

Al Baraka Islamic Bank B.S.C. (c)
Disclosure of Basel III Ratios
As at 31 December 2019

Liquidity Coverage Ratio (LCR) - Consolidated	Factor	Total Amount	Amount with Factor Applied	
			Q4 2019	Q3 2019
Stock of HQLA				
A. Level 1 assets:				
Coins and banknotes	100%	12,698	12,698	13,443
Qualified balances with the CBB	100%	13,079	13,079	12,592
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	144,631	144,631	113,847
Debt securities/Sukuk issued governments of GCC member states and their central banks;	100%	8,592	8,592	8,993
Debt securities/Sukuk that can be monetised and issued or guaranteed by sovereigns, central banks, PSEs, IMF, BIS, ECB, EC, or MDBs	100%	-	-	5,385
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%	26,197	26,197	26,037
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			205,197	180,297
B. Level 2 assets (maximum of 40 percent Of HQLA)				
1) Level 2A assets				
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%	8,314	7,067	7,564
Qualified covered bonds	85%	-	-	-
2) Level 2B assets (maximum of 15 percent of HQLA)				
Debt securities/Sukuk (including commercial paper) issued by qualified non-financial institutions	Fine			
Qualified common equity shares	50%	1,347	674	606
	50%	1,776	888	805
Total level 2 Assets (1+2)			8,628	8,975
Total value of stock of HQLA			213,826	189,272
Cash Outflows				
A1. Retail Mudaraba, Wakala and Reverse Murabaha Deposits				
Demand deposits and term deposits (maturity within 30 days)				
Stable deposits; and	3%	72,607	2,178	1,714
Less stable - retail deposits	10%	170,676	17,068	17,658
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%	34,999	3,500	2,530
Term deposits with remaining maturity over 30 days	0%	5,234	-	-
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%	119,494	47,797	46,604
4) Deposits from Financial Institutions and other legal entity corporations.				
	100%	127,077	127,077	136,849
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%	2,787	2,787	-
D. Other Cash Outflow				
Net Shari'a-compliant hedging contract cash outflow	100%	3,215	3,215	9,179
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%	3,189	159	141
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	331	33	34
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%	219,629	10,981	7,412
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%	-	-	-
Total Cash Outflow			214,797	222,120
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%	4,143	2,071	4,054
Non-retail customers:				
1. Financial institutions and central banks	100%	99,508	99,508	111,866
2. Non-financial institutions	50%	14,929	7,465	17,670
Operational deposits held at other financial institutions	0%	1,865	-	-
D. Other net Shari'a-compliant hedging contract cash inflows; and				
	100%	301	301	101
E. Other contractual cash inflows				
	100%	-	-	-
Total Cash Inflows			109,345	133,691
Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)			105,452	88,429
Liquidity coverage ratio - HQLA / Net cash outflowRegulatory Limit (Regulatory limit of 100%)			202.77%	214.04%

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 2019 stood at 202%, 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 2019.

Al Baraka Islamic Bank maintains -BHD 213 million (post-haircut) as HQLA versus an average net cash-outflow of -BHD 105 million. Furthermore, the daily average LCR for the month of December 2019 was 180% on a consolidated basis, and 267% on a solo basis. Debt securities/ Sukuk issued by the CBB and government of Bahrain formed the major portion of the Bank's HQLA.

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Net Stable Funding Disclosure
As at 31 December 2019

NSFR Common Disclosure Template - Consolidated

No.	Item	Unweighted Values (i.e. before applying relevant factors)				BHD'000
		No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
Available Stable Funding (ASF):						
1	Capital:	71,060	-	-	4,892	75,952
2	Regulatory Capital	71,060	-	-	4,892	75,952
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	307,809	19,468	11,835	309,418
5	Stable deposits	-	60,319	332	56	57,674
6	Less stable deposits	-	247,491	19,136	11,779	251,744
7	Wholesale funding:	-	353,890	25,754	19,761	98,729
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	353,890	25,754	19,761	98,729
10	Other liabilities:	-	-	-	40,992	40,992
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
12	All other liabilities not included in the above categories	-	-	-	40,992	40,992
13	Total ASF					525,092
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)					13,550
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	-	88,976	739	531	14,247
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:	-	59,278	11,121	-	70,399
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	36,399	23,659
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	-	3,535	-	13,656	15,423
24	Other assets:	68,999	-	-	-	68,999
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	-	-	-	-	121
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	80
29	All other assets not included in the above categories	19,304	-	-	-	19,304
30	OBS items	-	-	-	-	10,753
31	Total RSF					236,536
32	NSFR (Regulatory limit of 100%)					222%

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 year end considering the Bank's subsidiaries.

As of 31 December 2019, the Bank's total weighted value of Available Stable Funding (ASF) stood at ~BHD 1.39 billion vs a total weighted value of ~BHD 0.62 billion Required Stable Funding (RSF). Banks must maintain the NSFR at or above a minimum regulatory requirement of 100%, where AIB levelled at 150% on a solo basis and 222% on a consolidated basis.