



AL SALAM BANK B.S.C.

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

31 March 2026

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	8,510,904
Collective provision impairment	50,552
Less: Provision related to Contingent Liabilities and Commitments	(2,429)
Balance sheet as in Regulatory Return	8,559,027

Step 2: Reconciliation of published financial balance sheet to regulatory reporting as at 31 March 2026

	BHD '000		
	Balance sheet as in published financial statements	Consolidated PIRI data	Reference
Assets			
Cash and balances with banks and Central Bank	886,827	887,062	
of which Self financed		686,092	
of which financed by URIA		200,970	
Placements with banks and similar financial institutions	617,993	618,009	
of which Self financed		618,009	
of which financed by URIA		-	
Held-to-maturity investments	718,133	718,183	
of which Sovereign Sukuk		701,234	
of which Corporate Sukuk		16,899	
Available-for-sale investments	1,367,243	1,367,470	
of which Sovereign Sukuk		1,260,481	
of which Self financed		495,945	
of which financed by URIA		764,763	
of which Corporate Sukuk		106,762	
of which Self financed		106,762	
Financing assets	4,083,342	4,130,918	
of which Self financed		684,879	
of which financed by URIA		3,446,039	
Investment properties	83,139	83,139	
of which Self financed		75,293	
of which financed by URIA		7,846	
Investment in associates	284,857	284,857	
of which Self financed		37,099	
of which financed by URIA		247,758	
Property, plant, and equipment (PPE)	26,402	26,402	
of which eligible for deduction from CET1		5,248	G-1
of which not eligible for CET1 deduction		21,154	
Other Assets	442,968	442,987	
Non-Trading investment		98,967	
Takaful assets		30,478	
Other receivables and prepayments		83,658	
of which Self financed		83,677	
of which eligible for deduction from CET1		17,028	B-1
of which not eligible for CET1 deduction		66,649	
of which financed by URIA		-	
Goodwill & Intangibles	229,865	229,865	
of which eligible for deduction from CET1		47,328	G-2
of which not eligible for CET1 deduction		182,537	
Total Assets	8,510,904	8,559,027	
Liabilities			
Placements from financial institutions and customers	126,853	126,853	
Customers' current accounts	1,412,748	1,412,748	
Funding Liabilities (e.g. reverse commodity murabaha, etc.)	1,321,426	1,321,426	
of which Murabaha Term Financing		1,321,426	
Accruals, deferred income, other liabilities, current and deferred tax liabilities (DTLs)	255,366	252,937	
of which Takaful Liabilities		92,621	
of which Other liabilities		160,316	
Unrestricted Investment Accounts	4,667,376	4,667,376	
of which amount eligible for T2		12,728	E-1
of which amount not eligible for regulatory capital		4,654,648	
Total Liabilities	7,783,769	7,781,340	
Owners' Equity			
Total share capital	302,983	302,983	
Share capital		317,533	A-1
Treasury stock		(8,684)	A-2
Employee incentive scheme shares		(5,866)	B-2
Reserves and retained earnings	137,547	137,547	
Share premium		209	C-1
Statutory reserve		39,566	
of which amount eligible for CET1		38,760	C-2
of which amount not eligible for CET1		806	
Retained earnings (excluding profit for the year), of which:		34,139	
Amount eligible for CET1		26,047	B-3
Amount not eligible for CET1		8,092	
Net profit for the year		23,130	
of which amount eligible for CET1		22,728	B-4
of which amount not eligible for CET1		403	
Fx translation adjustment		613	C-3
of which amount eligible for CET1		613	
Changes in fair value - amount eligible for CET1		16,616	
of which amount eligible for CET1		16,367	
of which amount not eligible for CET1		249	C-4
Share grant scheme		591	C-5
Real estate fair value reserve - amount eligible for T2		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	77,481	77,481	
of which amount eligible for CET1		21,943	E-3
of which amount eligible for AT1		4,702	E-4
of which amount eligible for T2		6,269	E-5
of which amount not eligible for regulatory capital		44,567	
Expected credit losses (Stages 1 & 2)		50,552	F
of which amount eligible for T2		42,664	
of which amount not eligible for regulatory capital		7,888	
Total Owners' Equity	727,135	777,687	
Total Liabilities + Owners' Equity	8,510,904	8,559,027	

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Appendix PD-1: Reconciliation requirements & Template
Step 3: Composition of Capital Common Template as at 31 March 2026

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	291,821	A1+A2-B1
2	Retained earnings	42,909	B2+B3+B4
3	Accumulated other comprehensive income (and other reserves)	56,541	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)	21,943	E3
6	Common Equity Tier 1 capital before regulatory adjustments	413,214	
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)	26,605	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	52,576	
29	Common Equity Tier 1 capital (CET1)	360,638	
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 or 34) issued by subsidiaries and held by third parties (amount allowed in group AT1)	4,702	E4
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 capital before regulatory adjustments	170,644	
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)	170,644	
45	Tier 1 capital (T1 = CET1 + AT1)	531,282	
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)	18,998	E1 and E5
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	12,728	
50	Provisions	42,664	F
51	Tier 2 capital before regulatory adjustments	84,345	

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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)	84,345
59	Total capital (TC = T1 + T2)	615,627
60	Total risk weighted assets	2,659,740
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.6%
62	Tier 1 (as a percentage of risk weighted assets)	20.0%
63	Total capital (as a percentage of risk weighted assets)	23.1%
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)	13.6%
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	3,344
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	690
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)	50,552
77	Cap on inclusion of provisions in Tier 2 under standardised approach	42,664
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)	-

Appendix PD-3: Features of regulatory capital
 For the period ended 31 March 2026

	Common Equity Tier 1	Subordinated Mudaraba (AT)	Tier 2
1	Issuer	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
3	Governing law(s) of the instrument	All applicable laws and regulations of the Kingdom of Bahrain	Algeria
	Regulatory treatment		
4	Transitional CBB rules	Common Equity Tier 1	Tier 2
5	Post-transitional CBB rules	Common Equity Tier 1	Tier 2
6	Eligible at solo/group/group & solo	Solo and Group	Group
7	Instrument type (types to be specified by each jurisdiction)	Common Equity shares	Subordinated Debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 317.53 Million	BD 12.73 million
9	Par value of instrument	BD 0.100	Not applicable
10	Accounting classification	Shareholders' Equity	Subordinated Mudaraba
11	Original date of issuance	13-Apr-06	Various
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No Maturity
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	Not applicable	5 years plus 14 days from each issue date
16	Subsequent call dates, if applicable	Not applicable	Post First Call date
	Coupons / dividends		
	Fixed or floating dividend/coupon	Dividend as decided by the Shareholders	Fixed
17	Coupon rate and any related index	Not applicable	6% (reset midswap + 1.50%)
18	Existence of a dividend stopper	Not applicable	Yes
19	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
20	Existence of step up or other incentive to redeem	No	Yes
21	Noncumulative or cumulative	Non cumulative	Non cumulative
22	Convertible or non-convertible	Non convertible	Non convertible
23	If convertible, conversion trigger (s)	Not applicable	Not applicable
24	If convertible, fully or partially	Not applicable	Not applicable
25	If convertible, conversion rate	Not applicable	Not applicable
26	If convertible, mandatory or optional conversion	Not applicable	Not applicable
27	If convertible, specify instrument type convertible into	Not applicable	Not applicable
28	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable
29	Write-down feature	No	Yes
30	If write-down, write-down trigger(s)	Not applicable	Writedown at the point of non-viability
31	If write-down, full or partial	Not applicable	Both
32	If write-down, permanent or temporary	Not applicable	Permanent
33	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
34	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.
35			Subject to subordination based general loss absorbency feature applicable to participation based shariah compliant products
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable