



Liquidity Ratios Disclosure

As at 30 September 2022



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 2022

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. Below is National Bank of Bahrain's consolidated LCR disclosure as of 30 September 2022:

Consolidated LCR		<i>BD '000</i>	
		Total unweighted value (average) ¹	Total weighted value (average) ¹
High-Quality Liquid Assets			
1	Total HQLA		1,387,519
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	279,990	8,400
4	Less stable deposits ²	1,327,494	132,749
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	990,401	547,673
8	Unsecured debt	-	-
9	Secured wholesale funding		8,884
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	179	179
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	295,425	29,891
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	797,130	39,856
16	Total cash outflows		767,632
Cash Inflows			
17	Secured lending (eg reverse repos)	13,371	8,884
18	Inflows from fully performing exposures	514,747	381,703
19	Other cash inflows	7,522	7,522
20	Total cash inflows	535,640	398,110
			Total adjusted value
21	Total HQLA		1,387,519
22	Total net cash outflows ¹		369,523
23	Liquidity coverage ratio (%) ¹		393%

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 2022

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.

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 (66% of the Group's ASF) and the sizable corporate and sovereign deposits (16% 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 87% 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:

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	
<i>BD '000</i>						
Available Stable Funding (ASF):						
1	Capital:					
2	Regulatory Capital	572,714	-	-	26,418	599,133
3	Retail Deposits and deposits from small business customers:					
4	Stable deposits	-	578,253	8,614	1,878	559,401
5	Less stable deposits:	-	1,598,624	198,296	26,115	1,643,343
6	Wholesale funding:					
7	Other wholesale funding	-	1,393,547	294,686	44,720	543,484
8	Other liabilities:					
9	NSFR derivative liabilities	-	4,715	-	-	-
10	All other liabilities not included in the above categories	-	112,059	-	9,360	9,360
11	Total ASF					3,354,721
Required Stable Funding (RSF):						
11	Total NSFR high-quality liquid assets (HQLA)					74,675
12	Performing loans and securities:					
13	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	247,959	599	37,015	74,509
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:	-	555,515	138,536	1,672,697	1,768,818
15	-With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	68,871	44,766
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	-	-	-	72,836	47,343
18	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	21,733	40,877	47,920
19	Other Assets:					
20	Physical traded commodities, including gold	38	-	-	-	32
21	NSFR derivative assets	-	-	-	-	-
22	NSFR derivative liabilities before deduction of variation margin posted	-	537	-	-	537
23	All other assets not included in the above categories	321,172	-	-	-	321,172
24	OBS items					54,628
25	Total RSF					2,434,400
26	NSFR %					138%