

Ithmaar Bank B.S.C (c)
Liquidity Disclosures – Basel III
31 March 2022

Liquidity Coverage Ratio

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. The below table describes the average 90 day LCR of Ithmaar Bank on a consolidated basis as of 31 March 2022.

| Pillar 3 LCR Common Disclosure Template | | |
|--|---|---|
| For the Quarter ended 31/3/2022 | | |
| BD 000 | | |
| BD 000 | Total Unweighted Value (average) | Total Weighted Value (average) |
| HIGH-QUALITY LIQUID ASSETS | | |
| 1 | Total HQLA | 532,008 |
| CASH OUTFLOWS | | |
| 2 | Retail deposits and deposits from small business customers, of which: | |
| 3 | Stable deposits | 6,227 |
| 4 | Less stable deposits | 97,487 |
| 5 | Unsecured wholesale funding, of which: | |
| 6 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | 10,814 |
| 7 | Non-operational deposits (all counterparties) | 322,823 |
| 8 | Unsecured debt | - |
| 9 | Secured wholesale funding | - |
| 10 | Additional requirements, of which: | |
| 11 | Outflows related to derivative exposures and other collateral requirements | 3,105 |
| 12 | Outflows related to loss of funding on debt products | - |
| 13 | Credit and liquidity facilities | 16,589 |
| 14 | Other contractual funding obligations | 53,215 |
| 15 | Other contingent funding obligations | 24,871 |
| 16 | TOTAL CASH OUTFLOWS | 535,132 |
| CASH INFLOWS | | |
| 17 | Secured lending (eg reverse repos) | - |
| 18 | Inflows from fully performing exposures | 151,998 |
| 19 | Other cash inflows | 1,119 |
| 20 | TOTAL CASH INFLOWS | 153,118 |
| | | TOTAL ADJUSTED VALUE |
| 21 | TOTAL HQLA | 532,008 |
| 22 | TOTAL NET CASH OUTFLOWS | 382,014 |
| 23 | LIQUIDITY COVERAGE RATIO (%) | 139% |

Net Stable Funding Ratio (NSFR)

One of the key requirements of the revised CBB guidelines includes the computation and disclosure of the Net Stable Funding Ratio (NSFR). The NSFR requires banks to maintain a stable funding profile in relation to assets and off-balance sheet activities. The following table details the NSFR of Ithmaar Bank B.S.C (c) as of 31 March 2022 on a consolidated basis.

| | | | | | | BD 000 |
|--|--|---|--------------------|---|---------------|----------------------|
| No. | Item | Unweighted Values (i.e. before applying relevant factors) | | | | Total weighted value |
| | | No specified maturity | Less than 6 months | More than 6 months and less than one year | Over one year | |
| Available Stable Funding (ASF): | | | | | | |
| 1 | Capital: | 115,234 | 0 | 0 | 9,336 | 124,570 |
| 2 | Regulatory Capital | 115,234 | | | | 115,234 |
| 3 | Other Capital Instruments | | | | 9,336 | 9,336 |
| 4 | Retail deposits and deposits from small business customers: | 0 | 1,342,071 | 291,318 | 47,459 | 1,531,992 |
| 5 | Stable deposits | 0 | 266,940 | 22,713 | 7,625 | 282,795 |
| 6 | Less stable deposits | 0 | 1,075,132 | 268,604 | 39,835 | 1,249,197 |
| 7 | Wholesale funding: | 0 | 569,640 | 286,273 | 354,832 | 691,711 |
| 8 | Operational deposits | | | 0 | | 0 |
| 9 | Other wholesale funding | | 569,640 | 286,273 | 354,832 | 691,711 |
| 10 | Other liabilities: | 0 | 392,141 | 0 | 4,434 | 4,434 |
| 11 | NSFR Shari'a-compliant hedging contract liabilities | | 14,465 | | | |
| 12 | All other liabilities not included in the above categories | | 377,676 | | 4,434 | 4,434 |
| 13 | Total ASF | | | | | 2,352,706 |
| Required Stable Funding (RSF): | | | | | | |
| 14 | Total NSFR high-quality liquid assets (HQLA) | | | | | 15,044 |
| 15 | Deposits held at other financial institutions for operational purposes | | | 0 | | 0 |
| 16 | Performing loans and securities: | | 430,703 | 114,642 | 1,484,170 | 1,544,434 |
| 17 | Performing loans to financial institutions secured by Level 1 HQLA | | | | | |
| 18 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | | 98,983 | 17,729 | 581,955 | 605,667 |
| 19 | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: | | 331,720 | 96,912 | 687,345 | 798,559 |
| 20 | - With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines | | | | 192,154 | 124,900 |
| 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 | | | | 21,169 | 13,760 |
| 23 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | | | | 1,548 | 1,548 |
| 24 | Other assets: | 0 | 330,112 | 0 | 0 | 330,112 |
| 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 assets | | 116 | | | 116 |
| 28 | NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted | | 2,777 | | | 2,777 |
| 29 | All other assets not included in the above categories | | 327,220 | | 0 | 327,220 |
| 30 | OBS items | | 723,924 | | | 36,196 |
| 31 | Total RSF | | | | | 1,925,787 |
| 32 | NSFR (%) | | | | | 122.17% |

Leverage Ratio

The Central Bank of Bahrain issued regulations on the financial leverage ratio as part of the CA: Capital Adequacy Module Chapter 10, which was implemented as of 30 June 2019.

The leverage ratio calculation includes all on balance sheet exposures, all off balance sheet exposures after applying the applicable adjustments as per the CBB guidelines:

CBB require banks to hold a minimum leverage ratio of at least 3%.

| SNO | Description | BD 000 |
|------------|---|------------------|
| 1 | Tier 1 Capital | 115,234 |
| | | |
| | On Balance Sheet Assets | |
| 2 | SF | 1,317,345 |
| 3 | URIA | 2,083,089 |
| | | |
| 4 | Off Balance (with conversion CCFs) | 449,594 |
| | | |
| 5 | Total Assets (2+3*(0.3)+4) | 2,391,866 |
| | | |
| 6 | Leverage Ratio (1/5) | 4.82% |