

**Al Baraka Islamic Bank B.S.C. (c)**  
**Disclosure of Basel III Ratios**  
**As at 30 June 2020**

**Al Baraka Islamic Bank B.S.C. (c)**  
**Liquidity Coverage Ratio Disclosure**  
**As at 30 June 2020**

BHD'000

Liquidity Coverage Ratio (LCR) - Consolidated	Factor	Total Amount	Amount with Factor Applied	Amount with Factor Applied
			Q2 2020	Q1 2020
<b>Stock of HQLA</b>				
<b>A. Level 1 assets:</b>				
Coins and banknotes	100%	14,484	14,484	13,218
Qualified balances with the CBB	100%	25,036	25,036	16,535
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	105,343	105,343	148,744
Debt securities/Sukuk issued governments of GCC member states and their central banks;	100%	15,994	15,994	18,154
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%	37,853	37,853	26,590
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%	-	-	-
<b>Total level 1 Assets</b>			<b>198,710</b>	<b>223,240</b>
<b>B. Level 2 assets (maximum of 40 percent Of HQLA)</b>				
<b>1) Level 2A assets</b>	Fine			
Debt securities/Sukuk that can be issued and liquidated or guaranteed by sovereigns, central banks, PSEs, and qualified MDBs	85%	7,458	6,339	6,718
Debt securities/Sukuk qualified for liquidation (including commercial paper)	85%	-	-	-
Qualified covered bonds	85%	-	-	-
<b>2) Level 2B assets (maximum of 15 percent of HQLA)</b>	Fine			
Debt securities/Sukuk (including commercial paper) issued by qualified non-financial institutions	50%	2,860	1,430	1,443
Qualified common equity shares	50%	1,229	614	719
<b>Total level 2 Assets (1+2)</b>			<b>8,383</b>	<b>8,880</b>
<b>Total value of stock of HQLA</b>			<b>207,093</b>	<b>232,120</b>
<b>Cash Outflows</b>				
<b>A1. Retail Mudaraba, Wakala and Reverse Murabaha Deposits</b>				
Demand deposits and term deposits (maturity within 30 days)				
Stable deposits; and	3%	78,431	2,353	1,717
Less stable - retail deposits	10%	185,654	18,565	19,506
Retail and Small Business Customers demand and fixed deposits (for overseas branches and subsidiaries)*	-	-	-	-
<b>B. Unsecured Wholesale Mudaraba, Wakala and Reverse Murabaha Funding</b>				
<b>1) Small business customer deposits:</b>				
Less stable deposits	10%	39,348	3,935	3,897
Term deposits with remaining maturity over 30 days	0%	3,177	-	-
<b>2) Operational deposits generated by clearing, custody, and cash management:</b>	25%	-	-	-
<b>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.</b>	40%	121,120	48,448	49,468
<b>4) Deposits from Financial Institutions and other legal entity corporations.</b>	100%	114,879	114,879	147,380
<b>C. Secured Funding</b>				
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%	-	-	-
<b>D. Other Cash Outflow</b>				
Net Shari'a-compliant hedging contract cash outflow	100%	64	64	5
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%	3,839	192	183
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	262	26	24
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%	195,793	9,790	10,699
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%	328	328	707
<b>Total Cash Outflow</b>			<b>198,580</b>	<b>233,587</b>
<b>Cash Inflows</b>				
<b>A. Secured lending transactions backed by the following asset category</b>				
Level 1 assets	0%	-	-	-
Level 2A assets	15%	-	-	-
Level 2B assets	50%	-	-	-
Margin lending backed by all other collateral	50%	-	-	-
Other collateral	100%	-	-	-
<b>B. Committed facilities - credit and liquidity facilities given to banks</b>	0%	-	-	-
<b>C. Other inflows by</b>				
Retail and small business customer	50%	1,579	790	1,487
Non-retail customers:				
1. Financial institutions and central banks	100%	145,149	145,149	112,821
2. Non-financial institutions	50%	13,140	6,570	7,070
Operational deposits held at other financial institutions	0%	1,925	-	-
<b>D. Other net Shari'a-compliant hedging contract cash inflows; and</b>	100%	100	100	249
<b>E. Other contractual cash inflows</b>	100%	7,178	7,178	10,075
<b>Total Cash Inflows</b>			<b>159,787</b>	<b>131,702</b>
<b>Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)</b>			<b>49,645</b>	<b>101,885</b>
<b>Liquidity coverage ratio - HQLA / Net cash outflowRegulatory Limit (Regulatory limit of 100%)</b>			<b>417.15%</b>	<b>227.83%</b>

**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 Q2 2020 stood at 417% 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 Q2 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 207 million (post-haircut) as HQLA versus an average net cash-outflow of ~BHD 49.6 million. Furthermore, the daily average LCR for the month of June 2020 was 398% on a consolidated basis, and 576% 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 30 June 2020**

**NSFR Common Disclosure Template - Consolidated**

BHD'000

No.	Item	Unweighted Values (i.e. before applying relevant factors)				Jun-20	Mar-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
<b>Available Stable Funding (ASF):</b>							
1	Capital:	74,966	-	-	5,183	80,148	75,952
2	Regulatory Capital	74,966	-	-	5,183	80,148	75,952
3	Other Capital Instruments	-	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	298,969	21,887	12,304	304,427	299,346
5	Stable deposits	-	66,805	262	45	63,758	58,996
6	Less stable deposits	-	232,164	21,625	12,259	240,669	240,350
7	Wholesale funding:	-	262,887	104,890	5,608	113,502	128,898
8	Operational deposits	-	-	-	-	-	-
9	Other wholesale funding	-	262,887	104,890	5,608	113,502	128,898
10	Other liabilities:	-	-	-	42,776	42,776	40,992
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-	-
12	All other liabilities not included in the above categories	-	-	-	42,776	42,776	40,992
13	<b>Total ASF</b>					<b>540,854</b>	<b>545,189</b>
<b>Required Stable Funding (RSF):</b>							
14	Total NSFR high-quality liquid assets (HQLA)					11,753	20,468
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	-	112,104	-	16,512	33,328	43,005
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:	-	62,260	16,481	-	78,741	60,495
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	26,748	17,387	23,044
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	-	-	955	24,851	25,328	14,953
24	Other assets:	46,568	-	-	-	46,568	68,342
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	14,794	-	-	-	14,794	19,661
30	OBS items	-	-	-	-	8,511	9,311
31	<b>Total RSF</b>					<b>304,084</b>	<b>326,953</b>
32	<b>NSFR (Regulatory limit of 100%)</b>					<b>178%</b>	<b>167%</b>

**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 June 2020 considering the Bank's subsidiaries, as compared to March 2020.

As of 30 June 2020, the Bank's total weighted value of Available Stable Funding (ASF) stood at ~BHD 540 million vs a total weighted value of ~BHD 304 million Required Stable Funding (RSF). Banks must maintain the NSFR at or above a minimum regulatory requirement of 100%, where AIB levelled at 137% on a solo basis and 178% 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%.