



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

Disclosure of Basel III Ratios

As at 30 September 2021

Liquidity Coverage Ratio (LCR) - Consolidated	Factor	Total Amount	Amount with Factor Applied	Amount with Factor Applied
			Q3 2021	Q2 2021
Stock of HQLA				
A. Level 1 assets:				
Coins and banknotes	100%	11,845	11,845	12,684
Qualified balances with the CBB	100%	11,654	11,654	8,180
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	158,994	158,994	160,290
Debt securities/Sukuk issued governments of GCC member states and their central banks;	100%	22,309	22,309	18,520
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%	99,886	99,886	98,413
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			304,688	298,088
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%	5,201	4,421	5,321
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%	1,554	777	948
Qualified common equity shares	50%	907	453	673
Total level 2 Assets (1+2)			5,651	6,942
Total value of stock of HQLA			310,340	305,030
Cash Outflows				
A1. Retail Mudaraba, Wakala and Reverse Murabaha Deposits				
Demand deposits and term deposits (maturity within 30 days)				
Stable deposits; and	3%	89,540	2,686	2,793
Less stable - retail deposits	10%	218,103	21,810	20,449
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%	41,198	4,120	4,148
Term deposits with remaining maturity over 30 days	0%	3,227	-	-
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%	176,838	70,735	59,905
4) Deposits from Financial Institutions and other legal entity corporations.	100%	89,348	89,348	97,636
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%	-	-	3,198
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%	5,198	260	246
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	1,850	185	64
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%	226,529	11,326	10,252
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%	2,842	2,842	6,173
Total Cash Outflow			203,312	204,863
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%	4,081	2,040	1,906
Non-retail customers:				
1. Financial institutions and central banks	100%	76,690	76,690	65,428
2. Non-financial institutions	50%	12,923	6,461	8,962
Operational deposits held at other financial institutions	0%	2,278	-	-
D. Other net Shari'a-compliant hedging contract cash inflows; and	100%	1,252	1,252	897
E. Other contractual cash inflows	100%	9,123	9,123	7,396
Total Cash Inflows			95,567	84,589
Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)			107,746	120,273
Liquidity coverage ratio - HQLA / Net cash outflowRegulatory Limit (Regulatory limit of 100%)			288.03%	253.61%

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 Q3 2021 stood at 288% and the above are the details of the daily averages computed throughout the quarter (including subsidiaries) as compared to Q2 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 310 million (post-haircut) as HQLA versus an average net cash-outflow of ~BHD 107 million. Furthermore, the daily average LCR for the month of Sep 2021 was 247% on a consolidated basis, and 1128% 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)				Q3 2021	Q2 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:	75,872	-	-	4,469	80,341	81,835	
2	Regulatory Capital	75,872	-	-	4,469	80,341	81,835	
3	Other Capital Instruments	-	-	-	-	-	-	
4	Retail deposits and deposits from small business customers:	-	358,069	19,700	6,259	349,993	362,801	
5	Stable deposits	-	74,567	270	25	71,120	5,483	
6	Less stable deposits	-	283,502	19,430	6,234	278,873	357,318	
7	Wholesale funding:	-	356,769	93,252	24,462	176,976	189,074	
8	Operational deposits	-	-	-	-	-	-	
9	Other wholesale funding	-	356,769	93,252	24,462	176,976	189,074	
10	Other liabilities:	-	-	-	46,107	46,107	46,640	
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-	-	
12	All other liabilities not included in the above categories	-	-	-	46,107	46,107	46,640	
13	Total ASF					653,416	680,350	
Required Stable Funding (RSF):								
14	Total NSFR high-quality liquid assets (HQLA)					19,669	18,409	
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	-	65,881	-	12,761	22,644	25,730	
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:	-	130,056	27,094	-	78,575	95,863	
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	68,505	44,528	39,294	
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	-	10,564	-	12,056	17,338	17,306	
24	Other assets:	50,827	-	-	-	50,827	57,089	
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	-	-	-	-	66,311	70,676	
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-	-	
29	All other assets not included in the above categories	13,126	-	-	-	13,126	13,970	
30	OBS items	-	-	-	-	11,739	10,921	
31	Total RSF					324,757	349,259	
32	NSFR (Regulatory limit of 100%)					201.2%	194.8%	

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 September 2021 considering the Bank's subsidiaries, as compared to June 2021.

As of 30 September 2021, the Bank's total weighted value of Available Stable Funding (ASF) stood at ~BHD 653 million vs a total weighted value of ~BHD 324 million Required Stable Funding (RSF). Banks must maintain the NSFR at or above a minimum regulatory requirement of 100%, where AIB levelled at 175% on a solo basis and 201% 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%.