



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

Disclosure of Basel III Ratios

As at 30 June 2022

Liquidity Coverage Ratio (LCR) - Consolidated	Factor	Total Amount	Amount with Factor Applied	Amount with Factor Applied
			Q2 2022	Q1 2022
Stock of HQLA				
A. Level 1 assets:				
Coins and banknotes	100%	9,097	9,097	10,120
Qualified balances with the CBB	100%	9,500	9,500	8,568
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	187,527	187,527	172,779
Debt securities/Sukuk issued by governments of GCC member states and their central banks;	100%	13,752	13,752	13,141
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%	95,881	95,881	94,767
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			315,757	299,374
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%	2,682	2,280	2,355
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%	347	173	245
Qualified common equity shares	50%	82	41	75
Total level 2 Assets (1+2)			2,494	2,675
Total value of stock of HQLA			318,251	302,049
Cash Outflows				
A1. Retail Mudaraba, Wakala and Reverse Murabaha Deposits				
Demand deposits and term deposits (maturity within 30 days)				
Stable deposits; and	3%	80,515	2,415	2,231
Less stable - retail deposits	10%	217,052	21,705	22,296
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%	39,454	3,945	4,072
Term deposits with remaining maturity over 30 days	0%	3,603	-	-
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%	178,921	71,569	71,190
4) Deposits from Financial Institutions and other legal entity corporations.	100%	124,130	124,130	110,549
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%	-	-	-
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%	5,461	273	275
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	1,448	145	116
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%	221,169	11,058	11,173
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%	-	-	29
Total Cash Outflow			235,241	221,932
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%	2,318	1,159	1,180
Non-retail customers:				
1. Financial institutions and central banks	100%	55,874	55,874	60,247
2. Non-financial institutions	50%	4,250	2,125	618
Operational deposits held at other financial institutions	0%	2,710	-	-
D. Other net Shari'a-compliant hedging contract cash inflows; and	100%	1,451	1,451	1,496
E. Other contractual cash inflows	100%	12,590	12,590	16,993
Total Cash Inflows			73,199	80,533
Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)			162,042	141,398
Liquidity coverage ratio - HQLA / Net cash outflow/Regulatory Limit (Regulatory limit of 100%)			196.40%	213.62%

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 2022 stood at 196.4% and the above are the details of the daily averages computed throughout the quarter (including subsidiaries). It is worth noting that in light of the COVID-19 pandemic, the CBB had introduced relaxed regulatory limits which temporarily require maintaining a minimum LCR of 80%, however the relaxed limit ends in Q2 2022 and will revert back to 100% going forward.

Al Baraka Islamic Bank maintains -BHD 318 million (post-haircut) as HQLA versus an average net cash-outflow of -BHD 162 million. 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)				Q2 2022	Q1 2022
		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:	75,413	-	-	5,698	81,112	96,970
2	Regulatory Capital	75,413	-	-	5,698	81,112	96,970
3	Other Capital Instruments	-	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	330,689	18,717	3,995	321,420	330,011
5	Stable deposits	-	58,841	345	54	56,280	20,067
6	Less stable deposits	-	271,848	18,373	3,941	265,140	309,944
7	Wholesale funding:	-	404,648	101,597	4,446	153,117	143,097
8	Operational deposits	-	-	-	-	-	-
9	Other wholesale funding	-	404,648	101,597	4,446	153,117	143,097
10	Other liabilities:	-	-	-	38,872	38,872	43,639
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-	-
12	All other liabilities not included in the above categories	-	-	-	38,872	38,872	43,639
13	Total ASF					594,520	613,717
Required Stable Funding (RSF):							
14	Total NSFR high-quality liquid assets (HQLA)					29,492	23,810
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	-	40,852	-	12,761	18,889	24,947
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:	-	85,072	23,568	-	54,320	60,248
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	95,270	61,926	53,720
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	-	-	-	7,528	7,528	13,507
24	Other assets:	41,249	-	-	-	41,249	67,858
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	-	-	-	-	55,198	62,018
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-	-
29	All other assets not included in the above categories	14,058	-	-	-	14,058	14,044
30	OBS items	-	-	-	-	10,808	9,349
31	Total RSF					293,468	329,501
32	NSFR (Regulatory limit of 100%)					202.6%	186.3%

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 2022 considering the Bank's subsidiaries.

As of June 2022, the Bank's total weighted value of Available Stable Funding (ASF) stood at ~BHD 595 million vs a total weighted value of ~BHD 293 million Required Stable Funding (RSF). Banks must maintain the NSFR at or above a minimum regulatory requirement of 100%, where AIB levelled at 152% on a solo basis and 203% 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%, however the relaxed limit ends in Q2 2022 and will revert back to 100% going forward.