



Liquidity Ratios Disclosure

As at 31 December 2021



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 31 December 2021

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% 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 31 December 2021:

Consolidated LCR		Total unweighted value (average) ¹	Total weighted value (average) ¹
<i>BD '000</i>			
High-Quality Liquid Assets			
1	Total HQLA		1,364,915
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	286,464	8,594
4	Less stable deposits ²	1,361,693	136,169
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	1,078,631	639,579
8	Unsecured debt	-	-
9	Secured wholesale funding		3,507
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	244,162	26,612
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	791,501	39,575
16	Total cash outflows		854,036
Cash Inflows			
17	Secured lending (eg reverse repos)	20,187	3,846
18	Inflows from fully performing exposures	403,060	300,476
19	Other cash inflows	8,052	8,052
20	Total cash inflows	431,299	312,374
			Total adjusted value
21	Total HQLA		1,364,915
22	Total net cash outflows ¹		496,896
23	Liquidity coverage ratio (%) ¹		308%

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 31 December 2021

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% due to the pressures within the banking sector following the COVID pandemic, However, NBB Group still seeks to maintain the original higher 100% requirement.

The main drivers behind the Group's strong available stable funding (ASF) are the healthy capital base (18% of the Group's ASF), large deposits portfolio with strong contributions from the retail and small business sectors (67% of the Group's ASF) and the sizable corporate and sovereign deposits (15% of the Group's ASF). The majority of the Group's investment security portfolio is classified as high-quality liquid assets (HQLA). The Group's HQLA securities accounted for 28% of the Group's required stable funding (RSF) before applying the relevant weights. Lending provided to financial institutions in the form of loans or placements was predominantly short-term in nature, which required a lower level of required funding, with 86% of total lending provided to financial institutions being in the 0-6 months maturity bucket.

Further details on the calculation of NSFR is presented in the following table:

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	563,364	-	-	26,293	589,657
3	Retail Deposits and deposits from small business customers:					
4	Stable deposits	-	588,846	8,109	1,743	568,851
5	Less stable deposits:	-	1,603,709	113,872	22,212	1,568,035
6	Wholesale funding:					
7	Other wholesale funding	-	1,305,651	228,790	29,187	472,955
8	Other liabilities:					
9	All other liabilities not included in the above categories	-	96,822	-	7,504	7,504
10	Total ASF					3,207,001
Required Stable Funding (RSF):						
11	Total NSFR high-quality liquid assets (HQLA)					76,190
12	Performing loans and securities:					
13	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	287,535	4,753	41,821	87,328
14	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	428,328	94,033	1,493,321	1,530,504
15	-With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	220,309	143,201
16	Performing residential mortgages, of which:	-	-	-	-	-
17	-With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	50,987	33,141
18	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	6,829	146,444	37,585	110,108
19	Other Assets:					
20	NSFR derivative assets		2,236	-	-	2,236
21	All other assets not included in the above categories	319,098	-	-	-	319,098
22	OBS items					51,461
23	Total RSF					2,353,268
24	NSFR %					136%