

**Bahrain Islamic Bank B.S.C.**  
**Composition of Capital and Liquidity Disclosures**  
**As at 31 December 2020**

**Reconciliation of Published Financial Balance Sheet to Regulatory Reporting as at 31 December 2020**

	<i>Statement of Financial position as per published financial statements</i>	<i>Statement of Financial position as per Regulatory Reporting</i>
	<b>Q4 2020 BD'000</b>	<b>Q4 2020 BD'000</b>
<b>Assets</b>		
Cash and balances with banks and Central Bank	50,362	50,362
Gross Placements with financial institutions	44,443	44,443
Less: Expected credit loss (stage 3)	-	-
Less: Expected credit loss (stage 1 and stage 2)	(1)	-
Net placements with financial institutions	44,442	44,443
Gross financing assets	597,552	597,552
Less: Expected credit loss (stage 3)	(18,360)	(18,360)
Less: Expected credit loss (stage 1 and stage 2)	(7,679)	-
Net financing assets	571,513	579,192
Gross investment securities	299,356	299,356
Less: Expected credit loss (stage 3)	(22,497)	(22,497)
Less: Expected credit loss (stage 1 and stage 2)	(251)	-
Net investment securities	276,608	276,859
Ijarah Muntahia Bittamleek	191,365	191,365
Gross ijarah rental receivables	23,020	23,020
Less: Expected credit loss (stage 3)	(1,275)	(1,275)
Less: Expected credit loss (stage 1 and stage 2)	(1,068)	-
Net ijarah rental receivables	20,677	21,745
Investment in associates	19,024	19,024
Investment in real estate	16,226	16,226
Property and equipment	14,047	14,047
Net Other assets	7,317	7,317
Modification loss impact net of government subsidy	-	17,155
<b>TOTAL ASSETS</b>	<b>1,211,581</b>	<b>1,237,735</b>
<b>Liabilities, Equity Of Investment Accountholders And Owners' Equity</b>		
<b>Liabilities</b>		
Placements from financial institutions	147,893	147,893
Placements from non-financial institutions and individuals	261,002	261,002
Borrowings from financial institutions	-	-
Customers' current accounts	188,742	188,742
Other liabilities	23,642	23,506
of which: Expected credit loss - Off balance sheet exposures (stage 3)	-	-
(stage 1 and stage 2)	136	-
of which: Other liabilities	23,506	23,506
Total Liabilities	621,279	621,143
Total Equity of Investment Accountholders	494,260	494,260
<b>Owners' Equity</b>		
Share capital	106,406	106,406
Treasury shares	(892)	(892)
Shares under employee share incentive scheme	(257)	(257)
Share premium	206	206
Statutory reserve	4,736	4,736
Real estate fair value reserve	2,178	2,178
Investment securities fair value reserve	1,696	1,696
Expected credit loss	-	9,135
of which: amount eligible for Tier 2 capital subject to a maximum of 1.25% of credit risk weighted assets	-	-
of which: amount ineligible for Tier 2 capital	-	9,135
Loss for the year	(12,563)	(12,563)
Retained earnings brought forward	(5,468)	11,687
of which: Retained earnings as of 1 January 2020	8,007	8,007
of which: Modification loss and Government Subsidy	(12,897)	-
of which: Zakah and Donations approved	(578)	(578)
of which: Aggregate ECL provision relating to stage 1 and 2 exposures	-	4,258
Total Owners' Equity	96,042	122,332
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>	<b>1,211,581</b>	<b>1,237,735</b>

**Composition of Capital Common Disclosure Template as at 31 December 2020**

	<i>CET 1</i>	<i>T2</i>
	<i>BD'000</i>	<i>BD'000</i>
<b>Components of capital</b>		
Issued and fully paid ordinary shares	106,406	-
General reserves	-	-
Legal / statutory reserves	4,736	-
Share premium	206	-
Retained earnings brought forward	11,687	-
Current year loss	(12,563)	-
Unrealized gains and losses on available for sale financial instruments	1,696	-
<b>Less:</b>		
Employee stock incentive program funded by the bank (outstanding)	257	-
Treasury Shares	892	-
<b>Total Common Equity Tier 1 capital after the regulatory adjustments above (CET1 d)</b>	<b>111,019</b>	<b>-</b>
Assets revaluation reserve - property, plant, and equipment		2,178
Expected Credit Losses (ECL) Stages 1 & 2		7,987
<b>Total Available AT1 &amp; T2 Capital</b>		<b>10,165</b>
<b>Total Capital</b>		<b>121,184</b>

**Disclosure template for main features of regulatory capital instruments**

1	Issuer	Bahrain Islamic Bank BSC
2	Unique identifier (Bahrain bourse ticker)	BISB
3	Governing law(s) of the instrument	All applicable laws and regulations in the Kingdom of Bahrain
	<i>Regulatory treatment</i>	
4	Transitional CBB rules	Common Equity Tier 1
5	Post-transitional CBB rules	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Group and solo
7	Instrument type (types to be specified by each jurisdiction)	Equity shares
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 106.40 million
9	Par value of instrument	BD 0.100
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Dividend as declared by shareholders
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Not applicable
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

**Consolidated Liquidity Coverage Ratio as of 31 December 2020**

In August 2018, the Central Bank of Bahrain issued its regulations on Liquidity Risk Management (Module LM). The module mandates that banks must adequately manage their assets and liabilities to create strong short-term resilience and a sufficient ability to meet the bank's net cash outflows within 30 days

As per CBB Module LM, banks are required to meet the minimum LCR of at least 100% on a daily basis. This ratio was relaxed to 80% for 2020 due to the pressures within the banking sector following the COVID pandemic. Below is Bahrain Islamic Bank's LCR disclosure as of 31 December 2020:

BD'000

Consolidated LCR		Total Unweighted Value (average) <sup>(1)</sup>	Total Weighted Value (average) <sup>(1)</sup>
<b>High Quality Liquid Assets</b>			
1	Total HQLA		288,702
<b>Cash Outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>		
3	Stable deposits	258,773	7,763
4	Less stable—retail deposits	210,971	21,097
5	<b>Unsecured Wholesale Funding</b>		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	178,235	101,791
8	Unsecured Sukuk	-	-
9	<b>Secured Wholesale Funding</b>		
10	<b>Additional requirements, of which:</b>		
11	Outflows related to Shari'a-compliant hedging instruments exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on financing products	-	-
13	Credit and liquidity facilities	104,275	8,226
14	<b>Other contractual funding obligations</b>		
15	Other contingent funding obligations	54,893	2,745
16	<b>Total Cash Outflow</b>		<b>141,621</b>
<b>Cash Inflows</b>			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	65,557	54,898
19	Other cash inflows	8,699	8,699
20	<b>Total Cash Inflow</b>	<b>74,256</b>	<b>63,598</b>
		<b>Total Adjusted Value</b>	
21	Total HQLA		288,702
22	Total net cash outflows		78,023.70
23	<b>Liquidity Coverage Ratio (%)</b>		<b>384.27%</b>

(1) Figures based on simple daily average of working days during the quarter, as per CBB Module LM.

## Consolidated Net Stable Funding Ratio as of 31 December 2020

In August 2018, the Central Bank of Bahrain issued its regulations on Liquidity Risk Management (Module LM). The main objective of the NSFR is to promote the resilience of the banking system by improving the funding profile of banks by ensuring they have sufficient level of stable funding in relation to their assets and commitments. The NSFR thus promotes banks to rely on funding from stable sources and long-term borrowing in order to reduce the risks of disruptions which might impact the bank's liquidity position.

As per CBB Module LM, banks are required to meet the minimum NSFR of at least 100% on a continuous basis. This ratio was relaxed to 80% for 2020 due to the pressures within the banking sector following the COVID pandemic. Below is Bahrain Islamic Bank's NSFR disclosure as of 31 December 2020:

BD '000						
Sr.	Item	Unweighted Values (before applying factors)				Total Weighted Value
		No Specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
<b>Available Stable Funding (ASF):</b>						
1	<b>Capital:</b>					
2	Regulatory Capital	111,018	-	-	11,314	122,332
3	Other Capital Instruments	-	-	-	-	-
4	<b>Retail Deposits and deposits from small business customers:</b>					
5	Stable Deposits	-	263,413	5,374	4,396	259,743
6	Less stable deposits	-	302,625	50,734	39,875	357,899
7	<b>Wholesale funding:</b>					
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	371,029	53,141	1,310	168,307
10	<b>Other liabilities:</b>					
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
12	All other liabilities not included in the above categories	-	6,350	-	-	-
13	<b>Total ASF</b>					<b>908,280</b>
<b>Required Stable Funding (RSF):</b>						
14	Total NSFR high-quality liquid assets (HQLA)					<b>13,097</b>
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	<b>Performing financing and sukuk/ securities:</b>					
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	-	37,300	1,098	4,610	10,754
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:	-	129,860	82,875	555,127	568,825
20	- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	-	-
21	<b>Performing residential mortgages, of which:</b>					
22	- With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
23	Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	3,798	-	0	1,899
24	<b>Other assets:</b>					
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	-	-	-	-	-
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	117,969	-	-	-	117,969
30	OBS items	-	146,754	-	-	7,338
31	<b>Total RSF</b>		<b>317,712</b>	<b>83,973</b>	<b>559,737</b>	<b>719,881</b>
32	<b>NSFR (%)</b>					<b>126%</b>

## Consolidated Leverage Ratio as of 31 December 2020

In June 2018, the Central Bank of Bahrain issued regulations on the financial leverage ratio as part of the CA: Capital Adequacy Module Chapter 10, which has been implemented as of 30 June 2019.

The leverage ratio calculations take into account all on balance sheet exposures, all off balance sheet exposures, and any derivative exposures after applying the applicable adjustments as per the CBB guidelines. The leverage ratio represents how well the bank's core capital covers the bank's total exposures.

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

S. No.	Description	BD '000
1	Total Self Financed Assets	717,320
2	Total URIA Financed Assets	494,260
3	Less: PER of URIAs	(1,310)
4	Less: IRR of URIAs	-
5	Off Balance Sheet items - with relevant Credit Conversion Factors	58,702
6	<b>Leverage ratio exposure [(1) + {(2)+(3)+(4)}*30% + (5)]</b>	<b>923,906</b>
7	Tier 1 Capital	111,019
8	<b>Leverage Ratio [(7)/(6)]</b>	<b>12.0%</b>