



AL SALAM BANK B.S.C.

Liquidity and Leverage Ratios

31 Marc 2026

Background:

Al Salam Bank ("ASB") has been subjected to the Basel III NSFR standards from December 2019, pursuant to CBB circular No. EDDBS/KH/54/2018 dated 16th August 2018. ASB is required to maintain NSFR of at least 100% on an on-going basis.

The objective of NSFR is to improve the resiliency of banks by promoting long term funding stability. NSFR is designed to limit the risks emanating from excessive maturity mismatches over the medium to long term. More specifically, the NSFR requires ASB to fund illiquid assets with a minimum amount of stable liabilities over a horizon of one year.

The NSFR requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. CBB circular stipulates the applicable Required Stable Funding ("RSF") factor for each category of asset and Available Stable Funding ("ASF") factor for each type of funding source.

ASB seeks to ensure that its NSFR remains above the specified regulatory minimum requirements. This is achieved by:

- (i) Monitoring the NSFR closely against an established internal early warning trigger and management target.
- (ii) Managing and developing strategies to build a diversified funding base with access to funding sources across retail and wholesale channels.

Analysis and main drivers:

Al Salam Bank strategy is to maintain stable and well-diversified funding sources by focusing on raising more stable free float and long-term funds from core customer base in Bahrain and across other key GCC markets where strong banking relationships have been successfully established. The main driver of this strategy is to fund bank's core business activities with the widest funding base and hence maintaining comfortable funding mix for the long-term assets and subsequently healthy NSFR.

The Assets and Liabilities Committee (ALCO) regularly reviews the different liquidity indicators -including the NSFR- and set appropriate action plans in maintaining adequate, sustainable and healthy liquidity position. ALCO review takes global economic indicators as well as local micro economic factors into consideration. Hence effective liquidity management is set into practice steered by treasury and risk management department and collaborated with other key business units.

As at 31 March 2026, the weighted value of the Available Stable Funding (ASF) stood at BD 5.2 billion, while the total weighted value of the Required Stable Funding (RSF) stood at BD 4.0 billion. The resultant NSFR stood at 128.4%, well above the current 100% threshold stipulated by CBB.

Post application of the relevant factors, the contribution of regulatory capital, retail and corporate customer accounts stood at 13%, 59% and 11% respectively. The bank does not rely on financial market funding sources as interbank funding activities are primarily used for short-term funding gaps.

ASB's High-Quality Liquid Assets (HQLA) requires minimum funding due to its sovereign nature and high liquidity which, after applying the relevant factors, makes up 2% of the RSF portfolio. Unencumbered financing and placements account for 67% and Investment exposures account for 13% of the RSF.

At ASB, there is considerable focus on growing and maintaining stability of demand and term customer accounts provided by private, corporate and retail customers which will continue to form a significant part of the funding.

AL SALAM BANK B.S.C.

Net Stable Funding Ratio (NSFR) Report - Consolidated
31 March 2026

No.	Item	Unweighted Values (before applying relevant factors)				BHD '000
		No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
Available Stable Funding (ASF):						
1	Capital:					
2	Regulatory Capital	600,886	-	-	70,606	671,492
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:					
5	Stable deposits	-	614,645	29,681	7,472	619,582
6	Less stable deposits	-	2,293,233	703,215	135,058	2,831,861
7	Wholesale funding:					
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	3,091,208	306,166	267,982	1,056,168
10	Other liabilities:					
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
12	All other liabilities not included in the above categories	-	211,516	-	-	-
13	Total ASF					5,179,103
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)					81,124
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing financing and sukuk/ 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	-	1,182,807	1,129	18,334	196,319
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:	-	1,450,520	542,865	1,430,841	2,183,474
20	With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	147,169	95,660
21	Performing residential mortgages, of which:	-	-	-	512,155	332,901
22	With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	512,155	332,901
23	Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1,870	-	4,707	4,936
24	Other assets:					
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	995,887	83,226	1,916	219,384	1,203,279
30	OBS items	-	641,729	-	-	32,086
31	Total RSF					4,034,119
32	NSFR (%)					128.4%

AL SALAM BANK B.S.C.

**Liquidity Coverage Ratio (LCR) Report - Consolidated
31 March 2026**

CBB issued its regulations on Liquidity Risk Management in August 2018. The regulations mandate that banks are required to maintain LCR of at least 100% on a daily basis. The objective of LCR is to manage assets and liabilities to create strong short-term resilience and sufficient liquidity that is enough to fund cash outflow for 30 days.

Below is the bank's average consolidated LCR for the period:

	Q1-2026		Q4-2025		BHD '000
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	
High-quality liquid assets					
1 Total HQLA		1,170,227			1,197,284
Cash outflows					
2 Retail deposits and deposits from small business customers, of which:					
3 Stable deposits	347,246	10,417	335,871		10,076
4 Less stable deposits	1,331,419	133,142	1,262,418		126,242
5 Unsecured wholesale funding, of which:					
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-		-
7 Non-operational deposits (all counterparties)	2,001,411	1,075,028	1,937,822		1,025,457
8 Unsecured sukuk	-	-	-		-
9 Secured wholesale funding					
10 Additional requirements, of which:					
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	176,516	40,283	211,790		45,533
14 Other contractual funding obligations	-	-	-		-
15 Other contingent funding obligations	477,199	19,332	553,525		22,809
16 Total Cash Outflows		1,302,162			1,302,162
Cash inflows					
17 Secured lending (e.g. reverse repos)	-	-	-		-
18 Inflows from fully performing exposures	315,604	163,411	293,701		150,072
19 Other cash inflows	1,079,898	1,050,960	804,939		780,443
20 Total Cash Inflows	1,395,502	1,214,371	1,098,641		930,515
		Total adjusted Value			Total adjusted Value
21 Total HQLA		1,170,227			1,197,284
22 Total net cash outflows		330,898			382,615
23 Liquidity Coverage Ratio (%)*		354.3%			323.0%

*Represents simple average of daily LCR

AL SALAM BANK B.S.C.**Leverage Ratio - Consolidated
31 March 2026**

CBB in June 2018 issued guidelines on leverage ratio as part of updates to the Capital Adequacy Module. The ratio measures how well the banks' Tier 1 capital covers its total exposures (self-financed exposures and adjusted exposures funded by quasi-equity) both on-balance sheet and off-balance sheet.

Below is the bank's consolidated financial leverage ratio as at 31 March 2026:

S.No.	Description	BHD '000
1	Total Self-financed Assets	3,689,357
2	Total Quasi-equity financed Assets	4,645,308
3	Off Balance Sheet items - with relevant Credit Conversion Factors	349,653
4	Leverage ratio exposure [(1) + (2)*30% + (3)]	5,432,602
5	Regulatory Adjustments	69,604
6	Total exposures for the calculation of the leverage ratio [(4)-(5)]	5,362,998
7	Tier 1 Capital	531,282
	Leverage Ratio [(7)/(6)]	9.9%
	Minimum Leverage Ratio as required by CBB	3.75%