

Kingdom of Cambodia
Nation Religion King

National Bank of Cambodia
No. NBC/B700/47
February 16, 2000

Prakas
On
Banks' Net Worth Calculation

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 No. 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' net worth shall be calculated as follows:

1. Sub-total A: Items to be added
 - capital or endowment
 - reserves, other than revaluation reserves
 - premiums related to capital (share premiums)
 - provisions for general banking risks with the prior agreement of the NBC
 - retained earnings
 - audited net profit for the last financial year¹
 - other items approved by the NBC²
2. Sub-total B: Items to be deducted
 - for shareholders, directors, managers and their next of kin
 - * unpaid portion of capital
 - * advances and loans
 - * instruments bearing the signature of the persons concerned
 - holdings of own shares at their book value
 - accumulated losses
 - intangible assets including formation expenses
 - loss determined on dates other than the end of the annual accounting period (including provisions to be made for doubtful debts and securities)

¹ After deduction of dividend to be distributed.

² For example, profits as recorded on dates other than the end of the annual accounting period, provided that:

- they are determined after posting to the accounts all the charges relating to the period and allowances to the depreciation. provision and value adjustment accounts:
- they are calculated net of foreseeable taxes and dividends and have been verified by the auditors.

3. Total C: **BASE NET WORTH** = A - B
4. Sub-total D Items to be added
 - Revaluation reserves, with the prior agreement of NBC
 - Subordinated debt, with the prior agreement of NBC
 - Other items (1) with the prior agreement of NBC
5. Sub-total E Items to be deducted
 - Equity participation in banking or financial institutions
 - Other items (2)
6. Total F: **Total Net Worth** = C + D - E
 - (1) The following may in particular appear among these items
 - * fully mutualized guarantee funds:
 - * public funds allocated for guaranteeing types of credit operations
 - * nonrepayable public or private subsidies.
 - (2) Deferred charges. for example.

Article 2: The net worth as calculated above shall be taken into account for the calculation of prudential ratios pertaining to solvency, risk division, and foreign exchange exposure.

Article 3: All provisions contrary to those of this Prakas are hereby repealed.

Article 4: 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 5: This Prakas shall enter into force from the date of its signature.

Phnom Penh, February 16, 2000
The Governor

Chea Chanto

cc:

- All members of the Board of Directors
- Parties concerned as stated in article 4
- to File
- Council of Ministers "for information"
- Administration Department of Council of Ministers "for publication in the Official Gazette"