

**Saudi Arabian Monetary Authority (SAMA)**

**Regulations for Foreign Banks Branches**

**(FBB)**

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## **1. SAMA Approach to Foreign Banks Branches (FBB) Regulation:**

1. These SAMA regulations are applicable to all FBBs operating in the Kingdom of Saudi Arabia (KSA).
2. The regulations are issued in accordance with the authority vested in SAMA under the Charter of Saudi Arabian Monetary Authority –issued via Royal Decree No. 23 dated 23/5/1377 H, which entrusts SAMA to supervise and regulate commercial banks, and to set relevant rules whenever deemed necessary; and the Banking Control Law – issued via Royal Decree No. M/5 dated 22/2/1386 H Article 16 (3), which sets SAMA as the legislative body responsible for exercising regulatory and supervisory control over banks, issuing general rules and overseeing that all banks comply and effectively implement the relevant laws and regulations.
3. SAMA requires all FBBs to comply with the Banking Control Law (BCL), its prudential requirements, and other relevant laws and regulations as applicable to all local and foreign banks.
4. In addition to these FBB-specific prudential requirements, FBBs are also required to comply with the requirements of SAMA circulars covering conduct regulations and standards as issued by SAMA, for all banks.

### ***1.1. Significant Retail activities:***

5. SAMA has additional requirements for FBBs that take significant retail-banking deposits.
6. SAMA considers retail banking activities to be significant where an FBB:
  - i. Has more than SAR 5 billion of retail and Micro, Small and Medium-sized enterprises (MSME)<sup>1</sup> account balances or more than 1,000 retail and MSME account holders; or
  - ii. Undertakes deposit activity where the total number of branches exceeds five (5).

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<sup>1</sup> As per SAMA MSME definition

## 1.2 Wholesale activities:

7. SAMA has additional requirements where wholesale only foreign bank branches are systemically important. Wholesale only foreign bank branches are those that are not engaged in significant retail activities as defined in 6 above.

8. In assessing whether a branch is systemically important, SAMA looks at whether the overall KSA footprint of the branch exceeds an average of SAR 10 billion total gross assets. The SAR 10 billion threshold is only indicative and SAMA will also take into account the scale of provision of Critical Economic Functions (CEFs) the branch undertakes in KSA.

9. For the purpose of these regulations, CEFs are defined as activities, services or operations the discontinuance of which is likely to lead to the disruption of services that are essential to the real economy due to the size, market share, external and internal interconnectedness, complexity or crossborder activities of the FBB, with particular regard to the substitutability of those activities, services or operations.

10. Wholesale only FBBs will be considered as being systemically important if they undertake the CEFs under A and B below. SAMA may also designate a Wholesale only FBB if its activities under C below are considered systematically important by SAMA.

(A) Payments, Cash, Settlement, Clearing, Custody	Payment services
	Cash services
(B) Lending	Securities settlement services
	CCP clearing services
	Custody services
(C) Capital Markets	Derivatives held for trading – OTC
	Derivatives held for trading – non-OTC
	Secondary markets / trading ( held-for-trading-only)
	Primary Markets / underwriting

## **2. Corporate Governance and Risk Management:**

### ***2.1. Introduction:***

11. These regulatory requirements are relevant to all Foreign Bank Branches (FBBs) in respect of their operations in the Kingdom of Saudi Arabia (KSA). It sets out SAMA's requirements for the internal governance and risk management of the FBBs and how they should comply with these regulations. These regulations cover the following areas:

- i.* General requirements;
- ii.* Senior Management Function & Responsibilities;
- iii.* Segregation of Functions;
- iv.* Compliance and Internal Audit;
- v.* Risk Management and Control;
- vi.* Outsourcing; and
- vii.* Record keeping and Retention Requirements.

### ***2.2. General Requirements:***

12. SAMA requires that the governance and risk management arrangements, processes and mechanisms implemented by a FBB should be proportionate to the nature, scale and complexity of the risks inherent in its business and its activities.

### ***2.3. Requirements in relation to the Senior Management and their responsibilities:***

13. SAMA requires a FBB to have robust governance and risk management arrangements, which includes a clear organizational structure with well-defined, transparent and consistent lines of responsibility. All FBBs are required to put in place a Job description (JD) for each member of the senior management. More specifically, JDs must:

- i.* Clearly set out the areas of the FBB's activities for which the senior manager is responsible;
- ii.* Be included in every application to SAMA for pre-approval as a senior manager as per SAMA's fit and proper regulations; and

- iii. Be updated and resubmitted if there is a significant change to the senior manager's responsibilities as per SAMA's fit and proper regulations.

14. A FBB is also required to produce and maintain a Governance Policy, which is a single, up-to-date document setting out the branch's management, governance and risk management arrangements. The Governance Policy should be proportionate and include information about the business relationship with the Head Office and the group.

#### ***2.4. Senior Management Function (SMF) and Responsibilities:***

15. SAMA requires all FBBs to have at least one individual approved as a bespoke Senior Management Function (SMF) known as the General Manager (GM)/Chief Executive Officer (CEO) or any other title as appropriate. The GM/CEO should have the highest degree of individual decision-making authority within the FBB over activities and areas subject to KSA regulations.

16. SAMA looks to the GM/CEO to oversee the management of the branch, including matters of a corporate governance nature that relate to the branch. As such, SAMA requires that the GM/CEO will be accountable for the FBB's operations.

17. While the GM/CEO may not conduct all responsibilities or activities directly, SAMA requires the GM/CEO to retain his or her overall accountability for the operations of the FBB. Regardless of who conducts the various functions, SAMA requires the GM/CEO to:

- i. Ensure that business objectives, strategies, and plans set for the FBB are prudent in the context of the FBB. Recognizing that FBBs are an extension of the parent, the GM/CEO is required to advise the parent should any planned activities for the FBB not be considered suitable;
- ii. Be satisfied that appropriate policies and procedures (i.e. control systems) are in place to manage the risks regardless of where the controls may reside;
- iii. Receive sufficiently comprehensive and frequent reports to understand and monitor the business of the FBB; and
- iv. Undertake or obtain, periodically, an independent assessment of the adequacy and effectiveness of the controls. Independent assessment may be obtained from individuals or groups designated

with that role, such as internal audit or risk management (either at the branch or Head Office), or qualified third parties.

18. The GM/CEO is required to ensure that there are robust policies and procedures to manage the assets and liabilities recorded on the FBB's books and records and related accounts (e.g. deposit, loan, investment, etc.).

19. The GM/CEO should ensure the FBB is in compliance with all applicable legislation and regulations, and is conducting its business and affairs in a manner that is consistent with applicable SAMA requirements.

20. While the GM/CEO may delegate responsibility for day-to-day management to others, SAMA requires the GM/CEO to be in a position to verify the FBB's regulatory returns. Therefore, SAMA would expect the GM/CEO to have, or to ensure the individuals undertaking activities with respect to the FBB have, a good understanding of applicable legislation, regulations and guidelines, as well as the activities and related records of the branch, including its assets, liabilities, revenues and expenses. SAMA would also expect the GM/CEO to be satisfied with any work performed by others (e.g., Head Office or another entity within the group) and should ensure any deficiencies are corrected.

## ***2.5. Segregation of Functions:***

21. A FBB should ensure that the performance of multiple functions by its relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. The senior personnel within the FBB should define arrangements concerning the segregation of duties within the branch and the prevention of conflicts.

22. A FBB should ensure that no single individual has unrestricted authority to do all of the following:

- i.* Initiate a transaction;
- ii.* Bind the FBB;
- iii.* Make payments; and
- iv.* Account for it.

23. Where a FBB is unable to ensure the complete segregation of duties because the branch has a limited number of staff, it should ensure that there is adequate compensating controls in place such as frequent review of an area by relevant branch senior managers.



## **2.6. Mechanisms and Procedures:**

24. SAMA requires that, taking into account the nature, scale and complexity of the business of the FBB, the FBB should establish, implement and maintain:

- i.* Decision-making procedures and an organizational structure which clearly and in a documented manner specifies reporting lines and allocates functions and responsibilities and governance of the branch,
- ii.* Effective internal reporting and communication of information at all relevant levels of the branch and;
- iii.* Effective reporting and communication with the Head Office of the branch.

## **2.7. Business Continuity Management (BCM) & Disaster Recovery Planning (DRP):**

25. SAMA requires FBBs to take reasonable steps to ensure continuity and regularity in the performance of its activities. SAMA requires FBB to comply with the requirements of SAMA's Business Continuity Management (BCM) and Disaster Recovery Planning (DRP) as per SAMA's *SAMA Cyber Security and BCM* frameworks regulations.

## **2.8. Regular monitoring:**

26. A FBB should monitor and, at least on annual basis and using a risk based approach, evaluate the adequacy and effectiveness of its systems, internal control mechanisms and arrangements and take appropriate measures to address any deficiencies.

## **2.9. Compliance and Internal Audit Functions:**

### **2.9.1. Compliance & Anti Money Laundering and Combating Terrorism Financing (AML/CTF)**

27. All FBBs are required to have a separate compliance function which is permanent, effective, and operates independently. The compliance and AML/CTF/Legal function/s should have the responsibility to monitor and, on a regular basis, to assess the adequacy and effectiveness of the policy measures and procedures put in place in accordance with;

- (a) SAMA's Rules Governing Anti-Money Laundering & Combating Terrorist Financing
- (b) SAMA's Compliance Manual for Banks Working in Saudi Arabia and;
- (c) Other Kingdom of Saudi Arabia regulatory and legal requirements.

28. In order to enable the FBB's compliance/AML/CTF functions to discharge their responsibilities properly and independently SAMA requires that the FBB should ensure these functions have the necessary authority, resources, expertise and access to all relevant information.

29. In addition, where appropriate and proportionate in view of the nature, scale and complexity of its business and the nature and range of its activities, SAMA requires a FBB to ensure at least the following conditions are met:

- i.* The relevant persons involved in the FBB's compliance team should not be involved in the performance of services or activities they monitor. In other words, compliance department's officers and staff, especially the compliance officer, should not also be entrusted with functions that may expose them to a conflict of interest in their compliance responsibilities and the compliance work; and
- ii.* The method of determining the remuneration of the relevant persons involved in the FBB's compliance function do not compromise their objectivity.

### **2.9.2. Internal Audit Function (IAF)**

30. SAMA requires that a FBB should, where appropriate and proportionate in view of the nature, scale and complexity of its business and the nature and range of its activities, establish an independent IAF. The IAF should, at a minimum, have the following responsibilities:

- i.* To ensure the FBB meets all SAMA Audit requirements;
- ii.* To establish, implement and maintain an audit plan
- iii.* To examine and evaluate the adequacy and effectiveness of the FBB's governance, systems, internal control mechanisms and arrangements (or alternatively, to assess the extent to which the

parent's audit plan meets local regulatory requirements and make any modifications that may be necessary);

- iv. To issue recommendations based on the result of work carried out in accordance with the audit plan;
- v. To verify compliance with those recommendations; and
- vi. To report in relation to Internal Audit matters.

31. Where a FBB has an individual performing the role of Head of Internal Audit, he or she will need to be pre-approved as the Head of IAF in line with SAMA Fit and Proper requirements.

## ***2.10. Risk Management and Control:***

32. A FBB is required to have effective processes to identify, classify, manage, monitor and report all the risks it is or might be exposed to.

33. A FBB should establish, implement and maintain adequate risk management policies and procedures, including effective procedures for risk assessment, which identify all the risks relating to the FBB's activities, processes and systems, and where appropriate, set its risk appetite or the level of risk tolerated by the FBB.

34. A FBB should adopt effective arrangements, processes and mechanisms to identify and manage the risk relating to its activities, processes and systems, in the light of that level of risk tolerance.

35. A FBB's senior management should approve and periodically review the strategies and policies for taking up, managing, monitoring and mitigating the risks the FBB is or might be exposed to.

36. A FBB should, as a minimum, monitor the following:

- i. The adequacy and effectiveness of its risk management function, policies and procedures;
- ii. The level of compliance by the FBB and its staff with the risk control arrangements, processes and mechanisms; and
- iii. The adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons to

comply with such arrangements, processes and mechanisms or follow such policies and procedures.

37. A FBB is expected to, where appropriate and proportionate in view of the nature, scale and complexity of its business and the nature and range of activities, establish and maintain a risk management function that operates independently and carries out the following tasks:

- i.* Implementation of risk management policies and procedures; and
- ii.* Provision of risk management reports and advice to its senior management.

38. Where a FBB does not maintain a local risk management function, it should nevertheless be able to demonstrate that the risk management policies and procedures which it has adopted are robust and are consistently effective.

39. SAMA requires that the risk control arrangements of an FBB that has significant retail activities or is a systemically important wholesale FBB, to include:

- i.* The appointment of a branch Head of Risk Management; and
- ii.* The Establishment of a branch risk management oversight team whose role includes giving risk oversight under an effective risk management structure and framework.

#### **2.11. Branch Head of Risk Management:**

40. Where a FBB has an individual performing the role of Head of Risk Management, he or she will need to be pre-approved as the Head of Risk Management function in line with SAMA Fit and Proper regulations. SAMA also requires that such a position should, at a minimum;

- i.* Be accountable to the FBB's Head Office for oversight of branch-wide risk management;
- ii.* Be fully independent of a branch's individual business units;
- iii.* Have sufficient authority, stature and resources for the effective execution of his/her responsibilities;
- iv.* Have unfettered access to any parts of the branch's business capable of having an impact on the branch's risk profile;

- v. Ensure that the data used by the branch to assess its risks are fit for purpose in terms of quality, quantity and breadth;
- vi. Provide oversight and challenge of the branch's systems and controls in respect of risk management;
- vii. Provide oversight and validation of the branch's reporting of risk;
- viii. Ensure the adequacy of risk information, risk analysis and risk training provided to members of the branch's management team;
- ix. Report to the branch's management team (and, if appropriate, to that of the parent) on the branch's risk exposures relative to its risk appetite and tolerance, and the extent to which the risks inherent in any proposed business strategy and plans are consistent with the branch's risk appetite and tolerance. The branch Head of Risk Management should also alert the branch's management team and provide challenge on, any business strategy or plans that exceed the branch's risk appetite and tolerance.

41. SAMA requires that a FBB will structure its arrangements so that senior management personnel at an appropriate level in the Head Office will exercise functions in taking into account group-wide risks.

#### ***2.12. Reporting lines of FBB's Head of Risk Management:***

42. Where a FBB has an individual performing the role of Head of Risk Management, he or she should be accountable to a branch's GM/CEO and, in most cases, to the head of the parent's or group risk management function.

43. SAMA recognises that, in addition, a reporting line should be established for operational purposes. Accordingly, to the extent necessary for effective operational management, the branch Head of Risk Management should report into the GM/CEO.

#### ***2.13. Branch Risk Oversight Team:***

44. SAMA requires that, while a branch's GM/CEO is ultimately responsible for risk governance throughout the business, a FBB that is involved in significant retail business or is a systemically important wholesale FBB should establish a mechanism for providing risk oversight to the branch's business activities to provide focused support and advice on risk governance. The responsibilities of the Risk Oversight Team should, at minimum, include the following;

- i.* Providing advice to the branch's management team on risk strategy, including the oversight of current risk exposures of the branch, with particular, but not exclusive, emphasis on prudential risks;
- ii.* Development of proposals for consideration by the branch management team in respect of overall risk appetite and tolerance, as well as the metrics to be used to monitor the branch's risk management performance;
- iii.* Oversight and challenge of the day-to-day risk management and oversight arrangements of the branch management team;
- iv.* Oversight and challenge of due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the branch management team; and
- v.* Providing advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout the branch.

45. In carrying out their risk governance responsibilities, a FBB's management team and branch risk oversight function covering the branch should have regard to any relevant advice from the parent's risk and audit committees concerning the effectiveness of its control framework.

#### **2.14. Outsourcing:**

46. SAMA outsourcing rules require a FBB to have effective outsourcing processes to identify, manage, monitor and report risks and internal control mechanisms. A FBB should ensure that, when relying on its Head/Regional Office or a third party for the performance of any functions which are critical for the performance of its activities, on a continuous and satisfactory basis, it takes reasonable steps to avoid undue additional operational risks.

47. A FBB should not undertake the outsourcing of important functions in such a way as to impair materially:

- i.* The quality of its internal control; and
- ii.* The ability of SAMA to monitor the branch's compliance with all its regulatory obligations.

48. Any planned outsourcing of processes, people and systems must satisfy SAMA's outsourcing rules as set out in SAMA's Instructions for Outsourcing as

applicable to FBBs. All outsourcing activities must also be reported using the FBB Return Form (Attachment A).

### ***2.15. Record keeping and Retention Requirements:***

49. FBBs are required to maintain all records (both electronic and physical) at their KSA principal office. In addition, FBBs are required to maintain and process in KSA information and data relating to the preparation and maintenance of these records unless they obtain an exemption from SAMA or where the outsourcing rules permits this. SAMA's requirements in evaluating a request for approval to process records outside KSA are set out in SAMA's outsourcing rules.

50. Where processing of records related to the FBB's business occurs at a location other than the KSA principal office, it is required that they are backed up as appropriate, confidentiality maintained and provided to the FBB to ensure that records maintained in KSA are up to date at the end of each business day. SAMA requires records maintained in KSA will be of sufficient detail to:

- i.* Enable the GM/CEO to fulfill his or her accountabilities with respect to the FBB's business; and
- ii.* Enable SAMA to conduct an examination and inquiry into the business and affairs of the FBB.

51. Where sufficient information is not available, SAMA may request it as necessary.

52. SAMA requires records to be capable of being reproduced in Arabic and in English languages. Where a FBB is required to retain a record of a communication that was not made in Arabic or English, it may retain it in that language. However, it should be able to provide a translation upon request.

53. A FBB should have appropriate systems and controls in place with respect to the adequacy of, access to, and the security of its records so that the FBB may fulfil its regulatory and statutory obligations. With respect to retention periods, SAMA requires that records should be retained in accordance with SAMA records retention requirements.

### ***2.16. Foreign Bank Branch (FBB) Reporting Requirements:***

54. FBBs must ensure that the arrangements for reporting to SAMA and the parent foreign bank or Head Office are adequate and in compliance with applicable laws and regulations.

55. All FBBs must provide SAMA with information in accordance with the FBB Return A (Attachment A) accompanying these regulations. The information must be provided as at end of quarter each year and provided, by electronic means, within 30 days of the date to which the information relates. This should be sent to the FBB's relevant relationship manager.

### **3. Funding Ratio (FR) Requirements**

#### ***3.1. Introduction:***

56. Foreign Bank Branches (FBBs) are not required to maintain capital in Kingdom of Saudi Arabia although a quasi-capital in the form of a Funding Ratio requirement may be set on a case-by-case basis, for example, those intending to conduct high-risk businesses and/or wanting to specialise in particular business lines such as significant retail business operations that require specific level of capacity or competence.

57. These requirements are applicable to FFBs that are engaged in significant retail activities in respect of their business in the Kingdom of Saudi Arabia (KSA).

58. A significant retail FBB is, at a minimum, required to maintain at the greater of SAR one (1) billion or eight (8) per cent of FBB's Total Risk Weighted Assets (Pillar 1 and Pillar 2 risks). The FBB must maintain the required Funding Ratio at all times, regardless of reporting frequency.

59. The Pillar 1 Risk Weighted Assets shall be that of the KSA branch. The Pillar 2 RWAs shall be that assigned for the KSA business by the Head Office.

60. SAMA may require a FBB to maintain additional assets where in the opinion of SAMA they are necessary to protect retail depositors of the FBB.

#### ***3.2. Pre-Approved Assets for the Funding Ratio (FR):***

61. Only Securities issued or guaranteed by the Government of Saudi Arabia are pre-approved as qualifying assets for the Funding Ratio determination.

#### ***3.3. Calculating the Funding Ratio (FR):***

62. The Funding Ratio is determined by total RWA. Total RWA is defined as Pillar 1 plus Pillar 2 RWAs (both on and off-balance sheet) of the FBB in respect of its business in KSA.



### **3.4. Reporting:**

63. At each quarter end, the FBBs that are subject to FR requirements are required to calculate and report to SAMA its Funding Ratio (FR) during the period using the attached Attachment D. The Returns should be submitted to SAMA (to relevant relationship manager of the FBB) by end of the month following the quarter end.

## **4. Liquidity Requirements**

### **4.1. Introduction:**

64. These liquidity requirements outlines SAMA's requirements for liquidity risk management and reporting by FBBs.

### **4.2. Liquidity Risk Governance - Senior Management Responsibilities:**

65. A FBB's senior management is ultimately responsible for the sound and prudent management of the liquidity risk of the FBB. An FBB must maintain a liquidity risk management framework commensurate with the level and extent of liquidity risk to which the FBB is exposed from its activities.

66. The liquidity risk management framework must, at a minimum, include the following;

- i.* A statement of the FBB's liquidity risk appetite and tolerance, approved by the GM/CEO in charge of the FBB;
- ii.* The liquidity management strategy and policy of the FBB, approved by the GM/CEO in charge of the FBB;
- iii.* The FBB's operating standards (e.g. in the form of policies, procedures and controls) for identifying, measuring, monitoring and controlling its liquidity risk in accordance with its liquidity risk tolerance;
- iv.* The FBB's funding strategy, approved by the GM/CEO in charge of the FBB; and
- v.* A Contingency Funding Plan (CFP).

67. The FBB must ensure that:

- i.* Senior management and other relevant personnel have the necessary experience to manage liquidity risk; and

- ii.* The FBB's liquidity risk management framework and liquidity risk management practices are documented and reviewed at least annually.

68. The senior management of the FBB must review regular reports on the liquidity position of the FBB and, where necessary, information on new or emerging liquidity risks.

69. An FBB's senior management must, at a minimum;

- i.* Develop a liquidity management strategy, policies and processes in accordance with the Head Office-approved liquidity tolerance;
- ii.* Ensure that the FBB maintains sufficient liquidity at all times;
- iii.* Determine the structure, responsibilities and controls for managing liquidity risk and for overseeing the liquidity positions of the FBB, and outline these elements clearly in the FBB's liquidity policies;
- iv.* Ensure that the FBB has adequate internal controls to ensure the integrity of its liquidity risk management processes;
- v.* Ensure that stress tests, contingency funding plans and holdings of liquid assets are effective and appropriate for the FBB;
- vi.* Establish a set of reporting criteria specifying the scope, manner and frequency of reporting for various recipients including the parties responsible for preparing the reports;
- vii.* Establish specific procedures and approvals necessary for exceptions to policies and limits, including escalation procedures and follow-up actions to be taken for breaches of limits;
- viii.* Closely monitor current trends and potential market developments that may present significant, unprecedented and complex challenges for managing liquidity risk so that appropriate and timely changes to the liquidity management strategy may be made as needed; and
- ix.* Continuously review information on the FBB's liquidity developments and report to the senior management on a regular basis.

70. Senior management must be able to demonstrate a thorough understanding of the links between funding liquidity risk (the risk that an FBB may not be able to meet its financial obligations as they fall due) and market liquidity risk (the risk that liquidity in financial markets, such as the market for debt securities, may reduce significantly), as well as how other risks, including credit, market, operational and reputation risks, affect the FBB's overall liquidity risk management strategy.

#### **4.3. Liquidity Risk Management Framework:**

71. An FBB's liquidity risk tolerance defines the level of liquidity risk that the FBB is willing to assume. An FBB's liquidity risk tolerance must be documented and appropriate for the FBB's operations and strategy.

72. The liquidity risk tolerance must be reviewed, at least annually, to reflect the FBB's financial condition and funding capacity.

73. In setting the liquidity risk tolerance, the senior management must ensure that the risk tolerance allows the FBB to effectively manage its liquidity position in such a way that it is able to withstand a prolonged period of stress.

74. The liquidity risk tolerance must be articulated in such a way that clearly states the trade-off between risks and profits.

75. An FBB's liquidity risk management framework must be formulated to ensure that the FBB maintains sufficient liquidity, including a cushion of unencumbered liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The source of liquidity stress could be specific to the FBB or market-wide or a combination of the two.

76. An FBB's liquidity risk management framework must be well integrated into the FBB's overall risk management process.

77. An FBB's liquidity risk management oversight function must be operationally independent and staffed with personnel who have the skills and authority to challenge the FBB's treasury and other liquidity risk management businesses.

78. The liquidity management strategy must include specific policies on liquidity management, such as:

- i.* The composition and maturity of assets and liabilities;
- ii.* The diversity and stability of funding sources;

- iii. The approach to managing liquidity in different currencies, across borders, and across business lines; and
- iv. The approach to intraday liquidity management.

79. The liquidity management strategy must take account of the FBB's liquidity needs under normal conditions as well as periods of liquidity stress. The strategy must include quantitative and qualitative targets.

80. The liquidity management strategy must be appropriate for the nature, scale and complexity of the FBB's operations. In formulating this strategy, the FBB must consider its key business lines, the breadth and diversity of markets, products and home and host regulatory requirements.

81. The liquidity management strategy, key policies for implementing the strategy and the liquidity risk management structure must be communicated throughout the organisation by senior management.

82. An FBB must have adequate policies, procedures and controls in place to ensure that the senior management are informed immediately of new and emerging liquidity concerns. These include increasing funding costs or concentrations, increases in any funding requirements, the lack of availability of alternative sources of liquidity, material and/or persistent breaches of limits, a significant decline in the cushion of unencumbered liquid assets or changes in external market conditions that could signal future difficulties.

83. Senior management must be satisfied that it is fully aware of all activities that have an impact on liquidity and that it operates in accordance with approved policies, procedures, limits and controls.

84. The liquidity risk management framework must be subject to effective review on an ongoing basis.

#### ***4.4. Management of Liquidity Risk:***

85. An FBB must have a sound process for identifying, measuring, monitoring and controlling liquidity risk. This process must include a robust framework for comprehensively projecting cash flows arising from assets, liabilities and off-balance sheet items over an appropriate set of time horizons.

86. An FBB must set limits to control its liquidity risk exposure and vulnerabilities. Limits and corresponding escalation procedures must be reviewed regularly. Limits must be relevant to the business in terms of its complexity of activity,

nature of products, currencies and markets served. Where a liquidity risk limit is breached, an FBB must implement a plan of action to review the exposure and reduce it to a level that is within the limit.

87. An FBB must actively manage its collateral positions, differentiating between encumbered and unencumbered assets.

88. An FBB must design a set of early warning indicators to aid its daily liquidity risk management processes in identifying the emergence of increased risk or vulnerabilities in its liquidity risk position or potential funding needs. Such early warning indicators must be structured so as to assist in the identification and escalation of any negative trends in the FBB's liquidity position and lead to an assessment and potential response by management to mitigate the FBB's exposure to these trends.

89. An FBB must have a reliable management information system that provides the senior management and other appropriate personnel with timely and forward-looking information on the liquidity position of the FBB.

90. An FBB must actively manage its intraday liquidity positions and risks in order to meet payment and settlement obligations on a timely basis under both normal and stressed conditions, thus contributing to the orderly functioning of payment and settlement systems.

91. An FBB must develop and implement a costs and benefits allocation process for funding and liquidity that appropriately apportions the costs of prudent liquidity management to the sources of liquidity risk and provides appropriate incentives to manage liquidity risk.

92. An FBB active in multiple currencies must:

- i.* Maintain liquid assets consistent with the distribution of its liquidity needs by currency;
- ii.* Assess its aggregate foreign currency liquidity needs and determine an acceptable level of currency mismatches; and
- iii.* Undertake a separate analysis of its strategy for each currency in which it has material activities, considering potential constraints in times of stress.

#### **4.5. Funding Strategy:**

93. An FBB must;

- i.* Develop and document a three-year funding strategy, which must be provided to SAMA on request;
- ii.* Maintain an ongoing presence in its chosen funding markets and strong relationships with funds providers; and
- iii.* Regularly gauge its capacity to raise funds quickly. It must identify the main factors that affect its ability to raise funds and monitor those factors closely to ensure that estimates of fund-raising capacity remain valid.

94. The funding strategy must be reviewed and approved by the GM/CEO of the FBB, at least annually, and supported by robust assumptions in line with the FBB's liquidity management strategy and business objectives.

95. The funding strategy must be reviewed and updated, at least annually, to account for, at a minimum, changed funding conditions and/or a change in the FBB's strategy. An FBB must advise SAMA of any material changes to the FBB's funding strategy.

#### **4.6. Contingency Funding Plan (CFP):**

96. An FBB must have a formal Contingency Funding Plan (CFP) that clearly sets out the strategies for addressing liquidity shortfalls in stressed situations. The plan must outline policies to manage a range of stress environments, establish clear lines of responsibility and include clear invocation and escalation procedures.

97. An FBB's CFP must be commensurate with its complexity, risk profile, scope of operations and role in the financial systems. The plan must articulate available contingency funding sources and the amount of funds an FBB estimates can be derived from these sources, clear escalation/prioritisation procedures detailing when and how each of the actions can and must be activated and the lead time needed to tap additional funds from each of the contingency sources. The CFP must provide a framework with a high degree of flexibility so that an FBB can respond quickly in a variety of situations.

98. The plan's design, scope and procedures must be closely integrated with the FBB's ongoing analysis of liquidity risk and with the assumptions used in its stress

tests and the results of those stress tests. As such, the plan must address issues over a range of different time horizons, including intraday.

99. For an FBB that has significant retail deposits, the plan must address a retail deposit run and must include measures to repay retail depositors as soon as practicable. The retail run contingency plan must not rely upon closing distribution channels to retail depositors. The retail run contingency plan must seek to ensure that, in the event of a loss of market confidence in the FBB, retail depositors wishing to retrieve their deposits may do so as quickly and as conveniently as is practicable in the circumstances, and within the contractual terms and conditions applicable to the relevant deposit products.

100. An FBB's CFP must be reviewed and tested, at least annually, to ensure its effectiveness and operational feasibility. An FBB's GM/CEO must review and approve the contingency funding plan, at least annually, or more often as changing business or market circumstances require.

#### ***4.7. Liquidity Coverage Ratio (LCR):***

101. A FBB that takes significant retail deposits or is a systematically important wholesale FBB shall be subject to minimum LCR requirements and shall be referred to as an LCR FBB. Such FBBs are required to report their LCR position in accordance with Attachment B. FBBs should refer to SAMA's general guidance concerning amended LCR that can be found in SAMA's website.

102. An LCR FBB must maintain an adequate level of unencumbered high-quality liquid assets (HQLA) to meet its liquidity needs for a 30 calendar day period under a severe stress scenario, in accordance with (Attachment B):

103. For an LCR FBB, the ratio of the LCR must not be less than 100 percent on an all currencies basis.

104. SAMA may require an LCR FBB to maintain a higher minimum LCR if it has concerns about the FBB's liquidity risk profile or the quality of its liquidity risk management.

#### ***4.8. SAMA Statutory Liquidity and Reserve Ratios:***

105. All FBBs must maintain the required statutory reserves and a minimum holding of its liabilities in specified liquid assets, in accordance with Article 7 of the Banking Control Law and in line with SAMA reserving requirements.



106. SAMA may require an FBB to maintain higher minimum liquidity holdings if it has concerns about the FBB's liquidity risk profile or the quality of its liquidity risk management.

#### **4.9. Net Stable Funding Ratio (NSFR):**

107. An FBB with significant retail activities or is a systemically important wholesale FBB must meet minimum NSFR requirements and shall be referred to as an NSFR FBB. Such FBBs are required to report their NSFR position in accordance with Attachment B. FBBs should refer to SAMA's guidance document concerning Basel III: NSFR- based on BCBS document of October 2014 that can be found in SAMA's website.

108. An NSFR FBB must maintain an NSFR of at least 100 percent at all times.

109. SAMA may require an FBB with significant retail activities to maintain a higher minimum NSFR where SAMA considers it appropriate to do so, including if it has concerns about the FBB's funding or liquidity risk profile or the quality of its liquidity risk management.

#### **4.10. Liquidity Risk Stress testing:**

110. A FBB must conduct stress tests on a regular basis for a variety of short-term and protracted institution-specific and market-wide stress scenarios (individually and in combination) to identify sources of potential liquidity strain and to ensure that current exposures remain in accordance with the FBB's liquidity risk tolerance.

111. The stress test outcomes must be used to adjust the FBB's liquidity management strategy, policies and positions and to develop effective contingency plans to deal with events of liquidity stress.

112. Stress tests must enable the FBB to analyse the impact of stress scenarios on its overall liquidity positions, as well as on the liquidity positions of individual business lines.

113. An FBB's stress test scenarios and related assumptions must be well documented and reviewed together with the stress test results. Stress test results and vulnerabilities and any resulting actions must be reported to, and discussed with, the FBB's Senior Management. Results of the stress tests must be integrated into the FBB's strategic planning process and its day-to-day risk



management practices. The results of the stress tests must be explicitly considered in the setting of internal limits.

114. An FBB must decide how to incorporate the results of stress tests in assessing and planning for related potential funding shortfalls in its CFP.

#### ***4.11. Local Operational Capacity (LOC):***

115. A foreign FBB must perform an assessment of its Local Operational capacity (LOC) to liquidate assets and make or receive payments without assistance from staff located outside KSA, at least annually, and provide the results of the assessment to SAMA upon request.

116. An FBB, in performing a LOC assessment, must ensure at a minimum, it considers a scenario involving a combination of time zones, different public holidays and an offshore operational risk event under which the foreign FBB would operate, including making and receiving payments, for a minimum of three business days without assistance from staff located outside KSA.

### **5. Large Exposures:**

117. FBBs are required to comply with the relevant clauses (reporting) of SAMA's Large Exposure Limit (LEL) rules as issued to all banks.

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### Attachment A

Main Details - Foreign Bank Branches (FBBs)	
FBB Number	
Reporting Date (DD/MM/YYYY)	
FBB Name	
Currency <sup>1</sup>	

	SAR'000				
	Total	SAR	USD	EUR	Others
Total Assets as at reporting date <sup>2</sup>					
Of which: Originated from/managed outside of KSA <sup>3</sup>					
Total Assets originated by branch but booked outside of KSA <sup>4</sup>					
	SAR'000 <sup>5</sup>				
	Total	SAR	USD	EUR	Others
Total Liabilities as at reporting date					
of which: Total intra group					

In the event of a query, SAMA may contact

Name	
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Email	
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Any FBB Notes

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- 1: Currency the Branch uses for normal reporting purposes - Should be SAR
- 2: Total and currency breakdowns should be reported on a SAR equivalent basis, using exchange rate at reporting date.
- 3: Activity managed outside KSA and booked in KSA - assets that are originated or managed from outside of the KSA but booked in the KSA Branch.
- 4: Activity managed in KSA and booked outside KSA - assets that are originated or managed in the KSA but booked outside of the KSA
- 5: Total assets and total liabilities are required to balance.

Deposit Taking		
		SAR'000
	Total value of RETAIL deposits <sup>1</sup>	
	Total value of NON -RETAIL deposits <sup>1</sup>	
	Item no	
1	Retail Accounts	SAR'000
A	Total value of retail deposit accounts	
B	Of which: Held in transactional accounts <sup>2</sup>	
C	Of which: Held in savings / term accounts	
D	Total number of retail accounts	
E	Of which: Held in transactional accounts <sup>3</sup>	
F	Of which: Held in savings / term accounts	
2	MSME Accounts	SAR'000
A	Total value of SME accounts <sup>4</sup>	
B	Of which: Held in transactional current accounts	
C	Of which: Held in savings/term accounts	
D	Total number of SME accounts	
3	All Other Non-Financial Corporate & Government Accounts	SAR'000
A	Total value of non-Financial Corporate & Central Government Accounts	
B	Total number of non-Financial Corporate & Central Government accounts	
4	Financial Institutions (Gross)	SAR'000
A	Deposits from Financial Institutions, including money market loans	
5	Specific Accounts: Charities, trusts, schools & colleges, religious establishments etc	SAR'000
A	Total value of Specific Accounts	
B	Total number of Specific Accounts	

1: The total value of deposits covered by deposit insurance and not covered by deposit insurance should balance with items 1 - 5 below

2: All current accounts and instant access accounts (including non-term savings accounts)

3: All current accounts and instant access accounts (including non-term savings accounts)

4: Use SAMA's definition of MSME

Lending			
	<b>Total lending facilities, drawn &amp; undrawn</b>	SAR'000	Of which: To KSA domiciled borrowers SAR'000
	<b>Total lending facilities</b>		
	<b>Drawn facilities<sup>1</sup></b>		
	<b>Undrawn facilities</b>		
<b>1</b>	<b>Retail Secured</b>	SAR'000	
A	Total value of outstanding retail mortgage loans		
B	Total value of other retail secured loans		
C	Total value of secured loans to retail customers (a+b)		
D	Total number of outstanding mortgage loans		
E	Total number of other retail secured loans		
F	Total number of secured loans to retail customers (d+e)		
<b>2</b>	<b>Retail Unsecured Personal Lending (Other Than Credit Cards)</b>	SAR'000	
A	Total value of outstanding unsecured retail loans		
B	Total number of unsecured retail loans		
<b>3</b>	<b>Retail &amp; MSME/Corporate Credit Cards</b>	SAR'000	
A	Total drawn value of credit cards outstanding		
B	Total undrawn value of credit cards outstanding		
C	Total notional value of credit card lending (a+b)		
<b>D</b>	<b>Total number of credit card accounts</b>		

1: NB: The amounts contained here should total to items 1 to 5 below.

<b>4</b>	<b>MSME Lending (Gross)</b>	<b>SAR'000</b>
A	Total drawn value of outstanding loans & facilities to MMSME's	
B	Total undrawn value of outstanding loans & facilities to MSME's	
C	Total notional value of outstanding loans & facilities to MSME's	
<b>D</b>	<b>Total number of outstanding loans &amp; facilities to MSME's</b>	
<b>5</b>	<b>Corporate Lending (Gross)</b>	<b>SAR'000</b>
A	Total drawn value of bilateral loans to corporates	
B	Total undrawn value of bilateral loans to corporates	
C	Total value of drawn syndicated loans/facilities to corporates	
D	Total value of undrawn syndicated loans/facilities to corporates	
E	Total value of syndicated loans/facilities for which acting as agent	
F	Total number of bilateral loans to corporates	
G	Total number of syndicated loans/facilities to corporates	
H	Total number of syndicated loans/facilities for which acting as agent	
<b>6</b>	<b>Financial Institutions (Gross)</b>	<b>SAR'000</b>
A	Total drawn value of money market / loans to Financial Institutions	
<b>7</b>	<b>Group Funding</b>	<b>SAR'000</b>
a	Amounts lent to head office, branches and group companies <sup>1</sup>	
b	Amounts borrowed from head office, branches and group companies	
<b>8</b>	<b>Governments &amp; Central Banks</b>	<b>SAR'000</b>
A	Amounts lent to Governments & Central Banks	

1: Amounts to include any inter-office account, dotation and profit / Loss

Trade Finance and other off balance sheet commitments		
1	Direct Credit Substitutes <sup>1</sup>	SAR'000
A	Total notional value of client facilities	
B	Total number of client accounts	
2	Transaction-related contingents <sup>2</sup>	SAR'000
A	Total notional value of client facilities	
B	Total number of client accounts	
3	Trade-related contingents <sup>3</sup>	SAR'000
A	Total outstanding value of client loans	
B	Total number of client accounts	

1: Report here those direct credit substitutes which do not appear on the face of the balance sheet.

2: Report here those transaction-related contingents which do not appear on the face of the balance sheet.

3: Report here those trade-related contingents which do not appear on the face of the balance sheet.



Capital Markets & Investments <sup>1</sup>		
		SAR m
	Derivatives	
1A	Foreign exchange - Notional contract amount	
1B	Foreign exchange - Assets (Reporting date value)	
1C	Foreign exchange - Liabilities (Reporting date value)	
2A	Interest Rate - Notional contract amount	
2B	Interest Rate - Assets (Reporting date value)	
2C	Interest Rate - Liabilities (Reporting date value)	
3A	Credit - Notional contract amount	
3B	Credit - Assets (Reporting date value)	
3C	Credit - Liabilities (Reporting date value)	
4A	Equity & Stock Index - Notional contract amount	
4B	Equity & Stock Index - Assets (Reporting date value)	
4C	Equity & Stock Index - Liabilities (Reporting date value)	
5A	Commodity - Notional contract amount	
5B	Commodity - Assets (Reporting date value)	
5C	Commodity - Liabilities (Reporting date value)	
6A	Other - Notional contract amount	
6B	Other - Assets (Reporting date value)	
6C	Other - Liabilities (Reporting date value)	
7A	Total - Notional contract amount	
7B	Total - Assets (Reporting date value)	
7C	Total - Liabilities (Reporting date value)	

1: This provides information on derivatives. FBBs should allocate the contracts to the bands as accurately as possible but, if some of the breakdowns are not available, they should report on the basis of the predominant type of derivative. A – Notional contract amount: FBBs should provide this amount, if available, or their best estimate of it from internal sources. B – Assets: FBBs should use the value placed on these contracts in the balance sheet, before accounting netting. C – Liabilities: FBBs should use the value placed on these contracts in the balance sheet, before accounting netting. 7B/7C Total after netting

Other Assets and Liabilities		
		SAR m
8	Debt Securities <sup>1</sup>	
9	Equity Shares <sup>2</sup>	
10	Reverse repurchase agreements and cash collateral on securities borrowed <sup>3</sup>	
11	Other trading book assets <sup>4</sup>	
12	Trading liabilities <sup>5</sup>	
13	Debt securities in issue <sup>6</sup>	
14	Liabilities in respect of sale and repurchase agreements, and cash collateral received for securities lent <sup>7</sup>	

1: All long positions in debt securities, with the exception of bonds issued by KSA government, should be reported. If there is an overall short position, it should be reported in 12 Trading liabilities.

2: This comprises long holdings of securities. If there is an overall short position, it should be reported in 12 Trading liabilities.

3: Report here any reverse repos or stock borrowing.

4: Include any assets in respect of trading settlement accounts and exchange traded margins.

5: Include here any short positions in equities or debt securities.

6: Report all certificates of deposit issued by the FBB, whether at fixed or floating rates, and still outstanding. Also report negotiable deposits taken on terms in all respects identical to those on which a certificate of deposit would have been issued, but for which it has been mutually convenient not to have issued certificates. If a FBB holds certificates of deposits which it has itself issued, these should not be reported. Also report promissory notes, bills and other negotiable paper issued (including commercial paper) by the reporting institution including bills drawn under an acceptance credit facility provided by another firm. Include unsubordinated FRNs and other unsubordinated market instruments issued by the firm.


7: This entry applies to the cash liability on sale and repurchase and stock lending agreements. Where the FBB reports assets reversed in on the balance sheet, the liability under such agreements should be reported here. Stock borrowing that is reported on balance sheet should also be included here.

3rd Party Services Provided & Received			
<b>1</b>	<b>3rd Party Services Provided</b>	<b>Service Description</b>	<b>Service Provided to which group company and / or third party</b>
a	Please provide details of all outsourcing services provided <b>by</b> the FBB to the group and / or third parties.	-	-
1			
2			
3			
4			
5			

3rd Party Services Provided & Received <sup>1</sup>			
<b>2</b>	<b>3rd Party Services Received</b>	<b>Service Description</b>	<b>Service Provided to which group company and / or third party</b>
a	Please provide details of all outsourcing services provided <b>to</b> the FBB by the group and / or third parties.	-	-
1			
2			
3			
4			
5			

1: This should include all outsourcing contracts that the FBB has entered into with a third-party or with an intra-group entity, including under SLAs, and covering IT systems, back office arrangements, Disaster Recovery, SWIFT housing, etc.

## Attachment B

<b>Foreign Branch</b>								Q-A4
<b>LCR for the quarter ending</b>								
<b>A) Stock of high quality liquid assets (HQLA)</b>								
<b>a) Level 1 assets</b>								
		<b>Paragraph no. in SAMA standards doc</b>	<b>Amount/ market value</b>			<b>Weight</b>	<b>Weighted amount</b>	
Coins and banknotes		50 (a)				1.00		
Total central bank reserves; of which:								-
part of central bank reserves that can be drawn in times of stress		50 (b),				1.00		
Check: row 8 ≤ row 7			-					-
Securities with a 0% risk weight:		50 (c)	-					-
issued by sovereigns		50 (c)	-			1.00		-
guaranteed by sovereigns		50 (c)	-			1.00		-
issued or guaranteed by central banks		50 (c)	-			1.00		-
issued or guaranteed by PSEs		50 (c)	-			1.00		-
issued or guaranteed by BIS, IMF, ECB and European Community, or		50 (c)	-			1.00		-
For non-0% risk-weighted sovereigns:			-					-
sovereign or central bank debt securities issued in domestic currencies by the sovereign or central bank in the country in which the liquidity risk is being taken or in the bank's home country		50 (d)	-			1.00		-
domestic sovereign or central bank debt securities issued in foreign currencies, up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations		50 (e)	-			1.00		-
<b>Total stock of Level 1 assets</b>		<b>49</b>	-					
Adjustment to stock of Level 1 assets		Annex 1	-					
Adjusted amount of Level 1 assets		Annex 1	-					
<b>b) Level 2A assets</b>								
		<b>Paragraph no. in SAMA standards doc</b>	<b>arket value</b>			<b>Weight</b>	<b>Weighted amount</b>	
Securities with a 20% risk weight:		52 (a)						
issued by sovereigns		52 (a)	-			0.85		-
guaranteed by sovereigns		52 (a)	-			0.85		-
issued or guaranteed by central banks		52 (a)	-			0.85		-
issued or guaranteed by PSEs		52 (a)	-			0.85		-
issued or guaranteed by MDBs		52 (a)	-			0.85		-
Non-financial corporate bonds, rated AA- or better		52 (b)	-			0.85		-
Covered bonds, not self-issued, rated AA- or better		52 (b)	-			0.85		-
<b>Total stock of Level 2A assets</b>		<b>52 (a),(b)</b>	-					-
Adjustment to stock of Level 2A assets		Annex 1	-					-
Adjusted amount of Level 2A assets		Annex 1	-			0.85		-
<b>d) Total stock of HQLA</b>								
							<b>Weighted amount</b>	
<b>Total stock of HQLA</b>								

<b>B) Net cash outflows</b>						
<b>1) Cash outflows</b>						
<b>a) Retail deposit run-off</b>						
	<b>Paragraph no. in SAMA standards doc</b>	<b>Amount</b>		<b>Weight</b>	<b>Weighted amount</b>	
Total retail deposits; of which:						
Insured deposits; of which:						
in transactional accounts; of which:	75, 78					
eligible for a 3% run-off rate; of which:	78					
are in the reporting bank's home jurisdiction	78			0.03		
are not in the reporting bank's home jurisdiction	78			0.03		
eligible for a 5% run-off rate; of which:	75					
are in the reporting bank's home jurisdiction	75			0.05		
are not in the reporting bank's home jurisdiction	75			0.05		
in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	75, 78					
eligible for a 3% run-off rate; of which:	78					
are in the reporting bank's home jurisdiction				0.03		
are not in the reporting bank's home jurisdiction				0.03		
eligible for a 5% run-off rate; of which:	75					
are in the reporting bank's home jurisdiction				0.05		
are not in the reporting bank's home jurisdiction				0.05		
in non-transactional and non-relationship accounts	79			0.10		
Uninsured deposits	79			0.10		
Additional deposit categories with higher run-off rates as specified by supervisor	79					
Category 1				0.00		
Category 2				0.00		
Category 3				0.00		
Term deposits (treated as having >30 day remaining maturity); of which:	82-84					
With a supervisory run-off rate	84			0.00		
Without a supervisory run-off rate	82			0.00		
<b>Total retail deposits run-off</b>						
<b>b) Unsecured wholesale funding run-off</b>						
	<b>Paragraph no. in SAMA standards doc</b>	<b>Amount</b>		<b>Weight</b>	<b>Weighted amount</b>	
Total unsecured wholesale funding	85-111					
Total funding provided by small business customers; of which:	89-92					
Insured deposits; of which:	89, 75-78					
in transactional accounts; of which:	89, 75, 78					
eligible for a 3% run-off rate; of which:	89, 78					
are in the reporting bank's home jurisdiction	89, 78	-		0.03		
are not in the reporting bank's home jurisdiction	89, 78	-		0.03		
eligible for a 5% run-off rate; of which:	89, 75					
are in the reporting bank's home jurisdiction	89, 75	-		0.05		
are not in the reporting bank's home jurisdiction	89, 75	-		0.05		
in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	89, 75, 78					
eligible for a 3% run-off rate; of which:	89, 78					
are in the reporting bank's home jurisdiction	89, 78	-		0.03		
are not in the reporting bank's home jurisdiction	89, 78	-		0.03		
eligible for a 5% run-off rate; of which:	89, 75					
are in the reporting bank's home jurisdiction	89, 75	-		0.05		
are not in the reporting bank's home jurisdiction	89, 75	-		0.05		
in non-transactional and non-relationship accounts	89, 79	-		0.10		
Uninsured deposits	89, 79	-		0.10		

Additional deposit categories with higher run-off rates as specified by supervisor	89, 79					
Category 1		-			0.00	
Category 2		-			0.00	
Category 3		-			0.00	
Term deposits (treated as having >30 day maturity); of which:	92, 82-84					
With a supervisory run-off rate	92, 84	-			0.00	
Without supervisory run-off rate	92, 82	-			0.00	
Total operational deposits; of which:	93-104					
provided by non-financial corporates	93-104					
insured, with a 3% run-off rate	104	-			0.03	
insured, with a 5% run-off rate	104	-			0.05	
uninsured	93-103				0.25	-
provided by sovereigns, central banks, PSEs and MDBs	93-104					
insured, with a 3% run-off rate	104	-			0.03	
insured, with a 5% run-off rate	104	-			0.05	
uninsured	93-103	-			0.25	
provided by banks	93-104					
insured, with a 3% run-off rate	104	-			0.03	
insured, with a 5% run-off rate	104	-			0.05	
uninsured	93-103	-			0.25	
provided by other financial institutions and other legal entities	93-104					
insured, with a 3% run-off rate	104	-			0.03	
insured, with a 5% run-off rate	104	-			0.05	
uninsured	93-103	-			0.25	
Total non-operational deposits; of which	105-109					
provided by non-financial corporates; of which:	107-108					
where entire amount is fully covered by an effective deposit insurance scheme	108	-			0.20	
where entire amount is not fully covered by an effective deposit insurance scheme	107				0.40	
provided by sovereigns, central banks, PSEs and MDBs; of which:	107-108					
where entire amount is fully covered by an effective deposit insurance scheme	108				0.20	
where entire amount is not fully covered by an effective deposit insurance scheme	107				0.40	
provided by members of the institutional networks of cooperative (or otherwise named) banks	105	-			0.25	
provided by other banks	109				1.00	
provided by other financial institutions and other legal entities	109				1.00	
Unsecured debt issuance	110	-			1.00	
Additional balances required to be installed in central bank reserves		-			1.00	
<b>Total unsecured wholesale funding run-off</b>						
Of the non-operational deposits reported above, amounts that could be considered operational in nature but per the Basel III LCR standards have been excluded from receiving operational deposit treatment due to:						
correspondent banking activity	99, footnote					
Check: row 169 ≤ sum of rows 162 and 163						
prime brokerage services	99, footnote					
Check: row 171 ≤ sum of rows 162 and 163						
excess balances in operational accounts that could be withdrawn and would leave enough funds to fulfil the clearing, custody and cash	96					
Check: row 173 ≤ sum of rows 155 to 163						

c) Secured funding run-off						
		Paragraph no. in SAMA standards doc	Amount receivable	Market value of extended collateral	Weight	Weighted amount
Transactions conducted with the bank's domestic central bank; of which:		114-115				
Backed by Level 1 assets; of which:		114-115			0.00	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 179 ≤ row 178						
Backed by Level 2A assets; of which:		114-115			0.00	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 182 ≤ row 181						
Backed by Level 2B RMBS assets; of which:		114-115			0.00	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 185 ≤ row 184						
Backed by Level 2B non-RMBS assets; of which:		114-115			0.00	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 188 ≤ row 187						
Backed by other assets		114-115			0.00	
Transactions not conducted with the bank's domestic central bank and backed by Level 1 assets; of which:		114-115			0.00	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 192 ≤ row 191						
Transactions not conducted with the bank's domestic central bank and backed by Level 2A assets; of which:		114-115			0.15	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 195 ≤ row 194						
Transactions not conducted with the bank's domestic central bank and backed by Level 2B RMBS assets; of which:		114-115			0.25	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 198 ≤ row 197						
Transactions not conducted with the bank's domestic central bank and backed by Level 2B non-RMBS assets; of which:		114-115				
Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:		114-115			0.25	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 202 ≤ row 201						
Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:		114-115			0.50	
Transactions involving eligible liquid assets – see instructions for more		114-115				
Check: row 205 ≤ row 204						
Transactions not conducted with the bank's domestic central bank and backed by other assets (non-HQLA); of which:		114-115				
Counterparties are domestic sovereigns, MDBs or domestic PSEs with a		114-115			0.25	
Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a		114-115			1.00	
<b>Total secured wholesale funding run-off</b>						

<b>d) Additional requirements</b>						
	Paragraph nr in standards doc	Amount			Weight	Weighted amount
Derivatives cash outflow	116, 117				1.00	
Increased liquidity needs related to downgrade triggers in derivatives and other financing transactions	118				1.00	
Increased liquidity needs related to the potential for valuation changes on posted collateral securing derivative and other transactions:	119					
Cash and Level 1 assets					0.00	
For other collateral (ie all non-Level 1 collateral)					0.20	
Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty	120				1.00	
Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral	121				1.00	
Increased liquidity needs related to contracts that allow collateral substitution to non-HQLA assets	122				1.00	
Increased liquidity needs related to market valuation changes on derivative or other transactions	123				1.00	
Loss of funding on ABS and other structured financing instruments issued by the bank, excluding covered bonds	124				1.00	
Loss of funding on ABCP, conduits, SIVs and other such financing activities; of	125					
debt maturing ? 30 days	125				1.00	
with embedded options in financing arrangements	125				1.00	
other potential loss of such funding	125				1.00	
Loss of funding on covered bonds issued by the bank	124				1.00	
Undrawn committed credit and liquidity facilities to retail and small business	131 (a)				0.05	
Undrawn committed credit facilities to						
non-financial corporates	131 (b)	594,516			0.10	59,452
sovereigns, central banks, PSEs and MDBs	131 (b)				0.10	
Undrawn committed liquidity facilities to						
non-financial corporates	131 (c)				0.30	
sovereigns, central banks, PSEs and MDBs	131 (c)				0.30	
Undrawn committed credit and liquidity facilities provided to banks subject to prudential supervision	131 (d)				0.40	
Undrawn committed credit facilities provided to other FIs	131 (e)				0.40	
Undrawn committed liquidity facilities provided to other FIs	131 (f)				1.00	
Undrawn committed credit and liquidity facilities to other legal entities	131 (g)				1.00	
	Paragraph no. in SAMA standards doc	Amount	roll-over of inflows	excess outflows	Weight	Weighted amount
<b>Other contractual obligations to extend funds to</b>						
financial institutions	132				1.00	
retail clients	133					
small business customers	133					
non-financial corporates	133					
other clients	133					
retail, small business customers, non-financials and other clients					1.00	
<b>Total contractual obligations to extend funds in excess of 50% roll-over</b>						
						Weighted amount
<b>Total additional requirements run-off</b>						



Other contingent funding obligations	Paragraph no. in SAMA standards doc	Amount			Weight	Weighted amount
Non-contractual obligations related to potential liquidity draws from joint ventures or minority investments in entities	137				0.00	
Unconditionally revocable "uncommitted" credit and liquidity facilities	140				0.03	
Trade finance-related obligations (including guarantees and letters of credit)	138, 139				0.02	
Guarantees and letters of credit unrelated to trade finance obligations	140				0.02	
Non-contractual obligations:					0.01	
Debt-buy back requests (incl related conduits)	140				0.00	
Structured products	140				0.00	
Managed funds	140				0.00	
Other non-contractual obligations	140				0.00	
Outstanding debt securities with remaining maturity > 30 days	140				0.00	
Non contractual obligations where customer short positions are covered by other customers' collateral	140				0.50	
Bank outright short positions covered by a collateralised securities financing	147				0.00	
Other contractual cash outflows (including those related to unsecured collateral borrowings and uncovered short positions)	141, 147				1.00	
<b>Total run-off on other contingent funding obligations</b>						
<b>e) Total cash outflows</b>						
<b>Total cash outflows</b>						
<b>2) Cash inflows</b>						
<b>a) Secured lending including reverse repo and securities borrowing</b>						
	Paragraph no. in SAMA standards doc	Amount extended	Market value of received collateral		Weight	Weighted amount
Reverse repo and other secured lending or securities borrowing transactions maturing ? 30 days	145-146					
Of which collateral is not re-used (ie is not rehypothecated) to cover the reporting institution's outright short positions	145-146					
Transactions backed by Level 1 assets; of which:	145-146	0	0		0.00	
Transactions involving eligible liquid assets – see instructions for more	145-146					
Check: row 276 ≤ row 275						
Transactions backed by Level 2A assets; of which:	145-146				0.15	
Transactions involving eligible liquid assets – see instructions for more	145-146					
Check: row 279 ≤ row 278						
Transactions backed by Level 2B RMBS assets; of which:	145-146				0.25	
Transactions involving eligible liquid assets – see instructions for more	145-146					
Check: row 282 ≤ row 281						
Transactions backed by Level 2B non-RMBS assets; of which:	145-146				0.50	
Transactions involving eligible liquid assets – see instructions for more	145-146					
Check: row 285 ≤ row 284						
Margin lending backed by non-Level 1 or non-Level 2 collateral	145-146				0.50	
Transactions backed by other collateral	145-146				1.00	
Of which collateral is re-used (ie is rehypothecated) in transactions to cover the reporting institution's outright short positions	145-146					
Transactions backed by Level 1 assets	145-146				0.00	
Transactions backed by Level 2A assets	145-146				0.00	
Transactions backed by Level 2B RMBS assets	145-146				0.00	
Transactions backed by Level 2B non-RMBS assets	145-146				0.00	
Margin lending backed by non-Level 1 or non-Level 2 collateral	145-146				0.00	
Transactions backed by other collateral	145-146				0.00	
<b>Total inflows on reverse repo and securities borrowing transactions</b>						

<b>b) Other inflows by counterparty</b>						
		<b>Paragraph no. in SAMA standards doc</b>	<b>Amount</b>		<b>Weigh</b>	<b>Weighted amount</b>
	Contractual inflows due in ? 30 days from fully performing loans, not reported in lines 275 to 295, from:					
	Retail customers	153			0.50	
	Small business customers	153			0.50	
	Non-financial corporates	154			0.50	
	Central banks	154			1.00	
	Financial institutions, of which	154				
	operational deposits	156			0.00	
	deposits at the centralised institution of an institutional network that receive 25% run-off	157			0.00	
	all payments on other loans and deposits due in ? 30 days	154			1.00	
	Other entities	154			0.50	-
	<b>Total of other inflows by counterparty</b>					
<b>c) Other cash inflows</b>						
		<b>Paragraph no. in SAMA standards doc</b>	<b>Amount</b>		<b>Weigh</b>	<b>Weighted amount</b>
	Other cash inflows					
	Derivatives cash inflow	158, 159			1.00	
	Contractual inflows from securities maturing ? 30 days, not included anywhere above	155			1.00	
	Other contractual cash inflows	160			0.00	
	<b>Total of other cash inflows</b>					
<b>d) Total cash inflows</b>						
		<b>Paragraph no. in SAMA standards doc</b>	<b>Amount</b>		<b>Weigh</b>	<b>Weighted amount</b>
	Total cash inflows before applying the cap	144				
	Cap on cash inflows	69, 144			0.75	
	Total cash inflows after applying the cap	69, 144				
<b>D) LCR</b>						
	Total stock of high quality liquid assets plus usage of alternative treatment					
	Net cash outflows					
	<b>LCR</b>					

## Attachment C

	<b>Foreign Branch</b>				Q-A5
	<b>NSFR</b>				
	<b>For the quarter ending _____</b>				
	Components of ASF category	ASF factor	Unadjusted amount	Amount of Available	Additional instructions by
1	Total longer term funding or quasi capital	100%		-	If funding provided by parent bank is longer term (greater than
2	Other funding with effective residual maturity of one year or more	100%			
3	Stable non-maturity (demand) deposits and term deposits with residual maturity of less than one year provided by retail and small business customers	95%		-	
4	Less stable non-maturity deposits and term deposits with residual maturity of less than one year provided by retail and small business customers	90%		-	
5	Funding with residual maturity of less than one year provided by non-financial corporate customers	50%		-	
6	Operational deposits	50%		-	
7	Funding with residual maturity of less than one year from sovereigns, PSEs, and multilateral and national development banks	50%		-	
8	Other funding with residual maturity between six months and less than one year not included in the above categories, including funding provided by central banks and financial institutions	50%		-	If funding provided by parent bank is shorter term (less than 1 year), then report it in this row
9	All other liabilities and funding not included in the above categories, including liabilities without a stated maturity (with a specific treatment for deferred tax liabilities and minority interests)	0%		-	
10	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets	0%		-	
11	"Trade date" payables arising from purchases of financial instruments, foreign currencies and commodities	0%		-	
	<b>Total Amount of Available Stable Funding</b>		-	-	



	Components of RSF category	RSF factor	Unadjusted amount	Required Stable Funding Amount
1	Coins and banknotes	0%		-
2	All central bank reserves	0%		-
3	All claims on central banks with residual maturities of less than six months	0%		-
4	"Trade date" receivables arising from sales of financial instruments, foreign currencies and commodities.	0%		-
5	Unencumbered Level 1 assets, excluding coins, banknotes and central bank reserves	5%		-
6	Unencumbered loans to financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets as defined in LCR paragraph 50, and where the bank has the ability to freely rehypothecate the received collateral for the life of the loan	10%		-
7	All other unencumbered loans to financial institutions with residual maturities of less than six months not included in the above categories	15%		-
8	Unencumbered Level 2A assets	15%		-
9	Unencumbered Level 2B assets	50%		-
10	HQLA encumbered for a period of six months or more and less than one year	50%		-
11	Loans to financial institutions and central banks with residual maturities between six months and less than one year	50%		-
12	Deposits held at other financial institutions for operational purposes	50%		-
13	All other assets not included in the above categories with residual maturity of less than one year, including loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and PSEs	50%		-
15	Other unencumbered loans not included in the above categories, excluding loans to financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 35% under the standardized approach	65%		-
16	Cash, securities or other assets posted as initial margin for derivative contracts and cash or other assets provided to contribute to the default fund of a CCP	85%		-
17	Other unencumbered performing loans with risk weights greater than 35% under the standardized approach and residual maturities of one year or more, excluding loans to financial institutions	85%		-
18	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities	85%		-
19	Physical traded commodities, including gold	85%		-
20	All assets that are encumbered for a period of one year or more	100%		-
21	NSFR derivative assets net of NSFR derivative liabilities if NSFR derivative assets are greater than NSFR derivative liabilities.	100%		-
22	20% of derivative liabilities as calculated according to paragraph 19	100%		-
23	All other assets not included in the above categories, including non-performing loans, loans to financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, items deducted from regulatory capital, retained interest, insurance assets, subsidiary interests and defaulted securities	100%		-
	<b>Total Amount of Required Stable Funding</b>		-	-

RSF category	RSF factor	Unadjusted amount	Amount of Required Stable Funding
Irrevocable and conditionally revocable credit and liquidity facilities to any client - 5% of the currently undrawn portion	5%		-
Other contingent funding obligations, including products and instruments such as:			-
· Unconditionally revocable credit and liquidity facilities	3%		-
· Trade finance-related obligations (including guarantees and letters of credit)	2%		-
· Guarantees and letters of credit unrelated to trade finance obligations			-
· Non-contractual obligations such as:	0%		-
- potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities	0%		-
- structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs)	0%		-
- managed funds that are marketed with the objective of maintaining a stable value	0%		-
<b>Total Amount of Required Stable Funding</b>			-
NSFR			

## Attachment D

**BASEL III Risk Weighted Assets (RWA) and Funding**  
**For the Quarter Ending \_\_\_\_\_**  
**(All Amounts in SR 000's)**

M \_\_\_\_\_



<b>A. PILLAR 1 RWA</b>	<b>RWA</b>
<b>I. Credit RWA</b>	-
<b>Credit risk Standardized approach or Advanced approach</b>	
Sovereign and Central Banks	
SAMA and Saudi Government	
Others	
Multilateral Development Banks	
Public Sector Entities	
Banks and Securities Firms	
Corporates	
Retail – Non Mortgages	
SBFES	
Other Retail Non- Mortgages	
Mortgages	
Residential	
Commercial	
Securitized assets	
Equity	
Others	
Past Dues	
<b>II. Market RWA</b>	
<b>Standardized Approach</b>	-
Traded debt instruments	
Equity	
Foreign Exchange	
Commodities	
<b>Internal Models</b>	
Traded debt instruments	
Equity	
Foreign Exchange	
Commodities	
<b>Trading book settlement RWA</b>	
<b>III. Operational (OPR) RWA</b>	-
OPR Basic Indicator Approach	
OPR Standardized Approach	
OPR Alternative Standardized Approach	
<b>B. Pillar 2 RWA</b>	-
Residual Credit risk	
Residual Market risk	
Residual Operational risk	
Securitization risk	
Liquidity risk	
Interest rate risk in Banking Book	
Concentration risk	
Macroeconomic and business cycle risk	
Strategic risk	
Reputational risk	
Global risk	
Other risks	
<b>Total Pillar 1 RWA</b>	-
<b>Total Pillar 1 and Pillar 2 RWA</b>	-
<b>Securities issued or guaranteed by the Government of Saudi Arabia</b>	
<b>Funding adequacy ratio (Pillar 1 and Pillar 2)</b>	#DIV/0!





