

**ANNEX A**

In this Annex, underlining indicates new text and striking through indicates deleted text.

**FORM PIB1: BALANCE SHEET**

|  |                                       |              |                                      |
|--|---------------------------------------|--------------|--------------------------------------|
| Firm name                                | <input type="text"/>                  | Quarterly    | Tick box<br><input type="checkbox"/> |
| Licence number                           | <input type="text"/>                  | Annual       | <input type="checkbox"/>             |
| Reporting period                         | <input type="text"/>                  | Consolidated | <input type="checkbox"/>             |
| Accounting standards applied by the firm | <input type="text"/>                  | Solo         | <input type="checkbox"/>             |
| Reporting currency                       | <input type="text" value="\$ 000's"/> |              |                                      |

| Item No.     | ASSETS   | Amount               |                      |
|--------------|--|----------------------|----------------------|
|              |  | N                    | N-1                  |
| 1.1          | Cash and liquid assets   | <input type="text"/> | <input type="text"/> |
| <u>1.1.1</u> | <u>Cash and Balances with Central Banks</u>                              | <input type="text"/> | <input type="text"/> |
| <u>1.1.2</u> | <u>Treasury bills and other eligible bills</u>                           | <input type="text"/> | <input type="text"/> |
| <u>1.1.3</u> | <u>Money market placements</u>   | <input type="text"/> | <input type="text"/> |
| 1.2          | Investment securities  | <input type="text"/> | <input type="text"/> |
| <u>1.2.1</u> | <u>Trading securities</u>  | <input type="text"/> | <input type="text"/> |
| <u>1.2.2</u> | <u>Derivative financial instruments</u>                                  | <input type="text"/> | <input type="text"/> |
| <u>1.2.3</u> | <u>Other financial instruments at fair value through profit and loss</u> | <input type="text"/> | <input type="text"/> |
| <u>1.2.4</u> | <u>Investment securities - available for sale</u>                        | <input type="text"/> | <input type="text"/> |
| <u>1.2.5</u> | <u>Investment securities - held to maturity</u>                          | <input type="text"/> | <input type="text"/> |
| <u>1.2.6</u> | <u>Investments in associated undertakings</u>                            | <input type="text"/> | <input type="text"/> |
| 1.3          | Loans and advances to:   |                      |                      |
| 1.3.1        | Central Banks and Governments  | <input type="text"/> | <input type="text"/> |
| 1.3.2        | Banks and investment firms   | <input type="text"/> | <input type="text"/> |
| 1.3.3        | Public sector entities   | <input type="text"/> | <input type="text"/> |
| 1.3.4        | Group companies and connected counterparties                             | <input type="text"/> | <input type="text"/> |
| 1.3.5        | Loans secured on residential properties                                  | <input type="text"/> | <input type="text"/> |
| 1.3.6        | Other entities   | <input type="text"/> | <input type="text"/> |
| 1.4          | Islamic contracts  |                      |                      |
| 1.4.1        | Murabaha and Istina'a receivable   | <input type="text"/> | <input type="text"/> |
| 1.4.2        | Ijarah assets and receivables  | <input type="text"/> | <input type="text"/> |
| 1.4.3        | Mudaraba Financing   | <input type="text"/> | <input type="text"/> |
| 1.4.4        | Musharaka Financing  | <input type="text"/> | <input type="text"/> |
| 1.4.5        | Other investments  | <input type="text"/> | <input type="text"/> |

|          |   |                      |                      |
|----------|---|----------------------|----------------------|
| 1.5      | Fixed assets  | <input type="text"/> | <input type="text"/> |
| 1.6      | Intangible assets   |                      |                      |
| 1.6.1    | Goodwill  | <input type="text"/> | <input type="text"/> |
| 1.6.2    | Other   | <input type="text"/> | <input type="text"/> |
| 1.7      | Other assets  | <input type="text"/> | <input type="text"/> |
| 1.8      | <b>TOTAL ASSETS</b>   | <input type="text"/> | <input type="text"/> |
| 1.9      | <u>Off Balance Sheet Assets</u>                                       |                      |                      |
| 1.9.1    | Direct credit substitutes   | <input type="text"/> | <input type="text"/> |
| 1.9.2    | Transaction-related contingents                                       | <input type="text"/> | <input type="text"/> |
| 1.9.3    | Trade-related contingents   | <input type="text"/> | <input type="text"/> |
| 1.9.4    | Sale and repurchase agreements  | <input type="text"/> | <input type="text"/> |
| 1.9.5    | Forward asset purchases   | <input type="text"/> | <input type="text"/> |
| 1.9.6    | Forward deposits placed   | <input type="text"/> | <input type="text"/> |
| 1.9.7    | Uncalled partly-paid shares and securities                            | <input type="text"/> | <input type="text"/> |
| 1.9.8    | NIFs and RUFs   | <input type="text"/> | <input type="text"/> |
| 1.9.9    | Endorsement of bills  | <input type="text"/> | <input type="text"/> |
| 1.9.10   | Other commitments   | <input type="text"/> | <input type="text"/> |
| 1.9.10.1 | 1 year or less to maturity  | <input type="text"/> | <input type="text"/> |
| 1.9.10.2 | Over 1 year to maturity   | <input type="text"/> | <input type="text"/> |
| 1.9.11   | Assets funded by restricted PSIAAs                                    | <input type="text"/> | <input type="text"/> |
|          | <b>LIABILITIES</b>  | <b>N</b>             | <b>N-1</b>           |
| 1.10     | Deposits - due to:  |                      |                      |
| 1.10.1   | Financial institutions  | <input type="text"/> | <input type="text"/> |
| 1.10.2   | Other   | <input type="text"/> | <input type="text"/> |
| 1.11     | Tax liability   | <input type="text"/> | <input type="text"/> |
| 1.12     | Provisions  | <input type="text"/> | <input type="text"/> |
| 1.13     | Loan capital and hybrid securities                                    | <input type="text"/> | <input type="text"/> |
| 1.14     | Liabilities arising from Islamic contracts                            |                      |                      |
| 1.14.1   | Parallel Salam  | <input type="text"/> | <input type="text"/> |
| 1.14.2   | Ijarah instalment payables  | <input type="text"/> | <input type="text"/> |
| 1.14.3   | Liabilities related to PSIAA  | <input type="text"/> | <input type="text"/> |
| 1.14.4   | Other   | <input type="text"/> | <input type="text"/> |
| 1.15     | <u>Others</u>   | <input type="text"/> | <input type="text"/> |
| 1.15.1   | Creditors and other liabilities                                       | <input type="text"/> | <input type="text"/> |
| 1.15.2   | <u>Derivative financial instruments and other trading liabilities</u> | <input type="text"/> | <input type="text"/> |
| 1.16     | <b>TOTAL LIABILITIES</b>  | <input type="text"/> | <input type="text"/> |
| 1.17     | <u>Off Balance Sheet Liabilities</u>                                  |                      |                      |
| 1.17.1   | Liabilities relating to restricted PSIAAs                             | <input type="text"/> | <input type="text"/> |
| 1.17.2   | Other   | <input type="text"/> | <input type="text"/> |
|          | <b>SHAREHOLDERS' EQUITY</b>   | <b>N</b>             | <b>N-1</b>           |

|        |  |                      |                      |
|--------|--|----------------------|----------------------|
| 1.18   | Share capital:   |                      |                      |
| 1.18.1 | Ordinary shares  | <input type="text"/> | <input type="text"/> |
| 1.18.2 | Preference shares                                      | <input type="text"/> | <input type="text"/> |
| 1.18.3 | Partnership capital                                    | <input type="text"/> | <input type="text"/> |
| 1.19   | <b>Total share capital</b>                             | <input type="text"/> | <input type="text"/> |
| 1.20   | <b>Share Premium account</b>                           | <input type="text"/> | <input type="text"/> |
| 1.21   | Reserves   |                      |                      |
| 1.21.1 | Asset revaluation reserve                              | <input type="text"/> | <input type="text"/> |
| 1.21.2 | Goodwill and other reserves                            | <input type="text"/> | <input type="text"/> |
| 1.21.3 | Investment risk reserve                                | <input type="text"/> | <input type="text"/> |
| 1.21.4 | Profit equalisation reserve                            | <input type="text"/> | <input type="text"/> |
| 1.22   | <b>Total reserves</b>                                  | <input type="text"/> | <input type="text"/> |
| 1.23   | <b>Retained profits / losses</b>                       | <input type="text"/> | <input type="text"/> |
| 1.24   | <b>Minority interests</b>                              | <input type="text"/> | <input type="text"/> |
| 1.25   | <b>TOTAL SHAREHOLDERS' EQUITY</b>                      | <input type="text"/> | <input type="text"/> |
| 1.26   | <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>      | <input type="text"/> | <input type="text"/> |
|        | <b>Miscellaneous Items</b>                             |                      |                      |
| 1.27   | Client Money held or controlled by the firm            | <input type="text"/> | <input type="text"/> |
| 1.27.1 | Of which, Segregated Client Money                      | <input type="text"/> | <input type="text"/> |
| 1.28   | Total Client Money held in Client Accounts             | <input type="text"/> | <input type="text"/> |
| 1.29   | Insurance Monies held or controlled by the firm        | <input type="text"/> | <input type="text"/> |
| 1.29.1 | Of which, segregated                                   | <input type="text"/> | <input type="text"/> |
| 1.30   | Total Insurance Monies held in Insurance Bank Accounts | <input type="text"/> | <input type="text"/> |

| FORM PIB1: APPENDIX 1 - DETAIL OF NON-TRADING BOOK ASSETS |                      |              |                                   |
|---|----------------------|--------------|-----------------------------------|
| Firm Name   | <input type="text"/> | Quarterly    | Tick box <input type="checkbox"/> |
| Licence number  | <input type="text"/> | Annual       | <input type="checkbox"/>          |
| Reporting period  | <input type="text"/> | Consolidated | <input type="checkbox"/>          |
| Accounting standards applied by firm                      | <input type="text"/> | Solo         | <input type="checkbox"/>          |
| Reporting currency  | <input type="text"/> |              |                                   |

| Item No.      | Item                                    | Trading Book Amount  | Non-trading book amount | Weight                   | Weighted NTB amount  |
|---------------|---|----------------------|-------------------------|--------------------------|----------------------|
| <b>ASSETS</b> |   |                      |                         |                          |                      |
| 1.A1.1        | <b>Cash and liquid assets</b>           | <input type="text"/> | <input type="text"/>    | 0%                       | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 10%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 20%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 100%                     | <input type="text"/> |
| 1.A1.2        | <b>Investments</b>                      |                      |                         |                          |                      |
| 1.A1.2.1      | Central governments and central banks   | <input type="text"/> | <input type="text"/>    | 0%                       | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 10%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 20%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 100%                     | <input type="text"/> |
| 1.A1.2.2      | Banks                                   | <input type="text"/> | <input type="text"/>    | 0%                       | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 10%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 20%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 100%                     | <input type="text"/> |
|               |   |                      |                         | Deducted from Tier 1 & 2 |                      |
| 1.A1.2.3      | Mortgage backed securities              | <input type="text"/> | <input type="text"/>    | 10%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 50%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 100%                     | <input type="text"/> |
| 1.A1.2.4      | Subsidiaries & associated companies     | <input type="text"/> | <input type="text"/>    | 0%                       | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 10%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 20%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 100%                     | <input type="text"/> |
|               |   |                      |                         | Deducted from Tier 1 & 2 |                      |
| 1.A1.2.5      | Investments in financial firms' capital | <input type="text"/> | <input type="text"/>    | 0%                       | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 10%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 20%                      | <input type="text"/> |
|               |   |                      | <input type="text"/>    | 100%                     | <input type="text"/> |
|               |   |                      |                         | Deducted from Tier 1 & 2 |                      |
| 1.A1.2.6      | Qualifying holdings                     | <input type="text"/> | <input type="text"/>    | Deducted from Tier 1 & 2 |                      |

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1.A1.2.7 Other investments

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

0%  
10%  
20%  
100%

1.A1.3 **Loans and Advances**

1.A1.3.1 Central governments and central banks

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

0%  
10%

**PRESCRIBED FORMS AND NOTICES (PFN) - PIB1**

|          |  |                      |  | 20%                             |  |
|----------|--|----------------------|--|---------------------------------|--|
|          |  |                      |  | 100%                            |  |
| 1.A1.3.2 | Banks and financial firms                  | <input type="text"/> | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         | 0%<br>10%<br>20%<br>100%        | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         |
| 1.A1.3.3 | Public sector entities                     | <input type="text"/> | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         | 0%<br>10%<br>20%<br>100%        | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         |
| 1.A1.3.4 | Group companies & connected                | <input type="text"/> | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/> | 0%<br>10%<br>20%<br>100%        | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         |
|          |  |                      |  |                                 | <b>Deducted from Tier 1 &amp; 2</b>  |
| 1.A1.3.5 | Loans secured on residential properties    | <input type="text"/> | <input type="text"/>   | 50%                             | <input type="text"/>   |
| 1.A1.3.6 | Other loans and advances                   | <input type="text"/> | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         | 0%<br>10%<br>20%<br>100%        | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         |
|          |  |                      |  |                                 | <b>Deducted from Tier 1 &amp; 2</b>  |
| 1.A1.4   | <b>Assets arising from Islamic Finance</b> |                      |  |                                 |  |
| 1.A1.4.1 | Murabaha and Istina'a receivable           | <input type="text"/> | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         | 0%<br>10%<br>20%<br>50%<br>100% | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/> |
| 1.A1.4.2 | Ijarah assets and receivables              | <input type="text"/> | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         | 0%<br>10%<br>20%<br>50%<br>100% | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/> |
| 1.A1.4.3 | Mudaraba Financing                         | <input type="text"/> | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/>                         | 0%<br>10%<br>20%<br>50%<br>100% | <input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/><br><input type="text"/> |
| 1.A1.4.4 | Musharaka Financing                        | <input type="text"/> | <input type="text"/><br><input type="text"/><br><input type="text"/>   | 0%<br>10%<br>20%                | <input type="text"/><br><input type="text"/><br><input type="text"/>   |

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|          |                                 |                            |                                |                               |                            |
|----------|---------------------------------|----------------------------|--------------------------------|-------------------------------|----------------------------|
|          |                                 |                            |                                | 50%                           |                            |
|          |                                 |                            |                                | 100%                          |                            |
| 1.A1.4.5 | Other investments               |                            |                                |                               |                            |
|          |                                 |                            |                                | 0%                            |                            |
|          |                                 |                            |                                | 10%                           |                            |
|          |                                 |                            |                                | 20%                           |                            |
|          |                                 |                            |                                | 50%                           |                            |
|          |                                 |                            |                                | 100%                          |                            |
| 1.A1.5   | <b>Fixed assets</b>             |                            |                                |                               |                            |
|          |                                 |                            |                                | 0%                            |                            |
|          |                                 |                            |                                | 10%                           |                            |
|          |                                 |                            |                                | 20%                           |                            |
|          |                                 |                            |                                | 50%                           |                            |
|          |                                 |                            |                                | 100%                          |                            |
|          |                                 |                            |                                | Deducted from Tier 1 & Tier 2 |                            |
| 1.A1.6   | <b>Intangible assets</b>        |                            |                                |                               |                            |
| 1.A1.6.1 | Goodwill                        |                            |                                | Deducted from Tier 1          |                            |
| 1.A1.6.2 | Other intangible                |                            |                                | Deducted from Tier 1          |                            |
|          |                                 |                            |                                | 100%                          |                            |
| 1.A1.7   | <b>Other assets</b>             |                            |                                |                               |                            |
|          |                                 |                            |                                | 0%                            |                            |
|          |                                 |                            |                                | 10%                           |                            |
|          |                                 |                            |                                | 20%                           |                            |
|          |                                 |                            |                                | 50%                           |                            |
|          |                                 |                            |                                | 100%                          |                            |
|          |                                 |                            |                                | Deducted from Tier 1 & Tier 2 |                            |
| 1.A1.8   | <b>Total Assets</b>             |                            |                                |                               |                            |
| 1.A1.9   | <b>OFF BALANCE SHEET ITEMS</b>  | <b>Trading book amount</b> | <b>Non-trading book amount</b> | <b>CCF</b>                    | <b>Weight</b>              |
|          |                                 |                            |                                |                               | <b>Weighted NTB amount</b> |
| 1.A1.9.1 | Direct credit substitutes       |                            |                                |                               |                            |
|          |                                 |                            |                                | 100%                          | 0%                         |
|          |                                 |                            |                                | 100%                          | 10%                        |
|          |                                 |                            |                                | 100%                          | 20%                        |
|          |                                 |                            |                                | 100%                          | 50%                        |
|          |                                 |                            |                                | 100%                          | 100%                       |
|          | Unanalysed                      |                            |                                | Deducted from Tier 1 & 2      |                            |
|          |                                 |                            |                                | 100%                          | 100%                       |
| 1.A1.9.2 | Transaction-related contingents |                            |                                |                               |                            |
|          |                                 |                            |                                | 50%                           | 0%                         |
|          |                                 |                            |                                | 50%                           | 10%                        |
|          |                                 |                            |                                | 50%                           | 20%                        |
|          |                                 |                            |                                | 50%                           | 50%                        |
|          |                                 |                            |                                | 50%                           | 100%                       |
|          | Unanalysed                      |                            |                                | 50%                           | 100%                       |
| 1.A1.9.3 | Trade-related contingents       |                            |                                |                               |                            |
|          |                                 |                            |                                | 20%                           | 0%                         |



**PRESCRIBED FORMS AND NOTICES (PFN) - PIB1**

|  |     |     |  |
|--|-----|-----|--|
|  | 20% | 10% |  |
|  | 20% | 20% |  |
|  | 20% | 50% |  |




**PRESCRIBED FORMS AND NOTICES (PFN) - PIB1**

|           |  |                      |                      |                          |      |                      |
|-----------|--|----------------------|----------------------|--------------------------|------|----------------------|
| 1.A1.9.4  | Unanalysed<br>Sale and repurchase agreements                               | <input type="text"/> | <input type="text"/> | 20%                      | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 20%                      | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 0%   | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 10%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 20%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 50%  | <input type="text"/> |
| 1.A1.9.5  | Unanalysed<br>Forward asset purchases                                      | <input type="text"/> | <input type="text"/> | 100%                     | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | Deducted from Tier 1 & 2 |      | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 0%   | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 10%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 20%  | <input type="text"/> |
| 1.A1.9.6  | Unanalysed<br>Forward deposits placed                                      | <input type="text"/> | <input type="text"/> | 100%                     | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 0%   | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 10%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 20%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 100% | <input type="text"/> |
| 1.A1.9.7  | Unanalysed<br>Uncalled partly-paid shares and securities                   | <input type="text"/> | <input type="text"/> | 100%                     | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | Deducted from Tier 1 & 2 |      | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 0%   | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 10%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 20%  | <input type="text"/> |
| 1.A1.9.8  | Unanalysed<br>NIFs and RUFs  | <input type="text"/> | <input type="text"/> | 50%                      | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 0%   | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 10%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 20%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 100% | <input type="text"/> |
| 1.A1.9.9  | Unanalysed<br>Endorsement of bills   | <input type="text"/> | <input type="text"/> | 0%                       | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 0%                       | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 0%                       | 0%   | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 20%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 50%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 100%                     | 100% | <input type="text"/> |
| 1.A1.9.10 | Other commitments<br>1 year or less to maturity<br>Over 1 year to maturity | <input type="text"/> | <input type="text"/> | 0%                       | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 0%                       | 100% | <input type="text"/> |
|           |  |                      | <input type="text"/> | 0%                       | 0%   | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 0%   | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 10%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 20%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 50%  | <input type="text"/> |
|           |  |                      | <input type="text"/> | 50%                      | 100% | <input type="text"/> |

**PRESCRIBED FORMS AND NOTICES (PFN) - PIB1**

|         |  |                         |                                  |                          |               |                        |
|---------|--|-------------------------|----------------------------------|--------------------------|---------------|------------------------|
|         | Unanalysed   | <input type="text"/>    | <input type="text"/>             | Deducted from Tier 1 & 2 |               | <input type="text"/>   |
|         |  |                         |                                  | 50%                      | 100%          | <input type="text"/>   |
| 1.A1.10 | <b>TOTAL NTB RISK WEIGHTED ASSETS</b>                  |                         |                                  |                          |               | <input type="text"/>   |
| 1.A1.11 | <b>OTC derivative contracts</b>                        | <b>Replacement cost</b> | <b>Potential future exposure</b> | <b>CEA</b>               | <b>Weight</b> | <b>Weighted amount</b> |
|         |  | <input type="text"/>    | <input type="text"/>             | <input type="text"/>     | 0%            | <input type="text"/>   |
|         |  | <input type="text"/>    | <input type="text"/>             | <input type="text"/>     | 10%           | <input type="text"/>   |
|         |  | <input type="text"/>    | <input type="text"/>             | <input type="text"/>     | 20%           | <input type="text"/>   |
|         |  | <input type="text"/>    | <input type="text"/>             | <input type="text"/>     | 50%           | <input type="text"/>   |
|         | Total  | <input type="text"/>    | <input type="text"/>             | <input type="text"/>     |               | <input type="text"/>   |
| 1.A1.12 | <b>CRCOM [= 8% of (Total NTB RWA + Total OTC RWA)]</b> |                         |                                  |                          |               | <input type="text"/>   |

 Indicate inclusions/additions

**FORM PIB 3: PROFIT AND LOSS STATEMENT**

|  |                                       |              |                                   |
|--|---------------------------------------|--------------|-----------------------------------|
| Firm name                                | <input type="text"/>                  | Quarterly    | Tick box <input type="checkbox"/> |
| Licence number                           | <input type="text"/>                  | Annual       | <input type="checkbox"/>          |
| Reporting period                         | <input type="text"/>                  | Consolidated | <input type="checkbox"/>          |
| Accounting standards applied by the firm | <input type="text"/>                  | Solo         | <input type="checkbox"/>          |
| Reporting currency                       | <input type="text" value="\$ 000's"/> |              |                                   |

| Item No.   | Amount               |                      |
|--|----------------------|----------------------|
|  | N                    | N-1                  |
| 3.1 Interest income  | <input type="text"/> | <input type="text"/> |
| <u>3.2 Interest expense</u>                                | <input type="text"/> | <input type="text"/> |
| <b>3.3 Net interest income</b>                             | <input type="text"/> | <input type="text"/> |
| 3.4 Fee and commission income                              | <input type="text"/> | <input type="text"/> |
| <u>3.5 Fee and commission expense</u>                      | <input type="text"/> | <input type="text"/> |
| <b>3.6 Net fee and commission income</b>                   | <input type="text"/> | <input type="text"/> |
| 3.7 Dividend income  | <input type="text"/> | <input type="text"/> |
| 3.8 Net income from trading securities                     | <input type="text"/> | <input type="text"/> |
| 3.9 Net income from investment securities                  | <input type="text"/> | <input type="text"/> |
| 3.10 Income from Islamic contracts                         | <input type="text"/> | <input type="text"/> |
| 3.11 Other operating income                                | <input type="text"/> | <input type="text"/> |
| 3.12 Impairment losses on loans and advances               | <input type="text"/> | <input type="text"/> |
| 3.12.1 General   | <input type="text"/> | <input type="text"/> |
| 3.12.2 Specific  | <input type="text"/> | <input type="text"/> |
| 3.12.3 Islamic contracts                                   | <input type="text"/> | <input type="text"/> |
| 3.12.4 Other   | <input type="text"/> | <input type="text"/> |
| 3.13 Staff expenses  | <input type="text"/> | <input type="text"/> |
| 3.14 Depreciation & amortisation                           | <input type="text"/> | <input type="text"/> |
| 3.15 Other operating expenses                              | <input type="text"/> | <input type="text"/> |
| 3.16 <b>Operating profit from ordinary activities</b>      | <input type="text"/> | <input type="text"/> |
| 3.17 Net income from subsidiaries and associated companies | <input type="text"/> | <input type="text"/> |
| 3.18 Profit (loss) from extraordinary Items                | <input type="text"/> | <input type="text"/> |
| 3.19 <b>Profit (loss) before taxation</b>                  | <input type="text"/> | <input type="text"/> |
| 3.20 Tax on (profit) / loss                                | <input type="text"/> | <input type="text"/> |



PRESCRIBED FORMS AND NOTICES (PFN) - PIB 3

|      |  |                                |                                |
|------|--|--------------------------------|--------------------------------|
| 3.21 | <b>Profit (loss) after tax</b>                       | <input type="text" value="0"/> | <input type="text" value="0"/> |
| 3.22 | (Minority interests)                                 | <input type="text"/>           | <input type="text"/>           |
| 3.23 | <b>NET PROFIT (LOSS)</b>                             | <input type="text" value="0"/> | <input type="text" value="0"/> |
| 3.24 | Dividends, and other distributions, declared or paid | <input type="text"/>           | <input type="text"/>           |
| 3.25 | Partners' drawings, declared or paid                 | <input type="text"/>           | <input type="text"/>           |
| 3.26 | Other adjustments                                    | <input type="text"/>           | <input type="text"/>           |
| 3.27 | <b>RETAINED PROFITS FOR THE REPORTING PERIOD</b>     | <input type="text" value="0"/> | <input type="text" value="0"/> |

This section of the return is to be completed with the Annual Return only

|      |  |  |
|------|--|--|
| 3.28 | <b>Retained profits at the end of the reporting period</b> | <input type="text" value="In \$ thousands"/> |
|      | Per final quarterly return                                 | <input type="text"/>                         |
|      | Per annual return  | <input type="text"/>                         |
|      | Per audited annual accounts                                | <input type="text"/>                         |

3.29 Use the following box to provide the nature and the amount of differences identified (eg audit adjustments, errors):

**FORM PIB5: EXPENDITURE BASED CAPITAL MINIMUM - SOLO**

|                    |                                       |           |
|--------------------|---------------------------------------|-----------|
| Firm name          | <input type="text"/>                  | Quarterly |
| Licence number     | <input type="text"/>                  |           |
| Reporting period   | <input type="text"/>                  | Annual    |
| Reporting currency | <input type="text" value="\$ 000's"/> |           |

| Item No.    | Expenditure Item  | Amount               |
|-------------|---|----------------------|
|             |   | N                    |
| 5.1         | Total expenses that arise in the Authorised Firm's normal course of business excluding exceptional items  | <input type="text"/> |
| 5.2         | Staff bonuses   | <input type="text"/> |
| 5.3         | Employees' and directors' shares in profits   | <input type="text"/> |
| 5.4         | Other appropriations of profits   | <input type="text"/> |
| 5.5         | Shared commissions payable which are directly related to commissions receivable   | <input type="text"/> |
| 5.6         | Interest charges in respect of borrowings made to finance the acquisition of the Authorised Firm's readily realisable investments                                 | <input type="text"/> |
| 5.7         | Interest paid to clients on client money  | <input type="text"/> |
| 5.8         | Interest paid to counterparties   | <input type="text"/> |
| 5.9         | Fees, brokerage and other charges paid to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions | <input type="text"/> |
| 5.10        | Foreign exchange losses   | <input type="text"/> |
| 5.11        | Contributions to charities  | <input type="text"/> |
| <b>5.12</b> | <b>Total expenditure</b>  | <input type="text"/> |
| 5.13        | Fraction applied  | <input type="text"/> |
| 5.14        | <b>Expenditure based capital minimum (as notified to the firm)</b>  | <input type="text"/> |

|          |
|----------|
| Tick box |
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**Amount**

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**FORM PIB 8: LIQUIDITY SCHEDULE - MATURITY MISMATCH**

|                    |                      |                      |                      |                                |
|--------------------|----------------------|----------------------|----------------------|--------------------------------|
| Firm name          | <input type="text"/> | Self-financed        | <input type="text"/> | Tick box                       |
| Licence number     | <input type="text"/> | PSIAU - Unrestricted | <input type="text"/> | Quarterly <input type="text"/> |
| Reporting period   | <input type="text"/> | PSIAR Restricted     | <input type="text"/> | Annual <input type="text"/>    |
| Reporting currency | <input type="text"/> |                      |                      |                                |

| Cols     | A                                 | B                 | C                       | D              | E                       | F                               | G                      | H                        | I                         | J                     | K              | L                 | M                  | N                   | O                    |
|----------|-----------------------------------|-------------------|-------------------------|----------------|-------------------------|---------------------------------|------------------------|--------------------------|---------------------------|-----------------------|----------------|-------------------|--------------------|---------------------|----------------------|
| Item No. | Mark to market                    |                   |                         | Cashflow basis |                         |                                 |                        |                          |                           |                       | Maturity basis |                   |                    |                     |                      |
| 8.1      | Highly liquid / marketable assets |                   |                         | Overdue        | Demand (incl. next day) | 8 days & under (excl. next day) | Over 8 days to 1 month | Over 1 month to 3 months | Over 3 months to 6 months | Total from cash basis |                |                   |                    |                     |                      |
|          | Mark to market                    | Discount currency | Discount mark to market |                |                         |                                 |                        |                          |                           |                       |                | Over 6 mn to 1 yr | Over 1 yr to 3 yrs | Over 3 yrs to 5 yrs | Total maturity basis |
| 8.1.1    | Cash                              |                   |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.2    | Cen gov't (Z1) sec - 1 yr or less | 0%                |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.3    | Cen gov't (Z1) sec - 1 - 5 yrs    | 5%                |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.4    | Cen gov't (Z1) sec - over 5 yrs   | 10%               |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.5    | Non gov't sec - 6 mths or less    | 0%                |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.6    | Non gov't sec - 6 mths - 5 yrs    | 5%                |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.7    | Non gov't sec - over 5 yrs        | 10%               |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.8    | Other cen gov't debt (active)     |                   |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.9    | Highly liquid equities            | 20%               |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.10   | Total                             |                   |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
|          | <b>Wholesale</b>                  |                   |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.11   | Non-marketable securities         |                   |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.12   | Inter-bank                        |                   |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |
| 8.1.13   | Intergroup / related              |                   |                         |                |                         |                                 |                        |                          |                           |                       |                |                   |                    |                     |                      |





|  |  |  |  |  |  |  |  |                             |  |  |
|--|--|--|--|--|--|--|--|-----------------------------|--|--|
| 8.2.12 Trade related letters of credit         |  |  |  |  |  |  |  |                             |  |  |
| 8.2.13 Dividends, tax & other costs            |  |  |  |  |  |  |  |                             |  |  |
| 8.2.14 Ijarah asset purchases                  |  |  |  |  |  |  |  |                             |  |  |
| 8.2.15 Other outflows                          |  |  |  |  |  |  |  |                             |  |  |
| 8.2.16 Other off-balance sheet                 |  |  |  |  |  |  |  |                             |  |  |
| 8.2.17 Total Wholesale Outflows                |  |  |  |  |  |  |  |                             |  |  |
| 8.2.18 <b>Total Outflows on Cashflow Basis</b> |  |  |  |  |  |  |  | <b>Total maturity basis</b> |  |  |

**8.3 CALCULATION OF LIQUIDITY MISMATCHES**

| 8.3.1 Type of business                   | Non-Islamic and self-financed business |             | Unrestricted PSIA business |             | Restricted PSIA business |             |
|--|--|-------------|----------------------------|-------------|--------------------------|-------------|
|  | S - 8 days                             | S - 1 month | S - 8 days                 | S - 1 month | S - 8 days               | S - 1 month |
| 8.3.2 Timeband                           |  |             |                            |             |                          |             |
| 8.3.3 Total discounted marketable assets |  |             |                            |             |                          |             |
| 8.3.4 Total standard inflows             |  |             |                            |             |                          |             |
| 8.3.5 Total standard outflows            |  |             |                            |             |                          |             |
| 8.3.6 Total relevant deposits            |  |             |                            |             |                          |             |
| 8.3.7 Mismatch as a % of total deposits  |  |             |                            |             |                          |             |

**FORM PIB 9: BRANCH RETURN**

|  |                                       |
|--|---------------------------------------|
| Firm name                                | <input type="text"/>                  |
| Licence number                           | <input type="text"/>                  |
| Reporting period                         | <input type="text"/>                  |
| Accounting standards applied by the firm | <input type="text"/>                  |
| Reporting currency                       | <input type="text" value="\$ 000's"/> |

**Item No. STATEMENT OF PROFIT AND LOSS**

|        |  | N                    |
|--------|--|----------------------|
| 9.1    | Interest income                                  | <input type="text"/> |
| 9.2    | <u>Interest expense</u>                          | <input type="text"/> |
| 9.3    | <b><u>Net interest income</u></b>                | <input type="text"/> |
| 9.4    | Fee and commission income                        | <input type="text"/> |
| 9.5    | <u>Fee and commission expense</u>                | <input type="text"/> |
| 9.6    | <b><u>Net fee and commission income</u></b>      | <input type="text"/> |
| 9.7    | <u>Dividend income</u>                           | <input type="text"/> |
| 9.8    | <u>Net income from trading securities</u>        | <input type="text"/> |
| 9.9    | <u>Net income from investment securities</u>     | <input type="text"/> |
| 9.10   | <u>Income from Islamic contracts</u>             | <input type="text"/> |
| 9.11   | <u>Other operating income</u>                    | <input type="text"/> |
| 9.12   | Impairment losses on loans and advances          | <input type="text"/> |
| 9.12.1 | General  | <input type="text"/> |
| 9.12.2 | Specific   | <input type="text"/> |
| 9.12.3 | Islamic contracts                                | <input type="text"/> |
| 9.12.4 | Other  | <input type="text"/> |
| 9.13   | Staff expenses                                   | <input type="text"/> |
| 9.14   | Depreciation & amortisation                      | <input type="text"/> |
| 9.15   | Other operating expenses                         | <input type="text"/> |
| 9.16   | <b>Operating profit from ordinary activities</b> | <input type="text"/> |

**STATEMENT OF TOTAL ASSETS**

|        |  | N                    |
|--------|--|----------------------|
| 9.17   | Cash and liquid assets   | <input type="text"/> |
| 9.17.1 | <u>Cash and Balances with Central Banks</u>                              | <input type="text"/> |
| 9.17.2 | <u>Treasury bills and other eligible bills</u>                           | <input type="text"/> |
| 9.17.3 | <u>Money market placements</u>   | <input type="text"/> |
| 9.18   | Investment securities  | <input type="text"/> |
| 9.18.1 | <u>Trading securities</u>  | <input type="text"/> |
| 9.18.2 | <u>Derivative financial instruments</u>                                  | <input type="text"/> |
| 9.18.3 | <u>Other financial instruments at fair value through profit and loss</u> | <input type="text"/> |
| 9.18.4 | <u>Investment securities - available for sale</u>                        | <input type="text"/> |
| 9.18.5 | <u>Investment securities - held to maturity</u>                          | <input type="text"/> |
| 9.18.6 | <u>Investments in associated undertakings</u>                            | <input type="text"/> |
| 9.19   | Loans and advances to:   |                      |
| 9.19.1 | Central Banks and Governments  | <input type="text"/> |

|               |   |          |
|---------------|---|----------|
| 9.19.2        | Banks and investment firms  |          |
| 9.19.3        | Public sector entities  |          |
| 9.19.4        | Group companies and connected counterparties                          |          |
| 9.19.5        | Loans secured on residential properties                               |          |
| 9.19.6        | Other entities  |          |
| 9.20          | Islamic contracts   |          |
| 9.20.1        | Murabaha and Istina'a receivable                                      |          |
| 9.20.2        | Ijarah assets and receivables   |          |
| 9.20.3        | Mudaraba Financing  |          |
| 9.20.4        | Musharaka Financing   |          |
| 9.20.5        | Other investments   |          |
| 9.21          | Fixed assets  |          |
| 9.22          | Intangible assets   |          |
| 9.22.1        | Goodwill  |          |
| 9.22.2        | Other   |          |
| 9.23          | Other assets  |          |
| 9.24          | <b>TOTAL ASSETS</b>   |          |
| 9.25          | <i>Off Balance Sheet Assets</i>                                       |          |
| 9.25.1        | <i>Direct credit substitutes</i>                                      |          |
| 9.25.2        | <i>Transaction-related contingents</i>                                |          |
| 9.25.3        | <i>Trade-related contingents</i>                                      |          |
| 9.25.4        | <i>Sale and repurchase agreements</i>                                 |          |
| 9.25.5        | <i>Forward asset purchases</i>  |          |
| 9.25.6        | <i>Forward deposits placed</i>  |          |
| 9.25.7        | <i>Uncalled partly-paid shares and securities</i>                     |          |
| 9.25.8        | <i>NIFs and RUFs</i>  |          |
| 9.25.9        | <i>Endorsement of bills</i>   |          |
| 9.25.10       | <i>Other commitments</i>  |          |
| 9.25.10.1     | <i>1 year or less to maturity</i>                                     |          |
| 9.25.10.2     | <i>Over 1 year to maturity</i>  |          |
| 9.25.11       | <i>Assets funded by restricted PSIAAs</i>                             |          |
|               | <b>STATEMENT OF TOTAL LIABILITIES</b>                                 | <b>N</b> |
| 9.26          | Deposits - due to:  |          |
| 9.26.1        | Financial institutions  |          |
| 9.26.2        | Other   |          |
| 9.27          | Tax liability   |          |
| 9.28          | Provisions  |          |
| 9.29          | Loan capital and hybrid securities                                    |          |
| 9.30          | Liabilities arising from Islamic contracts                            |          |
| 9.30.1        | Parallel Salam  |          |
| 9.30.2        | Ijarah instalment payables  |          |
| 9.30.3        | Liabilities related to PSIAAu   |          |
| 9.30.4        | Other   |          |
| <b>9.31</b>   | <b>Others</b>   |          |
| 9.31.1        | Creditors and other liabilities                                       |          |
| <b>9.31.2</b> | <b>Derivative financial instruments and other trading liabilities</b> |          |
| 9.32          | <b>TOTAL LIABILITIES</b>  |          |

Annexure 2 Annex B

**FORM PIB11: INSTRUCTION GUIDELINES**

**Guidance for form PIB1 – Balance Sheet (Conventional Authorised Firms)**

| Item No.     | Item  | Guidance   |
|--------------|---|--|
| <u>1.1.1</u> | <u>Cash and liquid assets</u><br><u>Balances with Central Banks</u> | <p>Include, for example, the following amounts:</p> <ul style="list-style-type: none"> <li>• Notes and coins;</li> <li>• <del>Deposits at call;</del></li> <li>• Long positions in Gold bullion (including Tola Bars);</li> <li>• Amounts placed with central banks <del>and other financial institutions</del> including funds required to be placed on deposit with central banks and monetary authorities.</li> </ul>   |
| <u>1.1.2</u> | <u>Treasury bills and other eligible bills</u>                      | <u>Treasury bills issued by the national governments or by the Central banks on behalf of the governments. Also includes bills issued by other entities, which are eligible for rediscounting with the central bank.</u>   |
| <u>1.1.3</u> | <u>Money market placements</u>                                      | <u>Include deposits at call and other money market placements with banks or other money market participants</u>  |
| <u>1.2</u>   | <u>Investment securities</u>  | <p><del>Long term investment securities not held with intent to trade (short term securities are reported in Other assets, Item No. 1.7). Include, for example:</del></p> <ul style="list-style-type: none"> <li><del>• Debt and equity issues by central banks and other financial institutions (Eurobonds, FRNs, Mortgage Backed securities, equity holdings, Sukuks etc.);</del></li> <li><del>• Investments in subsidiaries and associated companies;</del></li> <li><del>• Investments in the capital of other banks and financial institutions;</del></li> <li><del>• Holdings in non financial firms of which the Authorised Firm is a controller (i.e. Qualifying Holdings).</del></li> </ul> <p><del>Exclude any investments in certain named Islamic contracts as these will be included below (PIB 1, Item Nos. 1.4.1-1.4.5).</del></p> |
| <u>1.2.1</u> | <u>Trading securities</u>   | <u>Include investments acquired principally for the purpose of selling or repurchasing them in the near term for short-term-profit-taking. This would include but not limited to, debt, equity and hybrid instruments</u>  |
| <u>1.2.2</u> | <u>Derivative Financial Instruments</u>                             | <p><u>Include, but are not limited to, positions representing the following instruments, recorded at fair value:</u></p> <p><u>Forward and Futures contracts in Currencies, Interest rates and other financial assets</u><br/> <u>Forward rate agreements</u><br/> <u>Currency and interest rate swaps</u><br/> <u>Credit derivatives</u><br/> <u>Option contracts on currency, interest rate and other financial assets.</u></p> <p><u>These derivatives include both the exchange-traded and over-the-counter</u></p>  |

|       |  |  |
|-------|--|--|
|       |  | versions.  |
| 1.2.3 | <u>Other financial instruments at fair value through profit and loss</u> | <u>Include all financial instruments which are, upon initial recognition, designated by the entity as financial assets to be measured at fair value through profit or loss other than <del>except</del> the trading securities included in 1.2.1.</u>  |
| 1.2.4 | <u>Investment securities – available for sale</u>                        | <u>Include non-derivative financial assets that are designated as available for sale by the firm or <del>are</del> that have not been classified under any of the other categories of investment in section 1.2.</u>   |
| 1.2.5 | <u>Investment securities - held to maturity</u>                          | <u>Include non-derivative financial assets with fixed or determinable payments and fixed maturity that the firm has positive intention and ability to hold to maturity. <del>except.</del></u>   |
| 1.2.6 | <u>Investments in associated undertakings</u>                            | <u>Include investments in entities, including unincorporated entities such as partnerships, over which the firm has significant influence and where the entity in question is neither a subsidiary nor a joint venture operation</u>   |
| 1.3   | Loans and advances   | <p>Amounts arising from, for example:</p> <ul style="list-style-type: none"> <li>• Revolving credit facilities;</li> <li>• Credit cards outstanding balances;</li> <li>• Housing loans (both variable and fixed rates);</li> <li>• Term loans (both variable and fixed rates);</li> <li>• The book value of assets leased out under finance lease agreements;</li> <li>• Loans made under conditional hire purchase contracts;</li> <li>• Advances purchased by or assigned to the reporting institutions, factoring or similar arrangements</li> <li>• Other loans and advances.</li> </ul> <p>The amounts reported should be gross of provisions (as specific and general provisions should be reported in the Liabilities section of the balance Sheet) and net of interest receivable.</p> |
| 1.4.1 | Murabaha and Istisna'a receivables                                       | Report here all receivables relating to Murabaha and Istisna'a contracts. Refer to FAS 2 and FAS 10 of AAOIFI respectively.  |
| 1.4.2 | Ijarah assets and receivables  | Include Ijarah assets net of depreciation/ amortisation and Ijarah receivables. Refer to FAS 8 of AAOIFI.  |
| 1.4.3 | Mudaraba Financing   | Capital provided on a Mudaraba basis should be reported here. Refer to FAS 3 of AAOIFI.  |
| 1.4.4 | Musharaka Financing  | Report capital provided on a Musharaka basis. Refer to FAS 4 of AAOIFI. Investment in the share capital of another company should be reported under "Other", Form PIB 1, Item No. 1.4.5.   |
| 1.4.5 | Other investments  | Include any other investments undertaken through Islamic contracts, including Parallel Istisna'a assets (refer FAS 10 of AAOIFI) and capital provided on Salam contracts (refer FAS 7 AAOIFI).   |
| 1.5   | Fixed assets   | <p>Include, for example, the value of the following:</p> <ul style="list-style-type: none"> <li>• Plant and equipment, the residual value of items leased out under an operating lease (excluding balances relating to named Ijarah assets which should be included separately in Form PIB 1, Item No. 1.4.2);</li> </ul>  |

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|       |                                 | <ul style="list-style-type: none"> <li>• Own premises being occupied or developed for occupation by the Authorised Firm, property (excluding property acquired / held available for sale which should be included in “Other Assets”, Form PIB 1, Item No. 1.7).</li> </ul> <p>The amounts reported here should be net of accumulated depreciation and amortisation.</p>  |
| 1.6.1 | Goodwill                        | Include amounts relating to any purchased goodwill.  |
| 1.6.2 | Other intangible assets         | <p>Items to be included:</p> <ul style="list-style-type: none"> <li>• Capitalised development costs</li> <li>• Brand names, trademarks and similar rights</li> <li>• Licences and exchange seats which may be held as part of the Authorised Firm’s trading requirement.</li> </ul>  |
| 1.7   | Other assets                    | Assets that have not been included in any of the items above. In particular, positions in short term securities held with the intention of resale, sundry debtors, prepayments and accrued income not identified elsewhere.  |
| 1.9.1 | Direct credit substitutes       | <p>These relate to the financial requirements of counterparty where the risk of loss to the Authorised Firm on the transaction is equivalent to a direct claim on the counterparty. Include here</p> <ul style="list-style-type: none"> <li>• Guarantees of a financial nature to stand behind the current obligations of customers (e.g. loan guarantees);</li> <li>• Guarantees of leasing operations;</li> <li>• Letters of Credit and Stand-by Letters of Credit to the extent that they do not qualify for inclusion in Item No. 1.9.3 “Trade related contingents” below;</li> <li>• Guarantees of a capital nature such as undertakings given to a non bank financial company which are considered as capital by the appropriate regulatory body. Guarantees given to a company not connected to the reporting institution should be risk weighted at 100% and those for connected companies should be deducted from the reporting institution’s capital base.</li> <li>• Acceptances granted and risk participation in bankers’ acceptances. Where the reporting institution’s own acceptances have been discounted by that institution the nominal value of the bills held should be deducted from the nominal amount of the bills issued under the facility and a corresponding on balance sheet entry made.</li> </ul> |
| 1.9.2 | Transaction related contingents | <p>These exposures relate to the on-going trading activities of a counterparty where the risk of loss to the reporting institution depends on the likelihood of a future event which is independent of the creditworthiness of the counterparty. They are essentially guarantees that support particular non financial obligations rather than a customer’s financial obligations. Include here:</p> <ul style="list-style-type: none"> <li>• Advance payment guarantees</li> <li>• Performance bonds including bid or tender bonds, warranties and indemnities (indemnities given for lost share certificates or bills of lading and guarantees of the validity of papers rather than of payment under certain conditions should be reported here);</li> <li>• Stand by Letters of Credit relating to a particular contract or to non financial transactions (including arrangements backing, inter alia, subcontractors’ and supplier’s performance, labour and materials, contracts and construction bids).</li> </ul>  |
| 1.9.3 | Trade related                   | Report short term self-liquidating trade related items such as documentary   |

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|                    | <del>Contingentscontingents</del>          | letters of credit issued by the reporting institution that are collateralised by the underlying shipment i.e. the credit provides for the reporting institution to retain title to the underlying shipment. L/C's issued without provision for the reporting institution to retain title to the underlying shipment should be reported under direct credit substitutes above.                                      |
| 1.9.4              | Sale and Repurchase Agreements             | Only report here sale and repurchase agreements where the asset sold is not reported on the balance sheet. Where the asset is off balance sheet, the appropriate counterparty weighting is determined by the issuer of the security and not according to the counterparty with whom the transaction has been undertaken.   |
| 1.9.5              | Forward Assets Purchases                   | The appropriate counterparty weighting should be determined by the asset to be purchased and not the counterparty with whom the contract has been entered into. Include commitments for loans and other on balance sheet items with certain drawdown. Exclude foreign currency spot deposits with value date of up to two working dates after trade date.  |
| 1.9.6              | Forward Deposits Placed                    | Relates to agreements between two parties whereby one will pay and the other receive an agreed rate of interest on a deposit to be placed by one with the other at some pre-determined rate in the future. The weight should be determined according to the counterparty with whom the deposit will be placed. Exclude foreign currency spot deposits with value date of up to two working dates after trade date. |
| 1.9.7              | Uncalled partly-paid shares and securities | Only include here if there is a specific date for a call. If there is no specific date for a call, the item should be included as a long term commitment under <u>PIB 1</u> Item No. 1.9.10, "Other Commitments" <del>below</del> .  |
| 1.9.8              | NIF's and RUF's                            | Note issuance and revolving underwriting facilities should include the reporting institutions underwriting obligations of any maturity. Where the facility has been drawn down by the borrower and the notes are held by someone other than the Authorised Firm, the underwriting obligation should continue to be reported at the nominal amount.   |
| 1.9.9              | Endorsement of Bills                       | These should be reported at the full nominal amount, less any amount for bills which the institution now holds but had previously endorsed. Endorsement of bills not accepted by banks will attract the counterparty risk weighting of the issuer. If it has been endorsed by another bank, a reduced risk weighting applies.  |
| 1.9.10             | Other Commitments                          | All other undrawn commitments are reportable here, divided into commitments under and over one year.   |
| <del>1.9.11</del>  | <del>OTC Derivative Contracts</del>        | <del>Counterparty risk arising in both the non trading and trading books should be calculated with reference to PIB Section A4.5. Amounts to be reported here are the replacement costs/ NPV of such contracts</del>   |
| 1.9.1 <del>2</del> | Assets funded by restricted PSIA's         | The methodology for calculating exposures financed by PSIA's are, in principle, no different to calculating exposures for a reporting institution's self financed assets. All the guidance notes above apply in their entirety unless stated otherwise.  |
| 1.10               | Deposits                                   | Separately identify deposits due to <del>clearing houses in PIB 1 Item No. 1.10.1 and other the</del> financial institutions in <u>PIB 1</u> Item No. 1.10. <del>12</del> . All other deposits are to be reported in the other deposit section, <u>PIB 1</u> Item No. 1.10. <del>23</del> .  |

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| 1.11   | Tax Liability   | Report all items accrued and payable in respect of the Authorised Firm's current and future tax liabilities.   |
| 1.12   | Provisions  | All specific and general provisions in respect of Loans and Advances and other receivables should be reported here. Exclude provisions against Islamic contracts which should be reported in <u>PIB 1</u> Item No. 1.14.4 below.   |
| 1.13   | Loan Capital and Hybrid Securities                                    | Report items such as subordinated loans drawn down by the Authorised Firm.   |
| 1.14   | Liabilities arising from Islamic contracts                            | Liabilities arising from Islamic contracts include advances received against Salam contracts (defined in Para 3 and 19 of FAS 7 issued by AAOIFI and Ijarah investment payables (refer to FAS 8 of AAOIFI). Report any provisions against Islamic contracts in item Form PIB 1, Item No. 1.14.4.   |
| 1.15.1 | Creditors and other liabilities                                       | Report all items not included in any of the above, such as proposed dividends payable, sundry accruals and deferred income etc.  |
| 1.15.2 | <u>Derivative financial instruments and other trading liabilities</u> | <p><u>Include, but are not limited to, liabilities arising out of positions representing the following instruments, recorded at fair value:</u></p> <p><u>Forward and Futures contracts in Currencies, Interest rates and other financial assets</u></p> <p><u>Forward rate agreements</u></p> <p><u>Currency and interest rate swaps</u></p> <p><u>Credit derivatives</u></p> <p><u>Option contracts on currency, interest rate and other financial assets.</u></p> <p><u>These derivatives include both the exchange-traded and over-the-counter versions.</u></p> |
| 1.17.1 | Liabilities relating to <u>Restricted PSIA</u>                        | Enter here the aggregate liabilities arising from the assets of restricted PSIA investment funds.  |
| 1.17.2 | Other   | Enter the aggregate of all other off balance sheet liabilities here  |
| 1.18.1 | Ordinary Shares   | Include in respect of this item the amount of ordinary share capital issued, reported at nominal paid up value. Do not report the unpaid element of partly paid shares or authorised but unissued share capital. Authorised Firms should exclude holdings in their own shares.   |
| 1.18.2 | Preference Shares   | Fixed dividend share capital that ranks above ordinary shares in the event of liquidation. Report the value of the preference shares issued.   |
| 1.18.3 | Partnership Capital and other   | Include here other types of equity which have the same properties of permanent share capital. This could include partnership capital accounts, capital items for unincorporated associations etc.  |
| 1.20   | Share premium account   | Any amounts received by the authorised institution in excess of the nominal paid up value.   |
| 1.21.1 | Asset revaluation reserve   | Enter amounts arising from the revaluation of assets for which it has been necessary to set up this reserve.   |
| 1.21.2 | Goodwill and other reserves   | Enter amounts arising from purchased goodwill or other situations for which it has been necessary to set up this or any other reserve.   |
| 1.21.3 | Investment Risk Reserve   | <u>Prudential Prudential-CC</u> category 5 Authorised Firms should include in respect of this item the amount that is appropriated out of the income of investment account holders, after allocating the Mudarib share, in order to meet future losses attributable to investment account holders. Refer also to FAS 11 of AAOIFI.   |



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| 1.21.4          | Profit Equalisation Reserve                                | <del>Prudential</del> <del>Prudential</del> Category 5 Authorised Firms should include in respect of this item the amount appropriated out of the Mudaraba income, before allocating the Mudarib share, in order to maintain a certain level of investment returns for investment account holders and to increase owners' equity. Refer also to FAS 11 of AAOIFI. |
| 1.22            | Total Reserves   | Sum of <u>PIB 1</u> Item Nos. {1.21.1 + 1.21.2 + 1.21.3 + 1.21.4} <del>above.</del>   |
| <del>1.23</del> | <del>Retained profits / losses</del>                       | <del>Report all amounts arising from audited and current period profits/ losses impacting the P&amp;L reserve.</del>  |
| 1.24            | Minority Interests   | Report amounts attributable to minority shareholders from the overall equity figure.  |
| 1.25            | Total shareholders' equity                                 | Sum of <u>PIB 1</u> Item Nos. {1.19 + 1.20 + 1.22 – 1.24} <del>above.</del>   |
| 1.26            | Total liabilities and shareholders' equity                 | Sum of <u>PIB 1</u> Item Nos. {1.16 + 1.25} <del>above.</del>   |
| 1.27            | Client Money held or controlled by the Authorised Firm     | Total of all Client Money, as per COB 9.3, as at the reporting date.  |
| 1.27.1          | of which, belonging to Segregated Clients                  | Subset of Item No. 1.27 above.<br>The term Segregated Client is defined in COB App5, A5.2.1(2).   |
| 1.28            | Total Client Money held in Client Accounts                 | Total of all Client Money held in Client Accounts as at the reporting date. The term Client Account is defined in COB, App5, A5.4.1.  |
| 1.29            | Insurance Monies held or controlled by the Authorised Firm | Total of all Insurance Monies, as per COB 14.2, as at the reporting date.   |
| 1.29.1          | Of which, segregated                                       | Subset of Item No. 1.29 above.<br>Insurance Monies segregation is detailed in COB 14.3. Segregated Insurance Monies is the total of all Insurance Monies less that amount affected by COB 14.3.12.  |
| 1.30            | Total Insurance Monies held in Insurance Bank Accounts     | Total balance of all Insurance Monies held in Insurance Bank Accounts as at the reporting date. The term Insurance Bank Account is explained in COB 14.3.   |

**Guidance for Form PIB 1 – Appendix 1 – Detail of risk weighted assets**

Authorised Firms are referred to PIB Chapter 4 and Appendix 4 to understand the background to risk weighting assets in the non trading book. In particular, PIB Section A4.3 contains detailed requirements in respect on weighting exposures in the appropriate risk buckets. If an Authorised Firm is uncertain as to where to classify a particular exposure, it should contact DFSA to obtain this clarity. Particular care should be taken for exposures classified in anything other than the 100% risk weighting category.

Among other things, risk weightings may be reduced on non trading book items by obtaining a guarantee from a third party or a party connected to the Authorised Firm (the “guarantor”). Provided the conditions laid out in PIB Rules A4.3.1 to A4.3.4 are met, the Authorised Firm may opt to use the counterparty weighting of the guarantor where this risk weighting is less than that for the underlying counterparty.

| <b>Item No.</b> | <b>Item</b>                           | <b>Guidance</b>   |
|-----------------|---------------------------------------|---|
| 1.A1.2.3        | Mortgage backed securities            | Investments in mortgage backed securities only attract a 50% rating provided the conditions set out in PIB Rule A4.3.6 are met in its entirety.   |
| 1.A1.4          | Assets arising from Islamic contracts | In respect of counterparty weightings for exposures in the non trading books, Authorised Firms are referred PIB Rules 3.5.1 to 3.5.5. In particular, attention is drawn to the weightings referred to in table 2 by Islamic contract type. Authorised Firms are reminded that in the event of any doubt in this area, they should contact the DFSA for clarification. |
| 1.A1.4.5        | Other investments                     | Include all other investments arising from Islamic contracts not referred to above.   |
| 1.A1.9          | Off balance sheet items               | Details of Credit Conversion Factors are set out in PIB Rules A4.3.10 to A4.3.14. Authorised Firms are reminded to be cautious in capturing off balance sheet exposures and to refer any matters of uncertainty to DFSA for greater clarification.  |
| 1.A1.9.4        | Sale and Repurchase Agreements        | Attention is drawn to PIB Rules A4.3.15 to A 4.3.17 which note that the counterparty weight of a repo agreement is by reference to the issuer of the asset subject to the agreement and not to the counterparty to the repurchase agreement. The weight on a reverse repo is determined as if it were a collateralised loan to a counterparty                         |
| 1.A1.9.10       | Other commitments                     | Authorised Firms are referred to the detail of PIB Rules A4.4.1 to A 4.4.7 in respect of determining the maturity of commitments where they have been renegotiated or are linked commitments.   |
| 1.A1.11         | OTC derivative contracts              | The calculation of the Credit Equivalent Amount is set out in PIB Rule A4.5.12. Authorised Firms are referred to the table in PIB Rule A4.5.14 which sets out the calculation of Potential Future Credit Exposures with details of how to net them set out in PIB Rule A4.9.1.  |
| 1.A.12          | CRCOM                                 | CRCOM is derived by multiplying the sum of risk weighted assets from the non trading book and exposures arising from OTC derivative contracts in the same book by 8%. The number here is transferred to Form PIB 6, Item No. 6.23.  |

**Guidance for Form PIB 1 – Appendix 2 – Non-market risk in the Trading Book**

The details for calculating the exposures on these risks is set out in PIB Section A4.5 which is the Appendix relating to Credit Risk.

| <b>Item No.</b> | <b>Item</b>   | <b>Guidance</b>   |
|-----------------|---|---|
| 1.A2.2          | OTC derivatives   | For OTC derivatives, attention is drawn to PIB Rule A4.5.3 which states that the maximum weighting is limited to 50%.   |
| 1.A2.3          | Repos and Reverse Repos   | For the counterparty weights on Repos and Reverse Repos, attention is drawn to the Instruction Guidance relating to Form PIB 1, Item No. 1.9.4.   |
| 1.A2.4          | Total counterparty risk requirement for non market risk in the trading book | The total counterparty risk requirement for non market risk in the trading book (“CPCOM”) is the sum of the capital charges arising from Delivery Versus Payment transactions, Free Deliveries, OTC Derivatives, Repos, Reverse Repos and Deferred Settlement Transactions. The figure here should be transferred to Form PIB 6, Item No. 6.32. |

**Guidance for Form PIB 1 – Appendix 3 – Market Risk in the Trading Book**

DFSA acknowledges that even for Authorised Firms with relatively straightforward exposures on the trading books, the underlying calculations for various market risks can be detailed and complex. DFSA requires only the summary numbers to be reported but expects Authorised Firms to maintain detailed audit trails that substantiate the risk requirements. Authorised Firms are also reminded that they should make this information available for review as and when required.

In the event of any uncertainty, Authorised Firms are advised to contact their supervisor for clarity. Authorised Firms are asked to review the material set out PIB Appendix 5 with care given the multiplicity of methods that can be used to calculate the capital requirement on interest rate risk, equity risk, FX risk, Commodities risk Options Risk and Securities Underwriting Risk.

Where Authorised Firms intend to use internally developed market risk models for the purposes of valuing positions and calculating capital requirements, particular attention is drawn to PIB Section A5.8 and the qualitative criteria.

| <b>Item No.</b>  | <b>Item</b>                            | <b>Guidance</b>   |
|--|--|---|
| 1.A3.1.4,<br>1.A3.2.4,<br>1.A3.4.4<br>1.A3.5.4<br>1.A3.6 | Various risk requirements              | An Authorised Firm’s total trading book capital requirement is as defined in PIB Rule 2.8.3. With the exception of the foreign exchange risk requirement, the total risk requirements as calculated for interest rate, equity, Commodities, Options and Securities Underwriting transactions are to be transferred to Form PIB 6 under the section titled Trading Book Capital requirement (Item Nos. 6.33-6.37). |
| 1.A3.3   | Foreign exchange risk requirement      | The Foreign Exchange risk capital requirement is included in the Form PIB 6 under the Non Trading Book Capital requirement and should be transferred to Item No. 6.24 (PIB Rule 2.8.3 refers).  |
| 1.A3.10  | Total trading book capital requirement | The total Trading Book Capital requirement here should be transferred to the Form PIB 6, Item No. 6.38.   |

**Guidance for Form PIB 1 – Appendix 4 – Calculation of the DCR**

DCR is defined in PIB Section 3.4 and is calculated only in respect of the PSIA funded assets. Whilst the end calculation is relatively straightforward, DFSA acknowledges that the details required to derive the final figure will be extensive depending on the size of the PSIA funded asset base.

For Authorised Firms providing services through Islamic Windows, DFSA has not asked Authorised Firms to identify in detail the credit and market risks arising from positions in both the trading and non trading book and on and off balance sheet. Instead, Authorised Firms are required to report the numbers in summary form and are reminded that they must make the information available for review as and when required.

| <b>Item No.</b>        | <b>Item</b>                | <b>Guidance</b>   |
|------------------------|----------------------------|---|
| 1.A.4.1.1<br>1.A.4.1.2 | CPCOM<br>CRCOM             | CPCOM and CRCOM are calculated in accordance with PIB Sections 4.3 and 4.4. The risk weightings of the assets in Islamic contracts are derived from PIB Section 3.5 and for all other assets via the appropriate Rules primarily in PIB Chapter 4 and Appendix 4. Refer to previous guidance on Form PIB 1, Appendices 1 and 2 which will be relevant here. |
| 1.A.4.1.3              | Total<br>PSIACOM<br>Credit | Total PSIACOM Credit is the sum of CPCOM and CRCOM for PSIA assets.   |
| 1.A.4.2                | PSIACOM<br>Market          | PSIACOM Market is the sum of the capital charge for the various kinds of market risks arising in the trading book for PSIA assets. Market risks are calculated primarily with reference to PIB Chapter 5 and Appendix 5.  |
| 1.A.4.3                | DCR<br>calculation         | The number derived for the DCR charge should be carried over to Form PIB 6, Item Nos. <del>6.2528.</del> and <del>6.58.3</del>  |

**Guidance for Form PIB 2 – Balance Sheet – ~~Islamic Authorised Firms~~ Islamic Financial Institutions**

There are effectively three sets of returns for Category 5 institutions. Wherever appropriate, all balance sheet captions need to identify separately if they have arisen from self financed business (including finance from Amanah and demand deposits), from the business provided by utilising the unrestricted assets of PSIA asset providers and from the restricted PSIA business. Whilst AAOIFI permits unrestricted PSIA assets to be commingled with self financed assets for balance sheet reporting purposes, the need to maintain separate records for each asset class is paramount. Restricted PSIA assets and liabilities cannot be commingled with the former and should be reported off balance sheet.

In the event of any uncertainty, Authorised Firms are required to consult with DFSA to obtain the necessary clarity.

| Item No. | Item                               | Guidance  |
|----------|------------------------------------|---|
| 2.1      | Cash and Liquid Assets             | <p>Include, for example, the following amounts:</p> <ul style="list-style-type: none"> <li>• Notes and coins;</li> <li>• Deposits at call;</li> <li>• Long positions in Gold bullion (including Tola Bars);</li> <li>• Amounts placed with central banks and other financial institutions including funds required to be placed on deposit with central banks and monetary authorities.</li> </ul>  |
| 2.2      | Investment Securities              | <p>Report long term investment securities not held with intent to trade (short term securities are reported in “Other Assets”, Item No <del>2.4.1</del> 7 below). Include, for example:</p> <ul style="list-style-type: none"> <li>• Debt and equity issues by central banks and other financial institutions (Eurobonds, FRNs, Mortgage Backed securities, equity holdings, Sukuks etc.);</li> <li>• Investments in subsidiaries and associated companies;</li> <li>• Investments in the capital of other banks and financial institutions;</li> <li>• Holdings in non financial firms of which the Authorised Firm is a controller (i.e. “Qualifying Holdings”).</li> </ul> <p>Exclude any investments in certain named Islamic contracts <del>be</del> <u>which are</u> included below (PIB 2 Item Nos. 2.4.1 to 2.4.7).</p> |
| 2.3      | Loans and Advances                 | <p>Amounts arising from, for example:</p> <ul style="list-style-type: none"> <li>• Revolving credit facilities;</li> <li>• Credit cards outstanding balances;</li> <li>• Housing loans (both variable and fixed rates);</li> <li>• Term loans (both variable and fixed rates);</li> <li>• The book value of assets leased out under finance lease agreements;</li> <li>• Loans made under conditional hire purchase contracts;</li> <li>• Advances purchased by or assigned to the reporting institutions, factoring or similar arrangements</li> <li>• Other loans and advances.</li> </ul> <p>The amounts reported should be gross of provisions (as specific and general provisions should be reported in the Liabilities section of the balance Sheet) and net of interest receivable.</p>                                  |
| 2.4.1    | Murabaha and Istisna’a Receivables | Report here all receivables relating to Murabaha and Istisna’a contracts. Refer to FAS 2 and FAS 10 of AAOIFI respectively.   |
| 2.4.2    | Ijarah assets                      | Include Ijarah assets net of depreciation/ amortisation and Ijarah receivables.   |

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|-------|---------------------------|---|
|       |                           | Refer to FAS 8 of AAOFI.  |
| 2.4.3 | Mudaraba Financing        | Capital provided on a Mudaraba basis should be reported here. Refer also to FAS 3 of AAOIFI.  |
| 2.4.4 | Musharaka Financing       | Report capital provided on a Musharaka basis. Refer to FAS 4 of AAOIFI. Investment in the Share capital of another company should be reported under “Other”, Form PIB 2, Item No. 2.4.7.  |
| 2.4.5 | Salam                     | Capital provided on Salam contract should be reported here. Refer to FAS 7 of AAOIFI.   |
| 2.4.6 | Parallel Istisna’a        | Parallel Istisna’a receivables/assets should be reported here. Refer to FAS 10 of AAOFI.  |
| 2.5   | Fixed Assets              | <p>Include, for example, the value of the following:</p> <ul style="list-style-type: none"> <li>Plant and equipment, the residual value of items leased out under an operating lease (excluding balances relating to named Ijarah assets which should be included separately in Form PIB 2, Item No. 2.4.2);</li> <li>Own premises being occupied or developed for occupation by the authorised institution, property (excluding property acquired / held available for sale which should be included in “Other Assets” in Form PIB 2, Item No. 2.7).</li> </ul> <p>The amounts reported here should be net of accumulated depreciation and amortisation.</p>   |
| 2.6.1 | Goodwill                  | Include amounts relating to any purchased goodwill.   |
| 2.6.2 | Other intangibles         | <p>Items to be included:</p> <ul style="list-style-type: none"> <li>Capitalised development costs;</li> <li>Brand names, trademarks and similar rights;</li> <li>Licences and exchange seats which may be held as part of the Authorised Firm’s trading requirement</li> </ul>  |
| 2.7   | Other Assets              | Assets that have not been included in any of the items above. In particular, positions in short term securities held with the intention of resale, sundry debtors, prepayments and accrued income not identified elsewhere.   |
| 2.9.1 | Direct Credit Substitutes | <p>These relate to the financial requirements of a counterparty where the risk of loss to the reporting institution on the transaction is equivalent to a direct claim on the counterparty. Essentially the risk of loss depends on the creditworthiness of the counterparty. Include here:</p> <ul style="list-style-type: none"> <li>Guarantees of a financial nature to stand behind the current obligations of customers (e.g. loan guarantees);</li> <li>Guarantees of leasing operations;</li> <li>Letters of Credit and Stand-by Letters of Credit to the extent that they do not qualify for inclusion in Item No. 2.9.3 “Trade related contingents” below;</li> <li>Guarantees of a capital nature such as undertakings given to a non bank financial company which are considered as capital by the appropriate regulatory body. Guarantees given to a company not connected to the reporting institution should be risk weighted at 100% and those for connected companies should be deducted from the reporting institution’s capital base.</li> <li>Acceptances granted and risk participation in bankers’ acceptances. Where the reporting institution’s own acceptances have been discounted by that institution the nominal value of the bills held should be deducted from the nominal amount of the bills issued under the facility and a corresponding on balance sheet entry made.</li> </ul> |

|       |   |   |
|-------|---|---|
| 2.9.2 | Transaction related Contingents             | <p>These exposures relate to the on-going trading activities of a counterparty where the risk of loss to the reporting institution depends on the likelihood of a future event which is independent of the creditworthiness of the counterparty. They are essentially guarantees that support particular non financial obligations rather than a customer’s financial obligations. Include here:</p> <ul style="list-style-type: none"> <li>• Advance payment guarantees</li> <li>• Performance bonds including bid or tender bonds, warranties and indemnities (indemnities given for lost share certificates or bills of lading and guarantees of the validity of papers rather than of payment under certain conditions should be reported here);</li> <li>• Stand-by Letters of Credit relating to a particular contract or to non financial transactions (including arrangements backing, inter alia, subcontractors’ and supplier’s performance, labour and materials, contracts and construction bids).</li> </ul> |
| 2.9.3 | Trade related Contingents                   | <p>Report short term self liquidating trade related items such as documentary letters of credit issued by the reporting institution which are to be collateralised by the underlying shipment i.e. the credit provides for the reporting institution to retain title to the underlying shipment. L/C’s issued without provision for the reporting institution to retain title to the underlying shipment should be reported under direct credit substitutes above.</p>  |
| 2.9.4 | Sale and Repurchase Agreements              | <p>Only report here sale and repurchase agreements where the asset sold is not reported on the balance sheet. If it is reported on the balance sheet, it should not be reported here but in the relevant on balance sheet section of the return. Where the asset is off balance sheet, the appropriate counterparty weighting is to be determined by the issuer of the security and not according to the counterparty with whom the transaction has been entered into.</p>  |
| 2.9.5 | Forward Assets Purchases                    | <p>The appropriate counterparty weighting should be determined by the asset to be purchased and not the counterparty with whom the contract has been entered into. Include commitments for loans and other on balance sheet items with certain drawdown. Exclude foreign currency spot deposits with value date of up to two working dates after trade date.</p>  |
| 2.9.6 | Forward Deposits Placed                     | <p>Relates to agreements between two parties whereby one will pay and the other receive an agreed rate of interest on a deposit to be placed by one with the other at some pre determined rate in the future. The weight should be determined according to the counterparty with whom the deposit will be placed. Exclude foreign currency spot deposits with value date of up to two working dates after trade date.</p>   |
| 2.9.7 | Uncalled partly- paid shares and securities | <p>Only include if there is a specific date for a call. If there is no specific date for a call, the item should be included as a long term commitment under <a href="#">PIB 2</a> Item No. 2.9.10 “Other Commitments” <del>below</del>.</p>  |
| 2.9.8 | NIF’s and RUF’s                             | <p>Note issuance and revolving underwriting facilities should include the reporting institutions underwriting obligations of any maturity. Where the facility has been drawn down by the borrower and the notes are held by someone other than the Authorised Firm, the underwriting obligation should continue to be reported at the nominal amount.</p>   |
| 2.9.9 | Endorsement of Bills                        | <p>These should be reported at the full nominal amount, less any amount for bills which the institution now holds but had previously endorsed. Endorsement of</p>   |



|                   |   |  |
|-------------------|---|--|
|                   |   | bills not accepted by banks will attract the counterparty risk weighting of the issuer. If it has been endorsed by another bank, a reduced risk weighting applies.   |
| 2.9.10            | Other Commitments                           | All other undrawn commitments are reportable here, divided into commitments under and over one year.   |
| 2.9.11            | OTC Derivative Contracts                    | Counterparty risk arising in both the non-trading and trading books should be calculated with reference to the Rules in PIB Section A4.5. Amounts to be reported here are the replacement costs/ NPV of such contracts   |
| 2.10 to 2.18.11   | Assets financed by PSIAr                    | The methodology for calculating exposures financed by PSIA assets are, in principle, no different to calculating exposures for a reporting institution's self financed assets. All the guidance notes above apply in their entirety unless stated otherwise.     |
| 2.20              | Deposits                                    | Separately identify deposits due to clearing houses in <a href="#">PIB 2</a> Item No. 2.20.1 and other financial institutions in <a href="#">PIB 2</a> Item No. 2.20.2. All other deposits are to be reported in <a href="#">PIB 2</a> Item No. 2.20.3, "Other". |
| 2.21              | Tax Liability                               | Report all items accrued and payable in respect of the institution's current and future tax liabilities.   |
| 2.22              | Provisions                                  | All specific and general provisions in respect of Loans and Advances and other receivables should be reported here.  |
| 2.23.1 and 2.23.2 | Liabilities arising from Islamic activities | Include advances received against Parallel Salam contracts (defined in Para 3 and 19 of FAS 7 issued by AAOIFI and Ijarah investment payables (refer to FAS 8 of AAOIFI).  |
| 2.23.3            | Liabilities relating to PSIAu               | Enter here the aggregate of all liabilities incurred on behalf of and amounts owed to PSIAu.   |
| 2.23.4            | Other                                       | Enter all other liabilities incurred in respect of Islamic contracts.  |
| 2.24              | Creditors and other Liabilities             | Report all items not included in any of the above, such as proposed dividends payable, sundry accruals and deferred income etc.  |
| 2.26.1            | Liabilities relating to PSIAr               | Enter here the aggregate liabilities arising from the restricted assets of PSIAr.  |
| 2.26.2            | Other                                       | Enter the aggregate of all other off- balance sheet liabilities here.  |
| 2.27.1            | Ordinary Shares                             | Include the amount of ordinary share capital issued, reported at nominal paid up value. Do not report the unpaid element of partly paid shares or authorised but unissued share capital. Authorised Firms must exclude holdings in their own shares.             |
| 2.27.2            | Preference Shares                           | Fixed dividend share capital that ranks above ordinary shares in the event of liquidation. Report the value of the preference shares issued.   |
| 2.27.3            | Partnership Capital and other               | Include here other types of equity which have the same properties of permanent share capital. This could include partnership capital accounts, capital items for unincorporated associations etc.  |
| 2.29              | Share premium Account                       | Any amounts received by the authorised institution in excess of the nominal paid up value.   |
| 2.30.1            | Asset revaluation                           | Enter amounts arising from the revaluation of assets for which it has been necessary to set up this reserve.   |

|                 |  |   |
|-----------------|--|---|
|                 | reserve                                    |   |
| 2.30.2          | Investment Risk Reserve                    | Category 5 Authorised Firms should include in respect of this item the amount that is appropriated out of the income of investment account holders, after allocating the Mudarib share, in order to meet future losses attributable to investment account holders. Refer also to FAS 11 of AAOIFI.                    |
| 2.30.3          | Profit Equalisation reserve                | Category 5 Authorised Firms should include in respect of this item the amount appropriated out of the Mudaraba income, before allocating the Mudarib share, in order to maintain a certain level of investment returns for investment account holders and to increase owners' equity. Refer also to FAS 11 of AAOIFI. |
| 2.30.4          | Goodwill and other                         | Enter amounts arising from purchased goodwill or other situations for which it has been necessary to set up a goodwill or other reserve.  |
| 2.31            | Total Reserves                             | Sum of Item Nos. [2.30.1 + 2.30.2 + 2.30.3 + 2.30.4] above.   |
| <del>2.32</del> | <del>Retained profits/ losses</del>        | <del>Report all amounts arising from audited and current period profits/ losses impacting this the P&amp;L account reserve.</del>   |
| 2.33            | Minority Interests                         | Report amounts attributable to minority shareholders from the overall equity figure.  |
| 2.34            | Total shareholders' equity                 | Sum of <u>PIB 2</u> Item Nos. <del>{2.28 + 2.29 + 2.31 - 2.33}</del> <u>above.</u>  |
| 2.35            | Total liabilities and shareholders' equity | Sum of <u>PIB 2</u> Item Nos. <del>{2.25 + 2.34}</del> <u>above.</u>  |

**Guidance for Form PIB 2 – Appendix 1 – Detail of Non-Trading Book Assets (self-financed)**

Authorised Firms are referred to PIB Chapter 4 and Appendix 4 to understand the background to risk weighting assets in the non trading book. In particular, PIB Section A4.3 contains detailed requirements in respect of risk weighting exposures in the appropriate risk buckets. If an Authorised Firm is uncertain as to where to classify a particular exposure, it should contact DFSA to obtain this clarity. Particular care should be taken for exposures classified in anything other than the 100% risk weighting category.

Amongst other things, risk weightings may be reduced on non trading book items by obtaining a guarantee from a third party or a party connected to the Authorised Firm (the “guarantor”). Provided the conditions laid out in PIB A4.3.1 to A4.3.4 are met, the Authorised Firm may opt to use the counterparty weighting of the guarantor where this risk weighting is less than that for the underlying counterparty.

Only enter exposures relating to self financed assets in PIB 2 Appendix 1.

| Item No.  | Item                                  | Guidance   |
|-----------|---------------------------------------|--|
| 2.A1.2.3  | Mortgage backed securities            | Investments in mortgage backed securities only attract a 50% rating provided the conditions set out in PIB Rule A4.3.6 are met in <del>their</del> entirety.   |
| 2.A1.4    | Assets arising from Islamic contracts | In respect of counterparty weightings for exposures in the non trading books, Authorised Firms are referred PIB Rules 3.5.1 to 3.5.5. In particular, attention is drawn to the weightings referred to in table 2 by Islamic contract type. Authorised Firms are especially reminded that in the event of any doubt in this area, they should contact the DFSA for clarification. |
| 2.A1.4.7  | Other                                 | Include all other investments arising from Islamic contracts not referred to above.  |
| 2.A1.9    | Off balance sheet items               | Details of Credit Conversion Factors are set out in PIB Rules A4.3.10 to A4.3.14. Authorised Firms are reminded to be cautious in capturing off balance sheet exposures and to refer any matters of uncertainty to DFSA for greater clarification.   |
| 2.A1.9.4  | Sale and repurchase agreements        | Attention is drawn to PIB Rules A4.3.15 to A 4.3.17 which note that the counterparty weight of a repo agreement is by reference to the issuer of the asset subject to the agreement and not to the counterparty to the repurchase agreement. The weight on a reverse repo is determined as if it were a collateralised loan to a counterparty.                                   |
| 2.A1.9.10 | Other commitments                     | Authorised Firms are referred to the detail in PIB Rules A4.4.1 to A 4.4.7 in respect of determining the maturity of commitments where they have been renegotiated or are linked commitments.  |
| 2.A1.12   | OTC Derivative Contracts              | The calculation of the Credit Equivalent Amount is set out in PIB Rule A4.5.12. Authorised Firms are referred to the table in A4.5.14 which sets out the calculation of Potential Future Credit Exposures with details of how to net them set out in PIB Rule A4.9.1.  |
| 2.A1.13   | CRCOM (self)                          | CRCOM is derived by multiplying the sum of risk weighted assets from the non trading book and exposures arising from OTC derivative contracts in the same book by 8%. The number here is transferred to Form PIB 6, Item No. 6.23.   |

**Guidance for Form PIB 2 – Appendix 2 – Detail of Non-Trading Book Assets (PSIAu)**

All the guidance notes in PIB 2 Appendix 1 apply here. Only enter exposures relating to assets of the PSIAu investors.

| <b>Item No.</b> | <b>Item</b>      | <b>Guidance</b>   |
|-----------------|------------------|---|
| 2.A2.13         | CRCOM<br>(PSIAu) | CRCOM is derived by multiplying the sum of risk weighted assets from the non trading book and exposures arising from OTC derivative contracts in the same book by 8%. The number here is transferred to the DCR calculation in Form PIB 2, Appendix 8, Item No. 2.A8.1.2. |

**Guidance for Form PIB 2 – Appendix 3 – Detail of Non-Trading Book Assets (PSIAR)**

All the guidance notes in PIB 2 Appendix 1 apply here. Only enter exposures relating to assets of the PSIAR investors.

| <b>Item No.</b> | <b>Item</b>   | <b>Guidance</b>   |
|-----------------|---------------|---|
| 2.A3.13         | CRCOM (PSIAR) | CRCOM: CRCOM is derived by multiplying the sum of risk weighted assets from the non trading book and exposures arising from OTC derivative contracts in the same book by 8%. The number here is transferred to Form PIB 2, Appendix 8, Item No. 2.A8.1.2 for the DCR calculation. |

**Guidance for Form PIB 2 – Appendix 4 – Detail of Non-Market Risk in Trading Book (self-financed)**

This Appendix relates to calculating the risk weighted capital charge for self financed assets only.

The details for calculating the exposures on these risks is in fact set out in PIB Section A4.5 which is the Appendix relating to Credit Risk.

| <b>Item No.</b>             | <b>Item</b>   | <b>Guidance</b>   |
|-----------------------------|---|---|
| 2.A4.2                      | OTC Derivatives   | For OTC derivatives, attention is drawn to PIB Rule A4.5.3 which states that the weighting is calculated in accordance with A4.5.3 except that the maximum weighting is limited to 50%.   |
| 2.A4.2.3<br>and<br>2.A4.2.4 | Repos & reverse repos   | For the counterparty weights on Repos and Reverse Repos, refer also to the guidance notes relating to Form PIB 2, Item No. 2.9.4.   |
| 2.A4.4                      | Total capital requirement for non-market risk in the (PSIAu) trading book | The total counterparty risk requirement for non market risk in the trading book (also called CPCOM) is the sum of the capital charges arising from Delivery Versus Payment transactions, Free Deliveries, OTC Derivatives, Repos, Reverse Repos and Deferred Settlement Transactions. The figure here should be transferred to Form PIB 6, Item No. 6.32. |

**Guidance for Form PIB 2 – Appendix 5 – Detail of Non-Market Risk in Trading Book (PSIAu)**

All the guidance notes in Form PIB 2, Appendix 4 apply here unless otherwise stated. This Appendix relates to PSIAu assets only

| <b>Item No.</b> | <b>Item</b>   | <b>Guidance</b>   |
|-----------------|---|---|
| 2.A5.4          | Total capital requirement for non-market risk in the (PSIAu) trading book | The total CPCOM figure as reported here should be transferred to Form PIB 2, Appendix 8, Item No. 2.A8.1.1. |

**Guidance for Form PIB 2 – Appendix 6 – Detail of Non-Market Risk in Trading Book (PSIAR)**

All the guidance notes in Form PIB 2, Appendix 4 apply here unless otherwise stated. This Appendix relates to PSIAR assets only.

| <b>Item No.</b> | <b>Item</b>   | <b>Guidance</b>   |
|-----------------|---|---|
| 2.A6.4          | Total capital requirement for non-market risk in the (PSIAR) trading book | The total CPCOM figure as reported here should be transferred to Form PIB 2, Appendix 8, Item No. 2.A8.1.1. |



**Guidance for Form PIB 2 – Appendix 7 – Detail of Market Risk in the Trading Book**

DFSA acknowledges that even for Authorised Firms with relatively straightforward exposures on the trading books, the underlying calculations for various market risks can be detailed and complex. DFSA requires only the summary numbers to be reported but expects Authorised Firms to maintain detailed audit trails that substantiate the risk requirements and to make this information available for review as and when required.

In the event of any uncertainty, Authorised Firms are advised to contact their supervisor for clarity. Authorised Firms are asked to review the material set out PIB Appendix 5 with care given the multiplicity of methods that can be used to calculate the capital requirement on interest rate risk, equity risk, FX risk, **c**Commodities risk, **O**ptions **r**Risk and **s**Securities **u**nderwriting **r**Risk.

Where Authorised Firms intend to use internally developed market risk models for the purposes of valuing positions and calculating capital requirements, particular attention is drawn to PIB Section A5.8 and the qualitative criteria.

Authorised Firms should note that the market risks arising from exposures in respect of self financed, PSIAu and PSIAr assets are required to be entered in this **A**ppendix. Authorised Firms are reminded to take care in transposing totals from this Appendix as they relate to the three different sets of exposures.

| Item No.   | Item                                   | Guidance   |
|--|--|--|
| 2.A7.1.4<br>2.A7.2.4<br>2.A7.4.4<br>2.A7.5.4<br>2.A7.6 | Capital Requirements                   | The total capital requirements for interest rate, equity position risk, Commodities, Options and Securities Underwriting exposures in respect of <b>self financed assets</b> should be transferred to Form PIB 6, Item Nos. 6.33-6.37 respectively. The capital requirements for <b>PSIA funded assets (both unrestricted and restricted)</b> , including the Foreign exchange risk requirement should be transferred to Form PIB 2, Appendix 8 for the calculation of the Displaced Commercial Risk Charge. |
| 2.A7.3   | FER capital Requirement                | The FX risk capital requirement <b>arising from self financed assets</b> should be transferred to Form PIB 6, Item No. 6.24.   |
| 2.A7.10  | Total Trading Book Capital Requirement | The Total Trading Book Capital Requirement here should be transferred to Form PIB 6, Item No. 6.38 in PIB 6.   |

**Guidance for Form PIB 2 – Appendix 8 – Calculation of the DCR**

DCR is defined in PIB Section 3.4. Authorised Firms are referred to that Section to understand why DCR arises and how it is calculated. Authorised Firms are reminded that DCR only applies in respect of PSIA assets for both the restricted and unrestricted categories. This Appendix aggregates totals from the detailed appendices that precede it.

| <b>Item No.</b> | <b>Item</b>          | <b>Guidance</b>   |
|-----------------|----------------------|---|
| 2.A8.1          | PSIACOM Credit       | PSIACOM Credit comprised CRCOM and CPCOM calculated on PSIA assets.   |
| 2.A8.1.1        | CPCOM                | CPCOM for PSIAu comes from Form PIB 2, Appendix 5, Item No. 2.A5.4 of and for PSIAr from Form PIB 2, Appendix 6, Item No. 2.A6.4. |
| 2.A8.1.2        | CRCOM                | CRCOM for PSIAu comes from Form PIB 2, Appendix 2, Item No. 2.A2.13 and for PSIAr from Form PIB 2, Appendix 3, Item No. 2.A3.13.  |
| 2.A8.1.3        | Total PSIACOM Credit | Sum of Item Nos. [2.A8.1.1 + 2.A8.1.2] above.   |
| 2.A8.2          | PSIACOM Market       | The figures for PSIACOM Market are all derived from Form PIB 2, Appendix 7.   |
| 2.A8.3          | Calculation of DCR   | DCR represents (PSIACOM Credit +PSIACOM Market) * 35%. This figure should be transferred to Form PIB 6, Item No. 6.25.            |

**Guidance for Form PIB 2 – Appendix 9 – Detail of changes in Reserves**

| <b>Item No.</b> | <b>Item</b>                                | <b>Guidance</b>   |
|-----------------|--|---|
| 2.A9.1          | Capital invested                           | Report here the total amount of capital invested by unrestricted PSIA account holders (on balance sheet) gross of provisions. Report similar amounts relating to funds provided by restricted PSIA account holders (off balance sheet).   |
| 2.A9.2          | Net asset value                            | Report here the net amount after provisions.  |
| 2.A9.3          | Percentage for profit equalisation reserve | Report the percentage used for allocation to the profit equalisation reserves.  |
| 2.A9.4          | Amount of profit equalisation reserve      | This represents the amount after the net asset value has been multiplied by the percentage of the profit equalisation reserve. Refer to FAS 11 of AAOIFI.   |
| 2.A9.5          | Mudarib fee                                | Enter the Mudarib fee which the authorised institution is entitled to receive for undertaking the investment of the funds provided by the PSIA holders. The fee is agreed by the investment account holders and the bank before the implementation of any contract. In case of a loss, the bank is not entitled to any Mudarib fee and the loss is borne by the investment account holders. Refer to FAS 3 of AAOIFI. |
| 2.A9.6          | Net amount after Mudarib fee               | Enter here the balance after the amount of profit equalisation reserve and the <del>M</del> mudarib fee has been deducted from the net asset value.   |
| 2.A9.7          | Percentage of investment risk reserve      | Enter here the percentage of the investment risk reserve applicable to the net amount after the mudarib fee.  |
| 2.A9.8          | Amount of investment risk reserve          | Enter the amount of the reserve being the product of the balance in Item No. 2.A9.6 multiplied by the percentage in Item No. 2.A9.7 above. Refer to FAS 11 of AAOIFI.   |
| 2.A9.9          | Amount attributed to PSIA's                | This amount is the residual amount allocated to the PSIA account holders after the deduction of the amounts for the profit equalisation reserve, mudarib fee and investment risk reserves.  |

**Guidance for Form PIB 3 - Profit and Loss Statement**

| Item No.      | Item   | Guidance   |
|---------------|--|--|
| 3.1           | Interest income  | <p>Include both actually received interest and receivable interest which has accrued but has not yet been received, generated for example by:</p> <ul style="list-style-type: none"> <li>• Cash and liquid assets</li> <li>• Trading securities</li> <li>• Investment securities</li> <li>• Derivatives in the non-trading book</li> <li>• Loans and advances</li> <li>• Investment / loans to parent entity / loans to associates / joint venture</li> <li>• Other investments</li> <li>• Other interest earning assets</li> </ul>  |
| <u>3.2</u>    | <u>Interest expense</u>  | <p><u>Include both interest actually paid and interest payable which has accrued but has not yet been paid, linked to, for example:</u></p> <ul style="list-style-type: none"> <li>• <u>Deposits;</u></li> <li>• <u>Other borrowings;</u></li> <li>• <u>Derivatives in the non-trading book;</u></li> <li>• <u>Bonds, notes and other borrowings;</u></li> <li>• <u>Loan capital;</u></li> <li>• <u>Loan from parent entity;</u></li> <li>• <u>Loan from associates / joint ventures;</u></li> </ul> <p><u>Other interest bearing liabilities.</u></p>   |
| <u>3.4</u>    | <u>Income from fees and commissions</u>  | <p><u>Include charges made for services provided by the reporting institution, for example the provision of:</u></p> <ul style="list-style-type: none"> <li>• <u>Current account facilities;</u></li> <li>• <u>Corporate advice;</u></li> <li>• <u>Investment management and trustee services;</u></li> <li>• <u>Guarantees and indemnities;</u></li> <li>• <u>Commission on the sale of insurance or of travellers cheques;</u></li> </ul> <p><u>Foreign exchange services (if they can be separately identified).</u></p>  |
| <u>3.5</u>    | <u>Fees and commission expense</u>   | <p><u>Include charges for all services rendered to the company by third parties (excluding those which have the character of interest).</u></p>  |
| <u>3.82</u>   | <u>Net Income from trading securities</u>  | <p>Include all profits or losses (including revaluation profits or losses) other than those arising from the sale of investments in subsidiary or associated companies, trade investments or the amortisation of premiums or discounts on the purchase of fixed maturity investments which are not held for dealing.</p>   |
| <u>3.93.3</u> | <u>Gains less losses from investment securities</u><br><u>Income from fees and commissions</u> | <p><u>Include net income/(losses) from investments other than the trading securities, such as available for sale and held to maturity investments.</u><br/><u>Include charges made for services provided by the reporting institution, for example the provision of:</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <u>Current account facilities;</u></li> <li><input type="checkbox"/> <u>Corporate advice;</u></li> <li><input type="checkbox"/> <u>Investment management and trustee services;</u></li> <li><input type="checkbox"/> <u>Guarantees and indemnities;</u></li> <li><input type="checkbox"/> <u>Commission on the sale of insurance of travellers cheques;</u></li> <li><input type="checkbox"/> <u>Foreign exchange services (if they can be separately identified);</u></li> </ul> |

|        |  |  |
|--------|--|--|
| 3.104  | Income from Islamic contracts                    | Income derived from any Islamic business undertaken by the Authorised Firm.  |
| 3.115  | Other operating income                           | <p>Include under this heading income from any other source (other than extraordinary items), for example:</p> <ul style="list-style-type: none"> <li>• Revaluations of foreign exchange positions;</li> <li>• <del>Dividends from other group companies (if reporting on an unconsolidated basis);</del></li> <li>• Revaluation of any investment in subsidiaries or associates (if equity accounting);</li> <li>• Share of profits from associated companies (if reporting on a consolidated basis);</li> <li>• Profit or loss on the sale of non-trading assets – e.g. premises, equipment, subsidiary and associated companies and trade investments;</li> <li>• Revaluation surpluses/deficits - following normal accounting practice.</li> <li>• Any other source (other than extraordinary items which should be included in <u>PIB 3</u> Item No. 3.184, below).</li> </ul> |
| 3.6    | Interest paid and payable                        | <p><del>Include both interest actually paid and interest payable which has accrued but has not yet been paid, linked to, for example:</del></p> <ul style="list-style-type: none"> <li>• <del>Deposits;</del></li> <li>• <del>Other borrowings;</del></li> <li>• <del>Derivatives in the non trading book;</del></li> <li>• <del>Bonds, notes and other borrowings;</del></li> <li>• <del>Loan capital;</del></li> <li>• <del>Loan from parent entity;</del></li> <li>• <del>Loan from associates / joint ventures;</del></li> <li>• <del>Other interest bearing liabilities.</del></li> </ul>   |
| 3.7    | <del>Fees and commissions paid and payable</del> | <del>Include charges for all services rendered to the company by third parties (excluding those which have the character of interest).</del>   |
| 3.12.1 | <u>Provisions General</u>                        | <u>Total provisions to cover non-specific bad debt provisions.</u>   |
| 3.12.2 | <u>Provisions Specific</u>                       | <u>Total of provisions made against specific exposures.</u>  |
| 3.12.3 | <u>Provisions Islamic</u>                        | <u>Those provisions arising from any Islamic business undertaken</u>   |
| 3.12.4 | <u>Provisions Other</u>                          | <u>To include, for example, provisions made for taxation or dividends.</u>   |
| 3.138  | Staff expenses                                   | <p>Include, for example:</p> <ul style="list-style-type: none"> <li>• Salary costs;</li> <li>• Employer’s contribution to any pension scheme;</li> <li>• Costs of staff benefits paid on a per capita basis such as private medical insurance.</li> </ul>  |
| 3.149  | Depreciation & Amortisation                      | Charges relating, for example, to depreciation / amortisation of property, plant and equipment and other amounts written off in respect of tangible and intangible fixed assets.   |
| 3.1540 | Other operating expenses                         | <p>Examples of expenses can be as follows:</p> <ul style="list-style-type: none"> <li>• Occupancy expenses – for example, rates, rent, insurance of building, lighting, heating, maintenance costs and subsidised restaurants;</li> <li>• Equipment;</li> <li>• Other overhead expenses;</li> <li>• All other expenditure not falling into one of the other specific categories.</li> </ul>  |
| 3.11.1 | <del>Provisions General</del>                    | <del>Total provisions to cover non specific bad debt provisions.</del>   |

|                   |  |  |
|-------------------|--|--|
| <del>3.11.2</del> | <del>Provisions Specific</del>                               | <del>Total of provisions made against specific exposures.</del>  |
| <del>3.11.3</del> | <del>Provisions Islamic</del>                                | <del>Those provisions arising from any Islamic business undertaken</del>   |
| <del>3.11.4</del> | <del>Provisions Other</del>                                  | <del>To include, for example, provisions made for taxation or dividends.</del>   |
| <del>3.162</del>  | Operating profit from ordinary activities                    | Sum of <u>PIB 3</u> Item Nos. <del>{3.1 to 3.154}</del> . <u>(excluding sub totals at items nos 3.3 and 3.6).</u> <del>above.</del>  |
| <del>3.173</del>  | <u>Net Income</u> from subsidiaries and associated companies | Profit / losses received from subsidiaries, joints ventures and other associated undertakings.   |
| <del>3.184</del>  | Profit (loss) from extraordinary Items                       | For example:<br>Profit or losses on sale or termination of an operation;<br>Profits or losses on disposal of fixed assts.  |
| <del>3.195</del>  | Profit (loss) before tax                                     | Sum <u>PIB 3</u> Item Nos. <del>{3.162 + 3.173 + 3.184}</del> <u>above.</u>  |
| <del>3.2046</del> | Tax <u>on</u> <u>(profit)/loss(expense)/rebate</u>           | Any amount that has been or is expected to be paid in taxation.  |
| <del>3.2147</del> | Profit / (loss) after tax                                    | Sum <u>of PIB 3</u> Item Nos. <del>{3.195 + 3.2046}</del> <u>above.</u>  |
| <del>3.2248</del> | Minority interests   | For example, when a group has one or more subsidiaries which are only partially owned by the <u>g</u> Group.   |
| <del>3.2349</del> | Net profit / (loss)  | The amount of profit / loss that could be distributed to shareholders (or partners) or retained for future use within the company. <del>Sum-Sum of PIB 3</del> Item Nos. <del>{3.217 +- 3.2248}</del> <u>above.</u>                    |
| <del>3.240</del>  | Dividends and other distributions, declared or paid          | The amount to be distributed in the current year to shareholders out of the profits of a company.  |
| <del>3.254</del>  | Partners' Drawings, declared or paid                         | The amount to be distributed in the current year to partners out of the profits of a partnership.  |
| <del>3.262</del>  | Other adjustments  | Any other adjustments that affect the retained profits.  |
| <del>3.273</del>  | Retained profits for the reporting period                    | Profits that have not been paid out as dividends to shareholders or withdrawn by partners but retained for further investment by the company. Sum <u>of PIB 3</u> Item Nos. <del>{3.2349 -- 3.240 - 3.254 - 3.262}</del> <u>above.</u> |

**Guidance for Form PIB 4 – Profit and Loss – ~~Islamic Authorised Firms~~ Islamic Financial Institutions**

| Item No. | Item  | Guidance   |
|----------|---|--|
| 4.1.1    | Income from jointly financed accounts                                     | Authorised Firms should include in respect of this item income earned on funds from jointly financed investment accounts (i.e. unrestricted PSIA's and self-financed). The income should be gross before allocating to the unrestricted PSIA's and the bank's mudarib fee.   |
| 4.1.2    | Allocated to unrestricted account holders                                 | Authorised Firms should include in respect of this item the amount allocated from <a href="#">PIB 4</a> Item No. 4.1.1 above to the unrestricted PSIA's as their share of the income. It should be mostly be a negative number.  |
| 4.1.3    | Authorised Firm's Mudarib fee   | Authorised Firms should include in respect of this item the amount of the Mudarib fee that they are entitled to receive for the management of the unrestricted PSIA's.   |
| 4.1.4    | Authorised Firm's other fees  | Include any amounts owing to the Authorised Firm as fees for managing PSIA's accounts.   |
| 4.1.5    | Net income from Jointly Financed Accounts and Mudarib Fees                | Sum of <a href="#">PIB 4</a> Item Nos. <del>{4.1.1 + 4.1.2 + 4.1.3 + 4.1.4}</del> <b>above.</b>  |
| 4.2.1    | Authorised Firm's income from its own non-financing activities            | Authorised Firms should include in respect of this item the income received from non-financing activities (e.g. Murabaha sales) that results from the employment of the Authorised Firm's own funds and current accounts. The income should have been generated from funds that have been employed separately from the PSIA funds. |
| 4.2.2    | Authorised Firm's income from its own financing and investment activities | Authorised Firms should include in respect of this item the income received from financing and investment activities that results from the employment of the Authorised Firm's own funds and current accounts. The Bank is solely entitled to profits/ (losses) from these activities.   |
| 4.2.3    | Net fees and commission income  | Authorised Firms should include in respect of this item the income received for services provided such as trade related letters of credit, Corporate advice, Investment management and trustee services, Kefala (guarantees) and indemnities.  |
| 4.2.4    | Other operating income  | Include income from any other source not included in any of the above.   |
| 4.2.5    | Total income from Authorised Firm's own funds                             | Sum of <a href="#">PIB 4</a> Item Nos <del>{4.2.1 + 4.2.2 + 4.2.3 + 4.2.4}</del> <b>above.</b>   |
| 4.3      | Staff costs   | Include costs such as: <ul style="list-style-type: none"> <li>• Wages and salaries;</li> <li>• Social security contributions;</li> <li>• Contribution to any pension schemes (employer's share);</li> <li>• Costs of staff benefits paid.</li> </ul>   |
| 4.4      | Premises and equipment costs  | Should include rent, property tax, lighting, heating, maintenance costs etc.   |

|      |   |  |
|------|---|--|
| 4.5  | Depreciation and amortisation                         | Charges relating, for example, to depreciation / amortisation of property, plant and equipment and other amounts written off in respect of tangible and intangible fixed assets.     |
| 4.6  | Provision for losses on Islamic contracts             | Provision for losses on Islamic Contracts: refer to FAS 11 of AAOIFI which requires the inclusion of bad and doubtful Islamic Financing and non financing contracts and investments. |
| 4.7  | Other provisions                                      | Include here all other provisions other than for Islamic contracts.  |
| 4.8  | Other operating expenses                              | Include all other expenses not included in any of the above.   |
| 4.9  | Operating profit from ordinary activities             | Sum of <b>PIB 4</b> Item Nos. {4.1.5 + 4.2.5 – 4.3 – 4.4 – 4.5 – 4.6 – 4.7 – 4.8} <b>above</b> .   |
| 4.10 | Net income from subsidiaries and associated companies | Report share of profits and losses of from subsidiaries and associated companies.  |
| 4.11 | Profit (loss) from extraordinary items                | For example:<br>Profit or losses on sale or termination of an operation;<br>Profits or losses on disposal of fixed assts.  |
| 4.12 | Profit (loss) before Zakah and tax                    | Sum of <b>PIB 4</b> Item Nos. {4.9 + 4.10 + 4.11} <b>above</b> .   |
| 4.13 | Zakah   | Include Zakah amount calculated with reference to FAS 9 of AAOIFI.   |
| 4.14 | Tax on profit / loss                                  | Any amount that has been or is expected to be paid in taxation.  |
| 4.15 | Profit (loss) after Zakah and tax                     | Sum of <b>PIB 4</b> Item Nos. {4.12 – 4.13 – 4.14} <b>above</b> .  |
| 4.16 | Minority interests                                    | For example, when a group has one or more subsidiaries which are only partially owned by the <b>g</b> Group.   |
| 4.17 | Net profit / (loss)                                   | The amount of profit (loss) that could be distributed to shareholders or retained for future use within the company.<br>Sum of <b>PIB 4</b> Item Nos. {4.15 – 4.16} <b>above</b> .   |
| 4.18 | Dividends, and other distributions, declared or paid  | The amount to be distributed in the current year to shareholders out of the profits of a company.  |
| 4.19 | Other adjustments                                     | Any other adjustments that affect the retained profits.  |
| 4.20 | Retained profits for the reporting period             | Sum of <b>PIB 4</b> Item Nos. {4.17 - 4.18 - 4.19}.  |



**Guidance for Form PIB 5 - Expenditure Based Capital Minimum**

An Authorised Firm in Categories 2, 3 or 4 must complete this form in accordance with PIB Section 2.5.

~~The purpose of this form is to capture the level of expenditure that may be required to facilitate an orderly wind-down of business should the need arise. As such, it considers annual expenditure (using the most recent year's figures as a guide to that which may be required in the future) but excludes payments of the kind that the Authorised Firm would not be obliged to continue should the business cease.~~

| Item No. | Item  | Guidance   |
|----------|---|--|
| 5.1      | Total expenses <del>and losses</del>  | This figure should correspond to Form PIB 3, Sum of Item Nos. {3.6 + 3.72 + 3.58 + 3.129 + 3.130 + 3.14 + 3.151} <del>plus Item No. 3.12 to the extent that it is a loss.</del>  |
| 5.2      | Staff bonuses   | All staff bonuses paid during the year except to the extent that they are non-discretionary.   |
| 5.3      | Employees' and directors shares in profits  | All employees' and directors shares in profits except to the extent that they are non-discretionary.   |
| 5.4      | Other appropriations of profits   | All such appropriations except to the extent that they are automatic. As per PIB Rule 2.5.2(2), a management charge should not be treated as an appropriation of profits.  |
| 5.5      | Shared commissions payable  | Those commissions that would no longer be payable if business were to cease.   |
| 5.6      | Interest charges in respect of borrowings made to finance the acquisition of realisable investments | Interest that is paid in respect of borrowings made to finance the acquisition of the Authorised Firm's realisable investments   |
| 5.7      | Interest paid to clients on client money balances   | Include here interest paid on Client Money balances.   |
| 5.8      | Interest paid to counterparties   | Interest that is payable to counterparties in the Trading Book.  |
| 5.9      | Fees, brokerage and other charges   | An Authorised Firm may exclude commissions shared with third parties other than employees, directors, half commission men or appointed representatives. Fees, brokerage and other charges paid for the purposes of executing, registering or clearing transactions may also be excluded.   |
| 5.10     | Foreign exchange losses   | Losses arising from the translation of foreign currency balances may be excluded.  |
| 5.11     | Contributions to charities  | The contribution that would no longer be paid if business were to cease.   |
| 5.12     | <del>Relevant quarterly/ annual audited</del> Total expenditure                                     | <del>PIB 5</del> Item No. 5.1 less the Sum of <del>PIB 5</del> Item Nos. <del>5.2 to 5.11</del> above.   |
| 5.13     | Fraction applied  | As set out in PIB Rule 2.5.1 (a), (b) or (c).  |
| 5.14     | Expenditure based capital minimum   | <del>Item No. 5.12 multiplied by Item No. 5.13</del> Use the expenditure based capital minimum amount calculated as per the provisions of PIB rules 2.5.1, 2.5.2 and 2.5.3. <del>figure that has been formally notified to the firm in writing by the DFSA, setting out the relevant Expenditure based capital requirement.BR.</del> |



**Guidance for Form PIB 6 – Capital Adequacy Calculation**

The structure of this reporting form, which applies to all Categories of Authorised Firm, is designed first to calculate the total eligible capital resources after the appropriate amounts have been charged to cover trading and non trading book risks. It takes into account limitations on the use of different types of capital, including Tiers 1 and 2 capital components. Secondly, it provides a snapshot of the institution’s capital adequacy at the reporting date by comparing the adjusted capital resources calculated as described above to the total capital requirement.

Most of this form involves the inputting of numbers that have been provided in other returns and particular care should be taken to ensure that numbers have been transposed correctly.

| Item No. | Item                             | Guidance   |
|----------|----------------------------------|--|
| 6.0      | Capital Adequacy                 | See PIB Section 2.6 and Table 2.6.1 for a summary of the components of capital base. PIB Section 2.7 describes each capital component in greater detail. Attention is drawn to Partnership Capital which constitutes the capital accounts of partners when the business is created. It must share the same characteristics as permanent share capital, particularly the fact that it must rank for repayment upon winding up or insolvency after all debts and liabilities have been paid. The deduction for partner’s drawings is in respect of any excess in drawings over current period profits. Attention is also drawn in respect of PIB Rule 2.7.3 in respect of the limitation on the use of general provisions in Tier 2 capital. |
| 6.1-6.22 | Tier 1 and Tier 2 capital        | Authorised Firms should note that there are related guidance notes on the capital base for Forms PIB 1 and PIB 2. The guidance there would apply in their entirety to this section of the return.  |
| 6.23     | Deduction for excess of reserves | This applies only in respect of Category 5 Authorised Firms with regards the Investment Risk and Profit Equalisation Reserves. See PIB Section 2.9.  |
| 6.25     | NTB Capital Requirement          | See PIB Rule 2.8.3 for a definition of the components of non trading book capital. For Category 5 Authorised Firms, the CRCOM and FER are on self financed assets only. These numbers will be derived from Forms PIB1 and PIB 2 for Category 1-4 Authorised Firms and Category 5 Authorised Firms, respectively. The DCR charges are derived from Form PIB 1 Appendix 4 and Form PIB 2 Appendix 8 for Category 1-4 Authorised Firms and Category 5 Authorised Firms, respectively.   |
| 6.30     | Capital allocated to the NTB     | The limitations on the use of capital allocated to the NTB are set out in PIB Section 2.8.   |
| 6.34     | TB Capital Requirement           | This is defined in PIB Rule 2.8.3. For Category 1-4 Authorised Firms, the numbers here are derived from Form PIB 1, Appendices 2 and 3. Also see guidance notes relating to those appendices. For Category 5 Authorised Firms, the capital requirements are in respect of self financed assets only (PSIA assets are subject to a DCR charge). These numbers are derived from Form PIB 2, Appendices 4 and 7.  |
| 6.42     | Capital allocated to the TB      | Note the limitation on the use of Tier 2 capital as referenced to PIB Rule 2.8.2 (b) (iii). Category 1 and 5 Authorised Firms must exclude from Tier 2 trading book capital any excess over 200% of Tier 1 trading book capital. For Category 2-4 Authorised Firms, the appropriate percentage is 250%.  |

|      |   |   |
|------|---|---|
| 6.51 | Deductions from total capital resources | The deductions in respect of connected lending, material holdings and qualifying holdings are defined in PIB Rules 2.7.4, 2.7.5 and 2.7.6, respectively.  |
| 6.59 | Capital Requirement                     | The non additive thresholds of capital are set out in PIB Rule 2.3.1. Details of the base capital requirement are further analysed in PIB Section 2.4. The Expenditure Based Capital Requirement definition is set out in PIB Section 2.5 and applies to Categories 2, 3 and 4 Authorised Firms only.   |
| 6.61 | Resources less requirement              | Note that the total of resources over requirement is expected to be positive. In the event of the requirement exceeding resources, Authorised Firms should make immediate contact with DFSA and not wait till the form has been submitted.  |
| 6.62 | Risk Asset Ratio                        | Obtained by dividing total capital resources by the risk weighted assets (whether on the trading or non trading books). The risk weighted assets have been reported by Authorised Firms in the preceding Forms PIB 1 and 2. <del>The capital resources are summarised in Form PIB 6. <u>Risk Asset Ratio is applicable only to the Authorised Firms 1 to 5.</u></del> |

**Guidance for Form PIB 7 – Large Exposures**

An Authorised Firm is required to identify and manage its exposures in accordance with PIB Rule 4.5.6 and section A4.8.

As per the Glossary, an Exposure, whether in an Authorised Firm’s Non-Trading Book or Trading Book, or both, to a Counterparty or Group of Closely related Counterparties connected to the Authorised Firm which in the aggregate equals or exceeds 10% of the Authorised Firm’s Capital Resources.

The 20 largest exposures should be listed and, if requested, any other exposure that exceeds 10% of the Authorised Firm’s Capital Resources. Only exposures that are non-exempt are required to be reported in the first two tables.

| Item No. | Column | Item   | Guidance  |
|----------|--------|--|---|
| 7.1      |        | Capital Resources  | The capital resources used as the basis for monitoring and controlling large exposures should be calculated in the same way as those used for capital adequacy monitoring, i.e. the sum of allowable Tier 1 and Tier 2 capital less any deductions (as set out in PIB Table 2.6.2) - as per Form PIB 6, Item No. 6.5558.<br><del>The</del> <del>to</del> <del>specify</del> <del>the</del> various percentage amounts <u>should be specified</u> in the relevant sections.  |
| 7.2      |        | Twenty Largest Exposures                                       | Include in this table the twenty largest exposures to all types of <u>C</u> ounterparty except those that are considered to be exempt.<br>Exposures to individual, or groups of closely related, <u>C</u> ounterparties should be reported in descending order by size. Exposures to individual <u>C</u> ounterparties which constitute a group of closely related <u>C</u> ounterparties should be reported as one aggregate exposure.   |
|          | A      | Counterparty   | The identity of a Counterparty, as defined in the Glossary, in this context will generally be one of the categories as set out in PIB Rule A4.8.6.  |
|          | B      | Connected, Unconnected – Bank, Unconnected – Other, Government | The Authorised Firm should clarify here into what category an exposure falls. These are set out in detail in PIB Rules A4.8.7 to A4.8.11 but for the purposes of this form, an Authorised Firm should state whether an Exposure is to:<br>(i) a Connected Counterparty;<br>(ii) an Unconnected <u>C</u> ounterparty or group of Closely Related Counterparties that are predominantly comprised of non-financial businesses;<br>(iii) an Unconnected <u>C</u> ounterparty or group of Closely Related Counterparties that are predominantly comprised of financial businesses;<br>(iv) Central governments and central banks. |
|          | C      | Amount of non-exempt exposure                                  | For exposures arising in the Non-Trading Book the amount at risk should, with certain exceptions detailed below, be reported as the book value of the Authorised Firm’s actual or potential claims, contingent liabilities or assets.<br>Exposures should be calculated in accordance with <del>internationally – IFRS</del> or AAOFI <del>accepted – accounting practice standards</del> .<br>For exposures arising in the Trading Book, all positions should be marked-to-market daily. Where a market determined price is not readily available, the Authorised  |

|     |     |   |   |
|-----|-----|---|---|
|     |     |   | Firm may generate its own mark-to-market valuation. Positions should be valued in accordance with the procedures outlined in the Authorised Firm's trading book policy statement.<br>This is set out in more detail in PIB Rules A4.8.13 to A4.8.31.  |
|     | D   | Specific bad debt provision   | Include here the amount of specific bad debt provision that may have been made against a particular exposure.   |
|     | E   | Reduction by netting, collateral etc.                                 | As set out in PIB Rule 4.5.6 (d) (ii), the value of an exposure can be reduced through the following: <ul style="list-style-type: none"> <li>• Collateral – discussed in more detail in PIB Section 4.6 and Rule A4.8.32</li> <li>• Netting – discussed in more detail in PIB Sections 4.7 and A4.9</li> <li>• Securitisation – discussed in more detail in PIB Sections 4.8 and A4.10</li> <li>• Credit derivatives – discussed in more detail in PIB Sections 4.9 and A4.11.</li> </ul> |
|     | F   | Exposure at reporting date after eligible set-offs                    | Column C less the amounts in Columns D and E.   |
|     | G   | Amount of this exposure financed by own assets or unrestricted PSIA's | For Exposures arising out of Islamic business, this column should be used to quantify the amount of the Exposure that is financed by the Authorised Firm's own assets or by unrestricted PSIA assets.   |
|     | H   | Amount of this exposure financed by restricted PSIA's.                | For Exposures arising out of Islamic business, this column should be used to quantify the amount of the Exposure that is financed by restricted PSIA assets.  |
| 7.3 |     | Detail of exposures to connected counterparties                       | This section comprises the dis-aggregated detail of all connected lending and exposures should be split into different counterparties within the connected group.   |
|     | A   | Financial or Non-financial company                                    | An Authorised Firm should indicate here if the exposure is to a bank or non-bank within its own group.  |
|     | B-H | As for Item No. 7.2   | As detailed above for the table in for Item No. 7.2.  |
| 7.4 |     | Ten Largest Exempt Exposures  | An Authorised Firm is required to identify its exempt and partially exempt exposures as per PIB Rules 4.5.6 (e) and A4.8.1 to A4.8.4.   |
|     | A   | Reason for exemption  | The Authorised Firm should specify here under what section of A4.8.1 – A4.8.4 the Exposure is captured.   |
|     | B-H | As for Item No.7. 2   | As detailed above for the table in for Item No. 7.2.  |

**Additional detail for Form PIB 7 - Appendix 1 - Largest 25 Exposures arising from Islamic contracts**

| Item No. | Contract type | Guidance   |
|----------|---------------|--|
| 7A1.1    | Musharaka     | Report all Musharaka contracts currently outstanding that exceed 10% of the Authorised Firm's Capital Resources. Details regarding the following should be included: <ul style="list-style-type: none"> <li>• Whether the capital has been self financed or provided by PSIA accounts</li> <li>• The amount of capital redeemed during the period such as in the case</li> </ul> |

|        |  |   |
|--------|--|---|
|        |  | <p>of a diminishing Musharaka.</p> <ul style="list-style-type: none"> <li>Any income or loss declared, any provisions being made to the value of the Musharaka and the net value of the investment.</li> </ul> <p>FAS 4 of AAOIFI refers.</p>   |
| 7A1.2  | Mudaraba                                 | Report all Mudaraba financing contracts that would qualify as a Large Exposure. Identify the basis on which the Authorised Firm has provided the financing i.e. whether on a self financed or on a PSIA funds basis. FAS 3 refers.  |
| 7A1.3  | Istisna'a/<br>Parallel<br>Istisna'a      | Report all Istisna'a contracts that would qualify as a Large Exposure. Identify the value of the Parallel Istisna'a and indicate what proportion of the value has been financed by Authorised Firm's own capital and the funds of PSIA account holders. FAS 10 refers.  |
| 7A1.4  | Salam/ Parallel<br>Salam                 | Report all Salam contracts and Parallel Salam amounts that would qualify as a Large Exposure . The data is to be split into values financed by Authorised Firm's own capital and the restricted and unrestricted PSIA account holders. FAS 7 refers.  |
| 7A1.5  | Ijarah/ Ijarah<br>Muntahia<br>Bittamleek | Report all Ijarah assets on the valuation basis set out in FAS 8. Report also, all assets transferred to lessee for consideration or gift including the value of impairment before transfer of legal asset. State total depreciation/ amortisation charge and the net book value. This information is required to be provided for self financed and both forms of PSIA accounts. The data is to be split by the industrial sectors identified in the reporting statement. FAS 8 refers. |
| 7.A1.6 | Murabaha                                 | Report here all Murabaha exposures that would qualify as a Large Exposure. Divide exposures into self financed, PSIAR and PSIA_un-funded exposures. FAS 2 refers.   |

**PIB 8 – LIQUIDITY MISMATCH**

As set out in PIB Rule 6.3.3, an Authorised Firm in Category 1 or 5 must use the Maturity Mismatch approach to measure its liquidity. This applies equally to Authorised Firms that have a branch presence in the DIFC as to those that are incorporated.

In accordance with PIB Rule 6.3.4, an Authorised Firm needs to complete separate returns for a business that is funded by: (i) its own assets; (ii) restricted PSIA assets; and (iii) unrestricted PSIA assets.

**Liquidity reporting in individual currencies**

The return should be completed on the basis of all currencies combined. Currencies should be translated into \$ at the closing spot mid price on the reporting date and entered in the relevant time band. However, the DFSA may require institutions to provide management information on positions in individual currencies in the event of difficulties either in the individual institution or with the currency in question.

**Cashflow versus maturity analysis approach**

The policy aim is to ensure that institutions hold sufficient liquid assets to meet their obligations as they fall due and the DFSA has set mismatch guidelines to help secure the policy objective. The Form PIB 8 monitors Authorised Firms’ compliance with the limits in two ways: firstly, by including a maturity analysis of known and/or potential cashflows out to six months and secondly, by a maturity analysis of assets and liabilities from 6 months to 5 years.

Institutions should report both inflows and outflows on the same basis. Therefore, if an institution reports inflows on the cashflow basis out to three months, it should also report outflows on the cashflow basis out to three months.

Items reported on a cashflow basis should include both interest and principal amounts, together with any other income relating to them. Items reported on a maturity basis should be reported at their value on the institution’s books. However, any cashflows arising from these items (e.g. interest payments) within the cashflow reporting period should be included in the relevant cashflow periods. Thus cashflows (e.g. interest payments on a loan) arising from items (however reported) should be entered in the relevant cashflow timebands (i.e. those which the institution reports) when they fall due.

**Provisions**

Items should be reported net of specific provisions. General provisions should not be recorded on this return.

**Residual Maturity**

As set out in PIB Rule A6.2.1, outflows (such as deposits and other liabilities) are to be included according to their earliest possible repayment date. In this context, the earliest repayment date means the first rollover date or the shortest period of notice required to withdraw the funds or to exercise a break clause, where applicable. Inflows (such as loans) are to be entered as occurring on the latest possible repayment date. Purely technical break facilities should be disregarded for fixed term loans. Where the Authorised Firm has loans outstanding at the reporting date under revolving credit lines and has not received notification that they will be redrawn on maturity, the intermediate date should be taken as the maturity date.

**Time bands**

The time band ‘Overdue’—should be used to record cashflows where assets or other items giving rise to cashflows are non-performing, poorly performing or there is reasonable doubt about the certainty of receipt of inflows of funds pertaining to them. Where an asset or cashflow previously reported as overdue is contractually rescheduled according to a written agreement, institutions should cease to report these items as ‘overdue’ and report them according to the new agreed dates for repayment.

The timeband ‘Demand (incl next day)’ comprises cashflows or asset items due, available or maturing on



the next business day after the reporting date. Cashflows arising or assets/liabilities maturing on a non-business day should be reported as taking place on the following business day. Funds callable at one day's notice should be entered as two-day maturity unless notice has been received or given on the reporting date.

**Netting of debts and claims**

All claims and liabilities should be reported gross. Authorised Firms should not net (or offset) claims on counterparties or groups of counterparties against debts owed to those counterparties or groups of counterparties, even where a legal right of set off exists. Where the maturity of the claims and debts falls within the same timeband, the claims and debts will automatically offset each other on the return in the calculation of the mismatch.

**Marketable securities**

An asset is considered to be marketable if it meets the requirements as set out in PIB Section A6.3(2) – essentially, these are assets that could be readily converted into cash where necessary. These assets, outlined in Column A, are reported in rows 8.1.1 – 8.1.10, Highly liquid / marketable assets. Authorised Firms should enter the full value of the marketable asset concerned in Column B, apply the discount rate as in Column C, and thereby calculate the discounted mark to market value of the asset in Column D. Discounts are applied to reflect that an institution may realise less than the market price quoted for an asset where the institution is seeking to realise assets quickly because of liquidity problems pertaining either to itself, or to general market conditions, or both.

The Authorised Firm should then allocate the discounted value of the assets to either of Columns G or H determined by the length of the settlement period for the instrument in question. This reflects the length of time it would take for an Authorised Firm to receive the proceeds of any sale. Where the settlement period for items is more than eight days, or where there are other factors which mean that funds would not be received within the sight to eight days, ~~category~~ were the assets are sold or repo'd today, then the funds should be recorded as receivable Column H 'Over 8 days to 1 month'. Where settlement or other delays mean that funds would not be received within one month, then the items should be recorded in the maturity analysis section of the form.

Marketable assets maturing at exactly one month should be reported in the cCashflow section of the return. Authorised Firms may however include the full value of the asset in the one month timeband and not discount at all during the life of the asset.

Where assets have a residual maturity of less than one month, the DFSA recognises that it is not relevant to apply automatically a discount to such assets. In general, these assets should be entered as cashflows in the relevant timebands in rows 8.1.12 – 8.1.25 and no discount will be applied.

Assets which do not meet the criteria for marketable assets, or which cannot be fitted into the table in PIB Rule A6.3.1(4), are non-marketable assets for the purposes of this return and should be reported in the form according to their residual maturity. This covers for example:

- (a) Non-investment grade debt instruments (as rated by a recognised credit agency) issued by a Zone 2 issuer;
- (b) Non-investment grade debt instruments (as rated by a recognised credit agency) issued by a non-government Zone 1 issuer;
- (c) Commercial paper and certificates of deposit that do not meet the definition of marketable assets.

Authorised Firms should ensure that there is no double counting of cashflows (of principal or interest) arising from holdings of marketable assets on the form.

**PIB 8 – LIQUIDITY MISMATCH**

As set out in PIB Rule 6.3.3, an Authorised Firm in Category 1 or 5 must use the Maturity Mismatch approach to measure its liquidity. This applies equally to Authorised Firms that have a branch presence in the DIFC as to those that are incorporated.

In accordance with PIB Rule 6.3.4, an Authorised Firm needs to complete separate returns for business that is funded by: (i) its own assets; (ii) restricted PSIA assets; and (iii) unrestricted PSIA assets.

**Liquidity reporting in individual currencies**

The return should be completed on the basis of all currencies combined. Currencies should be translated into \$ at the closing spot mid price on the reporting date and entered in the relevant time band. However, the DFSA may require institutions to provide management information on positions in individual currencies in the event of difficulties either in the individual institution or with the currency in question.

**Cashflow versus maturity analysis approach**

The policy aim is to ensure that institutions hold sufficient liquid assets to meet their obligations as they fall due and the DFSA has set mismatch guidelines to help secure the policy objective. The Form PIB 8 monitors Authorised Firms’ compliance with the limits in two ways: firstly, by including a maturity analysis of known and/or potential cashflows out to six months and secondly, by a maturity analysis of assets and liabilities from 6 months to 5 years.

Institutions should report both inflows and outflows on the same basis. Therefore, if an institution reports inflows on the cashflow basis out to three months it should also report outflows on the cashflow basis out to three months.

Items reported on a cashflow basis should include both interest and principal amounts, together with any other income relating to them. Items reported on a maturity basis should be reported at their value on the institution’s books. However, any cashflows arising from these items (e.g. interest payments) within the cashflow reporting period should be included in the relevant cashflow periods. Thus cashflows (e.g. interest payments on a loan) arising from items (however reported) should be entered in the relevant cashflow timebands (i.e. those which the institution reports) when they fall due.

**Provisions**

Items should be reported net of specific provisions. General provisions should not be recorded on this return.

**Residual Maturity**

As set out in PIB Rule A6.2.1, outflows (such as deposits and other liabilities) are to be included according to their earliest possible repayment date. In this context, the earliest repayment date means the first rollover date or the shortest period of notice required to withdraw the funds or to exercise a break clause, where applicable. Inflows (such as loans) are to be entered as occurring on the latest possible repayment date. Purely technical break facilities should be disregarded for fixed term loans. Where the Authorised Firm has loans outstanding at the reporting date under revolving credit lines and has not received notification that they will be redrawn on maturity, the intermediate date should be taken as the maturity date.

**Time bands**

The time band ‘Overdue’, should be used to record cashflows where assets or other items giving rise to cashflows are non performing, poorly performing or there is reasonable doubt about the certainty of receipt of inflows of funds pertaining to them. Where an asset or cashflow previously reported as overdue is contractually rescheduled according to a written agreement, institutions should cease to report these items as ‘overdue’ and report them according to the new agreed dates for repayment.

The timeband ‘Demand (incl next day)’ comprises cashflows or asset items due, available or maturing on the next business day after the reporting date. Cashflows arising or assets/liabilities maturing on a non-business day should be reported as taking place on the following business day. Funds callable at one day’s notice should be entered as two day maturity unless notice has been received or given on the reporting date.

**Netting of debts and claims**

~~All claims and liabilities should be reported gross. Authorised Firms should not net (or offset) claims on counterparties or groups of counterparties against debts owed to those counterparties or groups of counterparties, even where a legal right of set off exists. Where the maturity of the claims and debts falls within the same timeband, the claims and debts will automatically offset each other on the return in the calculation of the mismatch.~~

**Marketable securities**

~~An asset is considered to be marketable if it meets the requirements as set out in PIB Section A6.3(2) – essentially, these are assets that could be readily converted into cash where necessary. These assets, outlined in Column A, are reported in rows 8.1.1 – 8.1.10, Highly liquid / marketable assets. Authorised Firms should enter the full value of the marketable asset concerned in Column B, apply the discount rate as in Column C, and thereby calculate the discounted mark to market value of the asset in Column D. Discounts are applied to reflect that an institution may realise less than the market price quoted for an asset where the institution is seeking to realise assets quickly because of liquidity problems pertaining either to itself, or to general market conditions, or both.~~

~~The Authorised Firm should then allocate the discounted value of the assets to either of Columns G or H determined by the length of the settlement period for the instrument in question. This reflects the length of time it would take for an Authorised Firm to receive the proceeds of any sale. Where the settlement period for items is more than eight days, or where there are other factors which mean that funds would not be received within the sight to eight days category were the asset sold or repo'd today, then the funds should be recorded as receivable Column H 'Over 8 days to 1 month'. Where settlement or other delays mean that funds would not be received within one month, then the items should be recorded in the maturity analysis section of the form.~~

~~Marketable assets maturing at exactly one month should be reported in the Cashflow section of the return. Authorised Firms may however include the full value of the asset in the one month timeband and not discount at all during the life of the asset.~~

~~Where assets have a residual maturity of less than one month, the DFSA recognises that it is not relevant to apply automatically a discount to such assets. In general, these assets should be entered as cashflows in the relevant timebands in rows 8.1.12 – 8.1.25 and no discount will be applied.~~

~~Assets which do not meet the criteria for marketable assets, or which cannot be fitted into the table in PIB Rule A6.3.1(4), are non marketable assets for the purposes of this return and should be reported in the form according to their residual maturity. This covers for example:~~

- ~~(a) Non investment grade debt instruments (as rated by a recognised credit agency) issued by a Zone 2 issuer;~~
- ~~(b) Non investment grade debt instruments (as rated by a recognised credit agency) issued by a non-government Zone 1 issuer;~~
- ~~(c) Commercial paper and certificates of deposit that do not meet the definition of marketable assets.~~

~~Authorised Firms should ensure that there is no double counting of cashflows (of principal or interest) arising from holdings of marketable assets on the form.~~

| Item No. | Item                              | Guidance   |
|----------|-----------------------------------|--|
| 8.1      | INFLOWS                           |  |
|          | Highly liquid / marketable assets | As described in detail above.  |
| 8.1.1    | Cash                              | Holdings of notes and coins.   |
| 8.1.2    | Cen gov't (Z1) sec - 1 yr or less | Central government (including central government guaranteed) paper and paper eligible for discount at the Central Bank issued a Zone 1 Central Government / another Zone 1 issuer. Both fixed and variable rate securities should be reported. Only record those securities currently in the reporting institution's ownership.  |
| 8.1.3    | Cen gov't (Z1) sec - 1 - 5 yrs    |  |
| 8.1.4    | Cen gov't (Z1) sec - over 5 yrs   |  |
| 8.1.5    | Non gov't sec - 6 mths or less    | Debt instruments that are of investment grade. Only those securities in the reporting institution's ownership, which the institution may freely dispose of at any time with no restrictions, should be recorded. Those assets pledged to another institution or otherwise encumbered should not be included.   |
| 8.1.6    | Non gov't sec - 6 mths - 5 yrs    |  |
| 8.1.7    | Non gov't sec - over 5 yrs        |  |
| 8.1.8    | Other cen gov't debt (active)     | Central government (including central government guaranteed) paper and paper eligible for discount at the Central Bank issued by a Zone 2 Central Government/ another Zone 2 issuer. Include only that debt issued by, or fully guaranteed by, Zone 2 central governments and central banks that is actively traded. Only the debt currently in the reporting institution's ownership should be recorded.  |
| 8.1.9    | Highly liquid equities            | Equities that are eligible for a specific risk weight of 4% or less under the DFSA's Rules regarding the capital requirement for Market Risks and which are currently in the reporting institution's possession.   |
| 8.1.10   | Total                             | Sum of Item Nos. 8.1.1-8.1.9, for Columns B, D, G, H and K. With 8.1.10 K being the overall total amount <del>offer</del> marketable assets.   |
| 8.1.11   | Non-marketable securities         | Securities which the Authorised Firm holds or will receive, but which it cannot classify as marketable. These should be reported according to the redemption value of the asset or alternatively, where the redemption value is unavailable or not appropriate (e.g. in the case of equities), the book value. Marketable assets maturing within one month reported at their full marked-to-market value, i.e. undiscounted, should also be reported here. |
| 8.1.12   | Inter-bank                        | Inflows arising from placements with other financial institutions. Include the inflows from those entities that would attract a 20% counterparty weighting. Include also that element of committed facilities provided to the Authorised Firm where notification of draw down date has been given. Exclude inflows from any bank entities within the group.  |
| 8.1.13   | Intergroup / related              | Inflows from counterparties connected to the Authorised Firm. Entries should be made in this item rather than any other item in the Wholesale section if any intragroup/connected counterparties are involved.   |
| 8.1.14   | Corporate                         | Inflows from non-bank, non-connected corporate counterparties. Initial margins held at clearing houses should be entered here according to their residual maturity. Repayments from leases   |

|        |                                   |  |
|--------|-----------------------------------|--|
|        |                                   | should also be recorded in this line.  |
| 8.1.15 | Govt / public sector - Zone 1     | Inflows from central governments, public sector entities, local authorities and central banks in Zone 1 countries.   |
| 8.1.16 | Govt / public sector - Zone 2     | Inflows from central governments, public sector entities, local authorities and central banks in Zone 2 countries.   |
| 8.1.17 | Repos / reverse repos             | Include any transactions relating to repos and reverse repos. Authorised Firms should also enter any transactions relating to stock borrowing and lending.   |
| 8.1.18 | Forward foreign exchange          | Cashflows relating to forward purchases of foreign currency, where an exchange of principal is effected at the start or maturity of the swap. The amount received should be entered in the appropriate maturity band.  |
| 8.1.19 | Forward sales and purchases       | The cash leg of any forward sales should be treated as an inflow in the timeband corresponding to the date of the forward sale. For forward purchases, where the asset purchased is a marketable asset, the Authorised Firm should report the USD equivalent discounted value of the security purchased at the maturity of the contract. Where the asset purchased is non-marketable, the institution should enter the USD equivalent discounted value of the security at the maturity of the asset. |
| 8.1.20 | Swaps & FRAs                      | For interest rate and currency swaps, enter the receipts of fixed and floating legs in the cashflow section. For FRAs, enter the marked-to-market receipt in the relevant time period. The amount of receipts should be derived from the contract's present value at yields prevailing at the reporting date.  |
| 8.1.21 | Commodities                       | Inflows from the sale of commodities held by the Authorised Firm.  |
| 8.1.22 | Trade related letters of credit   | Inflows arising from trade related letters of credit.  |
| 8.1.23 | Fees (incl Mudarib)               | Report here fees, commissions or other income receivable by the Authorised Firm relating to their wholesale business, according to their known date of receipt. Where the date of receipt is unknown, do not report these flows.   |
| 8.1.24 | Other funding sources             | Include here any other funding sources not included elsewhere, according to their cashflows.   |
| 8.1.25 | Total wholesale Inflows           | Sum of Item Nos. 8.1.11 – 8.1.24, Columns <u>E to J with total in Column K and Columns L to N with total in Column O.</u> <del>plus Column O.</del>  |
| 8.1.26 | Total inflows on a cashflow basis | Sum of Item No. 8.1.10, Column K + Item Nos. 8.1.11 – 8.1.24, Columns E to J, with the total in Column K.  |
|        | Total on a maturity basis         | Sum of Item Nos. 8.1.11 – 8.1.24, Columns L to N. with the total in Column O.  |
| 8.2    | <b>OUTFLOWS</b>                   |  |
| 8.2.1  | Non-marketable securities         | Include here at residual maturity outflows pertaining to maturing securities or debt instruments, which cannot be classified as marketable. Marketable assets maturing within one month at their full marked-to-market value, i.e. undiscounted should also be reported here.  |
| 8.2.2  | Inter-bank Funds                  | Outflows arising from placements with or from, or repayments of loans to or from, banks. Also include the entire outflows to those entities that would attract a 20% counterparty weighting. Exclude from this item loans to, or placements with, or deposits / placements from, bank entities within the group.   |

|        |                                    |   |
|--------|------------------------------------|---|
| 8.2.3  | Intergroup / related               | Outflows of funds to counterparties connected to the reporting institution. Entries should be made in this item rather than any other item in the Wholesale section if any intragroup/connected counterparties are involved.  |
| 8.2.4  | Corporate                          | Outflows to non-bank, non-connected, corporate counterparties.  |
| 8.2.5  | Govt / public sector - Zone 1      | Report funds lent to central governments, public sector entities, local authorities and central banks in Zone 1 countries. Where an Authorised Firm is required to place funds on deposit with central banks and monetary authorities, these should be entered as an outflow in the relevant time band. |
| 8.2.6  | Govt / public sector - Zone 2      | Report funds lent to central governments, public sector entities, local authorities and central banks in Zone 2 countries. Where an Authorised Firm is required to place funds on deposit with central banks and monetary authorities, these should be entered as an outflow in the relevant time band. |
| 8.2.7  | Repos / reverse repos              | Outflows related to repos or reverse repos. Also include any outflows relating to stock borrowing and lending.  |
| 8.2.8  | Forward foreign exchange           | Enter any cashflows relating to forward sales of foreign currency, where an exchange of principal is effected at the start or maturity of the swap. The amount paid should be entered in the appropriate maturity band.   |
| 8.2.9  | Forward sales and purchases        | For forward sales, the sterling (or euro) equivalent discounted value of the security sold should be recorded as an outflow. The cash leg of any forward purchases should be treated as an outflow in the timeband corresponding to the date of the forward purchase.                                   |
| 8.2.10 | Swaps & FRAS                       | For interest rate and currency swaps, enter payments of fixed and floating legs in the cashflow section.<br>For FRAs, enter the marked-to-market payment in the relevant time period. The amount paid should be derived from the contract's present value at yields prevailing at the reporting date.   |
| 8.2.11 | Commodities                        | Outflows from the purchase of commodities held by the Authorised Firm.  |
| 8.2.12 | Trade related letters of credit    | Outflows arising from trade related letters of credit.  |
| 8.2.13 | Dividends, tax & other costs       | Outflows arising from dividends, tax etc.   |
| 8.2.14 | Ijarah asset purchases             | Outflows for commitments made for the purchase of these assets.   |
| 8.2.15 | Other outflows                     | Any outflows relating to payments of dividends and tax, or any other outflows that have not previously been reported elsewhere. Also report any outflows relating to settlement accounts, using the trade date plus the settlement period to determine the appropriate timeband.                        |
| 8.2.16 | Other off-balance sheet            | Any outflows relating to off balance sheet items that have not been reported elsewhere.   |
| 8.2.17 | Total Wholesale Outflows           | Sum Item Nos. 8.2.1 - 8.2.16, <b>Columns E to J with total in Column K and Columns L to N with total in Column O. <del>Column K plus Column O.</del></b>  |
| 8.2.18 | Total Outflows on a Cashflow basis | Sum of Item Nos. 8.2.1 – 8.2.16, Columns E to J, with the total in Column K.  |
|        | Total on a maturity basis          | Sum of Item Nos. 8.2.1 – 8.2.16, Columns L to N, with the total in Column O.  |
| 8.3    | <b>CALCULATION OF</b>              | Authorised Firms should monitor compliance with their liquidity   |

|       |  |  |
|-------|--|--|
|       | <b>LIQUIDITY MISMATCHES</b>              | mismatch guidelines each business day and should report in this section the mismatch on the reporting date, using the data from the previous parts of the return.  |
| 8.3.1 | Type of business                         | Denotes business financed by different sorts of assets.  |
| 8.3.2 | Timeband                                 | The timebands for which limits are set: Sight to 8 days and Sight to one month.  |
| 8.3.3 | Total discounted marketable assets       | Figure from row Item No. 8.1.10, Column G <u>for S-8 days and Column G plus H for S-1 month.</u>   |
| 8.3.4 | Total standard inflows                   | Figure from <del>Item No. row</del> 8.1.25, <del>c</del> Columns <u>F plus G for S-8 days and eColumn F plus G plus H for S-1 month.</u>   |
| 8.3.5 | Total standard outflows                  | Figure from row 8.2.17, <del>8,</del> column <u>F plus G for S-8 days and Ceolumn F plus G plus H for S-1 month.</u> <del>K</del>  |
| 8.3.6 | Total relevant deposits                  | This figure provides the denominator for the mismatch calculation (see Item No. 8.3.7 below): <ul style="list-style-type: none"> <li>• For conventional Authorised Firms, the figure is obtained from Form PIB 1, Item No. 1.10.</li> <li>• For Islamic Authorised Firms, see next section of the table.</li> <li>• <u>For branches, figure from form PIB 9, item no 9.262.</u></li> </ul> |
| 8.3.7 | <b>Mismatch as a % of total deposits</b> | As set out in PIB Rules 6.3.4 and 6.3.5, the mismatch positions should not exceed -15% or -25% for the sight – 8 days and sight – 1 month timebands respectively.  |

**Additional Guidance for Islamic Contracts:**

|     |         |                                    |   |
|-----|---------|------------------------------------|---|
| 8.1 | Inflows |                                    | All inflows should be taken as occurring at the last possible contractual repayment date. The treatment of inflows for Islamic contracts are as follows and it is for the authorised institution to determine in which of the categories the inflows should be recorded. In the event of any doubt, the institution should contact its regular supervisory contact at DFSA. |
|     |         | Mudaraba                           | Inflows of capital should be reported at the latest redemption date or as assets maturing at the latest possible redemption date. Profits on Mudaraba should only be reported to the extent that it is being reported at the reporting date.  |
|     |         | Musharaka                          | Capital inflows on a normal Musharaka contract should be entered as occurring on the latest possible termination date and in the case of a diminishing Musharaka at the latest redemption date. Inflows on profits should only be entered if it is being distributed at reporting date.   |
|     |         | Murabaha Receivables               | Inflows reported should include instalment payments and related accrued profit at the latest possible repayment date (or assets maturing at such a date).   |
|     |         | Ijarah/ Ijarah Muntahia Bittamleek | Report all inflows occurring from Ijarah lease rentals at the last possible payment date. Where the lessee has option to purchase the asset either during the duration of the lease or at the end of the contract, the amount to be received should be reported as an inflow at the latest possible exercise date.  |
|     |         | Salam and Parallel Salam           | Enter the amount of inflows as occurring at the latest possible delivery date. If payments are received in the form of instalments (Parallel Salam), only enter the amount of instalments occurring at their latest possible repayment date (or as an asset maturing at the latest repayment date). Enter   |

|       |                         |                                  |  |
|-------|-------------------------|----------------------------------|--|
|       |                         |                                  | commodity flows separately in the line market commodities.   |
|       |                         | Istisna'a and Parallel Istisna'a | Inflows should be assumed to occur at the latest possible completion date. If repayment is via instalments, inflows should be on the latest instalment date.   |
| 8.2   | Outflows                |                                  | All outflows should be taken as occurring at the earliest possible contractual repayment date. In the case of a Liability, assume the outflows to occur at the earliest possible maturity date. For Islamic contracts, outflows should only be recognised when there is already in existence a defined agreement between the parties for a particular Islamic Contracts. As previously stated, Authorised Firms will be expected to refer to the appropriate AAOIFI FAS pronouncement in respect of Islamic contracts. These include Mudaraba, Musharaka, Murabaha, Salam and Parallel Salam, Istisna'a and Parallel Istisna'a and Ijarah or Ijarah Munatahia Bitamleek. |
|       |                         | Salam and Parallel Salam         | For Salam transactions enter amount of outflows as additional advances committed at the earliest possible drawdown date.   |
|       |                         | Istisna'a                        | Outflows on Istisna'a contracts are to be entered as occurring at the earliest possible drawdown date. If drawdown occurs based on percentage completion, the outflows should be assumed to occur at the earliest completion date or as a liability maturing at the earliest completion date.  |
|       |                         | Ijarah                           | Commitments made for the purchases of assets for Ijarah purposes should be included as outflows at the earliest date committed for the purchase.   |
| 8.3.6 | Total relevant deposits |                                  | For self-financed business, Authorised Firms should use the figure from Form PIB 2, Item No. 2.20.<br>For business financed through PSIAs, the appropriate figure should be derived from the amounts due (akin to deposits) to PSIA account holders.   |



**Guidance for Form PIB 9 – Branch Return**

This return should only be completed by Authorised Firms that operate in or from the DIFC through a branch, rather than incorporated, office.

Appendix 1 – Large Exposures is not applicable to Category 4 Authorised Firms.

**STATEMENT OF PROFIT AND LOSS**

| <b>Item No.</b> | <b>Item</b>                                  | <b>Guidance</b>  |
|-----------------|--|--|
| <u>9.1</u>      | <u>Interest income</u>                       | <p><u>Include both actually received interest and receivable interest which has accrued but has not yet been received, generated for example by:</u></p> <ul style="list-style-type: none"> <li>• <u>Cash and liquid assets</u></li> <li>• <u>Trading securities</u></li> <li>• <u>Investment securities</u></li> <li>• <u>Derivatives in the non-trading book</u></li> <li>• <u>Loans and advances</u></li> <li>• <u>Investment / loans to parent entity / loans to associates / joint venture</u></li> <li>• <u>Other investments</u></li> <li>• <u>Other interest earning assets</u></li> </ul> |
| <u>9.2</u>      | <u>Interest expense</u>                      | <p><u>Include both interest actually paid and interest payable which has accrued but has not yet been paid, linked to, for example:</u></p> <ul style="list-style-type: none"> <li>• <u>Deposits;</u></li> <li>• <u>Other borrowings;</u></li> <li>• <u>Derivatives in the non-trading book;</u></li> <li>• <u>Bonds, notes and other borrowings;</u></li> <li>• <u>Loan capital;</u></li> <li>• <u>Loan from parent entity;</u></li> <li>• <u>Loan from associates / joint ventures;</u></li> </ul> <p><u>Other interest bearing liabilities.</u></p>   |
| <u>9.4</u>      | <u>Income from fees and commissions</u>      | <p><u>Include charges made for services provided by the reporting institution, for example the provision of:</u></p> <ul style="list-style-type: none"> <li>• <u>Current account facilities;</u></li> <li>• <u>Corporate advice;</u></li> <li>• <u>Investment management and trustee services;</u></li> <li>• <u>Guarantees and indemnities;</u></li> <li>• <u>Commission on the sale of insurance of travellers cheques;</u></li> </ul> <p><u>Foreign exchange services (if they can be separately identified).</u></p>   |
| <u>9.5</u>      | <u>Fees and commission expense</u>           | <p><u>Include charges for all services rendered to the company by third parties (excluding those which have the character of interest).</u></p>  |
| <u>9.8</u>      | <u>Net income from trading securities</u>    | <p><u>Include all profits or losses (including revaluation profits or losses) other than those arising from the sale of investments in subsidiary or associated companies, trade investments or the amortisation of premiums or discounts on the purchase of fixed maturity investments which are not held for dealing.</u></p>  |
| <u>9.9</u>      | <u>Net income from investment securities</u> | <p><u>Include net income/(losses) from investments other than the trading securities, such as available for sale and held to maturity investments.</u></p>   |
| <u>9.10</u>     | <u>Income from Islamic</u>                   | <p><u>Income derived from any Islamic business undertaken by the</u></p>   |

|                 |  |   |
|-----------------|--|---|
|                 | <u>contracts</u>                       | <u>Authorised Firm.</u>   |
| <u>9.11</u>     | <u>Other operating income</u>          | <p><u>Include under this heading income from any other source (other than extraordinary items), for example:</u></p> <ul style="list-style-type: none"> <li>• <u>Revaluations of foreign exchange positions;</u></li> <li>• <u>Revaluation of any investment in subsidiaries or associates (if equity accounting);</u></li> <li>• <u>Share of profits from associated companies (if reporting on a consolidated basis);</u></li> <li>• <u>Profit or loss on the sale of non-trading assets – e.g. premises, equipment, subsidiary and associated companies and trade investments;</u></li> <li>• <u>Revaluation surpluses/deficits - following normal accounting practice.</u></li> </ul> |
| <u>93.12.1</u>  | <u>Provisions General</u>              | <u>Total provisions to cover non-specific bad debt provisions.</u>  |
| <u>93.12.2</u>  | <u>Provisions Specific</u>             | <u>Total of provisions made against specific exposures.</u>   |
| <u>93.12.3</u>  | <u>Provisions Islamic</u>              | <u>Those provisions arising from any Islamic business undertaken</u>  |
| <u>93.12.4</u>  | <u>Provisions Other</u>                | <u>To include, for example, provisions made for taxation or dividends.</u>  |
| <u>93.13</u>    | <u>Staff expenses</u>                  | <p><u>Include, for example:</u></p> <ul style="list-style-type: none"> <li>• <u>Salary costs;</u></li> <li>• <u>Employer’s contribution to any pension scheme;</u></li> <li>• <u>Costs of staff benefits paid on a per capita basis such as private medical insurance.</u></li> </ul>   |
| <u>93.14</u>    | <u>Depreciation &amp; Amortisation</u> | <u>Charges relating, for example, to depreciation / amortisation of property, plant and equipment and other amounts written off in respect of tangible and intangible fixed assets.</u>   |
| <u>93.15</u>    | <u>Other operating expenses</u>        | <p><u>Examples of expenses can be as follows:</u></p> <ul style="list-style-type: none"> <li>• <u>Occupancy expenses – for example, rates, rent, insurance of building, lighting, heating, maintenance costs and subsidised restaurants;</u></li> <li>• <u>Equipment;</u></li> <li>• <u>Other overhead expenses;</u></li> <li>• <u>All other expenditure not falling into one of the other specific categories.</u></li> </ul>  |
| <b>Item No.</b> | <b>Item</b>                            | <b>Guidance</b>   |
| 9.1             | Interest income                        | <p>Include both actually received interest and receivable interest which has accrued but has not yet been received, generated for example by:</p> <ul style="list-style-type: none"> <li>•Cash and liquid assets</li> <li>•Trading securities</li> <li>•Investment securities</li> <li>•Derivatives in the non-trading book</li> <li>•Loans and advances</li> <li>•Investment / loans to parent entity / loans to associates / joint venture</li> <li>•Other investments</li> <li>•Other interest earning assets</li> </ul>   |
| 9.2             | Income from trading securities         | <p>Include all profits or losses (including revaluation profits or losses) other than those arising from the sale of investments in subsidiary or associated companies, trade investments or the amortisation of premiums or discounts on the purchase of fixed maturity investments which are not held for dealing.</p>  |

|      |                                       |   |
|------|---------------------------------------|---|
| 9.3  | Income from fees and commissions      | <p>Include charges made for services provided by the reporting institution, for example the provision of:</p> <ul style="list-style-type: none"> <li>• Current account facilities;</li> <li>• Corporate advice;</li> <li>• Investment management and trustee services;</li> <li>• Guarantees and indemnities;</li> <li>• Commission on the sale of insurance of travellers cheques;</li> <li>• Foreign exchange services (if they can be separately identified).</li> </ul>   |
| 9.4  | Income from Islamic contracts         | Income derived from any Islamic business undertaken by the Authorised Firm.   |
| 9.5  | Other operating income                | <p>Include under this heading income from any other source (other than extraordinary items), for example:</p> <ul style="list-style-type: none"> <li>• Intra-group income</li> <li>• Revaluations of foreign exchange positions;</li> <li>• Dividends from other group companies (if reporting on an unconsolidated basis);</li> <li>• Revaluation of any investment in subsidiaries or associates (if equity accounting);</li> <li>• Share of profits from associated companies (if reporting on a consolidated basis);</li> <li>• Profit or loss on the sale of non trading assets — e.g. premises, equipment, subsidiary and associated companies and trade investments;</li> <li>• Revaluation surpluses/deficits following normal accounting practice.</li> </ul> <p><input type="checkbox"/> Any other source (other than extraordinary items which should be included in Item No. 3.14 below):</p> |
| 9.6  | Interest paid and payable             | <p>Include both interest actually paid and interest payable which has accrued but has not yet been paid, linked to, for example:</p> <ul style="list-style-type: none"> <li>• Deposits;</li> <li>• Other borrowings;</li> <li>• Derivatives in the non trading book;</li> <li>• Bonds, notes and other borrowings;</li> <li>• Loan capital;</li> <li>• Loan from parent entity;</li> <li>• Loan from associates / joint ventures;</li> <li>• Other interest bearing liabilities.</li> </ul>   |
| 9.7  | Fees and commissions paid and payable | Include charges for all services rendered to the company by third parties (excluding those which have the character of interest).   |
| 9.8  | Staff expenses                        | <p>Include, for example:</p> <ul style="list-style-type: none"> <li>• Salary costs;</li> <li>• Employer's contribution to any pension scheme;</li> <li>• Costs of staff benefits paid on a per capita basis such as private medical insurance.</li> </ul>   |
| 9.9  | Depreciation & Amortisation           | Charges relating, for example, to depreciation / amortisation of property, plant and equipment and other amounts written off in respect of tangible and intangible fixed assets.  |
| 9.10 | Other operating expenses              | <p>Examples of expenses can be as follows:</p> <ul style="list-style-type: none"> <li>• Intra-group expenses such as charges for central resources</li> <li>• Occupancy expenses — for example, rates, rent, insurance of building, lighting, heating, maintenance costs and</li> </ul>   |

|        |   |   |
|--------|---|---|
|        |   | <p>subsidised restaurants;</p> <ul style="list-style-type: none"> <li>• Equipment;</li> <li>• Other overhead expenses;</li> <li>• All other expenditure not falling into one of the other specific categories.</li> </ul> |
| 9.11.1 | Provisions General                        | Total provisions to cover non-specific bad debt provisions.   |
| 9.11.2 | Provisions Specific                       | Total of provisions made against specific exposures.  |
| 9.11.3 | Provisions Islamic                        | Those provisions arising from any Islamic business undertaken   |
| 9.11.4 | Provisions Other                          | To include, for example, provisions made for taxation or dividends.   |
| 9.12   | Operating profit from ordinary activities | Sum of Item Nos. [3.1 to 3.11] above.   |

**STATEMENT OF ASSETS**

| <u>Item No.</u>                      | <u>Item</u>  | <u>Guidance</u>   |
|--------------------------------------|--|---|
| 9.17.1                               | <u>Cash and Balances with Central Banks</u>                                  | <p>Include, for example, the following amounts:</p> <ul style="list-style-type: none"> <li>• <u>Notes and coins;</u></li> <li>• <u>Long positions in Gold bullion (including Tola Bars);</u></li> <li>• <u>Amounts placed with central banks including funds required to be placed on deposit with central banks and monetary authorities.</u></li> </ul>   |
| 9.17.2                               | <u>Treasury bills and other eligible bills</u>                               | <u>Treasury bills issued by the national governments or by the Central banks on behalf of the governments. Also include bills issued by other entities, which are eligible for rediscounting with the central bank.</u>   |
| 9.17.3                               | <u>Money market placements</u>   | <u>Include deposits at call and other money market placements with banks or other money market participants</u>   |
| <del>9.18.14</del><br><del>2.1</del> | <del>Trading securities</del>  | <del>Include investments acquired principally for the purpose of selling or repurchasing it in the near term for short-term-profit-taking. This would include but not limited to, debt, equity and hybrid instruments</del>   |
| <del>9.18.24</del><br><del>2.2</del> | <del>Derivative financial instruments</del>                                  | <p><u>Include, but are not limited to, positions representing the following instruments, recorded at fair value:</u></p> <p><u>Forward and Futures contracts in Currencies, Interest rates and other financial assets</u></p> <p><u>Forward rate agreements</u></p> <p><u>Currency and interest rate swaps</u></p> <p><u>Credit derivatives</u></p> <p><u>Option contracts on currency, interest rate and other financial assets.</u></p> <p><u>These derivatives include both the exchange-traded and over-the-counter versions.</u></p> |
| <del>9.18.34</del><br><del>2.3</del> | <del>Other financial instruments at fair value through profit and loss</del> | <del>Include all financial instruments which are, upon initial recognition, designated by the entity as financial assets to be measured at fair value through profit or loss other than the trading securities included in 94.182.1.</del>  |
| <del>1.29.18</del><br><del>44</del>  | <del>Investment securities – available for sale</del>                        | <del>Include non-derivative financial assets that are designated as available for sale by the firm or that have not been classified under any of the other categories of investment in section 94.182.</del>  |

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| <del>1.29.18.</del><br>5   | <u>Investment securities - held to maturity</u> | <u>Include non-derivative financial assets with fixed or determinable payments and fixed maturity that the firm has positive intention and ability to hold to maturity.</u>  |
| 49.182.<br>6               | <u>Investments in associated undertakings</u>   | <u>Include investments in entities, including unincorporated entities such as partnerships, over which the firm has significant influence and where the entity in question is neither a subsidiary nor a joint venture operation</u>   |
| <del>49.193</del>          | <u>Loans and advances</u>                       | <p><u>Amounts arising from, for example:</u></p> <ul style="list-style-type: none"> <li>• <u>Revolving credit facilities;</u></li> <li>• <u>Credit cards outstanding balances;</u></li> <li>• <u>Housing loans (both variable and fixed rates);</u></li> <li>• <u>Term loans (both variable and fixed rates);</u></li> <li>• <u>The book value of assets leased out under finance lease agreements;</u></li> <li>• <u>Loans made under conditional hire purchase contracts;</u></li> <li>• <u>Advances purchased by or assigned to the reporting institutions, factoring or similar arrangements</u></li> <li>• <u>Other loans and advances.</u></li> </ul> <p><u>The amounts reported should be gross of provisions (as specific and general provisions should be reported in the Liabilities section of the balance Sheet) and net of interest receivable.</u></p> |
| 49.204.<br>1               | <u>Murabaha and Istisna'a receivables</u>       | <u>Report here all receivables relating to Murabaha and Istisna'a contracts. Refer to FAS 2 and FAS 10 of AAOIFI respectively.</u>   |
| 49.204.<br>2               | <u>Ijarah assets and receivables</u>            | <u>Include Ijarah assets net of depreciation/ amortisation and Ijarah receivables. Refer to FAS 8 of AAOIFI.</u>   |
| 49.204.<br>3               | <u>Mudaraba Financing</u>                       | <u>Capital provided on a Mudaraba basis should be reported here. Refer to FAS 3 of AAOIFI.</u>   |
| 49.204.<br>4               | <u>Musharaka Financing</u>                      | <u>Report capital provided on a Musharaka basis. Refer to FAS 4 of AAOIFI. Investment in the share capital of another company should be reported under "Other investments"., Form PIB 1, Item No. 1.4.5.</u>   |
| 94.204.<br>5               | <u>Other investments</u>                        | <u>Include any other investments undertaken through Islamic contracts, including Parallel Istisna'a assets (refer FAS 10 of AAOIFI) and capital provided on Salam contracts (refer FAS 7 AAOIFI).</u>  |
| 49.215                     | <u>Fixed assets</u>                             | <p><u>Include, for example, the value of the following:</u></p> <ul style="list-style-type: none"> <li>• <u>Plant and equipment, the residual value of items leased out under an operating lease (excluding balances relating to named Ijarah assets which should be included separately in Form PIB 1, Item No. 9.20.2+4.2);</u></li> <li>• <u>Own premises being occupied or developed for occupation by the Authorised Firm, property (excluding property acquired / held available for sale which should be included in "Other Assets", Form PIB 1, Item No. 1.79.23).</u></li> </ul> <p><u>The amounts reported here should be net of accumulated depreciation and amortisation.</u></p>  |
| <del>1.6.19.2</del><br>2.1 | <u>Goodwill</u>                                 | <u>Include amounts relating to any purchased goodwill.</u>   |
| 9.22.24.                   | <u>Other intangible</u>                         | <u>Items to be included:</u>   |

|                        |  |  |
|------------------------|--|--|
| <del>6.2</del>         | <u>assets</u>                          | <ul style="list-style-type: none"> <li>• <u>Capitalised development costs</u></li> <li>• <u>Brand names, trademarks and similar rights</u></li> <li>• <u>Licences and exchange seats which may be held as part of the Authorised Firm’s trading requirement.</u></li> </ul>  |
| <del>9.234.7</del>     | <u>Other assets</u>                    | <u>Assets that have not been included in any of the items above. In particular, positions in short term securities held with the intention of resale, sundry debtors, prepayments and accrued income not identified elsewhere.</u>   |
| <del>9.25.14.9.1</del> | <u>Direct credit substitutes</u>       | <p><u>These relate to the financial requirements of counterparty where the risk of loss to the Authorised Firm on the transaction is equivalent to a direct claim on the counterparty. Include here</u></p> <ul style="list-style-type: none"> <li>• <u>Guarantees of a financial nature to stand behind the current obligations of customers (e.g. loan guarantees);</u></li> <li>• <u>Guarantees of leasing operations;</u></li> <li>• <u>Letters of Credit and Stand-by Letters of Credit to the extent that they do not qualify for inclusion in Item No. 9.25.34.9.3 “Trade related contingents” below;</u></li> <li>• <u>Guarantees of a capital nature such as undertakings given to a non bank financial company which are considered as capital by the appropriate regulatory body. Guarantees given to a company not connected to the reporting institution should be risk weighted at 100% and those for connected companies should be deducted from the reporting institution’s capital base.</u></li> <li>• <u>Acceptances granted and risk participation in bankers’ acceptances. Where the reporting institution’s own acceptances have been discounted by that institution the nominal value of the bills held should be deducted from the nominal amount of the bills issued under the facility and a corresponding on balance sheet entry made.</u></li> </ul> |
| <del>4.9.9.25.2</del>  | <u>Transaction related Contingents</u> | <p><u>These exposures relate to the on-going trading activities of a counterparty where the risk of loss to the reporting institution depends on the likelihood of a future event which is independent of the creditworthiness of the counterparty. They are essentially guarantees that support particular non financial obligations rather than a customer’s financial obligations. Include here:</u></p> <ul style="list-style-type: none"> <li>• <u>Advance payment guarantees</u></li> <li>• <u>Performance bonds including bid or tender bonds, warranties and indemnities (indemnities given for lost share certificates or bills of lading and guarantees of the validity of papers rather than of payment under certain conditions should be reported here);</u></li> <li>• <u>Stand by Letters of Credit relating to a particular contract or to non financial transactions (including arrangements backing, inter alia, subcontractors’ and supplier’s performance, labour and materials, contracts and construction bids).</u></li> </ul>  |
| <del>9.25.34.9.3</del> | <u>Trade related Contingents</u>       | <u>Report short term self-liquidating trade related items such as documentary letters of credit issued by the reporting institution that are collateralised by the underlying shipment i.e. the credit provides for the reporting institution to retain title to the underlying shipment. L/C’s issued without provision for the reporting institution to retain title to the underlying shipment should be reported under direct credit substitutes above.</u>  |
| <del>9.25.44.9.4</del> | <u>Sale and Repurchase Agreements</u>  | <u>Only report here sale and repurchase agreements where the asset sold is not reported on the balance sheet. Where the asset is off balance sheet, the</u>  |

|                                 |   |   |
|---------------------------------|---|---|
|                                 |   | <u>appropriate counterparty weighting is determined by the issuer of the security and not according to the counterparty with whom the transaction has been undertaken.</u>  |
| <u>9.25.51+</u><br><u>9.5</u>   | <u>Forward Assets Purchases</u>                   | <u>The appropriate counterparty weighting should be determined by the asset to be purchased and not the counterparty with whom the contract has been entered into. Include commitments for loans and other on balance sheet items with certain drawdown. Exclude foreign currency spot deposits with value date of up to two working dates after trade date.</u>  |
| <u>9.25.61+</u><br><u>9.6</u>   | <u>Forward Deposits Placed</u>                    | <u>Relates to agreements between two parties whereby one will pay and the other receive an agreed rate of interest on a deposit to be placed by one with the other at some pre-determined rate in the future. The weight should be determined according to the counterparty with whom the deposit will be placed. Exclude foreign currency spot deposits with value date of up to two working dates after trade date.</u>               |
| <u>9.25.71+</u><br><u>9.7</u>   | <u>Uncalled partly-paid shares and securities</u> | <u>Only include here if there is a specific date for a call. If there is no specific date for a call, the item should be included as a long term commitment under PIB 1-Item No. 4.9.109.25.10, “Other Commitments”.</u>  |
| <u>9.25.81+</u><br><u>9.8</u>   | <u>NIF’s and RUF’s</u>                            | <u>Note issuance and revolving underwriting facilities should include the reporting institutions underwriting obligations of any maturity. Where the facility has been drawn down by the borrower and the notes are held by someone other than the Authorised Firm, the underwriting obligation should continue to be reported at the nominal amount.</u>   |
| <u>9.25.91+</u><br><u>9.9</u>   | <u>Endorsement of Bills</u>                       | <u>These should be reported at the full nominal amount, less any amount for bills which the institution now holds but had previously endorsed. Endorsement of bills not accepted by banks will attract the counterparty risk weighting of the issuer. If it has been endorsed by another bank, a reduced risk weighting applies.</u>  |
| <u>9.25.10</u><br><u>4.9.10</u> | <u>Other Commitments</u>                          | <u>All other undrawn commitments are reportable here, divided into commitments under and over one year.</u>   |
| <u>4.99.25</u><br><u>11</u>     | <u>Assets funded by restricted PSIA’s</u>         | <u>The methodology for calculating exposures financed by PSIA’s are, in principle, no different to calculating exposures for a reporting institution’s self financed assets. All the guidance notes above apply in their entirety unless stated otherwise.</u>  |
| <b>Item No.</b>                 | <b>Item</b>                                       | <b>Guidancee</b>  |
| 9.13                            | Cash and liquid assets                            | <p>Include, for example, the following amounts:</p> <ul style="list-style-type: none"> <li>•Notes and coins;</li> <li>•Deposits at call;</li> <li>•Long positions in Gold bullion (including Tola Bars);</li> <li>•Amounts placed with central banks and other financial institutions including funds required to be placed on deposit with central banks and monetary authorities.</li> </ul>  |
| 9.14                            | Investment securities                             | <p>Long term investment securities not held with intent to trade (short term securities are reported in Other assets, Item No. 1.7). Include, for example:</p> <ul style="list-style-type: none"> <li>•Debt and equity issues by central banks and other financial institutions (Eurobonds, FRNs, Mortgage Backed securities, equity holdings, Sukuks etc.);</li> <li>•Investments in subsidiaries and associated companies;</li> </ul> |

|        |                                    |  |
|--------|------------------------------------|--|
|        |                                    | <ul style="list-style-type: none"> <li>• Investments in the capital of other banks and financial institutions;</li> <li>• Holdings in non-financial firms of which the Authorised Firm is a controller (i.e. Qualifying Holdings).</li> </ul> <p>Exclude any investments in certain named Islamic contracts as these will be included below (PIB 1, Item Nos. 1.4.1-1.4.5).</p>  |
| 9.15   | Loans and advances                 | <p>Amounts arising from, for example:</p> <ul style="list-style-type: none"> <li>• Revolving credit facilities;</li> <li>• Credit cards outstanding balances;</li> <li>• Housing loans (both variable and fixed rates);</li> <li>• Term loans (both variable and fixed rates);</li> <li>• The book value of assets leased out under finance lease agreements;</li> <li>• Loans made under conditional hire purchase contracts;</li> <li>• Advances purchased by or assigned to the reporting institutions, factoring or similar arrangements</li> <li>• Other loans and advances.</li> </ul> <p>The amounts reported should be gross of provisions (as specific and general provisions should be reported in the Liabilities section of the balance Sheet) and net of interest receivable.</p> |
| 9.16.1 | Murabaha and Istisna'a receivables | Report here all receivables relating to Murabaha and Istisna'a contracts. Refer to FAS 2 and FAS 10 of AAOIFI respectively.  |
| 9.16.2 | Ijarah assets and receivables      | Include Ijarah assets net of depreciation/ amortisation and Ijarah receivables. Refer to FAS 8 of AAOIFI.  |
| 9.16.3 | Mudaraba Financing                 | Capital provided on a Mudaraba basis should be reported here. Refer to FAS 3 of AAOIFI.  |
| 9.16.4 | Musharaka Financing                | Report capital provided on a Musharaka basis. Refer to FAS 4 of AAOIFI. Investment in the share capital of another company should be reported under "Other", Form PIB 1, Item No. 1.4.5.   |
| 9.16.5 | Other investments                  | Include any other investments undertaken through Islamic contracts, including Parallel Istisna'a assets (refer FAS 10 of AAOIFI) and capital provided on Salam contracts (refer FAS 7 AAOIFI).   |
| 9.17   | Fixed assets                       | <p>Include, for example, the value of the following:</p> <ul style="list-style-type: none"> <li>• Plant and equipment, the residual value of items leased out under an operating lease (excluding balances relating to named Ijarah assets which should be included separately in Form PIB 1, Item No. 1.4.2);</li> <li>• Own premises being occupied or developed for occupation by the Authorised Firm, property (excluding property acquired / held available for sale which should be included in "Other Assets", Form PIB 1, Item No. 1.7).</li> </ul> <p>The amounts reported here should be net of accumulated depreciation and amortisation.</p>   |
| 9.18.1 | Goodwill                           | Include amounts relating to any purchased goodwill.  |
| 9.18.2 | Other intangible                   | <p>Items to be included:</p> <ul style="list-style-type: none"> <li>• Capitalised development costs</li> <li>• Brand names, trademarks and similar rights</li> <li>• Licences and exchange seats which may be held as part of the Authorised Firm's trading requirement.</li> </ul>  |
| 9.19   | Other assets                       | Assets that have not been included in any of the items above. In particular, positions in short term securities held with the intention of resale, sundry  |



|        |                                 |   |
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|        |                                 | <p>debtors, prepayments and accrued income not identified elsewhere.</p>  |
| 9.21.1 | Direct credit substitutes       | <p>These relate to the financial requirements of a counterparty where the risk of loss to the Authorised Firm on the transaction is equivalent to a direct claim on the counterparty. Include here</p> <ul style="list-style-type: none"> <li>• Guarantees of a financial nature to stand behind the current obligations of customers (e.g. loan guarantees);</li> <li>• Guarantees of leasing operations;</li> <li>• Letters of Credit and Stand by Letters of Credit to the extent that they do not qualify for inclusion in <u>PIB 9</u> Item No. 1.9.39.21.2 “Trade related contingents” below;</li> <li>• Guarantees of a capital nature such as undertakings given to a non bank financial company which are considered as capital by the appropriate regulatory body. Guarantees given to a company not connected to the reporting institution should be risk weighted at 100% and those for connected companies should be deducted from the reporting institution’s capital base.</li> <li>• Acceptances granted and risk participation in bankers’ acceptances. Where the reporting institution’s own acceptances have been discounted by that institution the nominal value of the bills held should be deducted from the nominal amount of the bills issued under the facility and a corresponding on balance sheet entry made.</li> </ul> |
| 9.21.2 | Transaction related Contingents | <p>These exposures relate to the on going trading activities of a counterparty where the risk of loss to the reporting institution depends on the likelihood of a future event which is independent of the creditworthiness of the counterparty. They are essentially guarantees that support particular non financial obligations rather than a customer’s financial obligations. Include here:</p> <ul style="list-style-type: none"> <li>• Advance payment guarantees</li> <li>• Performance bonds including bid or tender bonds, warranties and indemnities (indemnities given for lost share certificates or bills of lading and guarantees of the validity of papers rather than of payment under certain conditions should be reported here);</li> <li>• Stand by Letters of Credit relating to a particular contract or to non financial transactions (including arrangements backing, inter alia, subcontractors’ and supplier’s performance, labour and materials, contracts and construction bids).</li> </ul>   |
| 9.21.3 | Trade related Contingents       | <p>Report short term self liquidating trade related items such as documentary letters of credit issued by the reporting institution that are collateralised by the underlying shipment i.e. the credit provides for the reporting institution to retain title to the underlying shipment. L/C’s issued without provision for the reporting institution to retain title to the underlying shipment should be reported under direct credit substitutes above.</p>   |
| 9.21.4 | Sale and Repurchase Agreements  | <p>Only report here sale and repurchase agreements where the asset sold is not reported on the balance sheet. Where the asset is off balance sheet, the appropriate counterparty weighting is determined by the issuer of the security and not according to the counterparty with whom the transaction has been undertaken.</p>   |
| 9.21.5 | Forward Assets Purchases        | <p>The appropriate counterparty weighting should be determined by the asset to be purchased and not the counterparty with whom the contract has been entered into. Include commitments for loans and other on balance sheet</p>   |

|         |   |   |
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|         |   | <del>items with certain drawdown. Exclude foreign currency spot deposits with value date of up to two working dates after trade date.</del>   |
| 9.21.6  | <del>Forward Deposits Placed</del>                    | <del>Relates to agreements between two parties whereby one will pay and the other receive an agreed rate of interest on a deposit to be placed by one with the other at some pre determined rate in the future. The weight should be determined according to the counterparty with whom the deposit will be placed. Exclude foreign currency spot deposits with value date of up to two working dates after trade date.</del> |
| 9.21.7  | <del>Uncalled partly-paid shares and securities</del> | <del>Only include here if there is a specific date for a call. If there is no specific date for a call, the item should be included as a long term commitment under <u>PIB 9</u> Item No. 1.9.109.21.10, “Other Commitments” below.</del>   |
| 9.21.8  | <del>NIF’s and RUF’s</del>                            | <del>Note issuance and revolving underwriting facilities should include the reporting institutions underwriting obligations of any maturity. Where the facility has been drawn down by the borrower and the notes are held by someone other than the Authorised Firm, the underwriting obligation should continue to be reported at the nominal amount.</del>   |
| 9.21.9  | <del>Endorsement of Bills</del>                       | <del>These should be reported at the full nominal amount, less any amount for bills which the institution now holds but had previously endorsed. Endorsement of bills not accepted by banks will attract the counterparty risk weighting of the issuer. If it has been endorsed by another bank, a reduced risk weighting applies.</del>  |
| 9.21.10 | <del>Other Commitments</del>                          | <del>All other undrawn commitments are reportable here, divided into commitments under and over one year.</del>   |
| 9.21.11 | <del>OTC Derivative Contracts</del>                   | <del>Counterparty risk arising in both the non trading and trading books should be calculated with reference to <u>PIB</u> Section A4.5. Amounts to be reported here are the replacement costs/ NPV of such contracts</del>   |
| 9.21.12 | <del>Assets funded by restricted PSIA’s</del>         | <del>The methodology for calculating exposures financed by PSIA’s are, in principle, no different to calculating exposures for a reporting institution’s self financed assets. All the guidance notes above apply in their entirety unless stated otherwise.</del>  |

**STATEMENT OF TOTAL LIABILITIES**

|      |   |  |
|------|---|--|
| 9.22 | <del>Deposits</del>                                   | <del>Separately identify deposits due to clearing houses in <u>PIB 9</u> Item No. 1.10.19.22.1 and other financial institutions in <u>PIB 9</u> Item No. 1.109.22.2. All other deposits are to be reported in the other deposit section, <u>PIB 9</u> Item No. 1.109.22.3.</del> |
| 9.23 | <del>Tax Liability</del>                              | <del>Report all items accrued and payable in respect of the institutions current and future tax liabilities.</del>   |
| 9.24 | <del>Provisions</del>                                 | <del>All specific and general provisions in respect of Loans and Advances and other receivables should be reported here. Exclude provisions against Islamic contracts which should be reported in <u>PIB 9</u> Item No. 1.14.49.26 below.</del>                                  |
| 9.25 | <del>Loan Capital and Hybrid Securities</del>         | <del>Report items such as subordinated loans issued by the reporting institution.</del>  |
| 9.26 | <del>Liabilities arising from Islamic contracts</del> | <del>Liabilities arising from Islamic contracts include advances received against Salam contracts (defined in Para 3 and 19 of FAS 7 issued by AAOIFI and Ijarah investment payables (refer to FAS 8 of AAOIFI). Report any</del>  |

|                                   |   |   |
|-----------------------------------|---|---|
|                                   |   | <u>provisions against Islamic contracts in item Form PIB 1, Item No. 1.14.4.</u>  |
| <del>9.261.1</del><br><u>0</u>    | <u>Deposits</u>   | <u>Separately identify deposits due to the financial institutions in PIB 1-Item No. 4.10.19.26.1. All other deposits are to be reported in the other deposit section, PIB 1-Item No. 9.26.24.10.2.</u>  |
| <del>9.271.1</del><br><u>1</u>    | <u>Tax Liability</u>  | <u>Report all items accrued and payable in respect of the Authorised Firm's current and future tax liabilities.</u>   |
| <del>9.281.1</del><br><u>2</u>    | <u>Provisions</u>   | <u>All specific and general provisions in respect of Loans and Advances and other receivables should be reported here. Exclude provisions against Islamic contracts which should be reported in-PIB 1-Item No. 4.14.49.30 below.</u>  |
| <del>9.291.1</del><br><u>3</u>    | <u>Loan Capital and Hybrid Securities</u>                             | <u>Report items such as subordinated loans drawn down by the Authorised Firm.</u>   |
| <del>9.301.1</del><br><u>4</u>    | <u>Liabilities arising from Islamic contracts</u>                     | <u>Liabilities arising from Islamic contracts include advances received against Salam contracts (defined in Para 3 and 19 of FAS 7 issued by AAOIFI and Ijarah investment payables (refer to FAS 8 of AAOIFI). Report any provisions against Islamic contracts in item Form PIB 1, Item No. 1.14.4.</u>   |
| <del>9.31.14</del><br><u>15.1</u> | <u>Creditors and other Liabilities</u>                                | <u>Report all items not included in any of the above, such as proposed dividends payable, sundry accruals and deferred income etc.</u>  |
| <del>9.31.24</del><br><u>15.2</u> | <u>Derivative financial instruments and other trading liabilities</u> | <u>Include, but are not limited to, liabilities arising out of positions representing the following instruments, recorded at fair value:</u><br><br><u>Forward and Futures contracts in Currencies, Interest rates and other financial assets</u><br><u>Forward rate agreements</u><br><u>Currency and interest rate swaps</u><br><u>Credit derivatives</u><br><u>Option contracts on currency, interest rate and other financial assets.</u><br><br><u>These derivatives include both the exchange-traded and over-the-counter versions.</u> |
| <del>9.27</del>                   | <del>Creditors and other Liabilities</del>                            | <del>Report all items not included in any of the above, such as proposed dividends payable, sundry accruals and deferred income etc.</del>  |
| <del>9.28</del>                   | <del>Total liabilities</del>  | <del>Sum of PIB 9-Item Nos. 9.22 to 9.27 above.</del>   |

**STATEMENT OF LARGE EXPOSURES**

See Guidance for Form PIB 9 – Appendix 1 – Large Exposures – Branch.

**INSTRUCTION GUIDELINES – FORM PIB 9 – APPENDIX 1 – LARGE EXPOSURES - BRANCH**

An Authorised Firm operating through a branch presence is required as part of its general systems and controls obligations, to identify and manage the exposures agreed and undertaken by its operations.

The 20 largest exposures, in absolute terms, to unconnected counterparties should be listed in the first table and the 10 largest exposures, again in absolute terms, to connected counterparties should be listed in the second table.

| Item No. | Column | Item  | Guidance   |
|----------|--------|---|--|
| 9.A1.1   |        | Twenty Largest Exposures (Unconnected)                      | Include in this table the twenty largest exposures to all types of counterparty except those that are connected to the branch. Exposures to individual, or groups of closely related, counterparties should be reported in descending order by size. Exposures to individual counterparties which constitute a group of closely related counterparties should be reported as one aggregate exposure.   |
|          | A      | Counterparty  | The identity of a Counterparty, as defined in the Glossary, in this context will generally be one of the categories as set out in PIB Rule A4.8.6.   |
|          | B      | Unconnected – Financial,<br>Unconnected – Other, Government | The Authorised Firm should clarify here into what category an exposure falls. These are set out in detail in PIB Rules A4.8.7 to A4.8.11 but for the purposes of this form, an Authorised Firm should state whether an Exposure is to:<br>(i) an Unconnected counterparty or group of Closely Related Counterparties that are predominantly comprised of financial businesses;<br>(ii) an Unconnected counterparty or group of Closely Related Counterparties that are predominantly comprised of non-financial businesses;<br>(iii) Central governments and central banks.  |
|          | C      | Amount of exposure at risk                                  | For exposures arising in the Non-Trading Book the amount at risk should, with certain exceptions detailed below, be reported as the book value of the Authorised Firm’s actual or potential claims, contingent liabilities or assets. Exposures should be calculated in accordance with internationally or AAOFI accepted accounting practice. For exposures arising in the Trading Book, all positions should be marked-to-market daily. Where a market determined price is not readily available, the Authorised Firm may generate its own mark-to-market valuation. Positions should be valued in accordance with the procedures outlined in the Authorised Firm’s trading book policy statement. This is set out in more detail in PIB Rules A4.8.13 to A4.8.31. |
|          | D      | Exposure as a percentage of company’s equity                | The branch should use as the denominator the amount its head office has available as regulatory capital (e.g. financial resources). This is intended to provide DFSA with a guide as to the relative size and importance of the exposure for the financial institution as a whole.   |
|          | E      | Specific bad debt provision                                 | Include here the amount of specific bad debt provision that may have been made against a particular exposure.  |
|          | F      | Reduction by netting, collateral                            | As set out in PIB Rule 4.5.6 (d) (ii), the value of an exposure can be reduced through the following:  |

|        |       |   |   |
|--------|-------|---|---|
|        |       | etc.  | <ul style="list-style-type: none"> <li>• Collateral – discussed in more detail in PIB Section 4.6 and Rule A4.8.32</li> <li>• Netting – discussed in more detail in PIB Sections 4.7 and A4.9</li> <li>• Securitisation – discussed in more detail in PIB Sections 4.8 and A4.10</li> <li>• Credit derivatives – discussed in more detail in PIB Sections 4.9 and A4.11.</li> </ul> |
|        | G     | Exposure at reporting date after eligible set-offs                    | Column C less the amounts in Columns E and F.   |
|        | H     | Amount of this exposure financed by own assets or unrestricted PSIA's | For Exposures arising out of Islamic business, this column should be used to quantify the amount of the Exposure that is financed by the Authorised Firm's own assets or by unrestricted PSIA assets.   |
|        | I     | Amount of this exposure financed by restricted PSIA's.                | For Exposures arising out of Islamic business, this column should be used to quantify the amount of the Exposure that is financed by restricted PSIA assets.  |
| 9.A1.2 |       | Ten Largest Exposures (Connected)                                     | Include in this table the ten largest exposures to connected counterparties i.e. the dis-aggregated detail of all connected lending and exposures should be split into different counterparties within the connected group.   |
|        | A - I | Bank or non-bank  | As detailed above for the table in for Item No. 9.A1.1  |