



Liquidity Ratios Disclosure

As at 31 March 2023

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 March 2023

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 March 2023:

Consolidated LCR		BD '000	
		Total unweighted value (average) ¹	Total weighted value (average) ¹
High-Quality Liquid Assets			
1	Total HQLA		1,682,118
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	290,033	8,701
4	Less stable deposits ²	1,336,300	133,630
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	750,943	435,288
8	Unsecured debt	-	-
9	Secured wholesale funding		1,187
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	257,854	27,575
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	858,983	42,949
16	Total cash outflows		649,329
Cash Inflows			
17	Secured lending (eg reverse repos)	5,064	87
18	Inflows from fully performing exposures	260,813	181,770
19	Other cash inflows	14,219	14,219
20	Total cash inflows	280,096	196,076
			Total adjusted value
21	Total HQLA		1,682,118
22	Total net cash outflows ¹		453,254
23	Liquidity coverage ratio (%) ¹		378%

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 March 2023

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 (63% of the Group's ASF) and the sizable corporate and sovereign deposits (19% 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 29% 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 83% of total lending provided to financial institutions being in the less than 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	560,707	-	-	27,217	587,924
3	Retail Deposits and deposits from small business customers:					
4	Stable deposits	-	287,017	7,408	1,375	281,078
5	Less stable deposits:	-	1,733,105	220,552	30,977	1,789,268
6	Wholesale funding:					
7	Other wholesale funding	-	1,412,081	376,792	34,218	638,590
8	Other liabilities:					
9	NSFR derivative liabilities		11,030	-	-	-
10	All other liabilities not included in the above categories	-	147,266	-	10,588	10,588
11	Total ASF					3,307,448
Required Stable Funding (RSF):						
11	Total NSFR high-quality liquid assets (HQLA)					82,901
12	Performing loans and securities:					
13	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	138,905	4,553	23,886	46,998
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:	-	551,501	152,082	1,554,426	1,673,054
15	-With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	55,364	35,986
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	-	-	-	87,754	57,040
18	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	186,073	16,570	108,890
19	Other Assets:					
20	Physical traded commodities, including gold	38				32
21	NSFR derivative liabilities before deduction of variation margin posted		146	-	-	146
22	All other assets not included in the above categories	338,678	-	-	-	338,678
23	OBS items		-	-	-	59,482
24	Total RSF					2,403,207
25	NSFR %					138%