

Al Baraka Islamic Bank B.S.C. (c)
Disclosure of Basel III Ratios
As at 31 December 2020

Al Baraka Islamic Bank B.S.C. (c)
Liquidity Coverage Ratio Disclosure
As at 31 December 2020

BHD'000

Liquidity Coverage Ratio (LCR) - Consolidated	Factor	Total Amount	Amount with Factor Applied	Amount with Factor Applied
			Q4 2020	Q3 2020
Stock of HQLA				
A. Level 1 assets:				
Coins and banknotes	100%	12,641	12,641	12,551
Qualified balances with the CBB	100%	8,419	8,419	13,885
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	154,246	154,246	93,032
Debt securities/Sukuk issued governments of GCC member states and their central banks;	100%	18,108	18,108	17,612
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%	60,304	60,304	50,153
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			253,717	187,233
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%	6,989	5,940	6,079
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%	2,767	1,383	1,432
Qualified common equity shares	50%	1,459	730	743
Total level 2 Assets (1+2)			8,053	8,254
Total value of stock of HQLA			261,771	195,487
Cash Outflows				
A1. Retail Mudaraba, Wakala and Reverse Murabaha Deposits				
Demand deposits and term deposits (maturity within 30 days)				
Stable deposits; and	3%	89,716	2,691	2,631
Less stable - retail deposits	10%	200,885	20,088	19,820
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%	40,329	4,033	4,278
Term deposits with remaining maturity over 30 days	0%	3,641	-	-
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%	140,437	56,175	50,657
4) Deposits from Financial Institutions and other legal entity corporations.	100%	103,972	103,972	96,238
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%	2,446	2,446	-
D. Other Cash Outflow				
Net Shari'a-compliant hedging contract cash outflow	100%	143	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%	4,103	205	215
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	566	57	63
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%	93,473	4,674	7,555
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%	6,121	6,121	2,890
Total Cash Outflow			200,605	184,349
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%	3,668	1,834	1,740
Non-retail customers:				
1. Financial institutions and central banks	100%	102,510	102,510	132,993
2. Non-financial institutions	50%	11,943	5,972	4,013
Operational deposits held at other financial institutions	0%	3,856	-	-
D. Other net Shari'a-compliant hedging contract cash inflows; and	100%	76	76	352
E. Other contractual cash inflows	100%	15,711	15,711	16,232
Total Cash Inflows			126,103	155,330
Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)			74,502	46,087
Liquidity coverage ratio - HQLA / Net cash outflowRegulatory Limit (Regulatory limit of 100%)			351.36%	424.17%

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 2020 stood at 351% and the above are the details of the daily averages computed throughout the quarter (including Itqan capital and Al Baraka Bank Pakistan) as compared to Q3 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 261 million (post-haircut) as HQLA versus an average net cash-outflow of ~BHD 74 million. Furthermore, the daily average LCR for the month of December 2020 was 370% on a consolidated basis, and 857% 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 December 2020

NSFR Common Disclosure Template - Consolidated

BHD'000

No.	Item	Unweighted Values (i.e. before applying relevant factors)				Dec-20	Sep-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:	73,931	-	-	4,491	78,423	77,473
2	Regulatory Capital	73,931	-	-	4,491	78,423	77,473
3	Other Capital Instruments	-	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	352,945	14,001	10,806	341,315	328,413
5	Stable deposits	-	5,154	1	-	4,897	20,550
6	Less stable deposits	-	347,791	14,000	10,806	336,418	307,863
7	Wholesale funding:	-	375,951	67,289	5,021	130,402	101,794
8	Operational deposits	-	-	-	-	-	-
9	Other wholesale funding	-	375,951	67,289	5,021	130,402	101,794
10	Other liabilities:	-	-	-	42,651	42,651	44,670
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-	-
12	All other liabilities not included in the above categories	-	-	-	42,651	42,651	44,670
13	Total ASF					592,791	552,350
Required Stable Funding (RSF):							
14	Total NSFR high-quality liquid assets (HQLA)					22,577	14,086
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	-	97,752	3,867	12,761	29,358	26,717
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:	-	132,081	35,868	-	83,974	76,740
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	42,834	27,842	28,014
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	-	949	10,645	5,597	11,394	25,638
24	Other assets:	47,217	-	-	-	47,217	50,072
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	-	-	-	-	67,673	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	14,817
30	OBS items	-	-	-	-	3,494	5,934
31	Total RSF					310,955	309,692
32	NSFR (Regulatory limit of 100%)					190.6%	178.4%

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 2020 considering the Bank's subsidiaries, as compared to September 2020.

As of 31 December 2020, the Bank's total weighted value of Available Stable Funding (ASF) stood at ~BHD 592 million vs a total weighted value of ~BHD 310 million Required Stable Funding (RSF). Banks must maintain the NSFR at or above a minimum regulatory requirement of 100%, where AIB levelled at 156% on a solo basis and 190% 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%.