

Saudi Arabian Monetary Authority

HEAD OFFICE

Banking Policy Department

Date:

Circular



Attention: Managing Directors, Chief Executive Officers and General Managers

Subject: **Statutory deposit recognition in liquidity reserves ratio**

In reference to Article 7 of Banking Control Law, which states that every bank is required to maintain with SAMA, at all times, a statutory deposit of a sum not less than fifteen percent of its deposit liabilities, which has been reduced to (4%) for time and savings deposits and (7%) for demand deposits. Article 7 also introduced liquidity reserve ratio which is currently at (20%) of deposit liabilities.

To better align liquidity reserve ratio with Basel's Liquidity Coverage Ratio, SAMA is requiring the recognition of the statutory deposit in the calculation of the liquidity reserve ratio. The Statutory Reserves balance should be reported in line item "Due from SAMA – other up to 30 days" of M6-2 return, effective immediately.

Please be advised this requirement is effective immediately.

Fahad I. Alshathri

Deputy Governor for Supervision

Distribution: All Banks operating in the Kingdom