

## **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 June 2017**

The three month average LCR (as provided on the next page) increased from 177% as of as of March 31, 2017 to 178% as of June 30, 2017. There is a reduction in the net weighted value of cash outflows from SAR 14.10 billion as of March 2017 to SAR 12.43 billion as of June 2017, reflecting the decreased outflows from retail and non-financial corporate deposits exposures due within 30 days. At the same time, the unweighted inflows amount from performing exposures decreased from SAR 5.24 billion to SAR 4.00 billion.

<b>The Saudi Investment Bank</b>	<b>SAR (000)</b> <b>June 30, 2017</b>	Frequency : Q Location : W
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<b>Liquidity Coverage Ratio Disclosure Template</b>		<b>(a) TOTAL UNWEIGHTED VALUE (average)</b>	<b>(b) TOTAL WEIGHTED VALUE (average)</b>
<b>HIGH-QUALITY LIQUID ASSETS</b>			
1	Total high-quality liquid assets (HQLA)		<b>17,618,150</b>
<b>CASH OUTFLOWS</b>			
2	Retail deposits and deposits from small business customers, of which:		
3	<i>Stable deposits</i>		
4	<i>Less stable deposits</i>	16,117,664	1,463,894
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>	20,407,733	7,568,009
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>	2,343,131	2,343,131
12	<i>Outflows related to loss of funding on debt products</i>		
13	<i>Credit and liquidity facilities</i>	10,549,097	1,054,910
14	Other contractual funding obligations		
15	Other contingent funding obligations		
16	<b>TOTAL CASH OUTFLOWS</b>		<b>12,429,944</b>
<b>CASH INFLOWS</b>			
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	4,006,228	2,545,974
19	Other cash inflows		
20	<b>TOTAL CASH INFLOWS</b>		<b>2,545,974</b>
			<b>(c) TOTAL ADJUSTED VALUE</b>
<b>21</b>	<b>TOTAL HQLA</b>		<b>17,618,150</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>		<b>9,883,970</b>
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>178.25%</b>

- 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).