



AL SALAM BANK B.S.C.

**BASEL III - PILLAR III
Composition of Capital Disclosure**

31 March 2025

COMPOSITION OF CAPITAL DISCLOSURE

Appendix PD-2: Reconciliation requirements

Step 1: Disclosure of Balance Sheet under Regulatory scope of Consolidation

There are no differences between the regulatory and accounting consolidation, other than Solidarity Group Holding BSC (c), which is not consolidated being a non-banking subsidiary. Furthermore, the Bank has obtained an approval from the CBB to aggregate the risk weighted exposures of Al Salam Bank - Seychelles ("ASBS") instead of the line-by-line consolidation approach.

As mandated by the Central Bank of Bahrain ("CBB"), financing facilities and investments have been grossed up with collective impairment provision, as presented below:

	BHD '000
Balance sheet as per published financial statements	7,380,595
Collective provision impairment	45,150
Less: Provision related to Contingent Liabilities and Commitments	(3,005)
Balance sheet as in Regulatory Return	7,422,740

Step 2: Reconciliation of published financial balance sheet to regulatory reporting as at 31 March 2025

	Balance sheet as in published financial statements	Consolidated PIRI data	Reference
Assets			
Cash and balances with banks and Central Bank	678,870	679,173	
of which Self financed		580,570	
of which financed by URIA		98,603	
Placements with banks and similar financial institutions	481,885	481,915	
of which Self financed	-	5,991	
of which financed by URIA		475,924	
Held-to-maturity investments	567,755	568,050	
of which Sovereign Sukuk	548,662		
of which Corporate Sukuk	19,093		
Available-for-sale investments	992,084	992,290	
of which Sovereign Sukuk	951,904		
of which Corporate Sukuk	40,180		
Financing assets	3,840,378	3,881,417	
of which Self financed		579,329	
of which financed by URIA		3,302,088	
Investment properties	126,099	126,099	
of which Self financed		108,923	
of which financed by URIA		17,176	
Investment in associates	258,467	258,467	
of which Self financed		20,431	
of which financed by URIA		238,036	
Property, plant, and equipment (PPE)	33,009	33,009	
Other Assets	402,048	402,321	
Non-Trading investment	99,345	99,345	
of which Self financed		89,854	
of which financed by URIA		9,491	
Other receivables and prepayments	69,173	69,446	
Takaful assets	29,629	29,629	
Goodwill & Intangibles	203,901	203,901	
of which eligible for deduction from CET1		48,368	G
of which not eligible for CET1 deduction		155,533	
Total Assets	7,380,595	7,422,740	
Liabilities			
Placements from financial institutions and customers	114,284	102,171	
Customers' current accounts	1,495,995	1,495,995	
Funding Liabilities (e.g. reverse commodity murabaha, etc.)	783,368	795,481	
of which Murabaha from customers	-	12,113	
of which Murabaha Term Financing	783,368	783,368	
Accruals, deferred income, other liabilities, current and deferred tax liabilities (DTLs)	184,766	183,761	
of which Takaful Liabilities	78,024	78,024	
of which Other liabilities	108,742	105,737	
Unrestricted Investment Accounts	4,141,317	4,141,317	
of which amount eligible for T2		12,854	E-1
of which amount not eligible for regulatory capital		4,128,463	
Total Liabilities	6,721,730	6,718,725	
Owners' Equity			
Total share capital	281,892	281,892	A
Share capital	296,760	296,760	
Treasury stock	(8,251)	(8,251)	
Employee incentive scheme shares	(6,617)	(6,617)	
Reserves and retained earnings	108,325	108,325	
Share premium	209	209	C-1
Statutory reserve	31,883	31,883	
of which amount eligible for CET1		31,271	C-2
of which amount not eligible for CET1		612	
Retained earnings (excluding profit for the year), of which:	21,102	21,102	
Amount eligible for CET1	12,921	12,921	B-1
Amount not eligible for CET1	6,038	6,038	
Subsidy from government	2,143	2,143	
of which amount added-back to CET1 as per CBB concessionary measures		1,429	B-2
of which amount to be added-back to CET1 in 2024 and 2025 as per CBB concessionary measures		714	
Modification Loss	(24,768)	(24,768)	
of which amount deducted from CET1 as per CBB concessionary measures		(16,512)	B-3
of which amount to be deducted from CET1 in 2025 as per CBB concessionary measures		(8,256)	
Modification loss amortization	24,768	24,768	B-4
Net profit for the year	18,591	18,591	
of which amount eligible for CET1	18,022	18,022	B-5
of which amount not eligible for CET1	569	569	
Fx translation adjustment	765	765	C-3
Changes in fair value - amount eligible for CET1	11,711	11,711	C-4
Share grant scheme	1,381	1,381	C-5
Real estate fair value reserve - amount eligible for T2	22,683	22,683	D
Subordinated Mudaraba	192,309	192,309	
of which amount eligible for AT1		163,872	E-2
of which amount not eligible for regulatory capital		28,437	
Minority interest in subsidiaries' share capital	76,339	76,339	
of which amount eligible for CET1		15,281	E-3
of which amount eligible for AT1		5,094	E-4
of which amount eligible for T2		6,791	E-5
of which amount not eligible for regulatory capital		49,173	
Expected credit losses (Stages 1 & 2)		45,150	F
of which amount eligible for T2		35,978	
of which amount not eligible for regulatory capital		9,172	
Total Owners' Equity	658,865	704,015	
Total Liabilities + Owners' Equity	7,380,595	7,422,740	

Appendix PD-1: Reconciliation requirements & Template
 Step 3: Composition of Capital Common Template as at 31 March 2025

BHD '000

	Composition of Capital and mapping to regulatory reports	Component of regulatory capital	Reference numbers of balance sheet under the regulatory scope of consolidation from step 2
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus	281,892	A
2	Retained earnings	40,628	B1+B2+B3+B4+B5
3	Accumulated other comprehensive income (and other reserves)	45,337	C1+C2+C3+C4+C5
4	<i>Not Applicable</i>		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	15,281	E3
6	Common Equity Tier 1 capital before regulatory adjustments	383,139	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	25,971	G
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	22,397	G
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)	-	
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	48,368	
29	Common Equity Tier 1 capital (CET1)	334,771	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
31	of which: classified as equity under applicable accounting standards	163,872	E-2
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)	5,094	E-4
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 capital before regulatory adjustments	168,966	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments plus related stock surplus	-	
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)	168,966	
45	Tier 1 capital (T1 = CET1 + AT1)	503,736	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	22,683	D
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)	19,645	E-1 and E-5
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	12,854	
50	Provisions	35,978	F
51	Tier 2 capital before regulatory adjustments	78,306	

	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)	78,306	
59	Total capital (TC = T1 + T2)	582,043	
60	Total risk weighted assets	2,345,029	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.3%	
62	Tier 1 (as a percentage of risk weighted assets)	21.5%	
63	Total capital (as a percentage of risk weighted assets)	24.8%	
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)	10.5%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical buffer requirement	0.0%	
67	of which: D-SIB buffer requirement	1.5%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	14.3%	
	National minima including CCB (if different from Basel 3)		
69	CBB Common Equity Tier 1 minimum ratio	10.5%	
70	CBB Tier 1 minimum ratio	12.0%	
71	CBB total capital minimum ratio	14.0%	
	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	3,738	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	729	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	45,150	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	35,978	
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	-	
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)	-	

AL SALAM BANK B.S.C.
BASEL III - PILLAR III - DISCLOSURES
31 March 2025
Appendix PD-3: Features of regulatory capital
For the period ended 31 March 2025

		Common Equity Tier 1	Subordinated Mudaraba (AT1)	Tier 2
1	Issuer	Al Salam Bank B.S.C.	Al Salam Bank B.S.C.	Al Salam Bank Algeria (S.P.A)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	SALAM	Not applicable	Not applicable
3	Governing law(s) of the instrument	All applicable laws and regulations of the Kingdom of Bahrain	All applicable laws and regulations of the Kingdom of Bahrain	Algeria
4	Regulatory treatment			
5	Transitional CBB rules	Common Equity Tier 1	Additional Tier 1	Tier 2
6	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1	Tier 2
7	Eligible at solo/group/group & solo	Solo and Group	Solo and Group	Group
8	Instrument type (types to be specified by each jurisdiction)	Common Equity shares	Bilateral Mudaraba	Subordinated Debt
9	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 296.76 Million	BD 167.31 million	BD 12.85 million
10	Par value of instrument	BD 0.100	Not applicable	Not applicable
11	Accounting classification	Shareholders' Equity	Subordinated Mudaraba	Quasi Equity
12	Original date of issuance	13-Apr-06	Various	13-Jan-25
13	Perpetual or dated	Perpetual	Perpetual	Dated
14	Original maturity date	No maturity	No Maturity	Non-callable for 5 years
15	Issuer call subject to prior supervisory approval	No	No	No
16	Optional call date, contingent call dates and redemption amount	Not applicable	5 years plus 14 days from each issue date	First optional liquidation date 12 Jan 2030
17	Subsequent call dates, if applicable	Not applicable	Post First Call date	Not applicable
18	Coupons / dividends	Dividend as decided by the Shareholders	Fixed	Quarterly distribution
19	Fixed or floating dividend/coupon			Floating
20	Coupon rate and any related index	Not applicable	6% (reset midswap + 1.50%)	4.07%
21	Existence of a dividend stopper	Not applicable	Yes	Not applicable
22	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary
23	Existence of step up or other incentive to redeem	No	Yes	No
24	Noncumulative or cumulative	Non cumulative	Non cumulative	Non cumulative
25	Convertible or non-convertible	Non convertible	Non convertible	Non convertible
26	If convertible, conversion trigger (s)	Not applicable	Not applicable	Not applicable
27	If convertible, fully or partially	Not applicable	Not applicable	Not applicable
28	If convertible, conversion rate	Not applicable	Not applicable	Not applicable
29	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable
30	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable
31	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable
32	Write-down feature	No	Yes	Yes
33	If write-down, write-down trigger(s)	Not applicable	Writedown at the point of non-viability	Writedown at the point of non-viability
34	If write-down, full or partial	Not applicable	Both	Both
35	If write-down, permanent or temporary	Not applicable	Permanent	Permanent
36	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable
37	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Constitute direct, unsecured, conditional, and subordinated obligations of the bank. Rank subordinate to all Senior Obligations and rank pari passue with all other pari passue obligations (if any). In priority only to Junior Obligations.	Constitute direct, unsecured, conditional, and subordinated obligations of the bank. Rank subordinate to all Senior Obligations and rank pari passue with all other pari passue obligations (if any). In priority only to Junior Obligations.
38	Non-compliant transitioned features	No	No	No
39	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable