

Introduction

The Liquidity Coverage Ratio (LCR) is a minimum standard set by Basel III, to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient High Quality Liquid Assets (HQLA) to overcome total expected cash outflows minus total expected cash inflows as per SAMA / Basel specified stress scenarios for the subsequent 30 calendar days.

The LCR report for SAIB is prepared in accordance with the public/ market disclosure requirements and guidelines in respect of the Liquidity Coverage Ratio Disclosure Standards as published by the Saudi Arabian Monetary Authority (SAMA) in August 2014. The purpose of this document is to disclose both qualitative and quantitative information regarding The Saudi Investment Bank's (SAIB) liquidity position, LCR results and internal liquidity risk measurement and management processes.

Governance Framework and Liquidity Management

SAIB's Board of Directors has the overall responsibility for the Bank's liquidity risk management by ensuring that the Bank's risk exposures are maintained at or above the minimum levels. To this end, it has established an appropriate liquidity risk management framework for the management of the Bank's funding and liquidity management requirements. Further, SAIB maintains contingency Funding Plan (CFP) which identifies a diversified set of readily available and deployable potential CF resources under crisis situations.

Senior Management (through the Asset Liability Committee- ALCO) monitors the information on the Bank's liquidity needs and market developments on a monthly basis. The management of the Bank's liquidity management is further delegated to the Treasury group to ensure the Bank's liquidity positions are maintained according to the policy. SAIB seeks to hold unencumbered high quality liquid assets to ensure compliance with minimum LCR requirements and has set internal triggers to provide timely escalation to ensure mitigating actions are taken.

Qualitative Disclosures for LCR as at December 2016

The three month average LCR (as provided on the next page) has increased from 158% as of September 30, 2016 to 268% as of December 31, 2016. The increase primarily is due to an increase in the HQLA from SAR 12.80 billion as of September 30, 2016 to SAR 18.08 billion as of December 2016, reflecting the increase in the Bank's security investment portfolio under Government category as well as higher placements with SAMA in the last quarter of 2016. Moreover, net cash outflows decreased from an average of SAR 8.08 billion as of September 30, 2016 to average of SAR 6.73 billion as of December 31, 2016 reflecting the increase in the Bank's deposits maturing beyond 30 days.

The Saudi Investment Bank	SAR (000) December 31, 2016	Frequency : Q Location : W
----------------------------------	--	-------------------------------

Liquidity Coverage Ratio Disclosure Template		(a) TOTAL UNWEIGHTED VALUE (average)	(b) TOTAL WEIGHTED VALUE (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		18,082,564
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:		
3	<i>Stable deposits</i>		
4	<i>Less stable deposits</i>	18,284,548	1,352,579
5	Unsecured wholesale funding, of which:		
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-
7	<i>Non-operational deposits (all counterparties)</i>	28,773,972	9,848,095
8	<i>Unsecured debt</i>	-	-
9	Secured wholesale funding		
10	Additional requirements, of which:		
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	1,793,014	1,725,507
12	<i>Outflows related to loss of funding on debt products</i>	-	-
13	<i>Credit and liquidity facilities</i>	11,550,904	1,155,091
14	Other contractual funding obligations		
15	Other contingent funding obligations		
16	TOTAL CASH OUTFLOWS		14,081,271
CASH INFLOWS			
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	11,023,825	7,342,697
19	Other cash inflows	-	-
20	TOTAL CASH INFLOWS		7,342,697
			(c) TOTAL ADJUSTED VALUE
21	TOTAL HQLA		18,082,564
22	TOTAL NET CASH OUTFLOWS		6,738,574
23	LIQUIDITY COVERAGE RATIO (%)		268.34%

- a Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
- b Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).
- c Adjusted values must be calculated after the application of both:
- (i) haircuts and inflow and outflow rates; and
 - (ii) any applicable caps (ie cap on Level 2B and Level 2 assets for HQLA and cap on inflows).