

KHALEEJI BANK B.S.C.

BASEL III

Composition of Capital Disclosure

(As at 31 December 2023)

Statement of Financial position under the regulatory scope of consolidation

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

	Statement of Financial position as in published financial statements	Statement of Financial position as per regulatory reporting	Reference
ASSETS			
CASH AND BANK BALANCES	116,383	116,382	
OF WHICH ECL (STAGE 1&2)	-	-	a
OF WHICH CASH AND BANK BALANCES TO SUBSIDIARY (COMMERCIAL ENTITY)	1	-	
PLACEMENTS WITH FINANCIAL INSTITUTIONS	124,190	124,195	
OF WHICH ECL (STAGE 1&2)	(5)	-	b
FINANCING CONTRACTS	548,287	555,712	
OF WHICH ECL (STAGE 1&2)	(7,425)	-	c
OF WHICH FINANCING TO SUBSIDIARY (COMMERCIAL ENTITY)	-	-	
INVESTMENT IN SUKUK	522,746	523,045	
OF WHICH ECL (STAGE 1&2)	(299)	-	d
INVESTMENT SECURITIES	38,570	90,567	
OF WHICH INVESTMENT SECURITIES TO SUBSIDIARY (COMMERCIAL ENTITY)	(51,997)	-	
OF WHICH ECL (STAGE 1&2)	-	-	f
OF WHICH RELATED TO INSIGNIFICANT INVESTMENTS IN FINANCIAL ENTITIES	-	-	
OF WHICH CAPITAL ADJUSTMENTS RELATED TO INVESTMENT IN FINANCIAL ENTITIES WHERE OWNERSHIP IS < 10% OF ISSUED COMMON SHARE CAPITAL (AMOUNT ABOVE 10% CET1A)	-	-	g
OF WHICH RELATED TO OTHER INVESTMENTS	38,570	90,567	
INVESTMENT IN REAL ESTATE	97,787	39,097	
OF WHICH INVESTMENT IN REAL ESTATE OF SUBSIDIARY (COMMERCIAL ENTITY)	58,690	-	
EQUITY ACCOUNTED INVESTEEES	24,689	24,689	
OF WHICH EQUITY ACCOUNTED INVESTEEES OF SUBSIDIARY (COMMERCIAL ENTITY)	-	-	
OTHER ASSETS	26,277	26,306	
OF WHICH RECEIVABLE FROM SUBSIDIARY (COMMERCIAL ENTITY)	(29)	-	
PROPERTY AND EQUIPMENT	3,489	3,489	
TOTAL ASSETS	1,502,418	1,503,482	
LIABILITIES			
PLACEMENTS FROM FINANCIAL INSTITUTIONS	237,773	237,773	
PLACEMENTS FROM NON-FINANCIAL INSTITUTIONS AND INDIVIDUALS	206,518	206,518	
TERM BORROWING	264,362	264,362	
CUSTOMERS' CURRENT ACCOUNTS	77,880	78,975	
OF WHICH ACCOUNT OF SUBSIDIARY (COMMERCIAL ENTITY)	(1,095)	-	
OTHER LIABILITIES	22,829	23,901	
OF WHICH ECL (STAGE 1&2)	55	-	h
OF WHICH PAYABLES OF SUBSIDIARY (COMMERCIAL ENTITY)	(1,127)	-	
TOTAL LIABILITIES	809,362	811,529	
EQUITY OF INVESTMENT ACCOUNT HOLDERS	535,662	535,662	
OF WHICH ACCOUNTS OF SUBSIDIARY (COMMERCIAL ENTITY)	-	-	
OWNERS' EQUITY			
SHARE CAPITAL	84,783	84,783	i
SUBORDINATED MUDARABA (AT 1)	47,222	47,222	
STATUTORY RESERVE	12,410	12,410	j
TREASURY SHARES	(6,254)	(6,254)	k
INVESTMENT FAIR VALUE RESERVE	(7,165)	(7,165)	l
RETAINED EARNINGS BEFORE MODIFICATION LOSS	17,719	24,234	
LESS: MODIFICATION LOSS NET OF GOVERNMENT GRANT AND ECL ADD BACK	-	(6,723)	
RETAINED EARNINGS	17,719	17,511	m
OF WHICH RETAINED EARNINGS OF SUBSIDIARY (COMMERCIAL ENTITY)	208	-	
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	148,715	148,507	
ECL (STAGE 1&2)	-	7,784	a+b+c+d+e+f-h
NON-CONTROLLING INTEREST	8,679	-	
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY	1,502,418	1,503,482	

Composition of Capital as at 31 December 2023

Composition of Capital as at 31 December 2023			Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
Common Equity Tier 1 capital: instruments and reserves			
1.	Directly issued qualifying common share capital plus related stock surplus	78,529	i+k
2.	Retained earnings	36,644	j+m
3.	Accumulated other comprehensive income (and other reserves)	(7,165)	
4.	<i>Not applicable</i>		
5.	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6.	Common Equity Tier 1 capital before regulatory adjustments	108,008	
Common Equity Tier 1 capital: regulatory adjustments			
7.	Prudential valuation adjustments	-	
8.	Goodwill (net of related tax liability)	-	
9.	Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	
10.	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
11.	Cash-flow hedge reserve	-	
12.	Shortfall of provisions to expected losses	-	
13.	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14.	<i>Not applicable</i>		
15.	Defined-benefit pension fund net assets	-	
16.	Investments in own shares	-	
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)	-	g
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.	CBB specific regulatory adjustments	-	
27.	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28.	Total regulatory adjustments to Common equity Tier 1	-	
29.	Common Equity Tier 1 capital (CET1)	108,008	
Additional Tier 1 capital: instruments			
30.	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	47,222	
31.	of which: classified as equity under applicable accounting standards	47,222	
32.	of which: classified as liabilities under applicable accounting standards	-	
33.	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	-	
34.	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35.	of which: instruments issued by subsidiaries subject to phase out	-	
36.	Additional Tier 1 capital before regulatory adjustments	47,222	
Additional Tier 1 capital: regulatory adjustments			
37.	Investments in own Additional Tier 1 instruments	-	
38.	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40.	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41.	CBB specific regulatory adjustments	-	
42.	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43.	Total regulatory adjustments to Additional Tier 1 capital	-	

44.	Additional Tier 1 capital (AT1)	47,222	
45.	Tier 1 capital (T1 = CET1 + AT1)	155,230	
Tier 2 capital: instruments and provisions			
46.	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47.	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	-	
48.	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49.	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
50.	Provisions	6,036	
51.	Tier 2 capital before regulatory adjustments	6,036	
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	-	
57.	Total regulatory adjustments to Tier 2 capital	-	
58.	Tier 2 capital (T2)	6,036	
59.	Total capital (TC = T1 + T2)	161,266	
60.	Total risk weighted assets	567,230	
Capital ratios and buffers			
61.	Common Equity Tier 1 (as a percentage of risk weighted assets)	19.04%	
62.	Tier 1 (as a percentage of risk weighted assets)	27.37%	
63.	Total capital (as a percentage of risk weighted assets)	28.43%	
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)	9%	
65.	of which: capital conservation buffer requirement	2.5%	
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)	19.04%	
National minima including CCB (where different from Basel III)			
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)	-	
76.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	7,784	a+b+c+d+e+f-h
77.	Cap on inclusion of provisions in Tier 2 under standardized approach	6,036	
78.	N/A	-	
79.	N/A	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2023)			
80.	Current cap on CET1 instruments subject to phase out arrangements	NA	
81.	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA	
82.	Current cap on AT1 instruments subject to phase out arrangements	NA	
83.	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA	
84.	Current cap on T2 instruments subject to phase out arrangements	NA	
85.	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA	

Disclosure template for main feature of regulatory capital instruments

1.	Issuer	Khaleeji Bank B.S.C	KHCB Tier 1 Sukuk Limited
2.	Unique identifier	KHALEEJI	NA
3.	Governing law(s) of the instrument	All applicable laws and regulations of the Kingdom of Bahrain	English law, Cayman Islands Law
	<i>Regulatory treatment</i>		
4.	Transitional CBB rules	Common Equity Tier 1	Additional Tier 1
5.	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1
6.	Eligible at solo/group/group & solo	Group and solo	Group and solo
7.	Instrument type (types to be specified by each jurisdiction)	Equity Shares	Subordinated Mudaraba
8.	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 84 million	BD 47 million
9.	Par value of instrument	BD 0.100	USD 200,000 and integral multiples of USD 1,000 in excess thereof
10.	Accounting classification	Shareholders' Equity	Shareholders' Equity
11.	Original date of issuance	Various	30-Jun-20
12.	Perpetual or dated	Perpetual	Perpetual
13.	Original maturity date	No Maturity	No Maturity
14.	Issuer call subject to prior supervisory approval	No	Yes
15.	Optional call date, contingent call dates and redemption amount	Not applicable	30-Jun-25
16.	Subsequent call dates, if applicable	Not applicable	After the First Call Date, subject to the CBB approval
	<i>Coupons / dividends</i>		
17.	Fixed or floating dividend/coupon	Dividend as decided by the Shareholders	Fixed
18.	Coupon rate and any related index	Not applicable	10%
19.	Existence of a dividend stopper	Not applicable	Not applicable
20.	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21.	Existence of step up or other incentive to redeem	No	No
22.	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23.	Convertible or non-convertible	Non-convertible	Convertible
24.	If convertible, conversion trigger (s)	Not applicable	If a Non-Viability Event occurs (means that the Central Bank has informed the Bank in writing that either (i) it has to cancel/write-off the Certificates on the grounds of non-viability; or (ii) an immediate public sector injection of capital is required, without which the Bank would become non-viable).
25.	If convertible, fully or partially	Not applicable	Full of Partial
26.	If convertible, conversion rate	Not applicable	Conversion will take place at higher of, i) current market value, ii) Net book value or iii) determination of independent valuer
27.	If convertible, mandatory or optional conversion	Not applicable	Optional
28.	If convertible, specify instrument type convertible into	Not applicable	CET1 Instruments
29.	If convertible, specify issuer of instrument it converts into	Not applicable	KHALEEJI
30.	Write-down feature	No	No
31.	If write-down, write-down trigger(s)	Not applicable	Not applicable

32.	If write-down, full or partial	Not applicable	Not applicable
33.	If write-down, permanent or temporary	Not applicable	Not applicable
34.	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
35.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Rank subordinate to all Senior Obligations, and rank Pari Passu with all other Pari Passu Obligations.
36.	Non-compliant transitioned features	No	No
37.	If yes, specify non-compliant features	Not applicable	Not applicable