

LIQ1 – Liquidity Coverage Ratio (LCR)

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 September 2018

The 90 days average LCR (as provided on the next page) increased from 216 % as of June 30, 2018 to 252% as of September 30, 2018. There is an increase in HQLA from SAR 18.80 billion to SAR 20.23 billion. The weighted cash outflows amount of performing exposures decreased from SAR 13.15 billion to SAR 12.54 while the weighted value of cash inflows increased from SAR 4.45 billion to SAR 4.52 billion since last quarter. Which resulted in total increase in net cash outflows within 30 days from SAR 8.01 billion to SAR 8.70 billion.

The Saudi Investment Bank	SAR (000) September 30, 2018	Frequency : Q Location : W
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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)		20,223,870
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:		
3	<i>Stable deposits</i>		
4	<i>Less stable deposits</i>	18,308,917	1,677,041
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>	24,732,172	8,997,470
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>	1,009,186	759,515
12	<i>Outflows related to loss of funding on debt products</i>		
13	<i>Credit and liquidity facilities</i>	11,132,102	1,113,210
14	Other contractual funding obligations		
15	Other contingent funding obligations		
16	TOTAL CASH OUTFLOWS		12,547,236
CASH INFLOWS			
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	5,931,876	4,527,914
19	Other cash inflows		
20	TOTAL CASH INFLOWS		4,527,914
			(c) TOTAL ADJUSTED VALUE
21	TOTAL HQLA		20,223,870
22	TOTAL NET CASH OUTFLOWS		8,019,322
23	LIQUIDITY COVERAGE RATIO (%)		252.19%