



Supervision and Control of Financial Institutions Division

Date: 14-2-2022

Circular no.:10/2022

To: All Banks operating in Qatar

Subject: Amendments to Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

With reference to circular No.2/2014 on liquidity coverage ratio dated 6/1/2014, circular No. 26/2015 on net stable funding ratio dated 30/3/2015 and the other related circulars, to maintain stability of the banking sector, and to enhance liquidity in view of the international standards and local, regional and world developments; QCB decides the following to include amendments to the two ratios mentioned above as follows:

**First: Liquidity Coverage Ratio (LCR)**

**(1) Denominator:**

Outside cash flows: Withdraw risk weights related to customers' deposits shall be changed in as per the classification of resident and non-resident deposits as the following:



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	Weight Current	weight amended	
		Resident	Non resident
- All personal deposits with maturity date within 30 days	30%	10%	10%
- All personal deposits with maturity date after 30 days	3%	2%	10%
- All other customer deposits other than personal deposits with maturity date within 30 days	40%	40%	70%

(2) Cancellation of the US dollar Exception:

In case of concentration of any foreign currency including the US\$ where the liabilities on and off-balance sheet of the bank and its branches abroad in the same currency exceed 5% or above of the total liabilities of all currencies on and off-balance sheet, the bank shall calculate LCR for this currency according to the same calculation method and instructions of the total ratio and maintain LCR for this currency at 100% minimum.

(3) Violation and financial Penalties:

Banks must calculate this ratio and maintain the minimum of 100% on a daily basis (including instructions mentioned in paragraph 2 above) for the three levels ( bank- bank and branches abroad- banking group) excluding instructions in



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paragraph 2 above, calculation shall be based only as per the level of the bank, and the bank and its branches abroad. In case of any violation, QCB shall apply financial penalties according to the number of the violation days as per the tables and forms attached to circular 30/2016. Banks shall submit these tables and forms to QCB within 10 days from the following month as a deadline (instead of 25th of the following month as per the current instructions)

Second: Net Stable Funding Ratio (NSFR)

(1) Numerator: risk weights of the customers' stable deposits shall be changed in accordance with the classification of resident and non-resident deposits as the following:

Weights as per instructions

Current After weights

amendment

resident Non resident

1/2 personal deposits with all types with maturity date below one year 90%

90% 50%

1/3 deposits other than personal with all types with maturity date below one year

50% 50% 20%



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(2) Banks must calculate NSFR and maintain the minimum of 100% daily for the three levels ( bank- bank and branches abroad- banking group). In case of any violation, QCB shall apply financial penalties as per the number of the violation days according to the tables and forms attached to circular 30/2016. Banks shall submit these tables and forms to QCB within 10 days from the following month as a deadline (instead of 25th of the following month as per the current instructions).

Third: Implementation Date after amendments:

- 1- Banks shall be given 6 month grace period to rectify their conditions and comply with the new instructions. Banks shall be accountable after the 6 month grace period. During the said period banks are allowed to apply the current instructions of the two liquidity ratios.
- 2- With regard to LCR in US\$, banks shall be given 12 month grace period as from the date of issuance of this circular to rectify their condition, comply with the new instruction and to be accountable.
- 3- During the period mentioned in paragraph 1 and 2, Banks shall submit monthly report to QCB within 10 days from the following month determining the ratio as per the new instructions for follow up and review as from 1st April 2022.

Best regards



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**Bandar Bin Mohammed Bin Soud Al-Thani**

**Governor**