

Ithmaar Bank B.S.C (c)
Liquidity Disclosures – Basel III
30 September 2019

CBB in August 2018 issued revised guidelines on Liquidity Management. One of the key requirements of the revised CBB guidelines includes the computation and disclosure of the Liquidity Coverage Ratio (LCR). LCR has been developed to promote short-term resilience of a bank's liquidity risk profile. The LCR requirements aim to ensure that a bank has an adequate stock of unencumbered high quality liquidity assets (HQLA) that consists of assets that can be converted into cash immediately to meet its liquidity needs for a 30-calendar day stressed liquidity period.

As per CBB LM regulations, banks must meet the minimum LCR of not less than 100 percent on a daily basis both at a solo and consolidated level. The below table describes the average 90 day LCR of Ithmaar Bank on a consolidated basis.

Pillar 3 LCR Common Disclosure Template			
		For the Quarter ended	30/09/2019
BD 000		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total HQLA		377,588
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	190,212	5,706
4	Less stable deposits	764,613	75,350
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	61,597	15,399
7	Non-operational deposits (all counterparties)	512,903	266,523
8	Unsecured debt	-	-
9	Secured wholesale funding		-
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	3,189	3,189
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	188,742	16,394
14	Other contractual funding obligations	58,682	58,682
15	Other contingent funding obligations	332,175	16,608
16	TOTAL CASH OUTFLOWS		457,854
CASH INFLOWS			
17	Secured lending (eg reverse repos)	23,055	-
18	Inflows from fully performing exposures	278,492	201,233
19	Other cash inflows	-	-
20	TOTAL CASH INFLOWS	301,547	201,233
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		377,588
22	TOTAL NET CASH OUTFLOWS		256,621
23	LIQUIDITY COVERAGE RATIO (%)		147%

Ithmaar Bank has been computing the LCR on a daily basis from the CBB stipulated deadline of 30 June 2019. The Bank has continued to maintain the LCR significantly above the CBB requirement of 100%. Ithmaar Bank along with its subsidiary Faysal Bank Pakistan maintain a high level of average HQLA which amounted to BD 377 million as of 30 September 2019. The HQLA consists of a both Level 1 and Level 2 assets.

The average cash outflows as of 30 September stood at BD 457 million which is mainly due to retail and wholesale funding from customers as well as other contractual and funding obligations that are due within a 1 month period.

The average cash inflows mainly represent profit and principal repayment of fully performing money market placements and financing. Cash inflows are capped at 75% of cash outflows. The average cash inflows as of 30 September 2019 amounted to BD 201.33 million.