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

Basel III, Pillar III Disclosures

30 June 2018

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1 INTRODUCTION

Al Baraka Islamic Bank B.S.C. (c) (the "Bank") is a closed shareholding company incorporated in the Kingdom of Bahrain on 21 February 1984. The Commercial Registration of the Bank was renewed on 7 January 2008 to change the status from exempt closed joint stock company to closed joint stock company. The Bank operates under a Retail Bank's license number RB/025 issued by the Central Bank of Bahrain (CBB). The Bank has eight commercial branches in the Kingdom of Bahrain.

The principal activities of the Bank and its subsidiary (the "Group") are taking demand, saving and investment accounts, providing Murabaha finance, Ijara financing and other Shari'a compliant forms of financing as well as managing investors' money on the basis of Mudaraba or agency for a fee, providing commercial banking services and other investment activities. The Bank's registered office is at Bahrain Bay, P.O. Box 1882, Manama, Kingdom of Bahrain.

For details on the Group's subsidiary as of 30 June 2018, refer note 2 of the interim consolidated financial statements of the Group.

The public disclosures under this section have been prepared in accordance with the Central Bank of Bahrain ("CBB") requirements outlined in its Public Disclosure Module ("PD"), Section PD-3: Public Disclosure requirements, CBB Rule Book, Volume II for Islamic Banks.

2 CAPITAL ADEQUACY

To assess its capital adequacy requirements in accordance with the CBB requirements, the Group adopts the standardised approach for its credit risk, basic indicator approach for its operational risk and standardised measurement approach for its market risk. The CBB capital adequacy requirement is minimum accepted level for capital adequacy. The credit committee of the Group identify and approve assets suitable for funding by equity of Investment Accountholders ("IAH").

For the purpose of computing the Capital Adequacy Ratio ("CAR") and preparation of the PIRI form, the Group's financial subsidiary (Al Baraka Bank (Pakistan) Limited) and significant investment Itqan Capital Company are consolidated, as per the requirement of the CA Module, effectively from 01 January 2015 based on the approval obtained from the CBB. As a result of consolidation of Itqan Capital for regulatory purposes, the amounts in certain tables within the quantitative disclosures might not match the amounts reported in the interim consolidated financial statements of the Group. Therefore, they might not be comparable with the interim financial statements in certain cases with respect to Bank's investment in Itqan capital.

In order to ensure compliance with instructions of Central Bank of Bahrain, the Bank has prepared a detailed capitalization plan to increase the equity to BD 100 million (USD: 265 million) and secured approval of all competent authorities. In this respect, the parent and majority shareholder further Additional Tier-1 (AT-1 Capital) Capital amounted to USD 79 million. Simultaneously, the exiting Tier 2 capital amounted to USD 6 million was also converted to AT-1. Therefore, the total balance of capital secured under such arrangements increased to levels of USD 110 million.

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2 CAPITAL ADEQUACY (continued)

Table – 1. Capital structure

The following table summarises the eligible capital after deductions for Capital Adequacy Ratio (CAR) calculation in accordance with Basel III requirements as of:

	30 June 2018			31 December 2017		
	CET 1	AT1	Tier 2	CET 1	AT1	Tier 2
	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000
Common Equity Tier 1 (CET1)						
Issued and fully paid ordinary shares	122,458			122,458		
General reserves	8,687			8,687		
Statutory reserves	22,699			22,699		
Retained earnings	(5,539)			(2,841)		
Current interim cumulative net income / losses	(3,915)			-		
Unrealized gains and losses on available for sale financial instruments	665			525		
Gains and losses resulting from converting foreign currency subsidiaries to the parent currency	(20,196)			(13,914)		
Other reserves	(107)			(117)		
Total CET1 capital before minority interest	124,752			137,497		
Minority interest in banking subsidiaries	18,988			27,257		
Total CET1 capital prior to regulatory adjustments	143,740			164,754		
Less:						
Goodwill	35,566			37,421		
Intangible other than mortgage servicing rights	5,113			4,411		
Deferred tax assets	21,247			19,731		
Total CET 1 capital after the regulatory adjustments above (CET 1a)	81,814			103,191		
Other Capital (AT1 & T 2)						
Instruments issued by parent company		110,000	-		25,000	6,000
Instruments issued by banking subsidiaries to third parties		1,938	13,099		1,725	16,773
Assets revaluation reserve - property, plant, and equipment		-	1,193		-	1,193
Expected Credit Losses (ECL) Stages 1 & 2		-	3,050		-	4,134
Total Available AT1 & T2 Capital		111,938	17,342		26,725	28,100
Total CET 1 Capital	81,814			103,191		
Total T1 Capital		193,752			129,916	
Total Capital			211,094			158,016

2 CAPITAL ADEQUACY (continued)

Table – 2. Capital requirement by type of islamic financing contracts

The following table summarises the capital requirements by type of islamic financing contracts:

	30 June 2018 Capital requirements US $ '000	31 December 2017 Capital requirements US $ '000
Type of islamic financing contracts		
Receivables	22,272	22,875
Ijara Muntahia Bittamleek & Ijara income receivable	7,854	11,747
Musharaka	16,093	17,393
	46,219	52,015

Table – 3. Capital requirement for market risk

The following table summarises the amount of exposures subject to standardised approach of market risk and related capital requirements as of:

	30 June 2018		31 December 2017	
	Self Financed US $ '000	Financed by IAH US $ '000	Self Financed US $ '000	Financed by IAH US $ '000
Market risk - standardised approach				
Foreign exchange risk	6,937	-	6,930	-
Total of market risk - standardised approach	6,937	-	6,930	-
Multiplier	12.50	12.50	12.50	12.50
	86,713	-	86,625	-
Eligible Portion for the purpose of the calculation	100%	30%	100%	30%
Risk Weighted Exposures ("RWE")				
for CAR Calculation	86,713	-	86,625	-
Total market RWE		86,713		86,625
		12.50%		12.50%
Minimum capital requirement		10,839		10,828

2 CAPITAL ADEQUACY (continued)

Table – 4. Capital Requirements for operational risk

The following table summarises the amount of exposures subject to basic indicator approach of operational risk and related capital requirements as of:

	30 June 2018 *US $ '000*	*31 December 2017* *US $ '000*
Indicators of operational risk		
Average gross income	63,908	118,387
Multiplier	12.5	12.5
	798,850	1,479,838
Eligible Portion for the purpose of the calculation	15%	15%
Total operational RWE	119,828	221,976
	12.50%	12.50%
Minimum capital requirement	14,978	27,747

2 CAPITAL ADEQUACY (continued)

Table – 5. Capital adequacy ratios

The following are capital adequacy ratios for total capital and tier 1 capital as of:

	30 June 2018			31 December 2017		
	Total capital ratio	Tier 1 capital ratio	CET 1 capital ratio	Total capital ratio	Tier 1 capital ratio	CET 1 capital ratio
Group's Capital adequacy ratio	23.72%	21.77%	9.19%	15.06%	12.38%	9.84%
Minimum regulatory requirements*	12.50%	10.50%	9.00%	12.50%	10.50%	9.00%
Al Baraka Bank Pakistan Limited **	20.02%	13.35%	13.35%	21.85%	16.18%	16.18%
Itqan Capital Company	32.13%	32.13%	32.13%	33.43%	33.43%	33.43%

** Minimum required by CBB regulations under Basel III*
***The subsidiary's Capital adequacy ratio computed in accordance with the CBB requirements.*

Legal restrictions on capital and income mobility

Distributing profits by subsidiary to the parent is subject to compliance with applicable laws and regulations in Pakistan. Such distribution should go through the legal and regulatory channels applicable in relevant jurisdiction (i.e. Pakistan). Mobilisation of capital, reserves and equivalent funds out of the subsidiary to the parent is subject to the local rules and regulations. The parent is not subject to any restriction to support its subsidiary in the form of deposits or capital. However, as a procedure and approval has to be obtained from the CBB for increasing investment in subsidiary.

Table - 6. The Group's financial subsidiary capital adequacy ratios

The following is the Group's financial subsidiary capital adequacy ratio prepared on the basis of SBP requirements, which may differ from the CBB requirements, as of:

	30 June 2018			31 December 2017		
	Total capital ratio	Tier 1 capital ratio	CET 1 capital ratio	Total capital ratio	Tier 1 capital ratio	CET 1 capital ratio
Capital adequacy ratio	10.11%	7.80%	8.43%	10.36%	7.69%	8.66%
Minimum regulatory requirements*	10.00%	7.50%	6.00%	10.00%	7.50%	6.00%

**There are no capital conversion buffer required as per SBP requirements.*

3 RISK MANAGEMENT

Risk management is an integral part of the Group's decision-making process. The risk management committee and executive committees, guide and assist with overall management of the Group's consolidated statement of financial position risks. The Group manages exposures by setting limits approved by the Board of Directors. The Group risk management strategies have been effectively implemented during the year in line with the objective defined.

a) Credit risk

Credit risk is the risk that one party to a financial contract will fail to discharge an obligation and cause the other party to incur a financial loss. The Group controls credit risk by monitoring credit exposures, and continually assessing the creditworthiness of counterparties. Financing contracts are mostly secured by the personal guarantees of the counterparty, by collateral in form of mortgage of the objects financed or other tangible security.

Table – 7. Credit risk exposure

The following table summarises the amount of gross funded and unfunded credit exposures and average gross funded and unfunded exposures as of:

	30 June 2018				31 December 2017			
	Self financed		Financed by IAH		Self financed		Financed by IAH	
	Total gross credit exposure US $ '000	*Average gross exposure over the period US $ '000	Total gross credit exposure US $ '000	*Average gross credit risk exposure over the period US $ '000	Total gross credit exposure US $ '000	*Average gross credit exposure over the period US $ '000	Total gross credit exposure US $ '000	*Average gross credit exposure over the period US $ '000
Funded								
Cash and balances with banks and financial institutions	131,772	141,716	94,658	63,034	171,060	155,083	48,393	50,410
Receivables	5,686	24,424	714,749	707,797	4,766	10,780	723,820	767,951
Ijara Muntahia Bittamleek	26,756	27,314	225,955	228,944	26,291	23,598	239,319	248,288
Musharaka	57,995	59,301	252,565	258,710	64,128	54,629	275,513	268,991
Investments	447,742	403,996	122,203	125,507	385,234	403,366	114,126	115,582
Investment in real estate	8,494	7,636	-	-	6,782	6,788	-	-
Ijara income receivables	4,296	3,910	33,693	36,877	3,212	2,934	40,073	35,903
Premises and equipment	61,921	63,778	-	-	38,530	36,196	-	-
Other assets	78,463	76,321	28,852	30,226	76,060	79,898	32,956	32,646
Unfunded exposure								
Contingencies and commitments	227,192	224,767	-	-	224,666	223,601	-	-
	1,050,317	1,033,163	1,472,675	1,451,095	1,000,729	996,873	1,474,200	1,519,771

*Average balances are computed based on quarter end balances.

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 8. Credit risk – geographic breakdown

The following table summarises the geographic distribution of exposures, broken down into significant areas by major types of credit exposure as of:

	30 June 2018				*31 December 2017*			
	*Self financed *geographic area*		*Financed by IAH *geographic area*		*Self financed *geographic area*		*Financed by IAH *geographic area*	
	Middle East US $ '000	*Other Asian countries US $ '000*	*Middle East US $ '000*	*Other Asian countries US $ '000*	*Middle East US $ '000*	*Other Asian countries US $ '000*	*Middle East US $ '000*	*Other Asian countries US $ '000*
Cash and balances with banks	30,592	101,180	28,990	65,668	36,797	134,263	29,210	19,183
Receivables	5,686	-	454,671	260,078	4,766	-	459,761	264,059
Ijara Muntahia Bittamleek	26,756	-	206,711	17,782	26,291	-	216,886	22,433
Musharaka	-	57,995	-	252,565	-	64,128	49	275,464
Investments	305,199	142,543	85,259	36,944	257,922	127,312	63,587	50,539
Investment in real estate	8,494	-	-	-	6,782	-	-	-
Ijara income receivables	4,296	-	33,693	1,462	3,212	-	35,543	4,530
Premises and equipment	41,531	20,390	-	-	15,319	23,211	-	-
Other assets	15,067	63,396	7,003	21,849	6,644	69,416	3,346	29,610
	437,621	385,504	816,327	656,348	357,733	418,330	808,382	665,818

* Segmental information is presented in respect of the Group's geographical segments. The geographical segments are based upon the location of the units responsible for recording the transactions and reflects the manner in which financial information is evaluated by management and the Board of Directors. For financial reporting purposes, the Group is divided into two geographical segments, Middle East and Other Asian Countries. Other Asian Countries predominantly includes operations in Pakistan.

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 9. Credit risk – counterparty type breakdown

The following table summarises the distribution of funded and unfunded exposure by counterparty type as of:

	30 June 2018				31 December 2017			
	Self financed		Financed by IAH		Self financed		Financed by IAH	
	Funded US $ '000	Unfunded US $ '000	Funded US $ '000	Unfunded US $ '000	Funded US $ '000	Unfunded US $ '000	Funded US $ '000	Unfunded US $ '000
Cash items	14,530	-	22,205	-	31,146	-	8,164	-
Claims on Sovereigns	420,425	5,726	68,391	-	310,330	-	70,926	-
Claims on Public Sector Entities	179,561	-	34,960	-	160,981	27	38,484	-
Claims on banks	4,732	57,524	346,044	-	97,719	51,657	301,390	-
Claims on corporate	22,294	163,865	596,672	-	18,833	172,970	622,569	-
Mortgage	-	-	220,689	-	-	-	221,323	-
Past dues receivables	2,231	77	52,569	-	2,479	12	71,704	-
Regulatory Retail Portfolio	-	-	100,935	-	-	-	99,451	-
Equity investment	10,413	-	329	-	11,429	-	604	-
Investment in Funds	4,602	-	-	-	5,899	-	-	-
Holding of Real Estate	76,424	-	8,033	-	48,110	-	10,763	-
Other assets	87,913	-	21,848	-	89,137	-	28,822	-
	823,125	227,192	1,472,675	-	776,063	224,666	1,474,200	-

For the purpose of rating, the Group is using External Credit Assessment Institutions (ECAIs) Standard & Poors, Moodys, Capital Intelligence, Fitch and other approved credit rating agencies for assigning risk weight to assets.

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 10. Credit risk – related party transactions

All transactions with related parties have been made on arms length basis. The following table summarises the balances with related parties as of:

	30 June 2018		31 December 2017	
	Self financed Funded US $ '000	Financed by IAH Funded US $ '000	Self financed Funded US $ '000	Financed by IAH Funded US $ '000
Cash and balances with bank	-	138	-	224
Receivables	-	8,575	-	10,643
Musharaka	-	2,372	-	2,825
Ijara Muntahia Bittamleek	-	293	-	382
Investments	14,666	17,963	14,636	18,058
Ijara Income Receivable	-	63	-	72
Other Assets	2,315	-	698	-
Contingencies and commitments	14,822	-	5,396	-
	31,803	29,404	20,730	32,204

The Group's intra-group transactions are as follows:

	30 June 2018	31 December 2017
	Self financed US $ '000	Self financed US $ '000
Assets		
Investment in a subsidiary	84,201	84,201
Equity investment in Itqan Capital	54,342	54,342
	138,543	138,543
Contingencies and commitments		
Letters of credit	1,583	91
Acceptances	410	324
	1,993	415

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 11. Credit risk – concentration of risk

The Group follows the Central Bank of Bahrain's guidelines with respect to the definition and measurement of large exposures at the consolidated level as stipulated in the Central Bank of Bahrain Rulebook for Islamic Banks.

The following are the balances representing the concentration of risk to individual counterparties as of 30 June 2018:

Counterparties *	*Funded* *US $ '000*
Counterparty # 1	211,444
Counterparty # 2	93,753
Counterparty # 3	89,920
Counterparty # 4	69,128
Counterparty # 5	44,336
Counterparty # 6	40,572
Counterparty # 7	37,926
Counterparty # 8	36,756
Counterparty # 9	33,097

* These exposures are in excess of individual obligor limits. Further, these exposures are either exempt or undertaken after obtaining due approval from Central Bank of Bahrain.

The following are the balances representing the concentration of risk to individual counterparties as of 31 December 2017:

Counterparties *	*Funded* *US $ '000*
Counterparty # 1	137,987
Counterparty # 2	101,245
Counterparty # 3	92,709
Counterparty # 4	75,396
Counterparty # 5	49,438
Counterparty # 6	43,060
Counterparty # 7	37,952
Counterparty # 8	32,916
Counterparty # 9	28,174

* These exposures are in excess of individual obligor limits. Further, these exposures are either exempt or undertaken after obtaining due approval from Central Bank of Bahrain.

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Past due and non-performing facilities

Past due represents installments that are not received on the contractual repayments date. The Group defines non-performing facilities as the facilities that are overdue for period of 90 days or more. These exposures are placed on a non-accrual status with income being recognised to the extent that it is actually received/distributed. It is the Group's policy, except for the subsidiary which is following their local regulations, that when an exposure is overdue for a period of 90 days or more, the whole financing facility extended is considered as past due.

Highly leveraged counter parties

Highly leveraged counter parties are determined by the Credit Department on case by case basis according to industry types and credit policies and procedures of the Group. Each industry has clear established leverage ratios set in place internally which are considered threshold for measuring how leveraged is our counterpart (Low, Medium/Acceptable or High). Any excess over such determined ratios, the customer is classified as highly leveraged with high risk. This ratio will have a big impact on Internal Rating / Grading of the customer. In this respect, the high risk exposure classified by the bank is as follows:

2018	
Counterparty # 1	8,059
Counterparty # 2	1,750
Counterparty # 3	1,029

2017	
Counterparty # 1	8,156
Counterparty # 2	1,833
Counterparty # 3	1,227
Counterparty # 4	774
Counterparty # 5	49

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3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 12. Credit Risk – Residual Contractual Maturity Breakdown

63% of Group assets are financed by equity of IAH, while 37% are self financed. The following table summarises the residual contractual maturity breakdown of the total assets portfolio as of 30 June 2018, broken down by major types of exposure:

	Up to 3 months US $ '000	*3 to 6 months US $ '000*	*6 months to 1 year US $ '000*	*1 to 3 years US $ '000*	*3 to 5 years US $ '000*	*5 to 10 years US $ '000*	*10 to 20 years US $ '000*	*Over 20 years US $ '000*	*No fixed maturity US $ '000*	*Total US $ '000*
ASSETS										
Cash and balances with banks	198,350	-	-	-	-	-	-	-	27,572	225,922
Receivables	355,554	117,691	107,991	40,776	16,560	6,027	-	-	75,836	720,435
Ijara Muntahia Bittamleek	7,086	7,043	13,996	54,200	27,319	50,502	71,374	15,313	5,877	252,710
Musharaka	13,074	1,523	5,204	66,996	164,325	40,880	17,855	-	703	310,560
Investments*	3,716	49,568	103,208	96,092	48,136	207,993	1,000	-	80,904	590,617
Investments in real estate	-	-	-	5,974	-	-	-	-	-	5,974
Ijara income receivable	638	688	1,373	5,495	4,603	3,633	2,017	409	19,134	37,990
Investment in Joint Venture	-	-	-	-	-	14,666	-	-	-	14,666
Premises and equipment	-	-	-	-	-	-	-	-	60,878	60,878
Goodwill	-	-	-	-	-	-	-	-	18,484	18,484
Other assets	42,760	8,411	11,332	2,564	35,341	-	-	-	4,351	104,759
Total assets	621,178	184,924	243,104	272,097	296,284	323,701	92,246	15,722	293,739	2,342,995
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED DEBT AND OWNERS' EQUITY										
Due to banks and financial institutions	31,630	1,673	-	12,857	-	-	-	-	-	46,160
Current accounts	301,409	-	-	-	-	-	-	-	-	301,409
Medium term financing	48,601	-	-	47,143	-	-	-	-	-	95,744
Other liabilities	119,768	667	2,788	5,092	1,097	-	-	-	-	129,412
Total liabilities	501,408	2,340	2,788	65,092	1,097	-	-	-	-	572,725
Equity of investment accountholders**	717,588	138,243	228,251	195,237	91,533	76,367	25,456	-	-	1,472,675
Subordinated debts	1,660	-	1,176	4,703	1,176	12,346	-	-	-	21,061
Total owners' equity	-	-	-	-	-	-	-	-	276,534	276,534
Total liabilities, Equity of investment accountholders, subordinate debt and owner's equity	1,220,656	140,583	232,215	265,032	93,806	88,713	25,456	-	276,534	2,342,995
Net gap	(599,478)	44,341	10,889	7,065	202,478	234,988	66,790	15,722	17,205	-
Cumulative net gap	(599,478)	(555,137)	(544,248)	(537,183)	(334,705)	(99,717)	(32,927)	(17,205)	-	-
Off-balance sheet equity of investment accountholders	34,876	42,126	9,540	-	-	-	-	-	-	86,542

* Investments in 1 to 3 years are easily convertible into liquid funds.
The above table excludes the consolidation of Itqan Capital Company in its calculation. Therefore, it will not match to the remaining tables in this report.

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 12. Credit Risk – Residual Contractual Maturity Breakdown (continued)

64% of Group assets are financed by equity of IAH, while 37% are self financed. The following table summarises the residual contractual maturity breakdown of the total assets portfolio as of 31 December 2017, broken down by major types of exposure:

	Up to 3 months US $ '000	*3 to 6 months US $ '000*	*6 months to 1 year US $ '000*	*1 to 3 years US $ '000*	*3 to 5 years US $ '000*	*5 to 10 years US $ '000*	*10 to 20 years US $ '000*	*Over 20 years US $ '000*	*No fixed maturity US $ '000*	*Total US $ '000*
ASSETS										
Cash and balances with banks	98,578	46,147	-	-	-	-	-	-	74,224	218,949
Receivables	400,146	137,608	59,946	64,289	14,184	3,436	-	-	48,977	728,586
Mudaraba financing	-	-	-	-	-	-	-	-	-	-
Ijara Muntahia Bittamleek	9,039	8,752	14,060	58,399	41,863	50,170	66,132	15,121	2,072	265,608
Musharaka	22,869	1,172	9,300	80,354	158,691	41,778	20,017	-	5,460	339,641
Investments	14,824	500	49,739	188,130	60,397	138,575	1,000	-	64,573	517,738
Investments in real estate	-	-	-	5,974	-	-	-	-	-	5,974
Ijara income receivable	936	1,075	1,456	6,164	4,694	4,673	4,377	1,001	18,911	43,287
Investment in Joint Venture	-	-	-	-	-	14,636	-	-	-	14,636
Premises and equipment	-	-	-	-	-	-	-	-	35,733	35,733
Goodwill	-	-	-	-	-	-	-	-	20,338	20,338
Other assets	42,437	7,022	12,597	3,855	40,535	-	-	-	-	106,446
Total assets	588,829	202,276	147,098	407,165	320,364	253,268	91,526	16,122	270,288	2,296,936
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED DEBT AND OWNERS' EQUITY										
Due to banks and financial institutions	52,087	-	-	-	-	-	-	-	-	52,087
Current accounts	294,637	-	-	-	-	-	-	-	-	294,637
Medium term financing	48,601	29,215	-	22,000	-	-	-	-	-	99,816
Other liabilities	115,109	369	3,385	4,984	3,631	-	-	-	-	127,478
Total liabilities	510,434	29,584	3,385	26,984	3,631	-	-	-	-	574,018
Equity of investment accountholders	678,361	201,721	215,846	189,447	90,802	73,518	24,505	-	-	1,474,200
Subordinated debts	1,759	-	745	5,802	8,588	40,139	-	-	-	57,033
Total owners' equity	-	-	-	-	-	-	-	-	191,685	191,685
Total liabilities, Equity of investment accountholders, subordinate debt and owner's equity	1,190,554	231,305	219,976	222,233	103,021	113,657	24,505	-	191,685	2,296,936
Net gap	(601,725)	(29,029)	(72,878)	184,932	217,343	139,611	67,021	16,122	78,603	-
Cumulative net gap	(601,725)	(630,754)	(703,632)	(518,700)	(301,357)	(161,746)	(94,725)	(78,603)	-	-
Off-balance sheet equity of investment accountholders	27,151	48,859	9,594	-	-	-	-	-	-	85,604

* Investments in 1 to 3 years are easily convertible into liquid funds.
The above table excludes the consolidation of Itqan Capital Company in its calculation. Therefore, it will not match to the remaining tables in this report.

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3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 13. Credit risk – credit quality of Islamic financing contracts by counterparty type

The following table summarises the aging of non performing facilities disclosed by counterparty type as of:

	30 June 2018					31 December 2017				
			Aging of non performing facilities					Aging of non performing facilities		
	Past due but performing US $ '000	Non-performing Islamic financing contracts US $ '000	90 days to 1 year US $ '000	1 year to 3 years US $ '000	Over 3 years US $ '000	Past due but performing US $ '000	Non-performing Islamic financing contracts US $ '000	90 days to 1 year US $ '000	1 year to 3 years US $ '000	Over 3 years US $ '000
Corporates	25,991	82,208	46,571	11,380	24,257	20,737	82,838	43,949	16,977	21,912
Investment Firms	-	15,467	-	-	15,467	238	15,493	-	15,493	-
Individuals	1,044	12,557	9,013	2,541	1,003	878	9,358	2,849	5,563	946
Others	11,521	17,418	4,692	5,505	7,221	8,067	22,995	8,119	6,835	8,041
	38,556	127,650	60,276	19,426	47,948	29,920	130,684	54,917	44,868	30,899

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 14. Credit Risk – provision against financing facilities by counterparty type

The following table summarises the total provisions against financing facilities disclosed by counterparty type as of 30 June 2018:

	Specific allowances								
	Opening Balance	*IFRS-9 Implement. during the period*	*Charges during the year*	*Transit in Stage3 during the year*	*Write-Back during the year*	*Write-offs during the year*	*Transferred to investment risk reserve*	*Exchange difference on opening balance*	*Balance at the end of the year*
	US $ '000	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*
Corporates	35,425	4,810	8,806	528	(523)	-	-	(2,973)	46,073
Investment Firms	13,382	-	-	-	-	-	-	(53)	13,329
Individuals	2,431	459	1,641	352	(202)	(26)	-	(160)	4,495
Others	5,308	1,365	477	-	(856)	-	-	(607)	5,687
	56,546	6,634	10,924	880	(1,581)	(26)	-	(3,793)	69,584

The following table summarises the total provisions against non performing financing facilities disclosed by counterparty type as of 31 December 2017:

	Specific allowances							
	Opening Balance	*Charges during the year*	*Amalgamation during the year*	*Write-Back during the year*	*Write-offs during the year*	*Transferred from investment risk reserve*	*Exchange difference on opening balance*	*Balance at the end of the year*
	US $ '000	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*	*US $ '000*
Corporates	37,220	5,283	-	(5,690)	-	478	(1,866)	35,425
Investment Firms	13,187	-	-	-	-	-	195	13,382
Individual	1,958	611	-	(222)	-	161	(77)	2,431
Others	3,446	2,167	-	(123)	-	-	(182)	5,308
	55,811	8,061	-	(6,035)	-	639	(1,930)	56,546

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 15. Credit risk – non performing facilities and provisions

The following table summarises the total non performing facilities and provisions disclosed by geographical area as of:

	30 June 2018			*31 December 2017*		
	Non-performing Islamic financing contracts US $ '000	***ECL for Stage 3 US $ '000***	***ECL for Stage 1 and 2 US $ '000***	*Non-performing Islamic financing contracts US $ '000*	*Specific provision US $ '000*	*Collective provision US $ '000*
Middle East	**69,111**	**31,528**	**6,757**	61,390	18,489	3,345
Other Asian countries	**58,540**	**38,056**	**4,737**	69,294	38,057	789
	127,651	**69,584**	**11,494**	130,684	56,546	4,134

Table – 16. Credit risk – restructured Islamic financing contracts

The following table summarises the total outstanding Islamic financing contracts that were restructured during the year as of:

	30 June 2018 Total US $ '000	*31 December 2017 Total US $ '000*
Restructured Islamic financing contracts	**12,127**	46,603

The amount represents total facilities restructured during the year. Further, there is no significant impact of the renegotiated Islamic financing contracts on the provisions as well as present and future earnings.

3 RISK MANAGEMENT (continued)

a) Credit risk (continued)

Table – 17. Counterparty credit risk exposure

The following table summarises the counterparty credit risk exposure covered by collateral as of:

	30 June 2018		31 December 2017	
	Gross positive FV of contracts US $ '000	* Collateral held US $ '000	Gross positive FV of contracts US $ '000	* Collateral held US $ '000
Cash and balances with banks and financial institutions	226,430	-	219,453	-
Receivables	720,436	419,301	728,586	421,509
Ijara Muntahia Bittamleek	252,711	305,300	265,610	76,892
Musharaka	310,560	310,560	339,641	339,593
Investments	569,946	-	499,360	-
Investment in real estate	8,494	-	6,782	-
Ijara income receivables	37,989	-	43,285	-
Premises and equipment	61,921	-	38,530	-
Other assets	107,316	-	109,016	-
	2,295,800	1,035,161	2,250,263	837,994

* Collaterals values have been restricted to outstanding exposure of financing facilities.

Table – 18. Counterparty credit risk exposure

The following table summarises exposure by type of Islamic financing contract that is covered by eligible collateral after the application of haircuts as of:

	30 June 2018		31 December 2017	
	FV of contracts US $ '000	Collateral held US $ '000	Gross positive FV of contracts US $ '000	Collateral held US $ '000
Ijara Muntahia Bittamleek & Ijara income receivable	290,700	43,491	308,895	52,924

b) Market risk

Market risk arises from fluctuations in profit rates, equity prices and foreign exchange rates.

Table – 19. Market risk capital requirements

The following table summarises the capital requirement for each category of market risk as of:

	30 June 2018	31 December 2017
	Foreign exchange risk US $ '000	Foreign exchange risk US $ '000
RWE	86,713	86,625
Capital requirements (12.5%)	10,839	10,828
Maximum value of RWE	86,805	89,152
Minimum value of RWE	86,713	86,619

3 RISK MANAGEMENT (continued)

b) Market Risk (continued)

Table – 20. Equity position risk in Banking Book

The following table summarises the total and average gross exposure of equity based financing structures by types of financing contracts and investments as of 30 June 2018:

	Total gross exposure US $ '000	*Average gross exposure over the period US $ '000*	*Publicly held US $ '000*	*Privately held US $ '000*	*Capital requirement US $ '000*
Managed funds	1,000	1,000	-	1,000	25
Private equity	33,235	34,916	11,083	22,153	3,098
Real estate related	24,483	24,174	-	24,483	12,351
	58,718	**60,090**	**11,083**	**47,636**	**15,474**

The following table summarises the total and average gross exposure of equity based financing structures by types of financing contracts and investments as of 31 December 2017:

	Total gross exposure US $ '000	*Average gross exposure over the period US $ '000*	*Publicly held US $ '000*	*Privately held US $ '000*	*Capital requirement US $ '000*
Managed funds	1,000	4,750	-	1,000	25
Private equity	36,048	35,439	13,304	22,743	3,661
Real estate related	23,853	30,319	-	23,853	12,293
	60,901	70,508	13,304	47,596	15,979

Table – 21. Equity gains or losses in Banking Book

The following table summarises the cumulative realised and unrealised gains during the year ended:

	30 June 2018 US $ '000	*31 December 2017 US $ '000*
Cummulative realised gains arising from sale or liquidation	181	2,055
Total unrealised gains recognised in the balance sheet but not through P&L	665	525
Unrealised gross gains included in Tier One Capital	665	525
Assets revaluation reserve - property, plant, and equipment	1,193	1,193

3 RISK MANAGEMENT (continued)

b) Market Risk (continued)

Market risk arises from fluctuations in profit rates, equity prices and foreign exchange rates.

Profit rate risk

The Bank generates funds mainly through profit sharing arrangements or agency modes. The Bank continously monitor the profit rates prevailing in the domestic/ regional markets (issued by competitors). Further, the following factors also affects the determination of profit rates:

- Availability of profitable opportunities in the market
- Key economic fundamentals and liquidity levels
- Policy interest rates promulgated by domestic and leading global monetary agencies.

Table – 22. Profit rate mismatch

The following are the profit rate mismatch between the rate of return on assets and the expected funding due to the sources of finance as of:

	30 June 2018				
	Up to 3 months US $ '000	*3 to 6 months US $ '000*	*6 months to 1 year US $ '000*	*1 to 3 years US $ '000*	*Over 3 years US $ '000*
Receivables	355,554	117,691	107,991	40,776	98,423
Ijara Muntahia Bittamleek and Ijara Income Receivables	7,724	7,731	15,369	59,695	200,181
Musharaka	13,074	1,523	5,204	66,996	223,763
Investments-Sukuk	3,831	52,493	100,250	89,853	264,793
Profit rate sensitive assets	**380,183**	**179,438**	**228,814**	**257,320**	**787,160**
Medium term financing	48,601	-	-	47,143	-
Equity of investment accountholders	717,588	138,243	228,251	195,237	193,356
Subordinated debt	1,660	-	1,176	4,703	13,522
Profit rate sensitive liabilities	**767,849**	**138,243**	**229,427**	**247,083**	**206,878**
Profit rate gap	**(387,666)**	**41,195**	**(613)**	**10,237**	**580,282**
Profit rate sensitivity (200bps)	**(7,753)**	**824**	**(12)**	**205**	**11,606**

	31 December 2017				
	Up to 3 months US $ '000	*3 to 6 months US $ '000*	*6 months to 1 year US $ '000*	*1 to 3 years US $ '000*	*Over 3 years US $ '000*
Receivables	446,530	137,608	59,946	66,883	17,619
Ijara Muntahia Bittamleek and Ijara Income Receivables	30,964	9,827	15,516	64,396	188,193
Musharaka	28,327	1,172	9,300	80,519	220,323
Investments-Sukuk	7,470	5,212	46,780	185,400	192,976
Profit rate sensitive assets	513,291	153,819	131,542	397,198	619,111
Medium term financing	48,601	29,214	-	22,000	-
Equity of investment accountholders	678,361	201,721	215,846	189,447	188,826
Subordinated debt	1,837	-	1,294	5,175	48,727
Profit rate sensitive liabilities	728,799	230,935	217,140	216,622	237,553
Profit rate gap	(215,508)	(77,116)	(85,598)	180,576	381,558
Profit rate sensitivity (200bps)	(4,310)	(1,542)	(1,712)	3,612	7,631

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3 RISK MANAGEMENT (continued)

b) Market Risk (continued)

This table contains the mismatch amongst profit bearing assets and liabilities to ensure compliance with financial reporting framework public disclosure requirements. However, in lieu of inherent nature of Islamic Banking, such mismatches does not exists amongst assets and liabilities carried by the Bank as the bank has profit and loss sharing mudarba agreement with Investment accountholders whereby in case of any decrease in profit rates the corresponding impact has to be shared with the customers as per the mudaraba arrangement. It's hereby elaborated that the assets base represents receivable against various modes of sales/ deployment of funds under wakala and mudaraba arrangements, assets and receivables against Ijara and participations in ventures under Musharaka arrangements. While these assets are finance through capital, current accounts, funds received under mudaraba contract, payables against purchase and predominantly through funds received under profit sharing or Mudarba contracts. Therefore, the table given is just indicative of profit mismatches amongst assets and liabilities under various contracts.

Foreign exchange risk
Foreign exchange risk arise from the movement of the rate of exchange over a period of time. Positions are monitored on a regular basis to ensure positions are maintained within established approved limits.

Table – 23. Foreign currency translation risk

Following is the Group's exposure to different currencies in equivalent US dollars:

	30 June 2018		
	Operational equivalent US $ '000	*Strategic equivalent US $ '000*	*Total equivalent US $ '000*
Pakistani rupees	84,201	-	84,201
Euro	(2,735)	-	(2,735)
Kuwaiti dinars	2,267	-	2,267
Pound sterling	(5,984)	-	(5,984)
Others	240	-	240

	31 December 2017		
	Operational equivalent US $ '000	*Strategic equivalent US $ '000*	*Total equivalent US $ '000*
Pakistani rupees	84,201	-	84,201
Euro	(13,402)	-	(13,402)
Kuwaiti dinars	2,306	-	2,306
Pound sterling	(4,172)	-	(4,172)
Others	112	-	112

The strategic currency risk represents the amount of equity of the subsidiary

Foreign currency risk sensitivity analysis
In order to measure its exposures to currency risk, the Group stress tests its exposures following the standard shocks approach which calculates the effect on assets and income of the Group as a result of 20% appreciation and depreciation in foreign currencies in relation to the reporting currency of the Group. This is calculated using various percentages based upon the judgement of the management of the Group.

Table – 24. Foreign currency risk sensitivity analysis

Following is the sensitivity analysis that calculates the effect of a reasonable possible movement of the currency exchange rate against the US Dollar with all other variables held constant on the consolidated statement of income and the consolidated statement of owner's equity. The impact of a similar increase / (decrease) in exchange rates will be approximately opposite to the impact disclosed below:

At 30 June 2018

Currency	Particular	*Change*	*Exposures in US $ '000*	*Effect on profit and loss/Equity US $ '000*
Pakistani rupees	Net long Position	20%	84,201	67,361
Euro	Net short Position	20%	(2,735)	(2,188)
Kuwaiti dinars	Net long Position	20%	2,267	1,814
Pound sterling	Net short Position	20%	(5,984)	(4,787)

3 RISK MANAGEMENT (continued)

b) Market Risk (continued)

Table – 24. Foreign currency risk sensitivity analysis (continued)

At 31 December 2017

Currency	Particular	Change	Exposures in US $ '000	Effect on profit and loss/Equity US $ '000
Pakistani Rupees	Net long Position	20%	84,201	67,361
Euro	Net short Position	20%	(13,402)	(10,722)
Kuwaiti Dinars	Net long Position	20%	2,306	1,845
Pound Sterling	Net short Position	20%	(4,172)	(3,338)

c) Equity of Investment Accountholders (IAH)

The Group manages and deploys Equity of IAH according to its Article of Association – Chapter 3 on Rules of Business. In this respect, the Bank invests its own funds separately or jointly with amount received from Equity of IAH. These funds received are managed in accordance with Shari' a requirements and standard of prudence is applied in the context of managing the overall portfolios to enable the Group to exercise its fiduciary responsibilities. The Group is authorised by Equity of IAH to invest the funds on the basis of Mudaraba, Murabaha, Salam, Ijara transactions and other forms of contract in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

The composition, characteristics, diversification, and concentration of portfolios are monitored within appropriate risk limits and indicators detailed in the Group's credit risk, liquidity risk, and other risks policies of the group. The strategic objectives of the investments of the funds are:

a) Investment in Shari' a compliant opportunities;

b) Targeted returns;

c) Compliance with credit and Investment policy and overall business plan; and

d) Diversified portfolio.

Funds are invested in Shari' a compliant commercial or consumer financing as well as short, medium, and long term investments excluding strategic investments. A due diligence process is in place which is consistent with business and risk policy guidelines of the Group after deduction of mandatory reserves and making allowance for short-term liquidity requirements.

Under all the aforesaid arrangement the Group can commingle the IAH funds with funds generated from various sources (Self-Financed). In this regards, the Bank at inception designate each asset separately as "Self" and "Jointly" financed, except liquid assets which are managed collectively. Further, the jointly financed assets are segregated proportionately based on amounts of funds contributed by each category of investors.

The Group's share of profit as a Mudarib for managing equity of IAH and their share of income is based on the terms and conditions of the related Mudarib agreements. These funds are invested in Islamic modes of financing and investments including murabaha, salam, istisna, wakala, musharaka, mudaraba and ijara. The Group is offering these accounts for saving and term accounts ranging from 1 months to 5 years. There are no separate designations for portfolio managers, investment advisors and trustee. IAH accounts are managed at Head Office and subsidiary levels by relevant departments.

Investors' share of income is calculated based on the income generated from joint investment accounts after deducting the expenses related to investment pool "mudarib expenses". Mudarib expenses include all expenses incurred by the Group, including specific provisions, but excluding staff cost and depreciation. The Group's "mudarib profit" is deducted from investors' share of income before distributing such income. In some cases, equity of IAH withdrawn before maturity and without completing three months are not entitled to any income. Equity of IAH held for more than three months and withdrawn before their maturity are entitled to income only after deducting a penalty charge equivalent to three months income.

3 RISK MANAGEMENT (continued)

c) Equity of Investment Accountholders (continued)

The basis applied by the Group in arriving at the investment accountholders share of income is [total investment income less investment pool expenses] divided by [average funds generating income (shareholders and equity of investment accountholders) times average funds of equity of IAH].

Investment risk reserve
The Group deducts investment risk reserve as per approved policy from time to time from the profit distributable to equity of investment accountholders of its Bahrain operations, after allocating the Mudarib share in order to cater against future losses for equity of IAH.

Profit equalisation reserve
The Group appropriates a certain amount in excess of the profit to be distributed to equity of investment accountholders before taking into consideration the mudarib share of income. This is used to maintain a certain level of return on investment for equity of IAH.

Displaced commercial risk
The Group is exposed to displaced commercial risk in the event of having equity of IAH profit rates that are lower than market rates. The Group has mitigated this risk through the setting up of reserves that will be used in case of a drop in IAH profit rates. The policies and procedures for displaced commercial risk are formulated and implemented at the segment level (Pakistan and Bahrain).

Complaint procedure / awareness programs
A complaint management system is established; procedures on handling complaints have been developed, new Complaints form has been introduced, a number of complaints channels are available where customers can communicate through branches, call centre, email, dedicated staff number and web-site. Monitoring procedures have been developed as well.

The Group uses it's website, print and electronic media for consumer awareness program and to inform about new products.

Penalty charges
A financial penalty of US $ 1 thousand was charged by the CBB during the year ended 30 June 2018 for anomalies related to electronic fund transfers. Simultaneously, the Bank paid US $ 10 thousand in year 2017 mainly for anomalies in electronic funds transfer systems, delay in submission of financial statements and malfunctioning of standing order system.

A financial penalty of US $ 51 thousand (2017: US $ 230 thousand) was charged by SBP to the Group's subsidiary in Pakistan during the year ended 30 June 2018 for various non-compliances.

Non-Shari'a complaint income
The Group has received US $ 155 thousand (2017: US $ 999 thousand) from customers as penalty for default are other non sharia compliant sources, which was disposed through charity contribution.

Table – 25. Equity of Investment Accountholders

The following table summarises the breakdown of equity of IAH and the analysis of profit equalisation reserve, investment risk reserve and return on equity of IAH as of:

	30 June 2018 US $ '000	*31 December 2017 US $ '000*
IAH - Non-banks	**1,210,764**	1,230,387
IAH - Banks	**261,913**	241,540
Profit equalisation reserve	**-**	572
Investment risk reserve	**-**	1,701
	1,472,677	1,474,200

3 RISK MANAGEMENT (continued)

c) Equity of Investment Accountholders (continued)

Table – 26. Ratio of reserves to total IAH

The following table summarises the ratio of reserves to the total amount of equity of IAH as of:

	30 June 2018	*31 December 2017*
PER to IAH (%)	**Nil**	0.04%
IRR to IAH (%)	**Nil**	0.12%

Table – 27. Equity of Investment Accountholders by Islamic financing product type

The following table summarises the percentage of IAH financing for each type of Shari's-compliant contract to total equity of IAH financing as of:

	30 June 2018	*31 December 2017*
Receivable	**58.26%**	56.60%
Mudaraba	**0.00%**	0.00%
Musharaka	**20.58%**	21.55%
Ijara Muntahia Bittamleek & Ijara income receivable	**21.16%**	21.85%

Table – 28. Equity of Investment Accountholders by Counterparty Type

The following table summarises the percentage of equity of investment accountholders for each category of counterparty to total equity as of:

Counterparty type

	30 June 2018	*31 December 2017*
Banks	**17.91%**	16.56%
Investment Firms	**3.23%**	3.79%
Corporates	**15.97%**	19.65%
Residentials	**46.71%**	47.33%
Others	**16.17%**	12.67%

Table – 29. Investment Accountholders share of profit

The following table summarises the share of profits earned by and paid out to equity of IAH and the Group as Mudarib for the year ended:

	30 June 2018	*31 December 2017*
Administrative expenses charged to equity of investment accountholders	**4,129**	7,079
Share of profits earned by IAH, before transfers to/from reserves	**35,113**	71,861
Percentage share of profit earned by IAH before transfer to/from reserves	**4.62%**	4.73%
Share of profit paid out to IAH after Mudarib fee and transfer to/from reserves	**26,070**	53,553
Percentage share of profit paid out to IAH after Mudarib fee and transfer to/from reserves	**3.43%**	3.52%
Share of profit paid out to Bank as mudarib	**9,043**	18,308
Mudarib Fee to total Investment Profits	**25.75%**	25.48%

3 RISK MANAGEMENT (continued)

c) Equity of Investment Accountholders (continued)

Table – 30. Movement in profit equalisation reserve

The following table summarises the movement in profit equilisation reserve during the year ended:

	30 June 2018 US $ '000	*31 December 2017 US $ '000*
Balance at 1 January	**572**	551
Foreign exchange gain / (loss)	**-**	21
Amount utilized on initial implementation of FAS 30	**(572)**	-
	-	572
Percentage of the profit earned on equity of investment accountholders appropriated to profit equilisation reserve	**Nil**	Nil

Table – 31. Movement in investment risk reserve

The following table summarises the movement in investment risk reserve during the year ended:

	30 June 2018 US $ '000	*31 December 2017 US $ '000*
Balance at 1 January	**1,701**	2,339
Exchange difference	**-**	1
Amount apportioned to provision	**-**	(639)
Amount utilized on initial implementation of FAS 30	**(1,701)**	-
	-	1,701
Percentage of the profit earned on equity of investment accountholders appropriated to investment risk reserve	**Nil**	Nil

The profit equalisation reserve and investment risk reserve will revert to IAH as per terms and conditions of the Mudaraba contract.

As IAH funds are commingled with the Group's funds for investment, no priority is granted to any party for the purpose of investments and distribution of profits.

The Group's share, as Mudarib, in the profits of IAH is up to a maximum of 70% (31 December 2017: up to 70%) as per the terms of IAH agreements.

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3 **RISK MANAGEMENT (continued)**

c) **Equity of Investment Accountholders (continued)**

Table – 32. Equity of Investment Accountholders rate of return

The following table summarises the average rate of return over the period:

	Average 30 June 2018 Rate of return %		
	Bahrain		*Pakistan*
	BD	US $	
Saving Accounts	0.11%	0.08%	3.09%
One Month Term Deposits	0.56%	0.49%	3.10%
Three Months Term Deposits	0.64%	0.53%	3.54%
Six Months Term Deposits	0.77%	0.62%	3.51%
Nine Months Term Deposits	0.81%	0.69%	-
1 Year Term Deposits	0.89%	0.72%	4.52%
2 Years Term Deposits	1.00%	0.78%	4.95%
3 Year Term Deposits	1.56%	-	5.34%
4 Years Term Deposits	-	-	4.80%
5Years Term Deposits	-	-	5.81%

	Average 31 Dec 2017 Rate of return %		
	Bahrain		*Pakistan*
	BD	US $	
Saving Accounts	0.11%	0.08%	2.62%
One Month Term Deposits	0.56%	-	2.96%
Three Months Term Deposits	0.66%	0.89%	3.78%
Six Months Term Deposits	0.77%	0.96%	3.56%
Nine Months Term Deposits	0.81%	-	-
1 Year Term Deposits	0.89%	1.03%	4.09%
2 Years Term Deposits	1.00%	1.15%	2.94%
3 Year Term Deposits	1.52%	-	4.46%
4 Years Term Deposits	-	-	4.95%
5Years Term Deposits	-	-	4.64%

Table – 33. Equity of Investment Accountholders by type of assets

The following table summarises the types of assets in which the funds are invested and the actual allocation among various types of assets and the changes in the asset allocation for the year ended 30 June 2018:

	Opening Actual Allocation US $ '000	*Movement US $ '000*	*Closing Actual Allocation US $ '000*
Cash and balances with banks	48,393	46,265	94,658
Receivables	723,820	(9,071)	714,749
Ijara Muntahia Bittamleek	239,319	(13,364)	225,955
Musharaka	275,513	(22,948)	252,565
Investments	114,126	8,077	122,203
Ijara income receivables	40,073	(6,380)	33,693
Other assets	32,956	(4,104)	28,852
	1,474,200	(1,525)	1,472,675

3 RISK MANAGEMENT (continued)

c) Equity of Investment Accountholders (continued)

Table – 33. Equity of Investment Accountholders by type of assets (continued)

The following table summarises the types of assets in which the funds are invested and the actual allocation among various types of assets for the year ended 30 June 2017:

	Opening actual allocation US $ '000	*Movement US $ '000*	*Closing actual allocation US $ '000*
Cash and balances with banks	50,243	(34,451)	15,792
Receivables	739,582	72,317	811,899
Mudaraba	776	(776)	-
Ijara Muntahia Bittamleek	261,466	(7,815)	253,651
Musharaka	316,728	(48,683)	268,045
Investments	174,517	(61,557)	112,960
Ijara income receivables	28,892	5,584	34,476
Other assets	26,041	9,651	35,692
	1,598,245	(65,730)	1,532,515

Table – 34. Equity of Investment Accountholders profit earned and paid

The following table summarises the amount and percentage of profits earned and paid out to profit sharing investment accounts over the past five years:

	Profit earned		*Profit paid to IAH*	
	US $ '000	*%age*	*US $ '000*	*%age*
2017*	*35,113*	*4.70%*	*26,148*	*3.50%*
2017	71,861	4.73%	53,553	3.52%
2016	61,137	4.53%	44,558	3.30%
2015	69,244	5.40%	51,696	4.03%
2014	72,635	6.05%	58,786	4.90%

* Annualised

Table - 35. Treatment of assets financed by Equity of Investment Accountholders

The following table summarises the treatment of assets financed by IAH in the calculation of risk weighted assets (RWA) for capital adequacy purposes as of 30 June 2018:

	RWA US$ '000	*RWA for capital adequacy purposes US$ '000*	*Capital charges US$ '000*
Type of Claims			
Claims on Sovereign	30,953	9,286	1,161
Claims on PSEs	7,897	2,369	296
Claims on Banks	169,199	50,760	6,345
Claims on Corporates	534,919	160,476	20,060
Mortgage	153,516	46,055	5,757
Regulatory Retail Portfolio	71,046	21,314	2,664
Past due facilities	55,536	16,661	2,083
Investment in securities	708	212	27
Holding of Real Estates	32,132	9,640	1,205
Other Assets	21,848	6,554	819
	1,077,754	323,327	40,417

3 **RISK MANAGEMENT (continued)**

c) **Equity of Investment Accountholders (continued)**

Table - 35. Treatment of assets financed by Equity of Investment Accountholders (continued)

The following table summarises the treatment of assets financed by IAH in the calculation of risk weighted assets (RWA) for capital adequacy purposes as of 31 December 2017:

	RWA	*RWA for capital adequacy purposes*	*Capital charges*
	US$ '000	*US$ '000*	*US$ '000*
Type of Claims			
Claims on Sovereign	27,383	8,215	1,027
Claims on PSEs	6,099	1,830	229
Claims on Banks	167,905	50,372	6,297
Claims on Corporates	590,506	177,152	22,144
Mortgage	228,989	68,697	8,587
Regulatory Retail Portfolio	68,174	20,452	2,557
Past due facilities	94,841	28,452	3,557
Investment in securities	1,046	314	39
Holding of Real Estates	43,054	12,916	1,615
Other Assets	28,822	8,647	1,081
	1,256,819	377,047	47,133

d) **Off-balance sheet equity of Investment Accountholders**

Off-balance sheet equity of Investment accountholders is invested and managed in accordance with Shari'a requirements.

The Group is not engaged in investment management activities or in managing funds. Therefore, the investments policies or risk parameters related to funds management are not relevant amid with specific nature of such business. The exposures given above are raised predominantly under agency arrangements/ syndications with specified institutional customers . In this respect, the respective nature, associated risks and returns measures are duly disclosed.

The Group has appropriate procedures and controls in place commensurate to the size of its portfolio which includes:

(a) Organizing its internal affairs in a responsible manner, ensuring it has appropriate internal controls and risk management systems and procedures and controls designed to mitigate and manage such risks;

(b) Observing high standards of integrity and fair dealing in managing the scheme to the best interest of its investors; and

(c) Ensuring that the Group has the requisite level of knowledge and experience for the tasks that is undertaken and is competent for the work undertaken.

Table – 36. Off-balance sheet equity of Investment Accountholders by Islamic product type

The following table summarises the breakdown of Off-balance sheet equity of IAH by type of islamic financing contracts as of:

Islamic products

	30 June 2018	*31 December 2017*
Receivables	88.98%	88.79%
Investments	11.02%	11.21%

3 RISK MANAGEMENT (continued)

d) Off-balance sheet equity of Investment Accountholders (continued)

Table – 37. Off-balance sheet equity of Investment Accountholders by counterparty type

The following table summarises the percentage of financing for each category of counterparty to total financing as of:

Counterparty type	*30 June 2018*	*31 December 2017*
Banks	**87.46%**	89.44%
Corporate	**12.54%**	10.56%

Table – 38. Off-balance sheet equity of Investment Accountholders by type of assets

The following table summarises the types of assets in which the funds are invested and the actual allocation among various types of assets and the changes in the asset allocation for the period ended 30 June 2018:

	Opening actual allocation US$ '000	*Movement US$ '000*	*Closing actual allocation US$ '000*
Receivables	**76,009**	**993**	**77,002**
Investments	**9,594**	**(54)**	**9,540**
	85,603	**939**	**86,542**

The following table summarises the types of assets in which the funds are invested and the actual allocation among various types of assets and the changes in the asset allocation for the year ended 31 December 2017:

	Opening actual allocation US$ '000	*Movement US$ '000*	*Closing actual allocation US$ '000*
Receivables	66,585	9,424	76,009
Investments	9,405	189	9,594
	75,990	9,613	85,603

Table – 39. Off-balance sheet equity of Investment Accountholders historical returns

The following table summarises the historical returns over the past five year:

	Jun 2018 US$ '000	*Dec 2017 US$ '000*	*Dec 2016 US$ '000*	*Dec 2015 US$ '000*	*Dec 2014 US$ '000*
Gross Income	**568**	1,491	1,810	1,782	1,772
Mudarib Fee	**25**	105	118	77	99

The Group's share of profit as a Mudarib for managing Off-balance sheet equity of Investment accountholders and their share of income is based on the terms and conditions of the related mudarib agreements. These mudarib agreements are done at the individual Counter party level.

Table – 40. Off-balance sheet equity of Investment Accountholders Foreign currency translation risk

At 30 June 2018

Currency	*Exposure*	*Sensitivity*	*Amount*
Euro	**4,299**	**20%**	**860**

At 31 December 2017

Currency			
Euro	6,195	20%	1,239

3 RISK MANAGEMENT (continued)

e) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on regular basis. The liquidity management policy at a minimum includes the following:

a. Provide clear guidance on the composition and role of the asset/liability committee or such other committee or department responsible for managing liquidity.

b. Establish approval processes to ensure adherence to liquidity risk management processes.

c. Require periodic calculations to determine the extent to which the segments are funding long-term assets with short-term liabilities.

d. Establish liquidity ratio benchmarks, e.g. parameters for the funding of long-term assets with short-term liabilities to guide liquidity management and the method for computing liquidity indicators.

e. Establish limits on the degree of concentrations that are deemed acceptable. This should:

i) Ensure diversification of funding by origin and term structure by, for example, guarding against concentration by individuals or groups of depositors, types of deposit instruments, market sources of deposit, geographical sources, term to maturity, and deposit currencies. Where concentrations occur, the segments manage their assets and liquidity profile to mitigate the risk; and

ii) Set procedures for the orderly restoration of the liquidity position in the event of loss of funding where such concentrations are unavoidable. In addition, the segments conduct an impact analysis on its dependency on any such concentrations.

f. Provide for periodic review of the deposit structure. The review should include the volume and trend of various types of deposits offered, maturity distributions of time deposits, profit rate paid on each type of deposit, prevailing market profit rate, limits on large time deposits, public funds, and non-resident deposits.

g. Provide for the review of alternate funding sources including stand-by facilities and lines of credit.

h. Establish a framework for the composition of assets.

i. Assess the acceptable mismatch in combination with currency commitments. The segments undertake separate analysis of their strategy for each currency individually. They set and regularly review limits on the size of cash flow mismatches over particular time horizons for foreign currencies in aggregate, and for each significant currency.

Table – 41. Liquidity ratios

The following table summarises the liquidity ratios as of:

	30 June 2018	*31 December 2017*
Liquid assets to total assets	**16.92%**	17.15%
Short term assets to short term liabilities	**65.84%**	57.14%

Table – 42. Quantitative indicators of financial performance and position

	*Jun 2018**	*Dec 2017*	*Dec 2016*	*Dec 2015*	*Dec 2014*
Return on average equity	**-1.7%**	-2.7%	1.2%	3.5%	1.2%
Return on average assets	**-0.2%**	-0.2%	0.1%	0.3%	0.1%
Cost to Income Ratio	**84.3%**	103.1%	82.5%	88.5%	92.7%

* Return based on total income and equity (including non-controlling interest)

4 OTHERS

The responsibility for payment of Zakat is on individual shareholders and investment accountholders. However, in Pakistan, Zakah is deducted at source from the Equity of Investment accountholders as required by local laws.

The Group has dedicated staff and hires services of professional firms to ensure compliance with applicable laws and regulations. Further, the legal cases are actively followed in collaboration of legal councils and directly monitored by the strategic management.

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

CBB - Composition of Capital Disclosure Requirements

As at 30 June 2018

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CBB - Composition of Capital Disclosure Requirements
Statement of Financial Position
Appendix PD-2
Step-1

	As per published financial statements 30 June 2018 US $ '000	As per Consolidated PIRI Return 30 June 2018 US $ '000
Assets		
Cash and balances with banks and financial institutions	225,922	226,431
Receivables	720,435	727,559
Ijara Muntahia Bittamleek &I jara 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
Total Assets	**2,342,995**	**2,342,398**
Liabilities		
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
Total liabilities	**572,725**	**573,341**
Equity of Investment Account Holders	**1,472,675**	**1,472,675**
Subordinated debt	**21,061**	**20,577**
Shareholders' Equity		
CET 1		
Share capital	122,458	122,458
Perpetual Tier1 capital	110,000	110,000
Retained earnings	(1,992)	(18,599)
Reserves	13,378	25,134
Total Shareholders' Equity	243,844	238,993
Non controlling interest	32,690	36,812
Total Liabilities, URIA and shareholders' equity	2,342,995	2,342,398

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

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	As per published financial statements 30 June 2018 US $ '000	As per Consolidated PIRI Return 30 June 2018 US $ '000	
Assets			
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
Total Assets	**2,342,995**	**2,342,398**	
Liabilities			
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	
Total liabilities	**572,725**	**573,341**	
Equity of Investment Account Holders	**1,472,675**	**1,472,675**	
Subordinated debt	**21,061**	**20,577**	
of which subordinated debt-Tier -2 issued by subsidiary	20,577	20,577	D
Shareholders' Equity			
CET 1			
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
Tier 2			
Revaluation reserve on premises and equipment	1,193	1,193	N
Expected credit losses for stage1 and stage2	-	12,193	O
Total Shareholders' Equity	**276,534**	**275,805**	
Total Liabilities, URIA and shareholders' equity	**2,342,995**	**2,342,398**	

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

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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
	Regulatory treatment				
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
	Coupons / dividends				
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-cummulative	Non-cummulative	Non-cummulative
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 31stDecember 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		E
2	Retained earnings	(18,599)		G
3	Accumulated other comprehensive income (and other reserves)	20,892		H-L
4	*Not Applicable*			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	18,988	13,368	M
6	**Common Equity Tier 1 capital before regulatory adjustments**	143,739		
	Common Equity Tier 1 capital: regulatory adjustments			
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	1,278	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	**Total regulatory adjustments to Common equity Tier 1**	61,926		
29	**Common Equity Tier 1 capital (CET1)**	81,813		
	Additional Tier 1 capital: instruments			
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	*Directly issued capital instruments subject to phase out from Additional Tier 1*			
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	*of which: instruments issued by subsidiaries subject to phase out*			
36	**Additional Tier 1 capital before regulatory adjustments**	111,938		
	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)**	111,938		
45	**Tier 1capital (T1 = CET1 + AT1)**	193,751		
	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		D

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

CBB - Composition of Capital Disclosure Requirements

Appendix PD-4

49	*of which: instruments issued by subsidiaries subject to phase out*		
50	Provisions & Assets revaluation reserve - property, plant, and equipment	4,241	N-O
51	**Tier 2 capital before regulatory adjustments**	17,340	
	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)**	17,340	
59	**Total capital (TC = T1 + T2)**	211,091	
	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**	889,660	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	9.20%	
62	Tier 1 (as a percentage of risk weighted assets)	21.78%	
63	Total capital (as a percentage of risk weighted assets)	23.73%	
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	O
77	Cap on inclusion of provisions in Tier 2 under standardised approach	8,539	
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)*		