



Al Baraka Islamic Bank B.S.C. (c)

Disclosure of Basel III Ratios

As at 31 December 2021

Liquidity Coverage Ratio (LCR) - Consolidated	Factor	Total Amount	Amount with Factor Applied	
			Q4 2021	Q3 2021
Stock of HQLA				
A. Level 1 assets:				
Coins and banknotes	100%	11,465	11,465	11,845
Qualified balances with the CBB	100%	8,665	8,665	11,654
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	167,621	167,621	158,994
Debt securities/Sukuk issued governments of GCC member states and their central banks;	100%	18,994	18,994	22,309
Debt securities/Sukuk that can be monetised and issued or guaranteed by sovereigns, central banks, PSEs, IMF, BIS, ECB, EC, or MDBs	100%	-	-	-
Debt securities/Sukuk issued in local currency by sovereign or the country's central bank, where the liquidity risk arises or the banks home country - given a non-0 percent Risk-weight (RW);	100%	110,037	110,037	99,886
Debt securities/Sukuk issued in foreign currency by sovereign or central bank that does not exceed the value of the net cash outflow in the foreign currency caused by a stress scenario based on the bank's operations in the country where the liquidity risk arises from - given a non-0 percent RW	100%	-	-	-
Total level 1 Assets			316,783	304,688
B. Level 2 assets (maximum of 40 percent Of HQLA)				
1) Level 2A assets				
Debt securities/Sukuk that can be issued and liquidated or guaranteed by sovereigns, central banks, PSEs, and qualified MDBs	85%	3,834	3,259	4,421
Debt securities/Sukuk qualified for liquidation (including commercial paper)	85%	-	-	-
Qualified covered bonds	85%	-	-	-
2) Level 2B assets (maximum of 15 percent of HQLA)				
Debt securities/Sukuk (including commercial paper) issued by qualified non-financial institutions	50%	803	402	777
Qualified common equity shares	50%	379	190	453
Total level 2 Assets (1+2)			3,850	5,651
Total value of stock of HQLA			320,633	310,340
Cash Outflows				
A1. Retail Mudaraba, Wakala and Reverse Murabaha Deposits				
Demand deposits and term deposits (maturity within 30 days)				
Stable deposits; and	3%	94,816	2,844	2,686
Less stable - retail deposits	10%	218,190	21,819	21,810
Retail and Small Business Customers demand and fixed deposits (for overseas branches and subsidiaries)*	-	-	-	-
B. Unsecured Wholesale Mudaraba, Wakala and Reverse Murabaha Funding				
1) Small business customer deposits:				
Less stable deposits	10%	40,789	4,079	4,120
Term deposits with remaining maturity over 30 days	0%	3,307	-	-
2) Operational deposits generated by clearing, custody, and cash management:				
	25%	-	-	-
3) Deposits from non-financial institutions, sovereign, central banks, multilateral development banks, PSEs, and Bahrain's Social Insurance Organization and GCC PIFs where PIF is a controller of the bank.				
	40%	185,423	74,169	70,735
4) Deposits from Financial Institutions and other legal entity corporations.				
	100%	105,629	105,629	89,348
C. Secured Funding				
Backed by level 1 assets or with central banks	0%	1,129	-	-
Backed by level 2A assets	15%	-	-	-
Secured funding transactions with domestic sovereign, PSE's or multilateral development banks that are not backed by level 1 or 2A assets	25%	-	-	-
Backed by other level 2B assets	50%	-	-	-
All others	100%	-	-	-
D. Other Cash Outflow				
Net Shari'a-compliant hedging contract cash outflow	100%	-	-	-
Asset-backed securities, covered sukuk, and other structured financing instruments	100%	-	-	-
Asset-backed commercial sukuk, securities investment vehicles, and other similar financing tool	100%	-	-	-
Committed: credit and liquidity facilities given by bank to:				
Retail and small business customers, including credit cards (from amount not used)	5%	5,937	297	260
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	1,411	141	185
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Liquidity	30%	-	-	-
Banks subject to prudential supervision (from amount not used)	40%	-	-	-
Other financial institutions (including securities firms and insurance firms) (from amount not used) - Credit	40%	-	-	-
Other financial institutions (including securities firms and insurance firms) (from amount not used) - Liquidity	100%	-	-	-
Other legal entities (from amount not used)	100%	-	-	-
Other Contingent Funding Obligations:				
Guarantees, LCs, revocable credit and liquidity facilities, non-contractual commitments	5%	231,240	11,562	11,326
Customer short positions that are covered by other customers' collateral	50%	-	-	-
Increased liquidity needs related to the potential for valuations changes on posted collateral	20%	-	-	-
Other contractual cash outflows	100%	2,721	2,721	2,842
Total Cash Outflow			223,262	203,312
Cash Inflows				
A. Secured lending transactions backed by the following asset category				
Level 1 assets	0%	-	-	-
Level 2A assets	15%	-	-	-
Level 2B assets	50%	-	-	-
Margin lending backed by all other collateral	50%	-	-	-
Other collateral	100%	-	-	-
B. Committed facilities - credit and liquidity facilities given to banks				
	0%	-	-	-
C. Other inflows by				
Retail and small business customer	50%	3,978	1,989	2,040
Non-retail customers:				
1. Financial institutions and central banks	100%	54,526	54,526	76,690
2. Non-financial institutions	50%	14,719	7,359	6,461
Operational deposits held at other financial institutions	0%	814	-	-
D. Other net Shari'a-compliant hedging contract cash inflows; and				
	100%	1,526	1,526	1,252
E. Other contractual cash inflows				
	100%	3,649	3,649	9,123
Total Cash Inflows			69,048	95,567
Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)			154,214	107,746
Liquidity coverage ratio - HQLA / Net cash outflowRegulatory Limit (Regulatory limit of 100%)			207.91%	288.03%

General Disclosures:

The Liquidity Coverage Ratio (LCR) is aimed at assessing the Bank's ability to meet the liquidity requirements in the short term (1 month), and must be maintained at/or above the minimum regulatory limit of 100% at all times. The Bank's quarterly average of daily consolidated LCR as of Q4 2021 stood at 207.9% and the above are the details of the daily averages computed throughout the quarter (including subsidiaries) as compared to Q3 2021. It is worth noting that in light of the COVID-19 pandemic, the CBB has introduced relaxed regulatory limits which temporarily require maintaining a minimum LCR of 80%.

Al Baraka Islamic Bank maintains ~BHD 320 million (post-haircut) as HQLA versus an average net cash-outflow of ~BHD 154 million. Furthermore, the daily average LCR for the month of Dec 2021 was 201% on a consolidated basis, and 448% on a solo basis. Debt securities/ Sukuk issued by the CBB and government of Bahrain formed the major portion of the Bank's HQLA.

NSFR Common Disclosure Template - Consolidated							BHD'000	
No.	Item	Unweighted Values (i.e. before applying relevant factors)				Q4 2021	Q3 2021	
		No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value	Total weighted value	
Available Stable Funding (ASF):								
1	Capital:	74,280	-	-	6,124	80,404	80,341	
2	Regulatory Capital	74,280	-	-	6,124	80,404	80,341	
3	Other Capital Instruments	-	-	-	-	-	-	
4	Retail deposits and deposits from small business customers:	-	359,801	15,103	4,427	341,962	349,993	
5	Stable deposits	-	2,454	-	-	2,331	71,120	
6	Less stable deposits	-	357,347	15,103	4,427	339,631	278,873	
7	Wholesale funding:	-	444,332	54,833	25,732	165,459	176,976	
8	Operational deposits	-	-	-	-	-	-	
9	Other wholesale funding	-	444,332	54,833	25,732	165,459	176,976	
10	Other liabilities:	-	-	-	46,107	46,107	46,107	
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-	-	
12	All other liabilities not included in the above categories	-	-	-	46,107	46,107	46,107	
13	Total ASF					633,933	653,416	
Required Stable Funding (RSF):								
14	Total NSFR high-quality liquid assets (HQLA)					23,918	19,669	
15	Deposits held at other financial institutions for operational purposes					-	-	
16	Performing financing and securities:							
17	Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	
18	Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	86,675	-	12,761	25,763	22,644	
19	Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	102,910	18,757	-	60,833	78,575	
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	66,442	43,187	44,528	
21	Performing residential mortgages, of which:	-	-	-	-	-	-	
22	With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-	-	
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	13,827	13,827	17,338	
24	Other assets:	49,847	-	-	-	49,847	50,827	
25	Physical traded commodities, including gold	-	-	-	-	-	-	
26	Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-	-	
27	NSFR Shari'a-compliant hedging contract assets	-	-	-	-	63,417	66,311	
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-	-	
29	All other assets not included in the above categories	16,680	-	-	-	16,680	13,126	
30	OBS items	-	-	-	-	9,309	11,739	
31	Total RSF					306,780	324,757	
32	NSFR (Regulatory limit of 100%)					206.6%	201.2%	

General Disclosures:

The NSFR is designed as a medium to long-term measure intended to provide a sustainable maturity structure of assets and liabilities; aiming to limit over-reliance on short-term wholesale funding and promotes funding stability. The above are the details of the NSFR components as of December 2021 considering the Bank's subsidiaries, as compared to September 2021.

As of 31 December 2021, the Bank's total weighted value of Available Stable Funding (ASF) stood at ~BHD 633 million vs a total weighted value of ~BHD 306 million Required Stable Funding (RSF). Banks must maintain the NSFR at or above a minimum regulatory requirement of 100%, where AIB levelled at 158% on a solo basis and 207% on a consolidated basis. It is worth noting that in light of the COVID-19 pandemic, the CBB has introduced relaxed regulatory limits which temporarily require maintaining a minimum NSFR of 80%.