

**Al Baraka Islamic Bank B.S.C. (c)**  
**Disclosure of Basel III Ratios**  
**As at 30 June 2021**

Liquidity Coverage Ratio (LCR) - Consolidated	Factor	Total Amount	Amount with Factor Applied	Amount with Factor Applied
			Q2 2021	Q1 2021
<b>Stock of HQLA</b>				
<b>A. Level 1 assets:</b>				
Coins and banknotes	100%	12,684	12,684	11,636
Qualified balances with the CBB	100%	8,180	8,180	7,628
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	160,290	160,290	157,844
Debt securities/Sukuk issued by governments of GCC member states and their central banks;	100%	18,520	18,520	18,382
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%	98,413	98,413	79,274
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>298,088</b>	<b>274,765</b>
<b>B. Level 2 assets (maximum of 40 percent Of HQLA)</b>				
<b>1) Level 2A assets</b>				
Debt securities/Sukuk that can be issued and liquidated or guaranteed by sovereigns, central banks, PSEs, and qualified MDBs	Fine			
Debt securities/Sukuk qualified for liquidation (including commercial paper)	85%	6,260	5,321	5,458
Qualified covered bonds	85%	-	-	-
<b>2) Level 2B assets (maximum of 15 percent of HQLA)</b>				
Debt securities/Sukuk (including commercial paper) issued by qualified non-financial institutions	Fine			
Qualified common equity shares	50%	1,895	948	1,269
	50%	1,347	673	760
<b>Total level 2 Assets (1+2)</b>			<b>6,942</b>	<b>7,486</b>
<b>Total value of stock of HQLA</b>			<b>305,030</b>	<b>282,250</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%	93,115	2,793	2,771
Less stable - retail deposits	10%	204,489	20,449	20,286
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%	41,482	4,148	4,115
Term deposits with remaining maturity over 30 days	0%	3,372	-	-
<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%	149,762	59,905	61,661
<b>4) Deposits from Financial Institutions and other legal entity corporations.</b>				
	100%	97,636	97,636	112,603
<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%	3,198	3,198	1,542
<b>D. Other Cash Outflow</b>				
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%	4,915	246	220
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	637	64	28
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%	205,033	10,252	3,439
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%	6,173	6,173	5,241
<b>Total Cash Outflow</b>			<b>204,863</b>	<b>211,906</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%	3,811	1,906	1,835
Non-retail customers:				
1. Financial institutions and central banks	100%	65,428	65,428	98,953
2. Non-financial institutions	50%	17,924	8,962	5,503
Operational deposits held at other financial institutions	0%	1,983	-	-
<b>D. Other net Shari'a-compliant hedging contract cash inflows; and</b>				
	100%	897	897	207
<b>E. Other contractual cash inflows</b>				
	100%	7,396	7,396	12,171
<b>Total Cash Inflows</b>			<b>84,589</b>	<b>118,670</b>
<b>Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)</b>			<b>120,273</b>	<b>93,236</b>
<b>Liquidity coverage ratio - HQLA / Net cash outflow/Regulatory Limit (Regulatory limit of 100%)</b>			<b>253.61%</b>	<b>302.73%</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 2021 stood at 253.6% and the above are the details of the daily averages computed throughout the quarter (including subsidiaries) as compared to Q1 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 305 million (post-haircut) as HQLA versus an average net cash-outflow of -BHD 120 million. Furthermore, the daily average LCR for the month of June 2021 was 241% on a consolidated basis, and 89% 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 2021**

NSFR Common Disclosure Template - Consolidated							BHD'000	
No.	Item	Unweighted Values (i.e. before applying relevant factors)				Q2 2021	Q1 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	
<b>Available Stable Funding (ASF):</b>								
1	Capital:	77,778	-	-	4,057	81,835	83,526	
2	Regulatory Capital	77,778	-	-	4,057	81,835	83,526	
3	Other Capital Instruments	-	-	-	-	-	-	
4	Retail deposits and deposits from small business customers:	-	375,411	17,585	8,816	362,801	360,838	
5	Stable deposits	-	5,765	6	-	5,483	22,943	
6	Less stable deposits	-	369,645	17,579	8,816	357,318	337,895	
7	Wholesale funding:	-	352,032	115,483	25,225	189,074	159,765	
8	Operational deposits	-	-	-	-	-	-	
9	Other wholesale funding	-	352,032	115,483	25,225	189,074	159,765	
10	Other liabilities:	-	-	-	46,640	46,640	40,023	
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-	-	
12	All other liabilities not included in the above categories	-	-	-	46,640	46,640	40,023	
13	<b>Total ASF</b>					<b>680,350</b>	<b>644,153</b>	
<b>Required Stable Funding (RSF):</b>								
14	Total NSFR high-quality liquid assets (HQLA)					18,409	19,874	
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	-	12,761	25,730	27,663	
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:	-	160,070	31,657	-	95,863	97,653	
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	60,452	39,294	28,029	
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	-	10,627	-	11,993	17,306	15,271	
24	Other assets:	57,089	-	-	-	57,089	46,289	
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	-	-	-	-	70,676	73,650	
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-	-	
29	All other assets not included in the above categories	13,970	-	-	-	13,970	17,425	
30	OBS items	-	-	-	-	10,921	3,877	
31	<b>Total RSF</b>					<b>349,259</b>	<b>329,732</b>	
32	<b>NSFR (Regulatory limit of 100%)</b>					<b>194.8%</b>	<b>195.4%</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 2021 considering the Bank's subsidiaries, as compared to March 2021.

As of 30 June 2021, the Bank's total weighted value of Available Stable Funding (ASF) stood at ~BHD 680 million vs a total weighted value of ~BHD 349 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%.