



**BASEL 3**  
**Regulatory Liquidity Disclosures**

For the Three Months Ended 31<sup>st</sup> December 2019

## **Liquidity Coverage Ratio (LCR) for the quarter ended 31<sup>st</sup> December 2019**

### **Introduction**

In August 2018, the Central Bank of Bahrain (CBB) issued its regulations on Liquidity Risk Management (LM). The regulations require Bahraini bank licensees to meet a minimum Liquidity Coverage Ratio (LCR) of 100% on a daily basis. The objective of the LCR is to improve resilience of banks' short-term liquidity risk profile by ensuring that they have sufficient level of high-quality liquid assets (HQLAs) to honor net cash outflows and survive a significant stress scenario lasting for a period of up to 30 days.

### **GFH Financial Group Liquidity Coverage Ratio**

The group has reported an LCR of 188% for Q4 2019 which is higher than the reported LCR of 162% for Q3 2019.

### **High Quality Liquid Assets (HQLA) Portfolio**

Assets qualify as HQLA if they can be easily and immediately converted into cash at little or no loss of value under stress circumstances. HQLA comprises of Level 1, Level 2A, and Level 2B liquid assets. Level 1 assets comprise of an unlimited share of the total pool and are not subject to haircuts. A 15 % haircut is applied to the current market value of each level 2A asset held in the stock of HQLA. Level 2B liquid assets, are considered less liquid and more volatile than Level 2A liquid assets.

GFH has constantly maintained a robust portfolio of High Quality Liquid Assets (HQLA) to support its liquidity position. The Group's total adjusted HQLA for the reporting period has increased by 52% compared to the previous quarter.

### **Net Cash out Flow**

The term total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows in the specified stress scenario for the subsequent 30 calendar days. GFH calculates its outflows on the basis of total expected cash outflows of various categories or types of liabilities and off-balance sheet commitments such as Deposits repayments and Term debts by the rates at which they are expected to run off or be drawn down.

Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables such as money market placements and other non-HQLA securities funded by the Group; by the rates at which they are expected to flow out under the scenario up to an aggregate cap of 75% on total expected inflows as % of total expected cash outflows.

GFH Financial Group BSC  
Regulatory Liquidity Disclosures

(USD'000)

		<b>Total unweighted value ( average)</b>	<b>Total weighted value ( average)</b>
<b>High Quality Liquid Assets</b>			
1	Total HQLA		205,525
<b>Cash outflows</b>			
2	<b>Retail Deposits and deposits from small business customers, of which:</b>		
3	Stable Deposits	136,651	4,100
4	Less Stable Deposits	334,998	33,500
5	<b>Unsecured wholesale funding, of which</b>		
6	Operational Deposits ( all counterparties) and deposits in networks of cooperative banks	-	-
7	Non- Operational Deposits ( all counterparties)	539,676	300,919
8	unsecured sukuk	-	-
9	secured wholesale funding		11,711
10	<b>additional requirements of which;</b>		
11	outflows related to shariaa compliant hedging instruments exposures and other collateral requirements	-	-
12	outflows related to loss of funding on financing products	-	-
13	credit and liquidity facilities	180,885	198,172
14	<b>other contractual funding obligations</b>	-	-
15	<b>other contingent funding obligations</b>	107,759	5,388
16	Total Cash outflows		361,193
<b>Cash inflows</b>			
17	secured lending (e.g. reverse repos)	-	-
18	inflows from fully performing exposures	297,414	284,992
19	other cash inflows	-	-
20	total cash inflows	297,414	244,053
			<b>Total Adjusted Value</b>
21	<b>Total HQLA</b>		205,525
22	<b>Total Net Cash outflow</b>		117,139
23	<b>Liquidity Coverage Ratio (%)</b>		188%

## **Net Stable Fund Ratio (NSFR) for the year ended 31st December 2019**

### **Introduction**

Net Stable Funding Ratio (NSFR) is defined as the amount of available stable funding (ASF) relative to the amount of Required stable funding (RSF) This ratio should be equal to at least 100% on an ongoing basis. In August 2018, the Central Bank of Bahrain (CBB) issued the regulations to banks operating in Bahrain on the reporting of the Net Stable Funding Ratio effective 31 December 2019.

### **Net Stable Fund Ratio (NSFR)**

The Group's NSFR stood at 101% during as at 31st December 2019.

### **Available Stable Funding (ASF)**

ASF is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to 1 year. The Group reported a regulatory capital of USD 1,039mn during as at 31<sup>st</sup> December 2019. While Total weighted ASF value was USD 3,908mn.

### **Required Stable Funding (RSF)**

RSF is defined as the portion of assets and OBS exposures expected to be funded on an ongoing basis over a 1-year horizon. The Group's total weighted high-quality liquid assets (HQLA) was USD64 mn. The Group's HQLA requires minimal funding as it mainly comprises of Level 1 HQLA. The group has also reported Weighted OBS items of USD13mn. The total weighted RSF stood at USD3,867mn.

(USD'000)

No.	Item	No Specified Maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
<b>Available Stable Funding (ASF):</b>						
1	Capital:					
2	Regulatory Capital	1,058,107	-	-	35,340	1,093,447
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:					
5	Stable deposits					
6	Less stable deposits	-	1,151,743	198,247	165,704	1,380,695
7	Wholesale funding:					
8	Operational deposits					
9	Other Wholesale funding	-	1,686,007	582,773	380,354	1,272,035
10	Other liabilities:					
11	NSFR Shari'a-compliant hedging contract liabilities		-	-	-	
12	All other liabilities not included in the above categories	-	142,220	18,724	161,563	161,563
13	Total ASF					3,907,740
<b>Required Stable Funding (RSF):</b>						
14	Total NSFR high-quality liquid assets (HQLA)					64,391
15	Deposits held at other financial institutions for operational purposes					
16	Performing financing and sukuk/ securities:	-	767,378	26,099	914,636	906,346
17	Performing financial to financial institutions by level 1 HQLA	-	-	-	-	-
18	Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	1,095	-	140,212	119,728

GFH Financial Group BSC  
Regulatory Liquidity Disclosures

No.	Item	No Specified Maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
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:	-	176,780.47	54,448.58	-	115,614.53
20	With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
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	-	-	-	-	-
23	Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	172,216	10,000	106,945	198,053
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	2,450,439	-	-	-	2,450,439
30	OBS items		133,645	15,801	105,685	12,757
31	Total RSF		1,251,114	106,348	1,267,478	3,867,329
32	NSFR (%)					101 %