



## **Liquidity Ratios Disclosure**

**As at 31 December 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 31 December 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 31 December 2022:

Consolidated LCR		BD '000	
		Total unweighted value (average) <sup>1</sup>	Total weighted value (average) <sup>1</sup>
<b>High-Quality Liquid Assets</b>			
1	Total HQLA		1,626,913
<b>Cash Outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>		
3	Stable deposits	275,733	8,272
4	Less stable deposits <sup>2</sup>	1,229,922	122,992
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)	1,008,153	544,717
8	Unsecured debt	-	-
9	<b>Secured wholesale funding</b>		4,838
10	<b>Additional requirements, of which:</b>		
11	Outflows related to derivative exposures and other collateral requirements	6	6
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	270,223	26,307
14	<b>Other contractual funding obligations</b>	36	36
15	<b>Other contingent funding obligations</b>	732,797	36,640
16	Total cash outflows		743,808
<b>Cash Inflows</b>			
17	Secured lending (eg reverse repos)	7,420	4,161
18	Inflows from fully performing exposures	447,990	305,459
19	Other cash inflows	16,580	16,580
20	Total cash inflows	471,989	326,200
			<b>Total adjusted value</b>
21	Total HQLA		1,626,913
22	Total net cash outflows <sup>1</sup>		417,608
23	Liquidity coverage ratio (%) <sup>1</sup>		398%

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 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 (19% of the Group's ASF), large deposits portfolio with strong contributions from the retail and small business sectors (65% 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 33% 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 89% 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	596,937	-	-	26,547	623,484
3	Retail Deposits and deposits from small business customers:					
4	Stable deposits	-	568,467	9,072	1,720	550,382
5	Less stable deposits:	-	1,488,517	252,855	25,757	1,592,992
6	Wholesale funding:					
7	Other wholesale funding	-	1,331,855	327,355	25,833	520,952
8	Other liabilities:					
9	NSFR derivative liabilities		36,894	-	-	-
10	All other liabilities not included in the above categories	-	115,250	-	10,013	10,013
11	Total ASF					3,297,823
Required Stable Funding (RSF):						
11	Total NSFR high-quality liquid assets (HQLA)					92,657
12	Performing loans and securities:					
13	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	239,950	4,668	25,535	63,861
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:	-	469,727	107,733	1,677,702	1,714,777
15	-With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	64,003	41,602
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	-	-	-	76,840	49,946
18	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	43,307	27,157	46,593
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		1,394	-	-	1,394
23	All other assets not included in the above categories	309,607	-	-	-	309,607
24	OBS items		-	-	-	52,104
25	Total RSF					2,372,574
26	NSFR %					139%