

NBF & 360T Value Report

The Starting Point

Incorporated in 1982, the National Bank of Fujairah (NBF) has a long-established reputation for excellence in the areas of corporate and commercial banking, trade finance and treasury. Over the years it has also expanded its portfolio to include a comprehensive suite of personal banking options and Shariah-compliant services.

As a bank born and bred in the United Arab Emirates (UAE) it supports industries ranging from oil and shipping to services, manufacturing, construction, education and healthcare. NBF has always prided itself on the level of service and innovation which it delivers to its customer base, and this extends to its FX offering.



Leveraging Next Generation Technology

NBF decided that it wanted to conduct a comprehensive update of its FX trading technology for a number of reasons.

Chief amongst these was a desire to reduce the amount of manual processing around the booking of FX trades and thereby improve productivity, reduce operational risks and increase transparency.

NBF was also looking to leverage technology as a means of developing a competitive advantage in the region, which meant developing the ability to offer superior tools, functionalities, products and pricing to its clients compared to other banks.

Wary of implementing a series of disparate systems with potentially limited interoperability and consistency, one of the initial challenges that NBF faced was finding a technology partner who could provide solutions for all of its needs, offering a holistic approach and support services.

It was also important for them to partner with a provider who could go beyond FX. For instance, NBF counts many of the jewellers in the Dubai Gold Souk as customers and wanted to be able to offer them a sophisticated electronic solution for hedging their precious metals exposures.

Fujairah also contains a deep port and as the only emirate with a coastline solely on the Gulf of Oman, it has grown in importance as it continues to develop oil storage and processing capabilities. As a result, being able to effectively service its client base across energy and commodities products is also of great importance to NBF.

Bearing all these considerations in mind, NBF conducted an extensive review of the different technology providers operating in the region and ultimately decided to partner with 360T, having been impressed by both the breadth and the quality of our specialist technology developed over more than 20 years working with banks and other capital markets participants across the world.



A Complete Suite of Trading Solutions

1. Automated Dealing Suite (ADS)

ADS is a fully fledged routing, margining and credit system which sits at the very heart of the 360T product offering. It allows NBF to implement pre-defined rules for different counterparties, allowing it to automatically quote prices while still maintaining full control and flexibility over all of its FX trading.

2. Market Maker Cockpit (MMC)

MMC enables NBF to manage and control two critically important aspects of trading: price making and flow risk management. The 360T solution contains the state-of-the-art features needed for effective price construction and warehousing whilst also being compliant with all major regulations. As a result of these functionalities NBF has become a more competitive Market Maker, offering improved FX pricing to its clients.

3. Market Data

To create its award-winning Swaps Data Feed (SDF) 360T partnered with a fintech firm called DIGITEC, whose D3 pricing engine powers the product. NBF have integrated this into their technology stack to further enhance pricing for forwards and swaps. NBF is a market maker in the local currency, the Emirati Dirham (AED), and so they warehouse and manage their exposures in AED themselves. This process is typically managed by the Swaps desk and they use D3 to submit their forward curve for USD/AED which then feeds the AED pricing that is coming out of MMC.

4. White Label Platform

NBF has white labelled 360T technology to offer its own state-of-the-art platform, NBFX, for trading FX and Precious Metals. It is available 24/5, meaning that NBF customers can execute transactions beyond the bank's working hours and benefit from liquidity across all time zones, and provides users with a tailored experience that is based on their needs, with instant and easy execution of FX trades, order management and readily available transaction history. Importantly, NBF required two different branded GUIs for the white label, a conventional one and one that is specifically designed for its Shariah-compliant customers.

5. A Broader Range of FX Products

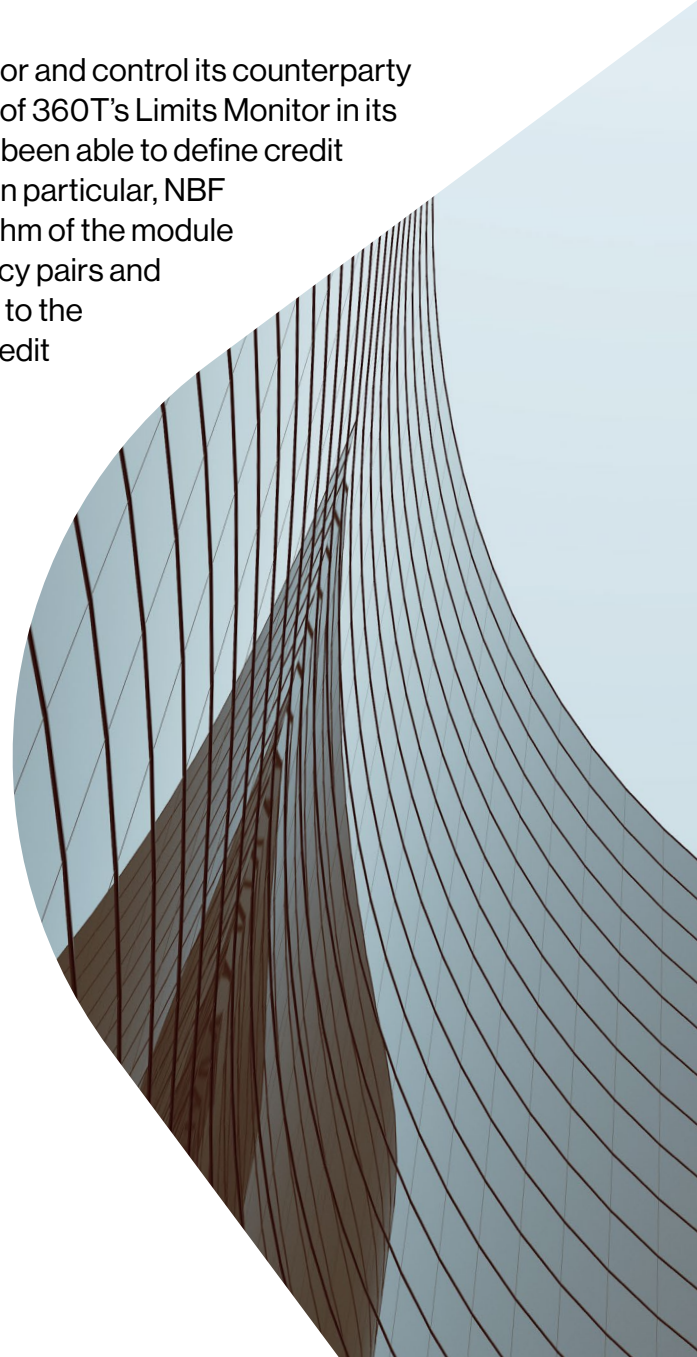
One way that NBF is using 360T technology to distinguish itself from competitors in the region is to offer access to products like Non-Deliverable Forwards (NDFs) and FX Time Options. Using the former, NBF clients are able to hedge exposures without having to take delivery of the currency they're buying, while the latter effectively allows them to book a forward trade that has the option to exercise or can be allowed to expire.

6. Post-Trade Functionality

NBF is now using 360T's post-trade export interface. This allows the bank to push files and its executed trades into their front-office system, reducing the operational risks associated with manual processing and streamlining their overall FX workflow.

7. Limits Monitor

NBF has adopted 360T's Limits Monitor module to monitor and control its counterparty credit risk arising from FX trades. Thanks to the flexibility of 360T's Limits Monitor in its ability to address different components of risks, NBF has been able to define credit lines separately for settlement and pre-settlement risks. In particular, NBF makes use of the Potential Future Exposure (PFE) algorithm of the module which allows it to weigh the risk of transaction per currency pairs and remaining maturity. NBF also utilizes the API connectivity to the Limits Monitor, allowing them to integrate their internal credit system and reflect limit updates real-time.



Key Benefits of 360T's Technology for NBF

> **Enhanced Productivity**

Greater automation of pricing and margining has helped NBF to achieve its overarching aim of increasing efficiency and productivity across its FX trading desk.

> **Improved Pricing**

A combination of highly accurate market data and a powerful pricing engine have enabled NBF to improve the pricing that they are showing to the market across various FX instrument types, allowing them to potentially win more business.

> **New Business Opportunities**

Being able to offer a sophisticated white label trading solution to its entire client base, including Shariah-compliant customers, enables NBF to increase its attractiveness as a financial partner to existing and new customers. It is also consistent with NBF's overall strategy of helping its customers leverage new opportunities made possible by evolving financial technology.

> **Competitive Advantage**

By offering clients access to a broader range of FX instruments than other competitors in the region, NBF distinguishes itself as a service provider.

> **Reduced Operational Risk**

Using 360T technology to streamline workflows from the front to back office enables NBF to increase efficiency, enhance transparency across the entire trading desk and reduce the possibility of manual errors.

Next Steps

Although NBF has already implemented a wide range of 360T's technology solutions, these represent only the first phase of an ongoing, multifaceted roadmap designed to transform the bank's trading capabilities and help position it as the premier service provider in the region.

Expanding the scope

- NBF is looking to expand the scope of NBFX to cater to customers' wider requirements across energy, base metals and soft commodities. This will involve coordinating with the relevant liquidity providers to ensure that the pricing is available on the platform to meet the client demand.

Market Taker

- Sometimes the local market can prove limited in terms of pricing volumes, especially for precious metals. By acting as a market taker and by using a CCP to trade anonymously on 360TGTX NBF can exponentially expand the number of liquidity providers that they can interact with and therefore access more liquidity, better depth and potentially improved pricing that can be passed onto clients.

360T's API

- And finally, NBF has plans to use 360T's APIs to make prices onto third-party platforms. This can help NBF by, for example, pricing into platforms which specifically target small and mid-size entities (SMEs) in the region, something that it is keen to do.



Non-Disclosed Liquidity

- NBF plans to begin trading on 360TGTX, a fully managed anonymous trading venue which offers multiple methods for accessing and interacting with FX liquidity. The vision here is for NBF to initially act as a market taker on the platform before eventually also becoming a market maker and being able to trade 24/5 in a fully automated fashion.

Market Maker

- As a market maker NBF has the opportunity to benefit from the growing demand that we see for currencies from the Gulf Cooperation Council (GCC) countries, such as the Saudi Riyal, the Qatari Real and the Emirati Dirham. As a specialist in these currencies, NBF is in an excellent position to act as a market maker to the broader universe of market participants who are active on 360TGTX.



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NBF Treasury embarked on its journey of FX automation and digitalization in a strategic partnership with 360T seeing it as an opportunity to launch a new vision of cross asset execution that would enhance the overall client experience from a complete trade lifecycle perspective. Our aim was to be the preeminent partner of choice for our clients in FX, Metals and Energy trade execution and 360T has been an outstanding partner & guide in this strategic endeavour. We experienced the many benefits that entailed working with 360T as a small, agile team that was completely synchronized with NBF at all stages from thought to execution, with the resultant benefit that we now receive from our clients for whom, the platform has become a mainstay for their business activities. The implementation and launch of NBFX has placed NBF in a unique position from a cross asset platform perspective that meets the execution needs of our clients whilst going forward the technological changes planned at 360T will only serve to enhance the overall client experience in the usage of the platform in multi-dimensional ways.

— Junaid Anwar Khan, Head of Treasury, NBF

About 360T

360T is an independent and globally established trading venue. As Deutsche Boerse Group's FX unit, it provides web-based trading technology for over-the-counter (OTC) instruments, integration tools and related services. With a track record stretching back over 20 years, 360T provides proven technology solutions which deliver the robustness and resilience required by major financial institutions whilst simultaneously offering the flexibility needed to adapt to regulatory changes and continued shifts in FX market structure. In addition to this, 360T's award-winning market data products and sophisticated analytics suite enable FX market participants to create a more transparent trading process and effectively benchmark their execution performance.

About NBF

Incorporated in 1982, National Bank of Fujairah PJSC (NBF) is a full services corporate bank with strong corporate and commercial banking, treasury and trade finance expertise as well as an expanding suite of personal banking options and Shari'a compliant services. Leveraging its deep banking experience and market insight within Fujairah and the UAE, NBF is well-positioned to build lasting relationships with its clients and help them achieve their business goals.

NBF's key shareholders include the Government of Fujairah, Easa Saleh Al Gurg LLC and Investment Corporation of Dubai. Rated Baa1 / Prime-2 for deposits and A3 for counterparty risk assessment by Moody's with a stable outlook; and BBB / A-2 by Standard & Poor's with a stable outlook, the bank is listed on the Abu Dhabi Securities Exchange under the symbol "NBF". It has a branch network of 15 (of which 1 is an electronic banking service unit) across the UAE.

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