

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

Disclosure of Basel III Ratios

As at 30 September 2019

	Factor	Total Amount	Amount with Factor Applied	Amount with Factor Applied
			Q3 2019	Q2 2019
Stock of HQLA				
A. Level 1 assets:				
Coins and banknotes	100%	13,443	13,443	15,018
Qualified balances with the CBB	100%	12,592	12,592	15,245
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	113,847	113,847	102,185
Debt securities/Sukuk issued governments of GCC member states and their central banks;	100%	8,993	8,993	10,224
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	5,385	8,673
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%	26,037	26,037	27,581
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			180,297	178,926
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%	8,898	7,564	8,342
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%	1,212	606	644
	50%	1,610	805	950
Total level 2 Assets (1+2)			8,975	9,937
Total value of stock of HQLA			189,272	188,863
Cash Outflows				
A1. Retail Mudaraba, Wakala and Reverse Murabaha Deposits				
Demand deposits and term deposits (maturity within 30 days)				
Stable deposits; and	3%	57,141	1,714	1,615
Less stable - retail deposits	10%	176,576	17,658	17,179
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%	25,297	2,530	2,995
Term deposits with remaining maturity over 30 days	0%	4,127	-	-
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%	116,510	46,604	42,066
4) Deposits from Financial Institutions and other legal entity corporations.				
	100%	136,849	136,849	132,253
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%	9,179	9,179	11,450
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%	2,824	141	134
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	340	34	37
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%	148,236	7,412	11,853
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			222,120	219,582
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%	8,108	4,054	4,470
Non-retail customers:				
1. Financial institutions and central banks	100%	111,866	111,866	116,004
2. Non-financial institutions	50%	35,339	17,670	15,163
Operational deposits held at other financial institutions	0%	1,474	-	-
D. Other net Shari'a-compliant hedging contract cash inflows; and				
	100%	101	101	-
E. Other contractual cash inflows				
	100%	-	-	847
Total Cash Inflows			133,691	136,483
Net cash outflow = total cash outflow - total cash inflow or lowest value (75 percent of total cash outflow)			88,429	83,099
Liquidity coverage ratio - HQLA / Net cash outflow			214.04%	227.28%

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). The Bank's quarterly average of daily consolidated LCR as of Q3 2019 stood at 214%, 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 June 2019.

Al Baraka Islamic Bank maintains -BHD 189 Million (post-haircut) as HQLA versus an average net cash-outflow of -BHD 88 Million. Furthermore, the daily average LCR for the month of September 2019 was 217% on a consolidated basis, and 444.4% 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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Leverage Ratio Disclosure

As at 30 September 2019

BD '000
Solo Consolidated

		Solo	Consolidated
	On-Balance Sheet		
1	Self-financed exposures	230,087	315,518
2	Exposures to be funded by Unrestricted Profit Sharing Investment Accounts	277,741	492,979
3	Off-Balance Sheet	11,981	80,852
	Leverage Ratio exposure [(1) + (2 * 30%) + (3)]	325,391	544,264

iii.	Leverage Ratio		
iii.1	Tier 1	51,398	71,467
iii.2	PER of UPSIAs	76	76
iii.3	IRR of UPSIAs	-	-
iii.4	Total Exposures (i.1 + i.2 - ((iii.2 + iii.3)*30%)	325,368	544,241
iii.5	Regulatory adjustment	203	19,114
iii.6	Total exposures for the calculation of the leverage ratio (iii.4 - iii.5)	325,165	525,127
	Leverage Ratio	15.81%	13.61%