

**BANK ALKHAIR B.S.C. (c )**  
**As at 30 September 2018**

**Composition of capital disclosure**

**a. Statement of financial position under the regulatory scope of consolidation**

The table below shows the reconciliation between the statement of financial position in the published financial statements (accounting statement of financial position) and the regulatory statement of financial position.

	<b>30 September 2018</b>		Reference
	<b>Statement of Financial Position as in published Financial Statements</b>	<b>Statement of Financial Position as per regulatory reporting</b>	
	<b>US\$ 000's</b>	<b>US\$ 000's</b>	
<b>ASSETS</b>			
Cash and balances with banks	5,020	4,180	
Placements with financial institutions	28,213	28,213	
Financing receivables	3,318	5,974	
Investment securities	51,138	108,513	
Equity-accounted investees	125,772	125,772	
Of which related to significant investments in financial entities under CET1	-	125,772	G
Investment property	225,361	38,522	
Other assets	29,896	15,407	
Equipment	8,608	1,184	
<b>TOTAL ASSETS</b>	<b>477,326</b>	<b>327,765</b>	
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to financial institutions	10,125	10,125	
Due to customers	232,928	188,306	
Other liabilities	47,211	30,796	
<b>TOTAL LIABILITIES</b>	<b>290,264</b>	<b>229,227</b>	
<b>EQUITY</b>			
Share capital	207,962	207,962	A
Statutory reserve	664	664	D
Investments fair value reserve	244	244	E
Foreign currency translation reserve	(2,811)	(2,811)	F
Accumulated losses	(125,788)	(142,353)	
Retained earnings	-	(129,440)	B
Current interim cumulative net income / losses	-	(12,913)	C
<b>Equity attributable to shareholders of the Bank</b>	<b>80,271</b>	<b>63,706</b>	
Non-controlling interests	106,791	34,832	
<b>TOTAL EQUITY</b>	<b>187,062</b>	<b>98,538</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>477,326</b>	<b>327,765</b>	

**b. Composition of regulatory capital**

The table below provides a detailed breakdown of the bank's regulatory capital components including all regulatory adjustments. The table also provides reference to the comparison displayed in section a between accounting and regulatory statement of financial positions.

	<b>30 September 2018</b>		
	<b>Components of regulatory Capital US\$ 000's</b>	<b>Amount Subject to pre-2015 treatment US\$ 000's</b>	<b>Reference</b>
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	207,962		A
Retained earnings	(129,440)		B
Current interim cumulative net income / losses	(12,913)		C
Accumulated other comprehensive income (and other reserves)	(1,903)		D+E+F
<b>Common Equity Tier 1 capital before minority interest</b>	<b>63,706</b>		
Total minority interest in banking subsidiaries given recognition in CET1 capital	18,417		
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>82,123</b>		
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Goodwill (net of related tax liability)	(32,047)	32,047	
Intangibles other than mortgage servicing rights	(166)		
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)	(92,619)	120,765	
Amount exceeding the 15% threshold	(4,006)		
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>(128,838)</b>	<b>152,812</b>	G
<b>Common Equity Tier 1 capital (CET1)</b>	<b>(46,715)</b>		
<b>Additional Tier 1 capital (AT1)</b>	<b>36,236</b>		
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>(10,478)</b>		
<b>Tier 2 capital</b>			
Provisions	34		
Instruments issued by banking subsidiaries to third parties	8,426		
<b>Tier 2 capital (T2)</b>	<b>8,460</b>		
<b>Total capital (TC = T1 + T2)</b>	<b>(2,018)</b>		
<b>Total risk weighted assets</b>	<b>2,415,762</b>		
<b>Capital ratios and buffers</b>			
Common Equity Tier 1 (as a percentage of risk weighted assets)	-1.93%		
Tier 1 (as a percentage of risk weighted assets)	-0.43%		
Total capital (as a percentage of risk weighted assets)	-0.08%		
<b>National minima including CCB (if different from Basel 3)</b>			
CBB Common Equity Tier 1 minimum ratio	6.50%		
CBB Tier 1 minimum ratio	8.00%		
CBB total capital minimum ratio	10.00%		

c. Statement of financial position under the regulatory scope of consolidation

Main features of regulatory capital instruments		
1	Issuer	Bank Alkhair B.S.C. (c )
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	Kingdom Of Bahrain
	<b>Regulatory treatment</b>	
4	<i>Transitional CBB rules</i>	Common Equity Tier 1
5	<i>Post-transitional CBB rules</i>	Common Equity Tier 1
6	<i>Eligible at solo/group/group &amp; solo</i>	Group & solo
7	<i>Instrument type (types to be specified by each jurisdiction)</i>	Equity shares
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	USD 207 millions
9	Par value of instrument	USD 1.00
10	Accounting classification	Shareholder's equity
11	Original date of issuance	2004
12	Perpetual or dated	Perpetual
13	<i>Original maturity date</i>	No Maturity
14	Issuer call subject to prior supervisory approval	NA
15	<i>Optional call date, contingent call dates and redemption amount</i>	NA
16	<i>Subsequent call dates, if applicable</i>	NA
	<b>Coupons / dividends</b>	NA
17	<i>Fixed or floating dividend/coupon</i>	NA
18	<i>Coupon rate and any related index</i>	NA
19	<i>Existence of a dividend stopper</i>	NA
20	<i>Fully discretionary, partially discretionary or mandatory</i>	Partially discretionary
21	<i>Existence of step up or other incentive to redeem</i>	NA
22	<i>Noncumulative or cumulative</i>	NA
23	<b>Convertible or non-convertible</b>	NA
24	<i>If convertible, conversion trigger (s)</i>	NA
25	<i>If convertible, fully or partially</i>	NA
26	<i>If convertible, conversion rate</i>	NA
27	<i>If convertible, mandatory or optional conversion</i>	NA
28	<i>If convertible, specify instrument type convertible into</i>	NA
29	<i>If convertible, specify issuer of instrument it converts into</i>	NA
30	<b>Write-down feature</b>	NA
31	<i>If write-down, write-down trigger(s)</i>	NA
32	<i>If write-down, full or partial</i>	NA
33	<i>If write-down, permanent or temporary</i>	NA
34	<i>If temporary write-down, description of write-up mechanism</i>	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA