

## **Briefly about stock screening methodology - compliance with the principles of the Islamic economics, adopted by BBI bank**

The company must prove compliance of its business with the principles of the Islamic economics in order to be included in the List. Companies are considered not to be in a compliance with the principles of the Islamic economics until it is proved that fulfilling these principles. The process of testing of the companies is supervised by Sharia Board of BBI bank.

The process consists of two levels, that is a set of criteria, so called, qualitative and quantitative criteria.

According to the stock screening methodology adopted by the Sharia Board of BBI bank, a company whose core business is one of the following activities will be considered non-compliant with the principles of Islamic economics (so called qualitative criteria):

- Conventional Finance - conventional banking and insurance
- Production, packing, processing, sales, distribution, marketing or any other activity related to alcohol
- Production, packing, processing, sales, distribution, marketing or any other activity related to pork production and other non-halal food
- Entertainment industry (casino, gambling, cinema, music, pornography) and hotels without halal certification
- Tobacco production and sales

This list of activities is not definitive and only serves as a basic guide for the filtering activities of the company.

Companies must meet certain financial criteria (so called quantitative criteria):

- Debt on which the company pays interest must be less than 33,333% of total assets
- Sum of cash and interest-bearing items must be less than 33,333% of total assets
- Sum of accounts receivable and cash must be less than 50% of total assets
- Income from interest and other non-compliant activities must be less than 5% of the total revenue