

**Eskan Bank B.S.C. (c)**  
**Basel III, Pillar III Disclosures**  
**30 June 2020**

## **Eskan Bank B.S.C. (c)**

Basel III, Pillar III Disclosures

As at 30 June 2020

	<b>Content</b>	<b>Page</b>
	SCOPE OF APPLICATION	2
<b>Table 1</b>	CAPITAL STRUCTURE	2
<b>Table 2</b>	CAPITAL ADEQUACY RATIOS	2
<b>Table 3</b>	RISK WEIGHTED EXPOSURES	2
<b>Table 4</b>	GROSS AND AVERAGE EXPOSURES - FUNDED AND UNFUNDED	3
<b>Table 5</b>	REGULATORY CAPITAL REQUIRMENTS - CREDIT RISK EXPOSURE STANDARD PORTFOLIO	3
<b>Table 6</b>	GEORAPHICAL DISTRIBUTION OF EXPOSURE	4
<b>Table 7</b>	INDUSTRY ANALYSIS	4
<b>Table 8</b>	INTRA-GROUP TRANSACTIONS	5
<b>Table 9</b>	RELATED PARTY TRANSACTIONS	5
<b>Table 10</b>	PAST DUE LOANS AND OTHER ASSETS	6
<b>Table 11</b>	EXPECTED CREDIT LOSS MOVEMENT	6
<b>Table 12</b>	RESTRUCTURED FACILITY	7
<b>Table 13</b>	OPERATIONAL RISK	7
<b>Table 14</b>	RESIDUAL CONTRACTUAL MATURITY BREAKDOWN	8
<b>Table 15</b>	EQUITY POSITION RISK IN THE BANKING BOOKS	9
<b>Table 16</b>	SENSITIVITY ANALYSIS - INTEREST RATE RISK	9
<b>Table 17</b>	RECONCILIATION OF PUBLISHED FINANCIAL BALANCE SHEET TO REGULATORY REPORTING	10
<b>Table 18</b>	COMPOSITION OF CAPITAL COMMON DISCLOSURE TEMPLATE	11-12
<b>Table 19</b>	MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS	13

## Eskan Bank B.S.C. (c)

Basel III, Pillar III Disclosures

As at 30 June 2020

All Amounts in BD '000

### SCOPE OF APPLICATION

The name of the Bank in the group, to which these regulations apply is Eskan Bank B.S.C. (c) ("the Bank") which is a closed joint stock company registered and incorporated by Amiri Decree No. 4 of 1979, together with its subsidiaries ("the Group"). The Bank operates under a Restricted Banking License issued by the CBB. The Bank is wholly owned by the Government of the Kingdom of Bahrain.

### Table 1: CAPITAL STRUCTURE

The following table summarizes the eligible capital after deductions for Capital Adequacy Ratio (CAR) calculation as of 30 June 2020.

	<u>CET1</u>	<u>AT1</u>	<u>T2</u>
<b>Components of capital</b>			
<b>Tier 1 Capital</b>			
<b>Common Equity Tier 1 ( CET1)</b>			
Issued and fully paid ordinary shares	108,300	-	-
General reserves	22,007	-	-
Statutory reserves	54,462	-	-
Retained earnings	115,992	-	-
Current interim profits	10,624	-	-
Cumulative fair value changes on FVOCI investments (Equities)	(416)	-	-
<b>Total CET 1 Capital prior to the regulatory adjustments</b>	<b>310,969</b>	<b>-</b>	<b>-</b>
Less: Regulatory adjustments			
Intangibles other than mortgage servicing rights	567	-	-
<b>Total CET 1 Capital after the regulatory adjustments</b>	<b>310,402</b>	<b>-</b>	<b>-</b>
<b>Other Capital ( AT1 &amp; T2)</b>			
Expected Credit Losses (ECL) Stages 1 & 2 (1.25% of credit risk weighted assets)	-	-	1,628
<b>Net available Capital</b>	<b>310,402</b>	<b>-</b>	<b>1,628</b>
<b>Total Capital</b>			<b>312,030</b>

### Table 2: CAPITAL ADEQUACY RATIOS

The CBB Capital Adequacy Rules provides guidance on the risk measurements for the calculation of capital requirements. Conventional bank licenses are required to meet the following minimum CAR requirements:

Components of consolidated CARs				
	Optional	Minimum Ratio Required	Capital conservation buffer (CCB)	CAR including CCB
Common Equity Tier 1 (CET1)		6.5%	2.5 % comprising of CET1	9.0%
Additional Tier 1 (AT1)	1.5%	8.0%		10.5%
Tier 1 (T1)		8.0%		
Tier 2 (T2)	2%			
Total Capital		10.0%		12.5%

Following are Capital Adequacy Ratios for total capital and Tier 1 capital as of 30 June 2020 :

<b>CET1 Capital Adequacy Ratio</b>	<b>166%</b>
<b>T1 Capital Adequacy Ratio</b>	<b>166%</b>
<b>Total Capital Adequacy Ratio</b>	<b>167%</b>

### Table 3: RISK WEIGHTED EXPOSURES

Following are the total risk weighted exposures for each category of risk the Bank is exposed to as of 30 June 2020 :

Credit Risk Weighted Exposures- Standardized Approach	130,257
Operational Risk Weighted Exposures- Basic indicator approach	56,788
Market Risk Weighted Exposures- Standardized Approach	-
<b>Total Risk Weighted Exposures</b>	<b>187,045</b>

## Eskan Bank B.S.C. (c)

### Basel III, Pillar III Disclosures

As at 30 June 2020

All Amounts in BD '000

**Table 4: GROSS AND AVERAGE EXPOSURES - FUNDED AND UNFUNDED (PD 1.3.23 (a))**

The following table summarises the amount of gross funded and unfunded exposure and average gross funded and unfunded exposures as of 30 June 2020 :

	<i>Gross Exposures</i>	<i>* Average Exposures</i>
<b><u>Funded Exposure</u></b>		
Cash and bank balances	27,117	23,120
Investments	5,536	6,426
Loans	728,080	720,062
Investment in associates	4,319	4,293
Investment properties	49,764	50,111
Development properties	31,493	31,195
Other assets	29,718	29,969
	<b>876,030</b>	<b>865,176</b>
<b><u>Unfunded Exposure</u></b>		
Loan related	10,941	11,171
Capital Commitments	3,080	3,330
	<b>14,021</b>	<b>14,501</b>

\* Average balances are computed based on quarter end balances.

**Table 5: REGULATORY CAPITAL REQUIRMENTS - CREDIT RISK EXPOSURE STANDARD PORTFOLIO (PD 1.3.15)**

The following table summarises the regulatory capital requirements for risk by type of standard portfolios that are subject to standardised approach as of 30 June 2020:

<b><u>Standard Portfolio</u></b>	<b><u>* Gross Exposures</u></b>	<b><u>Risk Weighted Exposures</u></b>	<b><u>** Capital Charge</u></b>
Cash items	135	-	-
Claims on sovereign	782,460	-	-
Claims on Banks	147	29	4
Claims on investment firms	201	101	13
Mortgage	6,218	4,664	583
Past due exposure	730	730	91
Equity investments	1,044	1,566	196
All other holdings of real estate *	69,795	121,488	15,186
Other assets	1,680	1,680	210
	<b>862,410</b>	<b>130,257</b>	<b>16,282</b>

\* Includes real estate exposure relating to social housing projects amounting BD 12,069 thousand which are credit risk weighted at 50% as per CBB concessions and have capital charge of BD 6,035 thousand.

\*\* Capital charge is calculated at 12.5%.

#### **Credit risk mitigation:**

The Bank did not consider any credit risk mitigation for the purpose of capital adequacy calculation and as a result the Bank did not make use of on and off balance sheet netting arrangements as of 30 June 2020.

**Eskan Bank B.S.C. (c)**

## Basel III, Pillar III Disclosures

As at 30 June 2020

All Amounts in BD '000

**Table 6: GEORAPHICAL DISTRIBUTION OF EXPOSURE** (PD 1.3.23 (b))

The following table summarises the geographic distribution of exposures, broken down into significant areas by major types of exposure as of 30 June 2020 :

	<i>Kingdom of Bahrain</i>	<i>Total</i>
<b><u>Funded Exposures</u></b>		
Cash and bank balances	27,117	27,117
Investments	5,536	5,536
Loans	728,080	728,080
Investment in associates	4,319	4,319
Investment properties	49,764	49,764
Development properties	31,493	31,493
Other assets	29,718	29,718
	<b>876,030</b>	<b>876,030</b>
<b><u>Unfunded Exposures</u></b>		
Loan related	10,941	10,941
Capital Commitment	3,080	3,080
	<b>14,021</b>	<b>14,021</b>

The Group considers the above geographical disclosure to be the most appropriate as the Group's activities are conducted in the Kingdom of Bahrain.

**Table 7: INDUSTRY ANALYSIS** (PD 1.3.23 (c))

The following table summarises the distribution of funded and unfunded exposure by industry type as of 30 June 2020:

	<i>Government</i>	<i>Banks and financial institutions</i>	<i>Real estate and construction</i>	<i>Residential mortgage</i>	<i>Tourism</i>	<i>Other</i>	<i>Total</i>
<b><u>Funded Exposures</u></b>							
Cash and bank balances	21,827	5,289	-	-	-	-	27,117
Investments	1,750	-	2,743	-	746	298	5,537
Loans	-	-	-	728,080	-	-	728,080
Investment in associates	-	-	4,319	-	-	-	4,319
Investment properties	-	-	49,764	-	-	-	49,764
Development properties	-	-	31,493	-	-	-	31,493
Other assets	27,021	4	267	48	-	2,378	29,718
	<b>50,598</b>	<b>5,294</b>	<b>88,587</b>	<b>728,129</b>	<b>746</b>	<b>2,676</b>	<b>876,030</b>
<b><u>Unfunded Exposures</u></b>							
Loan related	-	-	-	10,941	-	-	10,941
Capital Commitment	-	-	3,080	-	-	-	3,080
	<b>-</b>	<b>-</b>	<b>3,080</b>	<b>10,941</b>	<b>-</b>	<b>-</b>	<b>14,021</b>

## Eskan Bank B.S.C. (c)

### Basel III, Pillar III Disclosures

As at 30 June 2020

All Amounts in BD '000

**Table 8: INTRA-GROUP TRANSACTIONS** (PD 1.3.23 (d))

The Bank disclosed its intra-group transactions with its subsidiaries on stand alone basis. The following table summarises intra-group transactions as of 30 June 2020 :

	<i>Eskan Bank</i>	<i>Eskan Property Co.</i>	<i>Dannat Al Luzi</i>	<i>Total</i>
<b>Assets</b>				
Balances with Banks	-	296	-	296
Inter Bank Deposits	-	1,542	-	1,542
Development Properties	92	-	156	248
Investment properties	3	-	-	2.53
Investments in subsidiaries	8,651	-	-	8,651
Other Assets	213	368	-	582
	<b>8,959</b>	<b>2,206</b>	<b>156</b>	<b>11,321</b>
<b>Liabilities and Equity</b>				
Non-Bank Deposits	1,542	-	-	1,542
Current Accounts	296	-	-	296
Other Liabilities	265	169	148	581
Share Capital & Reserves	91	418	8,393	8,902
	<b>2,193</b>	<b>587</b>	<b>8,540</b>	<b>11,321</b>

**Table 9: RELATED PARTY TRANSACTIONS**

The following table summarises related party exposure as of 30 June 2020 :

	<b>Shareholder</b>	<b>Associates</b>	<b>Directors</b>	<b>Key management</b>	<b>Subsidiaries</b>
<b>Assets</b>					
Loans	-	-	28	34	-
Development Properties	-	-	-	-	92
Investment Properties	-	-	-	-	3
Investments in Associates	-	4,319	-	-	-
Investments in subsidiaries	-	-	-	-	8,651
Other Assets	27,000	4	-	41	213
<b>Liabilities</b>					
Non-Bank Deposits	-	-	-	-	1,542
Current Accounts	-	6	1	0.1	296
Government account	492,184	-	-	-	-
Other Liabilities	-	-	52	242	265
<b>Income / (expenses)</b>					
Net share of profit of associates	-	73	-	-	-
Fees and commission	-	17	-	-	36
Interest Expense	-	-	-	-	15
Staff cost	-	-	-	540	-
Investment management cost	-	-	-	-	-
Operating expense	-	67	-	-	354
Impairment Provision	-	53	-	-	-
Directors' and Sharī'ah board remuneration and sitting fees	-	-	63	-	-

## Eskan Bank B.S.C. (c)

### Basel III, Pillar III Disclosures

As at 30 June 2020

All Amounts in BD '000

**Table 10: PAST DUE LOANS AND OTHER ASSETS** (PD 1.3.23 (h) & (i))

The Group's entire past due and provision balances as at 30 June 2020 relates to its operations in the Kingdom of Bahrain. The following table summarises the total past due loans including other assets and provisions disclosed by industry as of 30 June 2020 :

Past due loans and other assets - Aging analysis:

	<i>Below 3 months</i>	<i>3 months up to 1 year</i>	<i>1 up to 3 years</i>	<i>Over 3 years</i>	<i>Total</i>
Retail mortgage social loans	54,068	28,599	11,584	2,128	96,379
Retail mortgage commercial loans	1,452	521	458	1,557	3,988
Other assets	95	119	27,007	-	27,221
	<b>55,615</b>	<b>29,238</b>	<b>39,049</b>	<b>3,685</b>	<b>127,588</b>

Past due loans and other assets breakdown by type and expected credit loss (ECL):

	<b>Total amount</b>	<b>ECL stage 2</b>	<b>ECL stage 3</b>
Retail mortgage social loans	96,379	5,122	24,172
Retail mortgage commercial loans	3,988	187	1,889
Other assets	27,221	-	-
	<b>127,588</b>	<b>5,310</b>	<b>26,060</b>

Impaired loans:

	<b>Loan amount</b>	<b>ECL stage 3</b>
Retail mortgage social loans	58,262	29,375
Retail mortgage commercial loans	2,957	2,131
	<b>61,219</b>	<b>31,506</b>

**Table 11: Expected credit loss movement**

	<b>Stage 1 &amp; 2</b>	<b>Stage 3</b>	<b>Total</b>
Expected credit loss as 1 January 2020	5,138	30,553	35,692
Net transfer between stages	(54)	54	-
Write off during the period	(11)	(906)	(917)
Charge for the period - Social Loans	2,237	1,078	3,315
Charge for the period- Commercial Loans	33	728	761
<b>Expected credit loss as 30 June 2020</b>	<b>7,344</b>	<b>31,506</b>	<b>38,850</b>

## **Eskan Bank B.S.C. (c)**

### Basel III, Pillar III Disclosures

As at 30 June 2020

**All Amounts in BD '000**

**Table 12: RESTRUCTURED FACILITY (PD 1.3.23 (j))**

The following table summarises the total loans that have been restructured during the period ended 30 June 2020 :

Social loans	17
Commercial loans	-

There is nil impact of the restructured commercial mortgage loans on the provisions as well as present and future earnings

The social loans are restructured based on the instructions of the Ministry of Housing. The total expected credit loss of such facilities is BD 34 thousand, which is borne by Government of Bahrain as per the Memorandum of Understanding with the Ministry of Housing.

**Table 13: OPERATIONAL RISK (PD 1.3.18), (PD 1.3.32) and (PD 1.3.33)**

The following table summarises the amount of exposures subject to basic indicator approach of operational risk and related capital requirements as of 30 June 2020 :

	<b>BHD 000's</b>		
Year	2017	2018	2019
Gross income	29,198	29,955	31,712
Average Gross income			30,288
Multiplier			12.5
			378,600
Eligible portion for purpose of the calculation			15%
Total operation risk weighted exposures			56,790
Minimum capital requirement (12.5%)			<b>7,099</b>



## Eskan Bank B.S.C. (c)

### Basel III, Pillar III Disclosures

As at 30 June 2020

All Amounts in BD '000

**Table 14: RESIDUAL CONTRACTUAL MATURITY BREAKDOWN (PD 1.3.23 (g))**

The following table summarises the residual contractual maturity breakdown of the whole credit portfolio as of 30 June 2020, broken down by major types of credit exposure.

For items that do not have a contractual maturity, expected maturity has been used for the purpose of this disclosure:

	1-7 Days	7 Days - 1 Month	1-3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	5-10 Years	10-20 Years	Above 20 Years	Total
Cash and bank balances	18,617	8,500	-	-	-	-	-	-	-	-	27,117
Investments	-	748	406	-	-	4,032	350	-	-	-	5,536
Loans	-	19	39	7,305	14,808	45,720	63,508	164,920	305,124	126,638	728,080
Investment in associates	-	-	-	-	-	-	-	-	-	4,319	4,319
Investment properties	-	-	-	-	-	-	-	-	49,764	-	49,764
Development properties	-	-	-	-	-	31,493	-	-	-	-	31,493
Other assets	3	112	365	126	27,230	972	909	-	-	-	29,718
<b>TOTAL ASSETS</b>	<b>18,620</b>	<b>9,380</b>	<b>810</b>	<b>7,431</b>	<b>42,038</b>	<b>82,217</b>	<b>64,767</b>	<b>164,920</b>	<b>354,888</b>	<b>130,957</b>	<b>876,027</b>
Deposits from financial and other institutions	3,500	3,500	-	-	-	-	-	-	-	-	7,000
Customer current accounts	2,246	-	-	-	-	-	-	-	-	-	2,246
Government accounts	-	-	-	10,000	27,000	-	-	-	-	455,184	492,184
Term loans	-	-	-	-	-	-	9,500	35,000	-	-	44,500
Other liabilities	2	417	330	326	8,003	3,227	410	2	-	-	12,718
<b>TOTAL LIABILITIES</b>	<b>5,748</b>	<b>3,917</b>	<b>330</b>	<b>10,326</b>	<b>35,003</b>	<b>3,227</b>	<b>9,910</b>	<b>35,002</b>	<b>-</b>	<b>455,184</b>	<b>558,648</b>
<b>MISMATCH</b>	<b>12,872</b>	<b>5,462</b>	<b>479</b>	<b>(2,895)</b>	<b>7,035</b>	<b>78,990</b>	<b>54,857</b>	<b>129,918</b>	<b>354,888</b>	<b>(324,227)</b>	<b>317,379</b>
<b>CUMULATIVE MISMATCH</b>	<b>12,872</b>	<b>18,334</b>	<b>18,814</b>	<b>15,920</b>	<b>22,954</b>	<b>101,945</b>	<b>156,801</b>	<b>286,719</b>	<b>641,606</b>	<b>317,379</b>	<b>317,379</b>

**Eskan Bank B.S.C. (c)**

Basel III, Pillar III Disclosures

As at 30 June 2020

All Amounts in BD '000

**Table 15: EQUITY POSITION RISK IN THE BANKING BOOKS**

The following table summarises the total gross exposure of equity based investments as of 30 June 2020 :

	<i>Gross Exposures</i>	<i>Privately Held</i>	<i>Quoted</i>	<i>Risk weighted</i>	<i>Capital charge</i>
FVTOCI	3,786	3,786	-	7,050	881
Investments in associates	4,319	-	4,319	8,639	1,080
Investments in unconsolidated subsidiaries	8,401	8,401	-	4,694	587

Capital Charge is calculated @ 12.5%.

**Table 16: SENSITIVITY ANALYSIS - INTEREST RATE RISK (PD 1.3.35)**

Analysis of the Group's sensitivity to an increase or decrease in a 200 bps parallel market interest rates (assuming no asymmetrical movement in yield curves and a constant balance sheet position) on the Group's net profit and equity:

<b>LIABILITIES</b>	<b>1-7 Days</b>	<b>7 Days - 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1-3 years</b>	<b>3-5 Years</b>	<b>5-10 Years</b>	<b>Total</b>
Deposits from financial and other institutions	3,500	3,500	-	-	-	-	-	-	7,000
Term Loans	-	-	-	-	-	-	9,500	35,000	44,500
<b>Rate sensitive Liabilities</b>	<b>3,500</b>	<b>3,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,500</b>	<b>35,000</b>	<b>51,500</b>
<b>ASSETS</b>									
Placements with financial institutions	12,900	8,500	-	-	-	-	-	-	21,400
Investment in Debt Securities	-	748	406	-	-	246	350	-	1,750
<b>Rate sensitive Assets</b>	<b>12,900</b>	<b>9,248</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>350</b>	<b>-</b>	<b>23,151</b>
<b>Mismatch</b>	<b>9,400</b>	<b>5,748</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>(9,150)</b>	<b>(35,000)</b>	<b>(28,349)</b>

## Eskan Bank B.S.C. (c)

Basel III, Pillar III Disclosures

As at 30 June 2020

**Table 17: Reconciliation of published financial balance sheet to regulatory reporting as at 30 June 2020**

Particulars	FS	PIR	Ref
<b>ASSETS</b>			
Cash and balances at central banks	21,827	21,963	
Placements with banks and similar financial institutions	5,289	143	
of which Expected Credit Loss (stage 1 & 2)		-	a
Loans and advances to banks and non-banks	735,424	735,424	
of which Expected Credit Loss (stage 1 & 2)	(7,344)	-	a
Investment at fair value through other comprehensive income	3,786	3,786	
Investments at Amortized Cost	1,750	1,750	
Investment properties	81,257	49,764	
Interest in unconsolidated subsidiaries and associated companies - Note 1	4,319	12,720	
Interest receivable	69	69	
Property, plant, and equipment (PPE)	199	199	
Other Assets	28,883	33,634	
of which: intangible assets deducted from regulatory capital	567		b
<b>Total Assets (3.1 to 3.10 inclusive)</b>	<b>876,026</b>	<b>859,452</b>	
<b>NON-CAPITAL LIABILITIES</b>			
Deposits from banks	7,000	7,006	
Deposits from non-banks	2,246	2,240	
Certificates of deposits issued	-	-	
Debt securities in issue	-	-	
Financial liabilities at fair value through profit and loss	-	-	
Term borrowings	44,500	35,000	
Securities sold under repos	-	-	
Dividend payable	-	-	
Interest payable	302	42	
Other liabilities	504,600	496,851	
<b>Total non-capital items (2.1 to 2.10 inclusive)</b>	<b>558,648</b>	<b>541,139</b>	
<b>Particulars</b>	<b>FS</b>	<b>PIR</b>	<b>Ref</b>
<b>CAPITAL LIABILITIES</b>			
Paid up share capital (net of treasury shares)	108,300	108,300	c
Share premium	-	-	
Legal reserve	54,462	54,462	d
General (disclosed) reserves	22,007	22,007	e
Retained earnings/(losses) brought forward	115,828	115,992	f
Net (loss) for the current period	-	-	
Net profit for the current period	10,594	10,624	g
Innovative capital instruments	-	-	
Minority interest in subsidiaries' share capital	6,604	-	
Fx translation adjustment	-	-	
Fixed assets revaluation reserves	-	-	
Cumulative fair value changes on FVOCI investments	(416)	(416)	h
Expected credit losses (Stages 1 & 2)	-	7,344	a
of which eligible for T2	-	1,628	i
Hybrid (debt/equity) capital instruments	-	-	
Subordinated debts	-	-	
Fair value changes on available-for-sale investments	-	-	
Fair value changes of cash flow hedges	-	-	
Short-term subordinated debts	-	-	
<b>Total capital items (1.1 to 1.17 inclusive)</b>	<b>317,379</b>	<b>318,313</b>	
<b>Total capital and non-capital items (1.18 + 2.11)</b>	<b>876,027</b>	<b>859,452</b>	

### Note 1: Unconsolidated legal entities for regulatory purposes

Legal entities that are included within the accounting scope of consolidation but excluded from the regulatory scope of consolidation:

Legal Entity name	Principal activities	Entity classification as per CBB Rules & Guidelines	Treatment by the Bank for regulatory purposes	Extracts of financials as at 30 June 2020 (Amount in BD 000's)	
				Total assets	Total equity
Danat Al Luzi B.S.C (c)	The principal activities of the Company include management and development of private property, buying and selling of properties on behalf of the Bank and property development, leasing, management and maintenance.	Commercial entity	Risk weighted	32,624	14,968

**Eskan Bank B.S.C. (c)**

Basel III, Pillar III Disclosures

As at 30 June 2020

**Table 18: Composition of Capital Common Disclosure Template as at 30 June 2020**

	Common Equity Tier 1 capital: instruments and reserves	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
1	Directly issued qualifying common share capital plus related stock surplus	108,300	c
2	Retained earnings	115,992	f
3	Accumulated other comprehensive income (and other reserves)	87,093	d+e+g
4	Not Applicable		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Cumulative fair value changes on FVOCI investments (Equities)	(416)	h
7	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>310,969</b>	
	Common Equity Tier 1 capital: instruments and reserves	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
8	Prudential valuation adjustments		
9	Goodwill (net of related tax liability)		
10	Other intangibles other than mortgage-servicing rights (net of related tax liability)	567	b
11	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		
12	Cash-flow hedge reserve		
13	Shortfall of provisions to expected losses		
14	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)		
15	Not applicable.		
16	Defined-benefit pension fund net assets		
17	Investments in own shares		
18	Reciprocal cross-holdings in common equity		
19	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)		
20	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)		
21	Mortgage servicing rights (amount above 10% threshold)		
22	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
23	Amount exceeding the 15% threshold		
24	of which: significant investments in the common stock of financials		
25	of which: mortgage servicing rights		
26	of which: deferred tax assets arising from temporary differences		
27	CBB specific regulatory adjustments		
28	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
29	<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>567</b>	<b>b</b>
30	<b>Common Equity Tier 1 capital (CET1)</b>	<b>310,402</b>	
<b>Additional Tier 1 capital: instruments</b>			
31	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus		
32	of which: classified as equity under applicable accounting standards		
33	of which: classified as liabilities under applicable accounting standards		
34	Directly issued capital instruments subject to phase out from Additional Tier 1		
35	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)		
36	of which: instruments issued by subsidiaries subject to phase out		
37	<b>Additional Tier 1 capital before regulatory adjustments</b>	-	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
38	Investments in own Additional Tier 1 instruments		
39	Reciprocal cross-holdings in Additional Tier 1 instruments		
40	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)		
41	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
42	CBB specific regulatory adjustments		

**Eskan Bank B.S.C. (c)**

Basel III, Pillar III Disclosures

As at 30 June 2020

**Table 18: Composition of Capital Common Disclosure Template as at 30 June 2020 (continued).**

		Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
	<b>Common Equity Tier 1 capital: instruments and reserves</b>		
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
44	<b>Total regulatory adjustments to Additional Tier 1 capital</b>		
45	<b>Additional Tier 1 capital (AT1)</b>	-	
46	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>310,402</b>	
	<b>Tier 2 capital: instruments and provisions</b>		
47	Directly issued qualifying Tier 2 instruments plus related stock surplus		
48	Directly issued capital instruments subject to phase out from Tier 2		
49	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)		
50	of which: instruments issued by subsidiaries subject to phase out		
51	Provisions	1,628	i
52	<b>Tier 2 capital before regulatory adjustments</b>	<b>1,628</b>	i
	<b>Tier 2 capital: regulatory adjustments</b>		
53	Investments in own Tier 2 instruments		
54	Reciprocal cross-holdings in Tier 2 instruments		
55	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)		
56	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
57	National specific regulatory adjustments		
58	<b>Total regulatory adjustments to Tier 2 capital</b>	-	
59	<b>Tier 2 capital (T2)</b>	<b>1,628</b>	i
60	<b>Total capital (TC = T1 + T2)</b>	<b>312,030</b>	
61	<b>Total risk weighted assets</b>	<b>187,045</b>	
	<b>Capital ratios and buffers</b>		
62	Common Equity Tier 1 (as a percentage of risk weighted assets)	166%	
63	Tier 1 (as a percentage of risk weighted assets)	166%	
64	Total capital (as a percentage of risk weighted assets)	167%	
65	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%	
66	of which: capital conservation buffer requirement	2.5%	
67	of which: bank specific countercyclical buffer requirement (N/A)	NA	
68	of which: D-SIB buffer requirement (N/A)	NA	
69	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	166%	
	<b>National minima including CCB (where different from Basel III)</b>		
70	CBB Common Equity Tier 1 minimum ratio	9%	
71	CBB Tier 1 minimum ratio	10.5%	
72	CBB total capital minimum ratio	12.5%	
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
73	Non-significant investments in the capital of other financials		
74	Significant investments in the common stock of financials		
75	Mortgage servicing rights (net of related tax liability)		
76	Deferred tax assets arising from temporary differences (net of related tax liability)		
	<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
77	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	7,344	a
78	Cap on inclusion of provisions in Tier 2 under standardised approach	1,628	i
79	N/A		
80	N/A		
	<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2023)</b>		
	<b>(only applicable between 1 Jan 2020 and 1 Jan 2024)</b>		
81	Current cap on CET1 instruments subject to phase out arrangements		
82	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
83	Current cap on AT1 instruments subject to phase out arrangements		
84	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
85	Current cap on T2 instruments subject to phase out arrangements		
86	Amount excluded from T2 due to cap (excess over cap after		

## Eskan Bank B.S.C. (c)

Basel III, Pillar III Disclosures

As at 30 June 2020

**Table 19: Main features of regulatory capital instruments**

1	Issuer	Eskan Bank B.S.C (c )
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	All applicable laws and regulations of the Kingdom of Bahrain
	<i>Regulatory treatment</i>	
4	Transitional CBB rules	Common equity Tier 1
5	Post-transitional CBB rules	Common equity Tier 1
6	Eligible at solo/group/group & solo	Solo & Group
7	Instrument type (types to be specified by each jurisdiction)	Equity Share
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 108,300
9	Par value of instrument	BD 100
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1979 , 2011
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Dividends as decided by the shareholders.
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Not applicable
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	Not applicable
31	If write-down, write-down trigger(s)	No
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable