



بنك البحرين للتنمية شركة مساهمة  
BAHRAIN DEVELOPMENT BANK B.S.C (c)

## Liquidity Disclosures - Basel III

December 2020

### Consolidated Liquidity Coverage Ratio – December 2020

In August 2018, the Central Bank of Bahrain (CBB) issued its regulations on Liquidity Risk Management (LM). Amongst other things, the LM regulations mandate banks to implement Liquidity Coverage Ratio (LCR) by end of June 2019. The main objective of the LCR is to promote short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient level of high-quality liquid assets (HQLAs) to honour net cash outflows and survive a significant stress scenario lasting for a period of up to 30 days. As per CBB LM regulations, banks must meet the minimum LCR of not less than 100 percent daily.

The below table provides information on BDB's Consolidated LCR for the quarter ended 31<sup>st</sup> December 2020.

(In BD 000')

| <b>Consolidated LCR</b>           |                                                                                         | <b>Total Unweighted Value (average)</b> | <b>Weights</b> | <b>Total Weighted Value (average)</b> |
|-----------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|----------------|---------------------------------------|
| <b>HIGH-QUALITY LIQUID ASSETS</b> |                                                                                         |                                         |                |                                       |
| 1                                 | Total HQLA                                                                              |                                         |                | 50,390                                |
| <b>CASH OUTFLOWS</b>              |                                                                                         |                                         |                |                                       |
| 2                                 | <b>Retails Deposits and deposits from small business customers, of which:</b>           |                                         |                |                                       |
| 3                                 | Stable Deposits                                                                         |                                         |                |                                       |
| 4                                 | Less Stable Deposits                                                                    | 433                                     | 10%            | 43                                    |
| 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)                                           | 16,511                                  | 100%           | 16,511                                |
| 8                                 | Unsecured Debt                                                                          |                                         |                |                                       |
| 9                                 | Secured wholesale funding                                                               |                                         |                |                                       |
| 10                                | Additional requirements, of which:                                                      |                                         |                |                                       |
| 11                                | Outflows related to derivative exposures and other collateral requirements              |                                         |                |                                       |
| 12                                | Outflows related to loss of funding on debt products                                    |                                         |                |                                       |
| 13                                | Credit and liquidity facilities                                                         |                                         |                |                                       |
| 14                                | <b>Other contractual funding obligations</b>                                            | 3,708                                   | 100%           | 3,708                                 |
| 15                                | <b>Other contingent funding obligations</b>                                             | 1,482                                   | 5%             | 74                                    |
| 16                                | <b>Total Cash Outflows</b>                                                              | 22,134                                  |                | <b>20,233</b>                         |
| <b>CASH INFLOWS</b>               |                                                                                         |                                         |                |                                       |
| 17                                | Secured lending (eg reverse repos)                                                      |                                         |                |                                       |
| 18                                | Inflows from fully performing exposures                                                 | 2,283                                   | 50%            | 1,141                                 |
| 19                                | Other cash inflows                                                                      | 6,775                                   | 100%           | 6,775                                 |
| 20                                | <b>Total Cash Inflows</b>                                                               | 9,058                                   |                | <b>7,916</b>                          |
|                                   |                                                                                         |                                         |                | <b>Total Adjusted Value</b>           |
| 21                                | <b>TOTAL HQLA</b>                                                                       |                                         |                | <b>50,390</b>                         |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>                                                          |                                         |                | <b>12,317</b>                         |
| 23                                | <b>LIQUIDITY COVERAGE RATIO (%)</b>                                                     |                                         |                | <b>409%</b>                           |

As per the CBB LM module, the consolidated LCR of 409% reported above in line 23 is the simple average of daily LCR during Q4 2020.

### Net Stable Funding Ratio – December 2020

The CBB's Net Stable Funding Ratio (NSFR) regulations became effective on 31<sup>st</sup> December 2019. The objective of the NSFR is to promote the resilience of banks' liquidity risk profile and to incentivise a more resilient banking sector over a longer time horizon. The NSFR requires banks to maintain a stable funding profile in relation to assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood of disruptions to a bank's regular sources of funding that will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits over-reliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items, and promotes funding stability. The NSFR must be equal to at least 100% on an ongoing basis.

The below table provides information on BDB's Consolidated NSFR as of 31<sup>st</sup> December 2020:

(In BD 000')

| No.                                   | 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                                                                                                                                            | 71,632                                      | -                  | -                                         | 1,242         | 72,874               |
| 3                                     | Other Capital Instruments                                                                                                                                     | -                                           | -                  | -                                         | -             | -                    |
| 4                                     | <b>Retail Deposits and deposits from small business customers:</b>                                                                                            |                                             |                    |                                           |               |                      |
| 5                                     | <b>Stable Deposits:</b>                                                                                                                                       | -                                           | -                  | -                                         | -             | -                    |
| 6                                     | <b>Less stable deposits:</b>                                                                                                                                  | -                                           | -                  | -                                         | -             | -                    |
| 7                                     | <b>Wholesale funding:</b>                                                                                                                                     |                                             |                    |                                           |               |                      |
| 8                                     | Operational Deposits                                                                                                                                          | -                                           | -                  | -                                         | -             | -                    |
| 9                                     | Other Wholesale Funding                                                                                                                                       | -                                           | 19,340             | 1,003                                     | 132,991       | 143,163              |
| 10                                    | <b>Other liabilities:</b>                                                                                                                                     |                                             |                    |                                           |               |                      |
| 11                                    | NSFR Derivative Liabilities                                                                                                                                   | -                                           | -                  | -                                         | -             | -                    |
| 12                                    | All other liabilities not included in the above categories                                                                                                    | -                                           | 4,444              | -                                         | -             | -                    |
| 13                                    | <b>Total ASF</b>                                                                                                                                              |                                             |                    |                                           |               | 216,037              |
| <b>Required Stable Funding (RSF)</b>  |                                                                                                                                                               |                                             |                    |                                           |               |                      |
| 14                                    | <b>Total NSFR high-quality liquid assets (HQLA)</b>                                                                                                           |                                             |                    |                                           |               | 2,524                |
| 15                                    | <b>Deposits held at other financial institutions for operational purposes</b>                                                                                 | -                                           | -                  | -                                         | -             | -                    |
| 16                                    | <b>Performing loans and securities:</b>                                                                                                                       |                                             |                    |                                           |               |                      |
| 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                               | -                                           | 3,397              | -                                         | -             | 510                  |
| 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: | -                                           | 19,590             | 5,171                                     | -             | 12,381               |
| 20                                    | -With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines                                                              | -                                           | -                  | -                                         | 107,137       | 91,066               |
| 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 that are not in default and do not qualify as HQLA, including exchange-traded equities                                                             |                                             |                    |                                           |               |                      |
| 24                                    | <b>Other Assets:</b>                                                                                                                                          |                                             |                    |                                           |               |                      |
| 25                                    | <b>Physical traded commodities, including gold</b>                                                                                                            | -                                           |                    |                                           |               | -                    |
| 26                                    | <b>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</b>                                                    |                                             |                    |                                           |               |                      |
| 27                                    | NSFR Derivative Assets                                                                                                                                        | -                                           | -                  | -                                         | -             | -                    |
| 28                                    | NSFR Derivative Liabilities before deduction of variation margin posted                                                                                       | -                                           | -                  | -                                         | -             | -                    |
| 29                                    | <b>All other assets not included in the above categories</b>                                                                                                  | 37,816                                      | -                  | -                                         | -             | 37,816               |
| 30                                    | <b>OBS Items</b>                                                                                                                                              |                                             | 42,626             | -                                         | -             | 2,131                |
| 31                                    | <b>Total RSF</b>                                                                                                                                              |                                             |                    |                                           |               | 146,427              |
| 32                                    | <b>NSFR %</b>                                                                                                                                                 |                                             |                    |                                           |               | 148%                 |