

## **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 with respect to 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 or the Bank) liquidity position, LCR results and internal liquidity risk measurement and management processes.

### **Governance Framework and Liquidity Management**

The Bank's Board of Directors has the overall responsibility for 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, the Bank maintains a Contingency Funding Plan (CFP) which identifies a diversified set of readily available and deployable potential Contingency Funding (CF) resources under crisis situations.

Senior Management monitors the information on the Bank's liquidity needs and market developments on a daily basis, and the Asset Liability Committee ALCO reviews the results 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 and laid down limits. The Bank seeks to hold sufficient unencumbered high quality liquid assets to ensure compliance with the minimum LCR requirements and has set internal triggers to provide timely escalation to ensure mitigating actions are taken.

### **Qualitative Disclosures for LCR as of September 30, 2022**

The 90 days' average LCR (as provided on the next page) has decreased from 250.98 % as of June 30, 2022 to 206.83% as of September 30, 2022.

The total net cash outflows increased from SAR 6.26 billion to SAR 8.05 billion from previous quarter whereas net inflows decreased from SAR 7.46 billion to SAR 6.28 billion while the HQLAs increased from SAR 15.72 billion to SAR 16.65 billion which led to a net decrease in LCR by 44.15 bps and hence the final LCR was maintained well above regulatory minimum requirement of 100%.

Sep-22

Table LIQ1: Liquidity Coverage Ratio Disclosure Template		(a) TOTAL UNWEIGHTED VALUE (average)	(b) TOTAL WEIGHTED VALUE (average)
<b>HIGH-QUALITY LIQUID ASSETS</b>			<b>SAR (000)</b>
1	Total high-quality liquid assets (HQLA)		<b>16,654,694</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>	22,129,740	2,094,435
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>	28,328,304	10,460,302
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>	2,359,579	645,004
12	<i>Outflows related to loss of funding on debt products</i>		
13	<i>Credit and liquidity facilities</i>	11,357,661	1,135,766
14	Other contractual funding obligations		
15	Other contingent funding obligations		
16	<b>TOTAL CASH OUTFLOWS</b>		<b>14,335,508</b>
<b>CASH INFLOWS</b>			
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	7,860,514	6,282,991
19	Other cash inflows		
20	<b>TOTAL CASH INFLOWS</b>		<b>6,282,991</b>
			<b>(c) TOTAL ADJUSTED VALUE</b>
21	<b>TOTAL HQLA</b>		<b>16,654,694</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>		<b>8,052,517</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>206.83%</b>