

**Al Baraka Islamic Bank B.S.C.(c)**  
**CBB - Composition of Capital Disclosure Requirements**  
**As at 30 June 2018**

# 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 2018 US \$ '000	30 June 2018 US \$ '000
<b>Assets</b>		
Cash and balances with banks and financial institutions	225,922	226,431
Receivables	720,435	727,559
Ijara Muntahia Bittamleek & Ijara income receivable	290,700	291,516
Musharaka	310,560	313,010
Investments	590,617	555,915
Investments in real estate	5,974	8,494
Investment in joint venture & associates	14,666	14,674
Premises and equipment	60,878	61,921
Goodwill	18,484	35,566
Other assets	104,759	107,312
<b>Total Assets</b>	<b>2,342,995</b>	<b>2,342,398</b>
<b>Liabilities</b>		
Due to banks and financial institutions	46,160	46,160
Current accounts	301,409	301,409
Medium Term Financing	95,744	95,744
Other liabilities	129,412	130,028
<b>Total liabilities</b>	<b>572,725</b>	<b>573,341</b>
<b>Equity of Investment Account Holders</b>	<b>1,472,675</b>	<b>1,472,675</b>
<b>Subordinated debt</b>	<b>21,061</b>	<b>20,577</b>
<b>Shareholders' Equity</b>		
<b>CET 1</b>		
Share capital	122,458	122,458
<b>Perpetual Tier1 capital</b>	<b>110,000</b>	110,000
Retained earnings	(1,992)	(18,599)
Reserves	13,378	25,134
<b>Total Shareholders' Equity</b>	<b>243,844</b>	<b>238,993</b>
Non controlling interest	32,690	36,812
<b>Total Liabilities, URIA and shareholders' equity</b>	<b>2,342,995</b>	<b>2,342,398</b>

# 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 June 2018 US \$ '000	30 June 2018 US \$ '000	
<b>Assets</b>			
Cash and balances with banks and financial institutions	225,922	226,431	
Receivables	720,435	727,559	
Ijara Muntahia Bittamleek & Ijara income receivable	290,700	291,516	
Musharaka	310,560	313,010	
Investments carried at fair value through profit & loss	117	18,396	
Investments carried at amortized cost	511,222	511,864	
Investments carried at fair value through equity	79,278	25,655	
Investments in real estate	5,974	8,494	
Investment in joint venture & associates	14,666	14,674	
Premises and equipment	60,878	61,921	
of which intangibles	6,391	6,391	A
Goodwill	18,484	35,566	B
Other assets	104,759	107,312	
of which deferred tax	29,364	29,364	C
<b>Total Assets</b>	<b>2,342,995</b>	<b>2,342,398</b>	
<b>Liabilities</b>			
Due to banks and financial institutions	46,160	46,160	
Current accounts	301,409	301,409	
Medium Term Financing	95,744	95,744	
Other liabilities	129,412	130,028	
<b>Total liabilities</b>	<b>572,725</b>	<b>573,341</b>	
<b>Equity of Investment Account Holders</b>	<b>1,472,675</b>	<b>1,472,675</b>	
<b>Subordinated debt</b>			
of which subordinated debt-Tier -2 issued by subsidiary	21,061 20,577	20,577	D
<b>Shareholders' Equity</b>			
<b>CET 1</b>			
Share capital	122,458	122,458	E
Perpetual AT1 Capital	110,000	110,000	F
Retained earnings	(1,992)	(18,599)	G
Statutory reserve	22,699	22,699	H
General reserves	8,687	8,687	I
Foreign Exchange Reserve	(20,198)	(20,197)	J
Revaluation reserve on investments	1,105	667	K
Other reserves	(108)	(108)	L
Non controlling interest	32,690	36,812	M
<b>Tier 2</b>			
Revaluation reserve on premises and equipment	1,193	1,193	N
Expected credit losses for stage1 and stage2	-	12,193	O
<b>Total Shareholders' Equity</b>	<b>276,534</b>	<b>275,805</b>	
<b>Total Liabilities, URIA and shareholders' equity</b>	<b>2,342,995</b>	<b>2,342,398</b>	

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	25,631	24,337

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

### CBB - Composition of Capital Disclosure Requirements

#### Disclosure template for main features of regulatory capital instruments

##### Appendix PD-3

1	Issuer	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
3	Governing law(s) of the instrument	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	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	GROUP	GROUP
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	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)	122,458	110,000	6,992	13,585
9	Par value of instrument	100	Not Applicable	NA	NA
10	Accounting classification	Equity	Equity	Liability - amortized cost	Bullet Payment after 7 Years
11	Original date of issuance	Various	2018	2014	2017
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	Not Applicable	Perpetual	2021	2024
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	Floating	Floating
18	Coupon rate and any related index	Not Applicable	Various	KIBOR	6 Month Kibor + 0.75%
19	Existence of a dividend stopper	Not Applicable	Yes	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully 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	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.	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Full	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Permanent	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	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
37	If yes, specify non-compliant features	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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**CBB - Composition of Capital Disclosure Requirements**

**Appendix PD-4**

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
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	122,458	E
2	Retained earnings	(18,599)	G
3	Accumulated other comprehensive income (and other reserves)	20,892	H-L
4	<i>Not Applicable</i>		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	18,988	M
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	143,739	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	35,566	B
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	5,113	A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	21,247	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	Not applicable.		
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	<b>Total regulatory adjustments to Common equity Tier 1</b>	61,926	
29	<b>Common Equity Tier 1 capital (CET1)</b>	81,813	
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	110,000	F
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	110,000	
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)	1,938	
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	111,938	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
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	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	
44	<b>Additional Tier 1 capital (AT1)</b>	111,938	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	193,751	

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### Appendix PD-4

Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from Tier 2	
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)	13,099
49	of which: instruments issued by subsidiaries subject to phase out	
50	Provisions & Assets revaluation reserve - property, plant, and equipment	4,241
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>17,340</b>
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	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>
58	<b>Tier 2 capital (T2)</b>	<b>17,340</b>
59	<b>Total capital (TC = T1 + T2)</b>	<b>211,091</b>
RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT		
OF WHICH: [INSERT NAME OF ADJUSTMENT]		
OF WHICH: ...		
60	<b>Total risk weighted assets</b>	<b>889,958</b>
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	9.19%
62	Tier 1 (as a percentage of risk weighted assets)	21.77%
63	Total capital (as a percentage of risk weighted assets)	23.72%
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	of which: capital conservation buffer requirement	
66	of which: bank specific countercyclical buffer requirement (N/A)	
67	of which: D-SIB buffer requirement (N/A)	
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/ ECLs eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	3,048
77	Cap on inclusion of provisions in Tier 2 under standardised approach	8,543
78	N/A	
79	N/A	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2020 and 1 Jan 2024)		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

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