



AL SALAM BANK B.S.C.

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

30 September 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 was granted 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	8,108,130
Collective provision impairment	48,262
Less: Provision related to Contingent Liabilities and Commitments	(2,054)
Balance sheet as in Regulatory Return	8,154,338

Step 2: Reconciliation of published financial balance sheet to regulatory reporting as at 30 September 2025

	BHD '000		
	Balance sheet as in published financial statements	Consolidated PIRI data	Reference
Assets			
Cash and balances with banks and Central Bank	853,963	854,101	
of which Self financed		571,627	
of which financed by URIA		282,474	
Placements with banks and similar financial institutions	450,959	450,964	
of which Self financed		21,953	
of which financed by URIA		429,011	
Held-to-maturity investments	765,150	765,264	
of which Sovereign Sukuk	743,498		
of which Corporate Sukuk	21,652		
Available-for-sale investments	1,171,970	1,172,165	
of which Sovereign Sukuk	1,102,591		
of which Corporate Sukuk	69,379		
Financing assets	4,024,106	4,069,811	
of which Self financed		698,461	
of which financed by URIA		3,371,350	
Investment properties	99,397	99,397	
of which Self financed		82,640	
of which financed by URIA		16,757	
Investment in associates	257,478	257,478	
of which Self financed		27,635	
of which financed by URIA		229,843	
Property, plant, and equipment (PPE)	33,549	33,549	
of which eligible for deduction from CET1		4,881	G-1
of which not eligible for CET1 deduction		28,668	
Other Assets	451,558	451,609	
Non-Trading investment	96,194	96,194	
Other receivables and prepayments	85,952	86,003	
Takaful assets	35,697	35,697	
Goodwill & Intangibles	233,715	233,715	
of which eligible for deduction from CET1		47,848	G-2
of which not eligible for CET1 deduction		185,867	
Total Assets	8,108,130	8,154,338	
Liabilities			
Placements from financial institutions and customers	70,540	69,807	
Customers' current accounts	1,682,418	1,682,418	
Funding Liabilities (e.g. reverse commodity murabaha, etc.)	1,029,690	1,030,423	
of which Murabaha from customers		733	
of which Murabaha Term Financing	1,029,690	1,029,690	
Accruals, deferred income, other liabilities, current and deferred tax liabilities (DTLs)	248,794	246,740	
of which Takaful Liabilities	110,708	110,708	
of which Other liabilities	138,086	136,032	
Unrestricted Investment Accounts	4,329,435	4,329,435	
of which amount eligible for T2		16,748	E-1
of which amount not eligible for regulatory capital		4,312,687	
Total Liabilities	7,360,877	7,358,823	
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	174,087	174,087	
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:	15,824	15,824	
Amount eligible for CET1	8,068	8,068	B-1
Amount not eligible for CET1	5,613	5,613	
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 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	58,188	58,188	
of which amount eligible for CET1	56,809	56,809	B-5
of which amount not eligible for CET1	1,379	1,379	
Fx translation adjustment	3,228	3,228	C-3
Changes in fair value - amount eligible for CET1	40,691	40,691	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	209,124	209,124	
of which amount eligible for AT1		165,942	E-2
of which amount not eligible for regulatory capital		43,182	
Minority interest in subsidiaries' share capital	82,150	82,150	
of which amount eligible for CET1		23,851	E-3
of which amount eligible for AT1		5,111	E-4
of which amount eligible for T2		6,815	E-5
of which amount not eligible for regulatory capital		46,373	
Expected credit losses (Stages 1 & 2)		48,262	F
of which amount eligible for T2		39,832	
of which amount not eligible for regulatory capital		8,430	
Total Owners' Equity	747,253	795,515	
Total Liabilities + Owners' Equity	8,108,130	8,154,338	

Appendix PD-1: Reconciliation requirements & Template
 Step 3: Composition of Capital Common Template as at 30 September 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	74,562	B1+B2+B3+B4+B5
3	Accumulated other comprehensive income (and other reserves)	76,780	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)	23,851	E3
6	Common Equity Tier 1 capital before regulatory adjustments	457,085	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	25,971	G1+G2
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	26,758	G1+G2
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	52,729	
29	Common Equity Tier 1 capital (CET1)	404,356	
	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	165,942	E2
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)	5,111	E4
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 capital before regulatory adjustments	171,053	
	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)	171,053	
45	Tier 1 capital (T1 = CET1 + AT1)	575,409	
	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)	23,563	E1 and E5
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	16,748	
50	Provisions	39,832	F
51	Tier 2 capital before regulatory adjustments	86,078	

	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)	86,078	
59	Total capital (TC = T1 + T2)	661,487	
60	Total risk weighted assets	2,417,613	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	16.7%	
62	Tier 1 (as a percentage of risk weighted assets)	23.8%	
63	Total capital (as a percentage of risk weighted assets)	27.4%	
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)	16.7%	
	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)	754	
	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)	48,262	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	39,832	
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
30 September 2025

Appendix PD-3: Features of regulatory capital
For the period ended 30 September 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			
4	Transitional CBB rules	Common Equity Tier 1	Additional Tier 1	Tier 2
5	Post-transitional CBB rules	Common Equity Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo/group/group & solo	Solo and Group	Solo and Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Common Equity shares	Bilateral Mudaraba	Subordinated Debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 296.76 Million	BD 165.94 million	BD 16.75 million
9	Par value of instrument	BD 0.100	Not applicable	Not applicable
10	Accounting classification	Shareholders' Equity	Subordinated Mudaraba	Quasi Equity
11	Original date of issuance	13-Apr-06	Various	13-Jan-25
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	No Maturity	Non-callable for 5 years
14	Issuer call subject to prior supervisory approval	No	No	No
15	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
16	Subsequent call dates, if applicable	Not applicable	Post First Call date	Not applicable
	Coupons / dividends			Quarterly distribution
17	Fixed or floating dividend/coupon	Dividend as decided by the Shareholders	Fixed	Floating 4.58% (Subject to attribution of profits to quasi-equity)
18	Coupon rate and any related index	Not applicable	6% (reset midswap + 1.50%)	Not applicable
19	Existence of a dividend stopper	Not applicable	Yes	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	Yes	No
22	Noncumulative or cumulative	Non cumulative	Non cumulative	Non cumulative
23	Convertible or non-convertible	Non convertible	Non convertible	Non convertible
24	If convertible, conversion trigger (s)	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable
30	Write-down feature	No	Yes	No
31	If write-down, write-down trigger(s)	Not applicable	Writedown at the point of non-viability	Not applicable
32	If write-down, full or partial	Not applicable	Both	Not applicable
33	If write-down, permanent or temporary	Not applicable	Permanent	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable
35	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.	Subject to subordination based general loss absorbency feature applicable to participation based shariah compliant products
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable