



## **Liquidity Ratios Disclosure**

**As at 30 September 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 30 September 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 30 September 2023:

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		1,656,738
<b>Cash Outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>		
3	Stable deposits	280,053	8,402
4	Less stable deposits <sup>2</sup>	1,278,083	127,808
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)	359,153	562,705
8	Unsecured debt	-	-
9	<b>Secured wholesale funding</b>		17
10	<b>Additional requirements, of which:</b>		
11	Outflows related to derivative exposures and other collateral requirements	120	120
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	215,038	22,824
14	<b>Other contractual funding obligations</b>	-	-
15	<b>Other contingent funding obligations</b>	992,333	49,617
16	Total cash outflows		771,492
<b>Cash Inflows</b>			
17	Secured lending (eg reverse repos)	842	17
18	Inflows from fully performing exposures	264,411	205,273
19	Other cash inflows	16,863	16,863
20	Total cash inflows	282,116	222,153
			<b>Total adjusted value</b>
21	<b>Total HQLA</b>		1,656,738
22	<b>Total net cash outflows <sup>1</sup></b>		550,140
23	<b>Liquidity coverage ratio (%) <sup>1</sup></b>		310%

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 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 (20% 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 (17% 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 82% of total lending provided to financial institutions being in 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	587,914	-	-	27,064	614,978
3	Retail Deposits and deposits from small business customers:					
4	Stable deposits	-	275,170	7,043	351	268,453
5	Less stable deposits:	-	1,705,696	188,307	18,650	1,723,254
6	Wholesale funding:					
7	Other wholesale funding	-	1,842,505	178,976	363	533,304
8	Other liabilities:					
9	NSFR derivative liabilities		32,628	-	-	-
10	All other liabilities not included in the above categories	-	137,870	-	11,921	11,921
11	Total ASF					3,151,910
Required Stable Funding (RSF):						
11	Total NSFR high-quality liquid assets (HQLA)					89,062
12	Performing loans and securities:					
13	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	174,025	813	36,496	63,006
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:	-	371,936	161,050	1,511,109	1,550,935
15	-With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	165,190	107,373
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	-	-	-	100,062	65,041
18	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	5,615	9,948	11,406
19	Other Assets:					
20	Physical traded commodities, including gold	38				32
21	NSFR derivative liabilities before deduction of variation margin posted		16,194	-	-	16,194
22	All other assets not included in the above categories	348,306	-	-	-	348,306
23	OBS items		-	-	-	63,992
24	Total RSF					2,315,347
25	NSFR %					136%