

Bahrain Islamic Bank B.S.C.
Composition of Capital and Liquidity Disclosures
As at 30 September 2025

Reconciliation of Published Financial Balance Sheet to Regulatory Reporting as at 30 September 2025

	Statement of Financial position as per published financial statements	Statement of Financial position as per Regulatory Reporting
As at 30 September 2025	Q3 2025 BD'000	Q3 2025 BD'000
Assets		
Cash and balances with banks and Central Bank	67,810	67,810
Gross Placements with financial institutions	191,614	191,614
Less: Expected credit loss (stage 3)	-	-
Less: Expected credit loss (stage 1 and stage 2)	(2)	-
Net placements with financial institutions	191,612	191,614
Gross financing contracts	1,009,576	1,009,576
Less: Expected credit loss (stage 3)	(32,907)	(32,907)
Less: Expected credit loss (stage 1 and stage 2)	(10,873)	-
Net financing contracts	965,796	976,669
Gross investment securities	370,078	370,078
Less: Expected credit loss (stage 3)	(27,338)	(27,338)
Less: Expected credit loss (stage 1 and stage 2)	(104)	-
Net investment securities	342,636	342,740
Investment in associates	7,661	7,661
Investment in real estate	13,372	13,372
Property and equipment	15,325	15,325
Other assets	9,898	9,898
TOTAL ASSETS	1,614,110	1,625,089
LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		
Liabilities		
Placements from financial institutions	45,636	45,636
Placements from non-financial institutions and individuals	167,027	167,027
Financing from financial institutions	224,890	224,890
Customers' current accounts	235,767	235,767
Other liabilities	50,568	50,450
of which: Expected credit loss - Off balance sheet exposures (stage 3)	818	818
(stage 1 and stage 2)	118	-
of which: Other liabilities	49,632	49,632
Total Liabilities	723,888	723,770
Total Quasi-equity	729,572	729,572
Quasi-equity		
Share capital	106,406	106,406
Treasury shares	(677)	(677)
Shares under employee share incentive scheme	(247)	(247)
Share premium	132	132
Statutory reserve	8,227	8,227
Real estate fair value reserve	1,261	1,261
Investment securities fair value reserve	1,594	1,594
Expected credit loss	-	11,097
of which: amount eligible for Tier 2 capital subject to a maximum of 1.25% of credit risk weighted assets	-	6,946
of which: amount ineligible for Tier 2 capital	-	4,151
Profit for the period	15,659	15,659
Retained earnings brought forward	3,295	3,295
of which: Retained earnings as of 1 January 2025	5,602	5,602
of which: Modification loss and Government subsidy, net	-	-
of which: Zakah and donations approved	(406)	(406)
of which: Aggregate ECL provision relating to stage 1 and 2 exposures	-	-
of which: Issuance costs of AT1	-	-
of which: Profit distribution on AT1 Capital	(1,901)	(1,901)
of which: Share of reserve of investment in associate	-	-
of which: Transfer to statutory reserve	-	-
Equity attributable to Bank's shareholders	135,650	146,747
Subordinated Mudaraba (AT1)	25,000	25,000
Total Owners' Equity	160,650	171,747
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY	1,614,110	1,625,089

Composition of Capital Common Disclosure Template as at 30 September 2025

As at 30 September 2025		
1.	Directly issued qualifying common share capital plus related stock surplus	129,500
2.	Retained earnings	4,725
3.	Accumulated other comprehensive income (and other reserves)	1,594
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	135,819
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.	Not applicable	-
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	-
29.	Common Equity Tier 1 capital (CET1)	135,819

Composition of Capital Common Disclosure Template as at 30 September 2025

Additional Tier 1 capital: instruments		
30.	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	25,000
31.	of which: classified as equity under applicable accounting standards	-
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.	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-
36.	Additional Tier 1 capital before regulatory adjustments	25,000
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)	25,000
45.	Tier 1 capital (T1 = CET1 + AT1)	160,819
Tier 2 capital: instruments and provisions		
46.	Directly issued qualifying Tier 2 instruments plus related stock surplus	1,261
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	6,946
51.	Tier 2 capital before regulatory adjustments	8,207
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)	8,207
59.	Total capital (TC = T1 + T2)	169,025
60.	Total risk weighted assets	679,272

Composition of Capital Common Disclosure Template as at 30 September 2025

Capital ratios and buffers		
61.	Common Equity Tier 1 (as a percentage of risk weighted assets)	19.99%
62.	Tier 1 (as a percentage of risk weighted assets)	23.68%
63.	Total capital (as a percentage of risk weighted assets)	24.88%
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	2.50%
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)	19.99%
National minima including CCB (where different from Basel III)		
69.	CBB Common Equity Tier 1 minimum ratio	9.00%
70.	CBB Tier 1 minimum ratio	10.50%
71.	CBB total capital minimum ratio	12.50%
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)	-
Applicable caps on the inclusion of provisions in Tier 2		
76.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	11,097
77.	Cap on inclusion of provisions in Tier 2 under standardized approach	6,946
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 features of regulatory capital instruments			
1	Issuer	Bahrain Islamic Bank BSC	Bahrain Islamic Bank BSC
2	Unique identifier (Bahrain bourse ticker)	BISB	BISB
3	Governing law(s) of the instrument	All applicable laws and regulations in the Kingdom of Bahrain	All applicable laws and regulations in the Kingdom of Bahrain
As at 30 September 2025	Regulatory treatment		
4	Transitional CBB rules	Common Equity Tier 1	AT1
5	Post-transitional CBB rules	Common Equity Tier 1	AT1
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 Sukuk
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 106.40 million	BD 25 million
9	Par value of instrument	BD 0.100	Not applicable
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	Various	2021
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	2026
16	Subsequent call dates, if applicable	Not applicable	Not applicable
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Dividend as declared by shareholders	Fixed
18	Coupon rate and any related index	Not applicable	7.50%
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	Not applicable	Convertible
24	If convertible, conversion trigger (s)	Not applicable	If a Non-Viability Event occurs (means the Central bank has notified the Bank in writing that it has determined that Bank is, or will become, Non-Viable without: (a) a Conversion; or (b) a public sector injection of capital or equivalent support).
25	If convertible, fully or partially	Not applicable	full or partially depending on the non-viability event
26	If convertible, conversion rate	Not applicable	Conversion Rate means the amount, in Bahraini Dinar per Ordinary Share, as determined by the Bank based on the higher of (i) the market price of an Ordinary Share; (ii) the book value of an Ordinary Share; and (iii) the value of an Ordinary Share as determined by an independent appraiser
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	BisB
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

Consolidated Liquidity Coverage Ratio as of 30 September 2025

In August 2018, the Central Bank of Bahrain issued its regulations on Liquidity Risk Management (Module LM). The module mandates that banks must adequately manage their assets and liabilities to create strong short-term resilience and a sufficient ability to meet the bank's net cash outflows within 30 days.

As per CBB Module LM, banks are required to meet the minimum LCR of at least 100% on a daily basis. Below is Bahrain Islamic Bank's LCR disclosure as of 30 September 2025:

BD '000

Consolidated LCR		Total Unweighted Value (average) ⁽¹⁾	Total Weighted Value (average) ⁽¹⁾
High Quality Liquid Assets			
1	Total HQLA		203,322
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	257,487	7,725
4	Less stable—retail deposits	249,564	24,956
5	Unsecured Wholesale Funding		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	245,697	174,826
8	Unsecured Sukuk	-	-
9	Secured Wholesale Funding		
10	Additional requirements, of which:		
11	Outflows related to Shari'a-compliant hedging instruments exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on financing products	-	-
13	Credit and liquidity facilities	72,549	5,379
14	Other contractual funding obligations		
15	Other contingent funding obligations	30,655	1,533
16	Total Cash Outflows		214,419
Cash Inflows			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	211,839	201,676
19	Other cash inflows	7,973	7,973
20	Total Cash Inflows	219,813	209,650
Total Adjusted Value			
21	Total HQLA		203,322
22	Total net cash outflows		53,605
23	Liquidity Coverage Ratio (%)		386.3%

(1) Figures based on simple daily average of working days during the quarter, as per CBB Module LM.

Consolidated Net Stable Funding Ratio as of 30 September 2025

In August 2018, the Central Bank of Bahrain issued its regulations on Liquidity Risk Management (Module LM). The main objective of the NSFR is to promote the resilience of the banking system by improving the funding profile of banks by ensuring they have sufficient level of stable funding in relation to their assets and commitments. The NSFR thus promotes banks to rely on funding from stable sources and long-term borrowing in order to reduce the risks of disruptions which might impact the bank's liquidity position.

As per CBB Module LM, banks are required to meet the minimum NSFR of at least 100% on a continuous basis. Below is Bahrain Islamic Bank's NSFR disclosure as of 30 September 2025:

BD '000						
		Unweighted Values (before applying factors)				Total Weighted Value
Sr.	Item	No Specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
Available Stable Funding (ASF):						
1	Capital:					
2	Regulatory Capital	160,817	-	-	12,360	173,177
3	Other Capital Instruments	-	-	-	-	-
4	Retail Deposits and deposits from small business customers:					
5	Stable Deposits	-	265,920	5,549	39	257,935
6	Less stable deposits	-	403,801	43,389	11,754	414,225
7	Wholesale funding:					
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	565,835	45,536	61,068	211,742
10	Other liabilities:					
11	NSFR Shari'a-compliant hedging contract liabilities		-	-	-	
12	All other liabilities not included in the above categories	-	46,433	-	-	-
13	Total ASF					1,057,079
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)	16,089				16,089
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing financing and sukuk/ securities:					
17	Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	44,929	499	48,733	55,722
19	Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	252,653	87,856	711,454	697,935
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	-	-
21	Performing residential mortgages, of which:					
22	- With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
23	Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	0	-	-	-
24	Other assets:					
25	Physical traded commodities, including gold	-				-
26	Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs		-	-	-	-
27	NSFR Shari'a-compliant hedging assets		-	-	-	-
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted		-	-	-	-
29	All other assets not included in the above categories	96,211	-	-	5,497	101,709
30	OBS items		108,734	-	-	5,437
31	Total RSF		406,315	88,355	765,684	876,890
32	NSFR (%)					120.5%

Consolidated Leverage Ratio as of 30 September 2025

In June 2018, the Central Bank of Bahrain issued regulations on the financial leverage ratio as part of the CA: Capital Adequacy Module Chapter 10, which has been implemented as of 30 June 2019.

The leverage ratio calculations take into account all on balance sheet exposures, all off balance sheet exposures, and any derivative exposures after applying the applicable adjustments as per the CBB guidelines. The leverage ratio represents how well the bank's core capital covers the bank's total exposures.

CBB require banks to hold a minimum leverage ratio of at least 3%.

S. No.	Description	BD '000
1	Total Self Financed Assets	884,538
2	Total URIA Financed Assets	729,571
3	Less: PER of URIAs	(541)
4	Less: IRR of URIAs	-
5	Off Balance Sheet items - with relevant Credit Conversion Factors	43,494
6	Leverage ratio exposure [(1) + {(2)+(3)+(4)}*30% + (5)]	1,146,741
7	Tier 1 Capital	160,819
8	Leverage Ratio [(7)/(6)]	14.0%