MONITORING TOOLS IN CONJUNCTION WITH THE AMENDED LCR

CONTRACTUAL MATURITY MISMATCH

Reporting Template

A.1. **Contractual Maturity Mismatch**

All amounts in SR 000's

Ref. #		BUCKETS											
		Day		Month					Year				
		7	14	1	2	3	6	9	1	2	3	5	>5
	A. Cash Inflows[1]												
	•												
	•												
	•												
	•												
	B. **Cash Outflows**[1]												
	•												
	•												
	•												
	•												
	•												
	C. Mismatch												

A.2. **Information on Investments with no Maturity**

Name of Instrument	Nature of Investment	Amount
•		
•		
•		
•		
Total		

A.3. **Capital and Non-Performing Loans**

	Amount
Capital	
• CET1	
• Additional Tier1	
• Total Tier 1	
• Tier 2	
• Total Capital	
Non-performing Loans	
• Total Loans	
• Non-performing loans	

General Guidance

[1] For definitions and other guidance, banks should refer to SAMA # 341000107020 dated 10 July 2013 and its attachment.

A.1   **Contractual Maturity Mismatch**

The contractual maturity mismatch profile identifies the gaps between the contractual inflows and outflows of liquidity for defined time bands. These maturity gaps indicate how much liquidity a bank would potentially need to raise in each of these time bands if all outflows occurred at the earliest possible date. This metric provides insight into the extent to which the bank relies on maturity transformation under its current contracts.

1.   A bank should report contractual cash and security flows in the relevant time bands based on their residual contractual maturity.

1.1   Cash flows to include On and Off-Balance sheet items as well as derivative position cash flow. Consequently, information on possible cash flows arising from derivatives such as interest rate swaps and options should also be included to the extent that their contractual maturities are relevant to the understanding of the cash flows.

A.2   **Instruments with no maturity**

2.   Instruments that have no specific maturity (non-defined or open maturity) should be reported separately, with details on the instruments, and with no assumptions applied as to when maturity occurs.

3.   The cash flow data collected from the contractual maturity mismatch should include data on the categories outlined in the LCR.

A.3   **Capital and Non-performing Loans**

3.1   Some additional accounting (non-dated) information such as Capital or Non-performing loans need to be reported separately.

Specific Guidance

4.   No rollover of existing liabilities is assumed to take place. For assets, the bank is assumed not to enter into any new contracts.

5.   Contingent liability exposures that would require a change in the state of the world (such as contracts with triggers based on a change in prices of financial instruments or a downgrade in the bank's credit rating) need to be detailed, grouped by what would trigger the liability, with the respective exposures clearly identified.

6.   A bank should record all securities flows. This will allow supervisors to monitor securities movements that mirror corresponding cash flows as well as the contractual maturity of collateral swaps and any uncollateralized stock

lending/borrowing where stock movements occur without any corresponding cash flows.

7.   A bank should report separately the customer collateral received that the bank is permitted to rehypothecate as well as the amount of such collateral that is rehypothecated at each reporting date. This also will highlight instances when the bank is generating mismatches in the borrowing and lending of customer collateral.

Other Guidance and Information and Utilization of the metric (Qualitative)

8.   Given that the metric is based solely on contractual maturities with no behavioural assumptions, the data will not reflect actual future forecasted flows under the current, or future, strategy or plans, i.e., under a going-concern view. Contractual maturity mismatches do not capture outflows that a bank may make in order to protect its franchise, even where contractually there is no obligation to do so.

9.   As outlined in the *Sound Principles,* banks should:

9.1   Conduct their own maturity mismatch analyses, based on going-concern behavioral assumptions of the inflows and outflows of funds in both normal situations and under stress. These analyses should be based on strategic and business plans and should be shared and discussed with supervisors, and the data provided in the contractual maturity mismatch should be utilized as a basis of comparison.

9.2   When firms are contemplating material changes to their business models, it is crucial for banks to provide SAMA projected mismatch reports as part of an assessment of impact of such changes to prudential supervision. Examples of such changes include potential major acquisitions or mergers or the launch of new products that have not yet been contractually entered into. In assessing such data, banks need to be mindful of providing assumptions underpinning the projected mismatches and whether they are prudent.

10.   A bank should indicate to SAMA as to how it plans to bridge any identified gaps in its internally generated maturity mismatches and explain why the assumptions applied differ from the contractual terms.

CONCENTRATION OF FUNDING

Reporting Template
For Concentration of Funding

1. Funding Liabilities by Counterparty

Name of Counterparty[1]	Amount of Funding	Percentage of Total Liabilities	Intragroup or Related Parties Yes/No (to be marked)	
(1)	(2)	(3)	Yes	No
1			Yes	No
2			Yes	No
3			Yes	No
4			Yes	No
Total			Yes	No

2. Significant Instruments

Name of Instrument[2] or Groups of similar type	Amount	Percentage of Total Balance sheet
(1)	(2)	(3)
1		
2		
3		
4		
Total		

3. Significant currencies

Name of Significant Currency[3]	Amount	Percentage of Total Liabilities
(1)	(2)	(3)
1		
2		
3		
4		
Total		

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[1] includes counterparties single or connected or affiliated parties where their exposures are more than 1% of the total i.e. col 3 > 1%.

[2] includes only those instrument whose amount is more than 1% of total assets i.e. where col. 3 is more than 1% of total balance sheet.

[3] includes only those currencies if the aggregate liabilities in that currency amount to more than 5% of total bank liability.

4. **Time Buckets**

	Maturity of Exposures			
	MONTHS			
	1-3	3-6	6-12	>12
A. Significant counterparties				
•				
•				
•				
Total				
B. Significant instrument				
•				
•				
•				
Total				
C. Significant currency				
•				
•				
•				
Total				

Concentration of funding

1. Background and Objective

This metric is meant to identify those sources of wholesale funding that are of such significance that withdrawal of this funding could trigger liquidity problems. The metric thus encourages the diversification of funding sources.

2. General Definitions

A. Funding liabilities sourced from each significant counterparty as a % of total liabilities

B. Funding liabilities sourced from each significant product/instrument as a % of total liabilities

C. List of asset and liability amounts by significant currency

3. General Guidance

3.1. Calculation of the metric

The numerator for A and B is determined by examining funding concentrations by counterparty or type of instrument/product. Banks and supervisors should monitor both the absolute percentage of the funding exposure, as well as significant increases in concentrations.

3.2 Significant counterparties

190. The numerator for counterparties is calculated by aggregating the total of all types of liabilities to a single counterparty or group of connected or affiliated counterparties, as well as all other direct borrowings, both secured and unsecured, which the bank can determine arise from the same counterparty[1] (such as for overnight commercial paper / certificate of deposit (CP/CD) funding).

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[1] For some funding sources, such as debt issues that are transferable across counterparties (such as CP/CD
funding dated longer than overnight, etc), it is not always possible to identify the counterparty holding the debt.

4.   **Specific Definition**

Definition of "significant" under various Header

4.1. Significant counterparties

A "significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the bank's total balance sheet, although in some cases there may be other defining characteristics based on the funding profile of the bank. A group of connected counterparties is, in this context, defined in the same way as in SAMA's "Large Exposure" regulation.

It should be noted that intra-group deposits and deposits from related parties should be identified specifically under this metric, regardless of whether the metric is being calculated at a legal entity or group level, due to the potential limitations to intra-group transactions in stressed conditions.

4.2. Significant instruments / products

The numerator for type of instrument/product should be calculated for each individually significant funding instrument/product, as well as by calculating groups of similar types of instruments/products.

A "significant instrument/product" is defined as a single instrument/product or group of similar instruments/products that in aggregate amount to more than 1% of the bank's total balance sheet.

4.3. Significant currencies

In order to capture the amount of structural currency mismatch in a bank's assets and liabilities, banks are required to provide a list of the amount of assets and liabilities in each significant currency.

195. A currency is considered "significant" if the aggregate liabilities denominated in that currency amount to 5% or more of the bank's total liabilities.

4.4. Time buckets

The above metrics should be reported separately for the time horizons of less than one month, 1-3 months, 3-6 months, 6-12 months, and for longer than 12 months.

Utilization of the metric and other Guidance for Supervisor and Banks

1. In utilizing this metric to determine the extent of funding concentration to a certain counterparty, both the bank and supervisors must recognise that currently it is not possible to identify the actual funding counterparty for many types of debt.[1]

2. The actual concentration of funding sources, therefore, could likely be higher than this metric indicates. The list of significant counterparties could change frequently, particularly during a crisis. Supervisors should consider the potential for herding behavior on the part of funding counterparties in the case of an institution-specific problem.

3. In addition, under market-wide stress, multiple funding counterparties and the bank itself may experience concurrent liquidity pressures, making it difficult to sustain funding, even if sources appear well diversified.

4. In interpreting this metric, one must recognize that the existence of bilateral funding transactions may affect the strength of commercial ties and the amount of the net outflow.[2]

5. These metrics do not indicate how difficult it would be to replace funding from any given source.

6. To capture potential foreign exchange risks, the comparison of the amount of assets and liabilities by currency will provide supervisors with a baseline for discussions with the banks about how they manage any currency mismatches through swaps, forwards, etc. It is meant to provide a base for further discussions with the bank rather than to provide a snapshot view of the potential risk.

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[1] For some funding sources, such as debt issues that are transferable across counterparties (such as CP/CD funding dated longer than overnight, etc), it is not always possible to identify the counterparty holding the debt.

[2] Eg where the monitored institution also extends funding or has large unused credit lines outstanding to the "significant counterparty".

AVAILABLE UNENCUMBERED ASSETS

Reporting Template
Available unencumbered assets

	Type and Nature	Location	Haircut	AMOUNT		
				SR	US	Others
1. Available unencumbered assets that are marketable as collaterals in secondary market						
Less:						
Pre-arranged or current haircut in the secondary market						
2. Available unencumbered assets that are eligible secured financing with central bank at pre-arranged (if available) or current haircuts at reasonable costs for standing facility						
3. Customer collateral received that the bank is permitted to deliver or re-pledge						

Available unencumbered assets

Background and Objective

These metrics provide supervisors with data on the quantity and key characteristics, including currency denomination and location, of banks' available unencumbered assets.

These assets have the potential to be used as collateral to raise additional HQLA or secured funding in secondary markets or are eligible at central banks and as such may potentially be additional sources of liquidity for the bank.

Definition to complete the Template

> **Available unencumbered assets that are marketable as collateral in secondary markets and**
>
> **Available unencumbered assets that are eligible for central banks' standing facilities**

A bank is to report the amount, type and location of available unencumbered assets that could serve as collateral for secured borrowing in secondary markets at prearranged or current haircuts at reasonable costs.

A bank should report the amount, type and location of available unencumbered assets that are eligible for secured financing with relevant central banks at prearranged (if available) or current haircuts at reasonable costs, for standing facilities only (ie excluding emergency assistance arrangements). This would include collateral that has already been accepted at the central bank but remains unused. For assets to be counted in this metric, the bank must have already put in place the operational procedures that would be needed to monetize the collateral.

A bank should report separately the customer collateral received that the bank is permitted to deliver or re-pledge, as well as the part of such collateral that it is delivering or re-pledging at each reporting date.

In addition to providing the total amounts available, a bank should report these items categorized by significant currency. A currency is considered "significant" if the aggregate stock of available unencumbered collateral denominated in that currency amounts 5% or more of the associated total amount of available unencumbered collateral (for secondary markets or central banks).

In addition, a bank must report the estimated haircut that the secondary market or relevant central bank would require for each asset. In the case of the latter, a bank would be expected to reference, under business as usual, the haircut required by the central bank that it would normally access (which likely involves matching funding currency – e.g. ECB for euro denominated funding, Bank of Japan for yen funding, etc.).

As a second step after reporting the relevant haircuts, a bank should report the expected monetized value of the collateral (rather than the notional amount) and where the assets are actually held, in terms of the location of the assets and what business lines have access to those assets.

Utilization of the metric and Guidance for Supervisor and Banks

1. These metrics are useful for examining the potential for a bank to generate an additional source of HQLA or secured funding. They will provide a standardized measure of the extent to which the LCR can be quickly replenished after a liquidity shock either via raising funds in private markets or utilizing central bank standing facilities.

2. The metrics do not, however, capture potential changes in counterparties' haircuts and lending policies that could occur under either a systemic or idiosyncratic event and could provide false comfort that the estimated monetized value of available unencumbered collateral is greater than it would be when it is most needed.

3. Supervisors should keep in mind that these metrics do not compare available unencumbered assets to the amount of outstanding secured funding or any other balance sheet scaling factor.

4. To gain a more complete picture, the information generated by these metrics should be complemented with the maturity mismatch metric and other balance sheet data.

LCR BY SIGNIFICANT CURRENCIES

Reporting Template
LCR by significant currencies

	AMOUNT			
	SR	**US**	**Others[1]**	**Total**
A. Stock of HQLA				
Level 1				
Level 2				
A.1 Total after incorporating haircuts and caps				
B. Total Cash Inflows				
C. Total Cash Outflows				
D. Net Cash flow				
LCR: A.1 ÷ D				

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[1] All other currencies if the aggregate liabilities in that currency amount to 5% of more of the total bank's liquidity.

LCR by significant currency

A. Objective

While the LCR is required to be met in one single currency, in order to better capture potential currency mismatches, banks and supervisors should also monitor the LCR in significant currencies. This will allow the bank and the supervisor to track potential currency mismatch issues that could arise.

B. Definition

> **Foreign Currency LCR = Stock of HQLA in each significant currency / Total net cash outflows over a 30-day time period in each significant currency**
>
> **(Note: Amount of total net foreign exchange cash outflows should be net of foreign exchange hedges)**

The definition of the stock of high-quality foreign exchange assets and total net foreign exchange cash outflows should mirror those of the LCR for common currencies.[1]

A currency is considered "significant" if the aggregate liabilities denominated in that currency amount to 5% or more of the bank's total liabilities.

C. Methodology

The methodology employed should be akin to SAMA's circular # 341000107020 dated 10 July 2013 for computing Amended LCR for all currencies.

Market related monitoring tools such as follows:

SAMA has access to sufficient data to enable implementation to market-related monitoring tools, it may be in the future reach out to regulated entities in connection with data requirements.

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[1] Cash flows from assets, liabilities and off-balance sheet items will be computed in the currency that the counterparties are obliged to deliver to settle the contract, independent of the currency to which the contract is indexed (or "linked"), or the currency whose fluctuation it is intended to hedge.