB - Composition of Capital Disclosure Requirements

PD-1 Regulatory Capital Reconciliation

As at 30 September 2019

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	(15,006)	G
3	Accumulated other comprehensive income (and other reserves)	(5,553)	H-L
4	<i>Not applicable</i>	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	11,008	N
6	Common Equity Tier 1 capital before regulatory adjustments	126,907	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	31,444	B
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,457	A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	14,799	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)	33	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	50,733	
29	Common Equity Tier 1 capital (CET1)	76,174	

Al Baraka Islamic Bank B.S.C.(c)

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PD-1 Regulatory Capital Reconciliation

As at 30 September 2019

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)	159	O
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 capital before regulatory adjustments	111,159	
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)	111,159	
45	Hair Cut due to shortage in CET-1 Capital	-	
46	Net Available Capital after regulatory adjustments and haircut	111,159	
47	Tier 1 capital (T1 = CET1 + AT1)	187,333	
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)	6,241	D
51	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
52	<i>Assets revaluation reserve - property, plant, and equipment</i>	714	P
53	Provisions	5,384	Q
54	Tier 2 capital before regulatory adjustments	12,339	

Al Baraka Islamic Bank B.S.C.(c)

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As at 30 September 2019

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)	12,339	
62 Total capital (TC = T1 + T2)	199,672	
63 Total risk weighted assets	800,237	
Capital ratios and buffers		
64 Common Equity Tier 1 (as a percentage of risk weighted assets)	9.52%	
65 Tier 1 (as a percentage of risk weighted assets)	23.41%	
66 Total capital (as a percentage of risk weighted assets)	24.95%	
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)	3.0%	
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%	

Al Baraka Islamic Bank B.S.C.(c)

CBB - Composition of Capital Disclosure Requirements

PD-1 Regulatory Capital Reconciliation

As at 30 September 2019

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)	7,621	
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)	5,384	Q
80	Cap on inclusion of provisions in Tier 2 under standardised approach	7,097	
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)	-	

Al Baraka Islamic Bank B.S.C.(c)

CBB - Composition of Capital Disclosure Requirements

Statement of Financial Position

Appendix PD-2

Step-1

	As per published financial statements	As per Consolidated PIRI Return
	30 September 2019	30 September 2019
	US \$ '000	US \$ '000
Assets		
Cash and balances with banks and financial institutions	295,172	295,700
Receivables	424,891	435,286
Ijara Muntahia Bittamleek & Ijara receivables	281,397	282,315
Musharaka	246,617	248,897
Investments	719,417	681,267
Investments in real estate	5,241	7,078
Investment in joint venture & associates	14,709	14,717
Premises and equipment	66,591	67,607
Goodwill	14,362	31,444
Other assets	75,506	78,040
Total Assets	2,143,903	2,142,352
Liabilities		
Due to banks and financial institutions	46,459	46,459
Current accounts	335,454	335,454
Medium Term Financing	61,277	61,277
Other liabilities	112,643	117,125
Total liabilities	555,833	560,315
Equity of Investment Account Holders	1,307,635	1,307,635
Subordinated debt	14,037	13,247
Shareholders' Equity		
CET 1		
Share capital	136,458	136,458
Perpetual Tier1 capital	111,000	111,000
Retained earnings	(4,401)	(25,005)
Reserves	(2,000)	10,544
Total Shareholders' Equity	241,057	232,997
Non controlling interest	25,341	28,158
Total Liabilities, URIA and shareholders' equity	2,143,903	2,142,352

Al Baraka Islamic Bank B.S.C.(c)
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 2019	30 September 2019	
	US \$ '000	US \$ '000	
Assets			
Cash and balances with banks and financial institutions	295,172	295,700	
Receivables	424,891	435,286	
Ijara Muntahia Bittamleek & Ijara income receivable	281,397	282,315	
Musharaka	246,617	248,897	
Investments carried at fair value through profit & loss	196	15,886	
Investments carried at amortized cost	629,425	629,912	
Investments carried at fair value through equity	89,796	35,469	
Investments in real estate	5,241	7,078	
Investment in joint venture & associates	14,709	14,717	
Premises and equipment	66,591	67,607	
of which intangibles	4,457	4,457	A
Goodwill	14,362	31,444	B
Other assets	75,506	78,004	
of which deferred tax subject to direct deduction		14,799	C1
of which deferred tax subject to threshold deduction		33	C2
Total Assets	2,143,903	2,142,349	
Liabilities			
Due to banks and financial institutions	46,459	46,459	
Current accounts	335,454	335,454	
Medium Term Financing	61,277	61,277	
Other liabilities	112,643	117,122	
Total liabilities	555,833	560,312	
Equity of Investment Account Holders	1,307,635	1,307,635	
Subordinated debt	14,037	13,247	
of which allowed as T2		6,241	D
Shareholders' Equity			
CET 1			
Share capital	136,458	136,458	E
Perpetual AT1 Capital	111,000	111,000	F
Retained earnings	(2,000)	(15,006)	G
Statutory reserve	22,699	22,699	H
General reserves	8,687	8,687	I
Foreign Exchange Reserve	(35,286)	(35,286)	J
Revaluation reserve on investments	(1,187)	(1,625)	K
Other reserves	(28)	(28)	L
Non controlling interest	25,341	28,158	M
NCI CET1		11,008	N
NCI AT1		159	O
Tier 2			
Revaluation reserve on premises and equipment	714	714	P
Expected credit losses for stage1 and stage2	-	5,384	Q
Total Shareholders' Equity	266,398	261,155	
Total Liabilities, URIA and shareholders' equity	2,143,903	2,142,349	

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	21,613	16,633

Al Baraka Islamic Bank B.S.C.(c)

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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	3,654	9,593
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