

Al Baraka Islamic Bank B.S.C. (c)
Disclosure of Basel III Ratios
As at 31 March 2021

Al Baraka Islamic Bank B.S.C. (c)
Liquidity Coverage Ratio Disclosure
As at 31 March 2021

BHD'000

Liquidity Coverage Ratio (LCR) - Consolidated	Factor	Total Amount	Amount with Factor Applied	Amount with Factor Applied
			Q1 2021	Q4 2020
Stock of HQLA				
A. Level 1 assets:				
Coins and banknotes	100%	11,636	11,636	12,641
Qualified balances with the CBB	100%	7,628	7,628	8,419
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	157,844	157,844	154,246
Debt securities/Sukuk issued governments of GCC member states and their central banks;	100%	18,382	18,382	18,108
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%	79,274	79,274	60,304
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			274,765	253,717
B. Level 2 assets (maximum of 40 percent Of HQLA)				
1) Level 2A assets	Fine			
Debt securities/Sukuk that can be issued and liquidated or guaranteed by sovereigns, central banks, PSEs, and qualified MDBs	85%	6,421	5,458	5,940
Debt securities/Sukuk qualified for liquidation (including commercial paper)	85%	-	-	-
Qualified covered bonds	85%	-	-	-
2) Level 2B assets (maximum of 15 percent of HQLA)	Fine			
Debt securities/Sukuk (including commercial paper) issued by qualified non-financial institutions	50%	2,537	1,269	1,383
Qualified common equity shares	50%	1,519	760	730
Total level 2 Assets (1+2)			7,486	8,053
Total value of stock of HQLA			282,250	261,771
Cash Outflows				
A1. Retail Mudaraba, Wakala and Reverse Murabaha Deposits				
Demand deposits and term deposits (maturity within 30 days)				
Stable deposits; and	3%	92,371	2,771	2,691
Less stable - retail deposits	10%	202,858	20,286	20,088
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%	41,145	4,115	4,033
Term deposits with remaining maturity over 30 days	0%	3,822	-	-
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%	154,154	61,661	56,175
4) Deposits from Financial Institutions and other legal entity corporations.	100%	112,603	112,603	103,972
C. Secured Funding				
Backed by level 1 assets or with central banks	0%	-	-	-
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%	1,542	1,542	2,446
D. Other Cash Outflow				
Net Shari'a-compliant hedging contract cash outflow	100%	-	-	143
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%	4,392	220	205
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	276	28	57
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%	68,784	3,439	4,674
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%	5,241	5,241	6,121
Total Cash Outflow			211,906	200,605
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%	3,669	1,835	1,834
Non-retail customers:				
1. Financial institutions and central banks	100%	98,953	98,953	102,510
2. Non-financial institutions	50%	11,007	5,503	5,972
Operational deposits held at other financial institutions	0%	3,079	-	-
D. Other net Shari'a-compliant hedging contract cash inflows; and	100%	207	207	76
E. Other contractual cash inflows	100%	12,171	12,171	15,711
Total Cash Inflows			118,670	126,103
Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)			93,236	74,502
Liquidity coverage ratio - HQLA / Net cash outflowRegulatory Limit (Regulatory limit of 100%)			302.73%	351.36%

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 Q1 2021 stood at 302% and the above are the details of the daily averages computed throughout the quarter (including subsidiaries) as compared to Q4 2020. 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 282 million (post-haircut) as HQLA versus an average net cash-outflow of ~BHD 93 million. Furthermore, the daily average LCR for the month of March 2021 was 254% on a consolidated basis, and 689% on a solo basis. Debt securities/ Sukuk issued by the CBB and government of Bahrain formed the major portion of the Bank's HQLA.

Al Baraka Islamic Bank B.S.C. (c)
Net Stable Funding Disclosure
As at 31 March 2021

NSFR Common Disclosure Template - Consolidated

BHD'000

No.	Item	Unweighted Values (i.e. before applying relevant factors)				Mar-21	Dec-20
		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:	79,035	-	-	4,491	83,526	78,423
2	Regulatory Capital	79,035	-	-	4,491	83,526	78,423
3	Other Capital Instruments	-	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	372,895	14,235	11,214	360,838	341,315
5	Stable deposits	-	24,143	7	-	22,943	4,897
6	Less stable deposits	-	348,751	14,228	11,214	337,895	336,418
7	Wholesale funding:	-	331,613	92,886	28,977	159,765	130,402
8	Operational deposits	-	-	-	-	-	-
9	Other wholesale funding	-	331,613	92,886	28,977	159,765	130,402
10	Other liabilities:	-	-	-	40,023	40,023	42,651
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-	-
12	All other liabilities not included in the above categories	-	-	-	40,023	40,023	42,651
13	Total ASF					644,153	592,791
Required Stable Funding (RSF):							
14	Total NSFR high-quality liquid assets (HQLA)					19,874	22,577
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	-	86,455	3,867	12,761	27,663	29,358
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:	-	164,231	31,076	-	97,653	83,974
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	43,122	28,029	27,842
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	-	-	10,626	9,959	15,271	11,394
24	Other assets:	46,289	-	-	-	46,289	47,217
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	-	-	-	-	73,650	67,673
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-	-
29	All other assets not included in the above categories	17,425	-	-	-	17,425	17,425
30	OBS items	-	-	-	-	3,877	3,494
31	Total RSF					329,732	310,955
32	NSFR (Regulatory limit of 100%)					195.4%	190.6%

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 March 2021 considering the Bank's subsidiaries, as compared to December 2020.

As of 31 March 2021, the Bank's total weighted value of Available Stable Funding (ASF) stood at ~BHD 644 million vs a total weighted value of ~BHD 329 million Required Stable Funding (RSF). Banks must maintain the NSFR at or above a minimum regulatory requirement of 100%, where AIB levelled at 173% on a solo basis and 195% 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%.