

|                          |                                                   |
|--------------------------|---------------------------------------------------|
| <b>MODULE:</b>           | <b>CA (Capital Adequacy Module) Islamic Banks</b> |
| <b>Table of Contents</b> |                                                   |

|                                                                      | Current<br>Issue Date |
|----------------------------------------------------------------------|-----------------------|
| <b>CA-A Introduction</b>                                             |                       |
| CA A-1 Application                                                   | 04/08                 |
| CA A-2 Purpose                                                       | 04/08                 |
| CA A-3 Capital Adequacy Ratio                                        | 01/08                 |
| <b>CA A-4 Module history</b>                                         | <b>01/09</b>          |
| <b>CA-1 Scope and coverage of capital charges</b>                    |                       |
| CA 1.1 Application                                                   | 01/08                 |
| CA 1.2 Monitoring of risks                                           | 01/08                 |
| CA 1.3 Investments in other entities and consolidation               | 01/08                 |
| CA 1.4 Reporting                                                     | 01/08                 |
| CA 1.5 Review of prudential information returns by external auditors | 01/08                 |
| <b>CA-2 Regulatory capital</b>                                       |                       |
| CA 2.1 Regulatory capital                                            | 01/08                 |
| CA 2.2 Limits on the use of different forms of capital               | 01/08                 |
| <b>CA-3 Islamic financing assets</b>                                 |                       |
| CA 3.1 Background                                                    | 01/08                 |
| CA 3.2 Murabahah and Murabahah for the Purchase Orderer              |                       |
| Introduction                                                         | 01/08                 |
| Credit Risk                                                          | 01/08                 |
| Market Risk                                                          | 01/08                 |
| Summary of capital requirement at various stages of the contract     | 01/08                 |
| CA 3.3 Salam and Parallel Salam                                      |                       |
| Introduction                                                         | 01/08                 |
| Credit Risk                                                          | 01/08                 |
| Market Risk                                                          | 01/08                 |
| Summary of capital requirement at various stages of the contract     | 01/08                 |
| CA 3.4 Istisna'a                                                     |                       |
| Introduction                                                         | 01/08                 |
| Credit Risk                                                          | 01/08                 |
| Market Risk                                                          | 01/08                 |
| Summary of capital requirement at various stages of the contract     | 01/08                 |
| CA 3.5 Ijarah and Ijarah Muntahia Bittamleek                         |                       |
| Introduction                                                         | 01/08                 |
| Credit Risk                                                          | 01/08                 |
| Market Risk                                                          | 01/08                 |



|               |                                                                  |              |
|---------------|------------------------------------------------------------------|--------------|
|               | Summary of capital requirement at Various Stages of the Contract | 01/08        |
| CA 3.6        | Musharakah and Diminishing Musharakah                            |              |
|               | Introduction                                                     | 01/08        |
|               | Equity Position Risk - Musharakah                                | 01/08        |
|               | Equity Position Risk – Diminishing Musharakah                    | 01/08        |
|               | Summary of capital requirement at various stages of the contract | 01/08        |
| CA 3.7        | Mudarabah                                                        |              |
|               | Introduction                                                     | 01/08        |
|               | Equity Position Risk                                             | 01/08        |
|               | Summary of capital requirement for Mudarabah Categories          | 01/08        |
| CA-3.8        | Sukuk                                                            |              |
|               | Introduction                                                     | 01/08        |
|               | Calculation of capital charges                                   | 01/08        |
| <b>CA-4</b>   | <b>Credit risk – The Standardised Approach</b>                   |              |
| CA-4.1        | Introduction                                                     | 01/08        |
| <b>CA-4.2</b> | <b>Segregation of claims</b>                                     | <b>01/09</b> |
| CA-4.3        | Supervisory Slotting Criteria                                    | 01/08        |
| CA-4.4        | Simple Risk Weight Method                                        | 01/08        |
| CA-4.5        | Risk-weighting – Off-balance sheet items                         | 01/08        |
| CA-4.6        | External credit assessments                                      | 04/08        |
| CA-4.7        | Credit risk mitigation                                           | 01/08        |
| <b>CA-5</b>   | <b>Market risk</b>                                               |              |
| CA-5.1        | Trading book                                                     | 01/08        |
| CA-5.2        | Price risk                                                       | 01/08        |
| CA-5.3        | Equity position risk                                             | 01/08        |
| CA-5.4        | Sukuk                                                            | 01/08        |
| CA-5.5        | Foreign exchange risk                                            | 01/08        |
| CA-5.6        | Commodities risk                                                 | 01/08        |
| <b>CA-6</b>   | <b>Operational risk</b>                                          |              |
| CA-6.1        | Definition of operational risk                                   | 01/08        |
| CA-6.2        | The measurement methodologies                                    | 01/08        |
|               | The Basic Indicator Approach                                     | 01/08        |
|               | The Standardised Approach                                        | 01/08        |

|                       |                                                                                                                                                     |       |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| <b>CA-7</b>           | <b>Profit Sharing Investment Accounts</b>                                                                                                           | 01/08 |
| <b>CA-8</b>           | <b>Gearing Requirements</b>                                                                                                                         |       |
| CA-8.1                | Gearing                                                                                                                                             | 01/05 |
| <b>Appendices</b>     |                                                                                                                                                     |       |
| <b>Appendix CA-1:</b> | <b>Supervisory Slotting Criteria for Istisna in Limited and Non-Recourse Project Finance, Mudarabah, Sukuk and Musharakah in a Business Venture</b> | 01/08 |
| <b>Appendix CA-2:</b> | <b>Supervisory Slotting Criteria For Diminishing Musharakah in Real Estate</b>                                                                      | 01/08 |
| <b>Appendix CA-3:</b> | <b>Worked Example of Maturity Ladder Approach For Calculating Commodities Risk</b>                                                                  | 01/08 |
| <b>Appendix CA-4:</b> | <b>Mapping of Business Lines</b>                                                                                                                    | 01/08 |
| <b>Appendix CA-5:</b> | <b>Capital Treatment For Failed Trades and Non-DvP Transactions</b>                                                                                 | 01/08 |
| <b>Appendix CA-6:</b> | <b>Table for Mapping Notations of ECAIs</b>                                                                                                         | 04/08 |
| <b>Appendix CA-7:</b> | <b>Example : showing the calculation of risk weighted amount of an investment subject to fair value treatment</b>                                   | 01/08 |
| <b>Appendix CA-8:</b> | <b>Bahrain Sovereign and Public Sector Entities eligible for 0% risk weighting</b>                                                                  | 04/08 |