

Kingdom of Cambodia
Nation Religion King

National Bank of Cambodia
No. NBC/B700-08
February 9, 2000

Prakas
on Liquidity for Banks and Micro Financing Institutions

The Governor of the National Bank of Cambodia

- Referring to the 1993 Constitution of the Kingdom of Cambodia;
- Referring to Kram No. NS/RKM/0196/27 of January 26, 1996 promulgating the Law on the Organization and Functioning of the National Bank of Cambodia;
- Referring to Kram NS/RKM/1199/13 of November 18, 1999 promulgating the Law on Banking and Financial Institutions;
- Referring to Kret No. CS/RKM/0398/85 of March 10, 1998 on the appointment of H.E. Chea Chanto as Governor of the National Bank of Cambodia;
- Pursuant to the request of the Banking Supervision Department of the National Bank of Cambodia.

IT IS HEREBY DECIDED

Article 1: Banks and micro financing institutions hereinafter referred to as banks are required to comply with the management rules aimed at ensuring their liquidity that are laid down in the following articles.

Article 2: Banks shall calculate a liquidity ratio on the basis of their monthly accounting statements.

Article 3: The numerator of the liquidity ratio shall comprise

1. Where it represents a lender position, the treasury balance as defined in Article 5 of this Prakas.
2. Portion of lending with not more than one month to run (excluded loans to customers with no date of maturity - overdrafts for instance)
3. Treasury bills with not more than one month to run.

Article 4: The denominator of the liquidity ratio shall comprise

1. Where it represents a borrower position, the treasury balance as defined in Article 5 of this Prakas.
2. 80 percent of the portion of fixed deposits and certificates of deposit having not more than one month to run.
3. 50 percent of the portion of fixed deposits and certificates of deposit having more than one month to run.
4. 50 percent of saving deposits.
5. 60 percent of demand deposits.

Article 5: The treasury balance is equal to the difference between the total debit items and the total credit items, as listed below:

1. Debit items
 - a. Cash and gold
 - b. Deposits with NBC
 - c. Deposits with banks
 - d. Portion of lending to banks and financial institutions with not more than one month to run (excluded loans with no date of maturity).

2. Credit items

- credit balances on sight accounts maintained with NBC, banks or financial institutions.
- borrowings from NBC and banks with not more than one month to run.

The treasury balance is regarded as representing a lender position when the total of the debit items exceeds the total of the credit items. The treasury balance is regarded as representing a borrower position when the total of the credit items exceeds the total of the debit items.

Article 6: Banks must at all times have a liquidity ratio of at least 100 percent.

Article 7: Banks shall file monthly declarations of their liquidity ratio in accordance with a model drawn up by the NBC.

Article 8: All provisions contrary to those of this Prakas are hereby repealed.

Article 9: The General Director, the General Secretariat, the General Cashier, the General Inspection, all NBC departments, and all banking and Financial Institutions under the NBC supervisory authority shall be responsible for the enforcement of this Prakas.

Article 10: This Prakas shall enter into force from the date of its signature.

Phnom Penh, February 9, 2000
The Governor

Chea Chanto

cc:

- All Members of the Board of Directors
- Parties concerned as stated in article 6
- to File
- Council of Ministers "for information"
- Administration Department of Council of Ministers "for publication in the Official Gazette"