



Liquidity Ratios Disclosure

As at 30 September 2020



Executive Summary

The purpose of the disclosure is to enable market participants to compare the liquidity of banks across jurisdictions and to improve consistency and ease of use of disclosures relating to liquidity ratios.

In August 2018, the Central Bank of Bahrain issued its regulations on Liquidity Risk Management (Module LM). The module mandates that banks must adequately manage their assets and liabilities to create strong short-term resilience to be able to sufficiently meet the Bank's net cash outflows within 30 days (LCR), and promoting banks to rely on funding from stable sources and long-term borrowing in order to reduce the risks of disruptions which might impact the bank's liquidity position (NSFR).

The format and the level of disclosure in the attached report is dictated by the Central Bank of Bahrain (CBB) and reflects a proforma issued by the Central Bank.

Consolidated Liquidity Coverage Ratio as of 30 September 2020

In August 2018, the Central Bank of Bahrain issued its regulations on Liquidity Risk Management (Module LM). The module mandates that banks must adequately manage their assets and liabilities to create strong short-term resilience and a sufficient ability to meet the bank's net cash outflows within 30 days.

As per CBB Module LM, banks are required to meet the minimum LCR of at least 100% on a daily basis. This ratio was relaxed to 80% for 2020 due to the pressures within the banking sector following the COVID pandemic. However, NBB Group still seeks to maintain the original higher 100% requirement. Below is National Bank of Bahrain's consolidated LCR disclosure as of 30 September 2020:

BD '000

Consolidated LCR		Total unweighted value (average) ¹	Total weighted value (average) ¹
High-Quality Liquid Assets			
1	Total HQLA		1,590,034
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	287,313	8,619
4	Less stable deposits ²	1,165,699	116,570
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	984,544	489,142
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	269,738	32,405
14	Other contractual funding obligations	1,810	1,810
15	Other contingent funding obligations	700,371	35,019
16	Total cash outflows		683,565
Cash Inflows			
17	Secured lending (eg reverse repos)	12,187	5,212
18	Inflows from fully performing exposures	402,480	286,009
19	Other cash inflows	11,536	11,536
20	Total cash inflows	426,203	302,756
			Total adjusted value
21	Total HQLA		1,590,034
22	Total net cash outflows		380,808
23	Liquidity coverage ratio (%)		417.5%

1. Figures based on simple daily average of working days during the quarter, as per CBB Module LM.

2. Includes retail and SME deposits from the bank's overseas branches.

Consolidated Net Stable Funding Ratio as of 30 September 2020

In August 2018, the Central Bank of Bahrain issued its regulations on Liquidity Risk Management (Module LM). The main objective of the NSFR is to promote the resilience of the banking system by improving the funding profile of banks by ensuring they have sufficient level of stable funding in relation to their assets and commitments. The NSFR thus promotes banks to rely on funding from stable sources and long-term borrowing in order to reduce the risks of disruptions which might impact the bank's liquidity position.

As per CBB Module LM, banks are required to meet the minimum NSFR of at least 100% on a continuous basis. This ratio was relaxed to 80% for 2020 due to the pressures within the banking sector following the COVID pandemic. However, NBB Group still seeks to maintain the original higher 100% requirement. Below is National Bank of Bahrain's consolidated NSFR disclosure as of 30 September 2020:

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	
Available Stable Funding (ASF):						
1	Capital:					
2	Regulatory Capital	519,036	-	-	21,712	540,748
3	Other Capital Instruments	-	-	-	-	-
4	Retail Deposits and deposits from small business customers:					
5	Stable deposits	-	596,240	7,475	4,559	578,088
6	Less stable deposits:	-	1,517,591	136,951	39,413	1,528,501
7	Wholesale funding:					
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	1,143,326	90,472	4,354	434,297
10	Other liabilities:					
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities not included in the above categories	-	111,786	-	8,505	8,505
13	Total ASF					3,090,139
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)					79,855
15	Deposits held at other financial institutions for operational purposes					
16	Performing loans and securities:					
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	-	133,066	8,428	41,033	65,207
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:	-	270,431	153,297	1,568,017	1,544,678
20	-With a risk weight of less than or equal to 35% under 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 that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	3,798	41,422	39,696
24	Other Assets:					
25	Physical traded commodities, including gold	39	-	-	-	33
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	463	-	-	463
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	372,735	-	-	-	372,735
30	OBS items		916,835	-	-	45,842
31	Total RSF					2,148,508
32	NSFR %					144%