



Liquidity Ratios Disclosure

As at 30 June 2020



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 June 2020

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% for 2020 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 30 June 2020:

BD '000

Consolidated LCR		Total unweighted value (average) ¹	Total weighted value (average) ¹
High-Quality Liquid Assets			
1	Total HQLA		1,637,386
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	277,182	8,315
4	Less stable deposits ²	1,122,179	112,218
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	1,108,430	570,874
8	Unsecured debt	-	-
9	Secured wholesale funding		8,141
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	572,418	572,418
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	241,046	29,387
14	Other contractual funding obligations	556	556
15	Other contingent funding obligations	707,635	35,382
16	Total cash outflows		1,337,290
Cash Inflows			
17	Secured lending (eg reverse repos)	9,865	4,168
18	Inflows from fully performing exposures	500,905	352,223
19	Other cash inflows	584,753	584,753
20	Total cash inflows	1,095,523	941,144
			Total adjusted value
21	Total HQLA		1,637,386
22	Total net cash outflows		396,146
23	Liquidity coverage ratio (%)		413.3%

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.

The Group's LCR as of 30 June 2020 stood at 348%.

Consolidated Net Stable Funding Ratio as of 30 June 2020

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% for 2020 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 NSFR disclosure as of 30 June 2020:

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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	500,729	-	-	23,045	523,774
3	Other Capital Instruments	-	-	-	-	-
4	Retail Deposits and deposits from small business customers:					
5	Stable deposits	-	600,721	7,607	3,946	581,858
6	Less stable deposits:	-	1,319,331	329,335	35,386	1,519,186
7	Wholesale funding:					
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	1,237,611	260,746	3,369	518,377
10	Other liabilities:					
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities not included in the above categories	-	110,174	-	10,063	10,063
13	Total ASF					3,153,258
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)					84,665
15	Deposits held at other financial institutions for operational purposes					
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	130,700	38,087	25,015	63,663
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	225,841	188,780	1,586,344	1,555,703
20	-With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	-	-
22	-With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	3,546	2,562	62,443	58,670
24	Other Assets:					
25	Physical traded commodities, including gold	39	-	-	-	33
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	603	-	-	603
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	396,532	-	-	-	396,532
30	OBS items					48,110
31	Total RSF					2,207,981
32	NSFR %					143%