

Al Baraka Islamic Bank B.S.C.(c)
CBB - Composition of Capital Disclosure Requirements
As at 30 June 2017

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 June 2017 US \$ '000	30 June 2017 US \$ '000
Assets		
Cash and balances with banks and financial institutions	246,492	246,845
Receivables	815,469	819,493
Ijara Muntahia Bittamleek	275,433	275,433
Musharaka	319,868	319,868
Investments	514,265	483,546
Investments in real estate	5,974	6,789
Ijara income receivable	37,151	37,151
Investment in joint venture & associates	14,595	14,675
Premises and equipment	32,462	35,296
Goodwill	28,113	45,195
Other assets	114,672	117,191
Total Assets	2,404,494	2,401,482
Liabilities		
Due to banks and financial institutions	59,011	59,011
Current accounts	355,224	355,224
Borrowings	102,360	102,360
Other liabilities	106,700	108,994
Total liabilities	623,295	625,589
Equity of Investment Account Holders	1,532,515	1,532,515
Subordinated debt	44,130	43,262
Shareholders' Equity		
CET 1		
Share capital	122,458	122,458
Retained earnings	23,753	4,027
Reserves	16,778	27,191
Total Shareholders' Equity	162,989	153,676
Non controlling interest	41,565	46,440
Total Liabilities, URIA and shareholders' equity	2,404,494	2,401,482

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Statement of Financial Position
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Step-2

	As per published financial statements	As per Consolidated PIRI Return	
	30 June 2017 US \$ '000	30 June 2017 US \$ '000	
Assets			
Cash and balances with banks and financial institutions	246,492	246,845	
Receivables	815,469	819,493	
Ijara Muntahia Bittamleek	275,433	275,433	
Musharaka	319,868	319,868	
Investments carried at fair value through profit & loss	279	23,271	
Investments carried at amortized cost	422,675	423,305	
Investments carried at fair value through equity	91,311	36,970	
Investments in real estate	5,974	6,789	
Ijara income receivable	37,151	37,151	
Investment in joint venture & associates	14,595	14,675	
Premises and equipment	32,462	35,296	
of which intangibles	1,620	1,620	A
Goodwill	28,113	45,195	B
Other assets	114,672	117,191	
of which deferred tax	28,348	28,348	C
Total Assets	2,404,494	2,401,482	
Liabilities			
Due to banks and financial institutions	59,011	59,011	
Current accounts	355,224	355,224	
Borrowings	102,360	102,360	
Other liabilities	106,700	108,995	
Total liabilities	623,295	625,590	
Equity of Investment Account Holders	1,532,515	1,532,515	
Subordinated debt			
of which subordinated debt additional Tier1	6,014	25,000	D
of which subordinated debt-Tier -2 issued by parent	25,614	6,000	E
of which subordinated debt-Tier -2 issued by subsidiary	12,502	12,262	F
Shareholders' Equity			
CET 1			
Share capital	122,458	122,458	G
Retained earnings	16,778	4,027	H
Statutory reserve	22,699	22,699	I
General reserves	8,687	8,687	J
Foreign Exchange Reserve	(10,058)	(10,058)	K
Revaluation reserve on investments	1,326	739	L
Other reserves	(94)	(94)	M
Non controlling interest	41,565	46,440	N
Tier 2			
Revaluation reserve on premises and equipment	1,193	1,193	O
Collective Impairment Provision	-	4,024	P
Total Shareholders' Equity	204,554	200,115	
Total Liabilities, URIA and shareholders' equity	2,404,494	2,401,482	

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	30,224	28,799

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

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Disclosure template for main features of regulatory capital instruments

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1	Issuer	Al Baraka Islamic Bank	Al Baraka Islamic Bank	Al Baraka Islamic Bank	Al Baraka Bank (Pakistan) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	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
	<i>Regulatory treatment</i>				
4	Transitional CBB rules	CET 1	AT1	Tier 2	Tier 2
5	Post-transitional CBB rules	CET 1	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
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Subordinated debt	Subordinated debt	Unrestricted Mudaraba Sukuk
8	Amount recognised in regulatory capital (Currency in USD K, as of most recent reporting date)	122,458	25,000	6,000	12,262
9	Par value of instrument	100	Not Applicable	Not Applicable	NA
10	Accounting classification	Equity	Liability - amortized cost	Liability - amortized cost	Liability - amortized cost
11	Original date of issuance	Various	2016	2015	2014
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	Not Applicable	Perpetual	2022	2021
14	Issuer call subject to prior supervisory approval	Not Applicable	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not Applicable	Not Applicable	Not Applicable	Not Applicable
16	Subsequent call dates, if 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
18	Coupon rate and any related index	Not Applicable	7%	3%	KIBOR
19	Existence of a dividend stopper	Not Applicable	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Not Applicable	No	Not Applicable	Not Applicable
22	Noncumulative or cumulative	Not Applicable	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Not Applicable	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	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
30	Write-down feature	Not Applicable	No	No	No
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	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	Subordinate to all liabilities	Subordinate to all liabilities	Subordinate to all liabilities
36	Non-compliant transitioned features	Not Applicable	No	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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Common disclosure template to be used during the transition of regulatory adjustments (i.e. from 31st December 2016 to 31 December 2018)			AMOUNTS SUBJECT TO PRE- 2015 TREATMENT
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	122,458	
2	Retained earnings	4,027	G
3	Accumulated other comprehensive income (and other reserves)	21,973	H
4	<i>Not Applicable</i>		I-M
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	28,711	17,729 N
6	Common Equity Tier 1 capital before regulatory adjustments	177,169	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	45,195	B
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	972	648 A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	20,587	C
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	<i>Not applicable.</i>		
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
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)	-	
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	National specific regulatory adjustments	-	
REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT			
OF WHICH: [INSERT NAME OF ADJUSTMENT]			
OF WHICH: ...			
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	66,753	
29	Common Equity Tier 1 capital (CET1)	110,416	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	25,000	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	25,000	D
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)	1,689	
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
36	Additional Tier 1 capital before regulatory adjustments	26,689	
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	National specific regulatory adjustments	-	
REGULATORY ADJUSTMENTS APPLIED TO ADDITIONAL TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT			
OF WHICH: [INSERT NAME OF ADJUSTMENT]			
OF WHICH: ...			
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)	26,689	
45	Tier 1 capital (T1 = CET1 + AT1)	137,105	

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Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	6,000	E
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>		
48	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)	10,006	F
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
50	Provisions & Assets revaluation reserve - property, plant, and equipment	5,217	O-P
51	Tier 2 capital before regulatory adjustments	21,223	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	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)		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments		
REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT			
OF WHICH: [INSERT NAME OF ADJUSTMENT]			
OF WHICH: ...			
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	21,223	
59	Total capital (TC = T1 + T2)	158,328	
RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT			
OF WHICH: [INSERT NAME OF ADJUSTMENT]			
OF WHICH: ...			
60	Total risk weighted assets	1,042,913	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.59%	
62	Tier 1 (as a percentage of risk weighted assets)	13.15%	
63	Total capital (as a percentage of risk weighted assets)	15.18%	
64	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)		
65	<i>of which: capital conservation buffer requirement</i>		
66	<i>of which: bank specific countercyclical buffer requirement (N/A)</i>		
67	<i>of which: D-SIB buffer requirement (N/A)</i>		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)		
National minima including CCB (if different from Basel 3)			
69	CBB Common Equity Tier 1 minimum ratio	9.0%	
70	CBB Tier 1 minimum ratio	10.5%	
71	CBB total capital minimum ratio	12.5%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financials	-	
73	Significant investments in the common stock of financials	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	4,024	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	9,549	P
78	N/A		
79	N/A		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2020 and 1 Jan 2024)			
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>		
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>		
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>		
83	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>		
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>		
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>		