



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

For the nine Months ended 30<sup>st</sup> September 2022

## **Liquidity Coverage Ratio (LCR) for the quarter ended 30<sup>st</sup> September 2022**

### **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 142% for Q3 2022.

### **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 2% from total adjusted HQLA for Q2 2022.

### **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.

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(USD'000)

		Total unweighted value ( average)	Total weighted value ( average)
<b>High Quality Liquid Assets</b>			
1	Total HQLA		264,151
<b>Cash outflows</b>			
2	<b>Retail Deposits and deposits from small business customers, of which:</b>		
3	Stable Deposits	57,416	1,722
4	Less Stable Deposits	574,291	57,429
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)	795,863	539,312
8	unsecured sukuk	-	-
9	secured wholesale funding		31,139
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	113,388	10,293
14	<b>other contractual funding obligations</b>	779	312
15	<b>other contingent funding obligations</b>	97,385	5,142
16	Total Cash outflows		645,037
<b>Cash inflows</b>			
17	secured lending (e.g. reverse repos)	-	-
18	inflows from fully performing exposures	629,470	620,903
19	other cash inflows	-	-
20	total cash inflows	629,470	447,819
			Total Adjusted Value
21	<b>Total HQLA</b>		264,151
22	<b>Total Net Cash outflow</b>		194,780
23	<b>Liquidity Coverage Ratio (%)</b>		142%

## **Net Stable Fund Ratio (NSFR) for the quarter ended 30<sup>st</sup> September 2022**

### **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 102% as at 30<sup>st</sup> September 2022.

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

The amount of ASF is measured based on the broad characteristics of the relative stability of an institution's funding sources, including the contractual maturity of its liabilities and the differences in the propensity of different types of funding providers to withdraw their funding. The Group reported Total weighted ASF value was USD 5,403 mn.

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

The amount of RSF funding is measured based on the broad characteristics of the liquidity risk profile of an institution's assets and Off-Balance Sheet exposures. The total weighted RSF stood at USD 5,286 mn.

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	997,943	-	-	46,501	1,044,444
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:					
5	Stable deposits		166,869	14,517	19,248	191,565
6	Less stable deposits	-	1,337,336	370,139	231,057	1,767,783
7	Wholesale funding:					
8	Operational deposits					
9	Other Wholesale funding	-	3,107,783	1,207,584	1,093,578	2,354,639
10	Other liabilities:					
11	NSFR Shari'a-compliant hedging contract liabilities		-	-	-	
12	All other liabilities not included in the above categories	-	365,804	-	44,576	44,576
13	Total ASF					5,403,007
<b>Required Stable Funding (RSF):</b>						
14	Total NSFR high-quality liquid assets (HQLA)	1,668,845				80,767
15	Deposits held at other financial institutions for operational purposes					
16	Performing financing and sukuk/ securities:	-	1,009,668	-	785,258	818,920
17	Performing financial to financial institutions by level 1 HQLA	-	-	-	-	-

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(USD'000)

18	Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	-	20,150.68	1,077,124	925,631
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:	-	286,701	99,807	280,746	375,739
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	-	924,114	423,972	455,845	1,129,889
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	1,915,363	-	-	-	1,915,363
30	OBS items		-	-	-	40,406
31	Total RSF		2,220,483	543,930	2,598,974	5,286,714
32	NSFR(%)					102%