



مصرف الطاقة الأول
FirstEnergyBank

FIRST ENERGY BANK B.S.C. (c)

COMPOSITION OF CAPITAL DISCLOSURE REQUIREMENTS

AS AT YEAR ENDED 31 DECEMBER 2020

Table of Contents

| | |
|---|----------|
| 1.1 Appendix PD 1 - Common Disclosure Template..... | 3 |
| 1.2 Appendix PD 2 - Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 31 December 2020..... | 6 |
| 1.3 Appendix PD 3 - Disclosure template for main features of regulatory capital instruments..... | 7 |

1.1 Appendix PD 1 - Common Disclosure Template

| Common Equity Tier 1 capital: instruments and reserves | | | |
|--|---|---------------------------------|--|
| | | Component of regulatory capital | Source based on reference letters of the balance sheet under regulatory scope of consolidation |
| 1. | Directly issued qualifying common share capital plus related stock surplus | 595,644 | D |
| 2. | Retained earnings | (225,701) | G |
| 3. | Accumulated other comprehensive income (and other reserves) | 4,024 | E+F |
| 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 | 373,967 | |
| 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. | <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 | - | |

| Common Equity Tier 1 capital: instruments and reserves | | | |
|--|--|---------------------------------|--|
| | | Component of regulatory capital | Source based on reference letters of the balance sheet under regulatory scope of consolidation |
| 29. | Common Equity Tier 1 capital (CET1) | 373,967 | |
| 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. | <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 | - | |
| 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) | - | |
| 45. | Tier 1 capital (T1 = CET1 + AT1) | 373,967 | |
| Tier 2 capital: instruments and provisions | | | |
| 46. | Directly issued qualifying Tier 2 instruments plus related stock surplus | - | |
| 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. | Expected credit losses (ECL) Stages 1 & 2 | 1,320 | C |
| 51. | Tier 2 capital before regulatory adjustments | 1,320 | |
| 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) | - | |

| Common Equity Tier 1 capital: instruments and reserves | | | |
|--|---|--|---|
| | | Component of regulatory capital | Source based on reference letters of the balance sheet under regulatory scope of consolidation |
| 56. | National specific regulatory adjustments | - | |
| 57. | Total regulatory adjustments to Tier 2 capital | - | |
| 58. | Tier 2 capital (T2) | 1,320 | |
| 59. | Total capital (TC = T1 + T2) | 375,287 | |
| 60. | Total risk weighted assets | 559,536 | |
| Capital ratios and buffers | | | |
| 61. | Common Equity Tier 1 (as a percentage of risk weighted assets) | 66.84% | |
| 62. | Tier 1 (as a percentage of risk weighted assets) | 66.84% | |
| 63. | Total capital (as a percentage of risk weighted assets) | 67.07% | |
| 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) | | |
| 65. | of which: capital conservation buffer requirement | 2.5% | |
| 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) | 66.84% | |
| National minima including CCB (where different from Basel III) | | | |
| 69. | CBB Common Equity Tier 1 minimum ratio | 9.0% | |
| 70. | CBB Tier 1 minimum ratio | 10.5% | |
| 71. | CBB total capital minimum ratio | 12.5% | |
| Amounts below the thresholds for deduction (before risk weighting) | | | |
| 72. | Non-significant investments in the capital of other financials | 28,009 | B |
| 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 standardised approach (prior to application of cap) | 1,320 | C |
| 77. | Cap on inclusion of provisions in Tier 2 under standardised approach | 5,782 | |
| 78. | N/A | - | |
| 79. | N/A | - | |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2023) | | | |
| 80. | <i>Current cap on CET1 instruments subject to phase out arrangements</i> | - | |
| 81. | <i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i> | - | |
| 82. | <i>Current cap on AT1 instruments subject to phase out arrangements</i> | - | |
| 83. | <i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i> | - | |
| 84. | <i>Current cap on T2 instruments subject to phase out arrangements</i> | - | |
| 85. | <i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i> | - | |

1.2 Appendix PD 2 - Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 31 December 2020.

| Categories | Statement of financial position as in published financial statements | Statement of financial position as per regulatory reporting | Reference |
|---|--|---|-----------|
| Assets | | | |
| Cash and bank balances | 6,879 | 4,013 | A |
| Placements with financial institutions | 94,787 | 93,515 | A |
| Less: Expected credit losses (Stages 1 & 2) | (4) | - | C |
| Net placements with financial institutions | 94,783 | 93,515 | |
| Financing assets | 62,750 | 62,750 | |
| Ijarah assets | 46,672 | - | A |
| Investment in Sukuk | 204,609 | 204,609 | |
| Less: Expected credit losses (Stages 1 & 2) | (1,207) | - | C |
| Net investment in Sukuk | 203,402 | 204,609 | |
| Investment in equity instruments | 28,009 | 100,826 | A |
| Equity accounted investees | 38,215 | 38,215 | |
| Other assets | 12,531 | 24,195 | A |
| Less: Expected credit losses (Stages 1 & 2) | (110) | - | C |
| Net other assets | 12,421 | 24,195 | |
| Property and equipment | 43,350 | 336 | A |
| Assets held for sale | 41,469 | - | |
| Total assets | 577,950 | 528,459 | |
| Liabilities | | | |
| Placements from financial institutions | 37,328 | 37,458 | A |
| Bank financing | 142,439 | 93,741 | A |
| Other liabilities | 23,937 | 21,973 | A |
| Total liabilities | 203,704 | 153,172 | |
| Equity | | | |
| Share capital | 600,000 | 600,000 | |
| Treasury shares | (4,356) | (4,356) | |
| Total share capital | 595,644 | 595,644 | D |
| Statutory reserve | 14,678 | 14,612 | A, E |
| Foreign exchange translation reserve | (15,445) | (13,274) | A, F |
| Investment fair value reserve | 2,686 | 2,686 | F |
| Accumulated losses | (223,596) | (225,701) | G |
| Non-controlling interests | 279 | - | A |
| Expected credit losses (Stages 1 & 2) eligible for Tier 2 capital | - | 1,320 | C |
| Total equity | 374,246 | 375,287 | |
| Total liabilities and equity | 577,950 | 528,459 | |

A. The table below shows the total assets and shareholders' equity of the Bank's subsidiaries as at 31 December 2020, which are unconsolidated for capital adequacy calculation purposes. For principal activities of these subsidiaries refer Note 5a of the consolidated financial statements as at 31 December 2020.

| Entity name | Total Assets | Total Shareholders' equity |
|------------------------------------|---------------|----------------------------|
| North Africa Investment Company | 133 | (156) |
| First Energy Oman | - | (4) |
| FEB-Novus Aircraft Holding Company | 49,939 | 18,627 |
| FEB Aqar S.P.C. | 44,560 | 13,139 |
| Total | 94,632 | 31,606 |

1.3 Appendix PD 3 - Disclosure template for main features of regulatory capital instruments

| Key features of all regulatory capital instruments | | |
|--|---|---|
| 1. | Issuer | First Energy Bank B.S.C. (c) |
| 2. | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | FEB |
| 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 and group |
| 7. | Instrument type (types to be specified by each jurisdiction) | Equity shares |
| 8. | Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date) | USD 595.6 Million |
| 9. | Par value of instrument | USD 1 |
| 10. | Accounting classification | Shareholders' equity |
| 11. | Original date of issuance | 23 September 2008 |
| 12. | Perpetual or dated | Perpetual |
| 13. | Original maturity date | No maturity |
| 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 | Dividend 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 | Full discretionary |
| 21. | Existence of step up or other incentive to redeem | No |
| 22. | Noncumulative or cumulative | Non-cumulative |
| 23. | Convertible or non-convertible | |
| 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 | |
| 31. | If write-down, write-down trigger(s) | Not applicable |
| 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 |