

COMPOSITION OF REGULATORY CAPITAL

ALBARAKA BANK LIMITED
NINE MONTHS ENDED 2020-09-30

| | R'000 | Reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|---|---------|--|
| Common Equity Tier 1 capital: instruments and reserves | | |
| 1 Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus | 404,599 | 13 |
| 2 Retained earnings | 362,808 | - |
| 3 Accumulated other comprehensive income (and other reserves) | 1,084 | - |
| 4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) | - | - |
| 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 | 768,491 | - |
| 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) | -59,667 | 5 |
| 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 36 of Basel 111 securitisation framework25) | - | - |
| 14 Gains and losses due to changes in own credit risk on fair valued liabilities | - | - |
| 15 Defined-benefit pension fund net assets | - | - |
| 16 Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | - | - |
| 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, 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 (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 National 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 | -59,667 | - |
| 29 Common Equity Tier 1 capital (CET1) | 708,824 | - |
| 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 | - | - |
| 32 of which: classified as liabilities under applicable accounting standards | - | - |
| 33 Directly issued capital instruments subject to phase out from Additional Tier 1 | - | - |
| 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 | - | - |
| 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, 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 | - | - |
| 41 National 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) | - | - |
| 45 Tier 1 capital (T1 = CET1 1+ AT1) | 708,824 | - |
| Tier 2 capital and provisions | | |
| 46 Directly issued qualifying Tier 2 instruments plus related stock surplus | - | - |
| 47 Directly issued capital instruments subject to phase out from Tier 2 | 307,700 | 19 |
| 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 of which: instruments issued by subsidiaries subject to phase out | - | - |
| 50 Provisions | 18,467 | 9.3 |
| 51 Tier 2 capital before regulatory adjustments | 326,167 | - |
| Tier 2 capital: regulatory adjustments | | |
| 52 Investments in own Tier 2 instruments | - | - |
| 53 Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities | - | - |
| 54 Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | - | - |

Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)

| | | | |
|--|---|------------------|---|
| 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 | - | - |
| | Regulatory adjustments applied to Common Equity Tier 2 in respect of amounts subject to pre-BaseI III treatment | - | - |
| 57 | Total regulatory adjustments to Tier 2 capital | - | - |
| 58 | Tier 2 capital (T2) | 326,167 | - |
| 59 | Total capital (TC = T1 + T2) | 1,034,991 | - |
| 60 | Total risk weighted assets | 6,159,900 | - |
| Capital ratios and buffers | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk weighted assets) | 11.51% | - |
| 62 | Tier 1 (as a percentage of risk weighted assets) | 11.51% | - |
| 63 | Total capital (as a percentage of risk weighted assets) | 16.80% | - |
| 64 | Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirement plus higher loss absorbent requirement, expressed as a percentage of risk weighted assets) | - | - |
| 65 | of which: capital conservation buffer requirement | - | - |
| 66 | of which: bank specific countercyclical buffer requirement | - | - |
| 67 | of which: higher loss absorbency requirement | - | - |
| 68 | Common Equity Tier 1 (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements | - | - |
| National Minima (if different from Basel III) | | | |
| 69 | National Common Equity Tier 1 minimum ratio (if different from Basel III minimum) | 4.50% | - |
| 70 | National Tier 1 minimum ratio (if different from Basel III minimum) | 6.00% | - |
| 71 | National total capital minimum ratio (if different from Basel III minimum) | 8.00% | - |
| Amounts, below the threshold for deductions (before risk weighting) | | | |
| 72 | Non-significant investments in the capital and other TLAC liabilities of other financial entities | - | - |
| 73 | Significant investments in the common stock of financial entities | - | - |
| 74 | Mortgage servicing rights (net of related tax liability) | - | - |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | - | - |
| Applicable: caps on the 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) | 326,167 | - |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | - | - |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | - | - |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | - | - |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022) | | | |
| 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) | - | - |