

INSTRUCTION N° 02/2005 OF THE NATIONAL BANK OF RWANDA ON RESERVE REQUIREMENTS

Given the law n° 11/97 of 26th july 1997 bearing the Statutes of the National Bank of Rwanda, especially the provisions of its article 53;

Given the law n° 08/99 of 18th june 1999 regulating Banks and other Financial Institutions, especially the provisions of its articles 32 and 33, d;

The National Bank of Rwanda, hereafter called "**the Bank**", decides:

Article 1 :

Banks, as defined by the law n° 8/89 of 18th june 1999, are required to constitute separately, in the form of non-remunerated deposits in rwandan francs and in foreign currency maintained at the central bank, reserves on their liabilities and off-balance commitments in rwandan francs or foreign currency in american dollars.

L'article 2 :

The period of reserve requirements constitution extends over a two week period. The first goes from the 1st to 15th day of the month and the second from 16th to the last day of the same month.

Article 3 :

The reserve requirements basis is derived from the monthly account statement addressed to the Bank no later than the 20th day of every month and will be used for two consecutive periods of the following month.

The reserves requirements basis is composed of the following elements :

- Rwandan francs and foreign currency deposits ;
- Short-term notes subscribed in rwandan francs and in foreign currencies ;
- deposit certificates ;
- other amounts due to the clients (including Government, contingency organisms, staff.....).

Article 4:

The rate of requirements reserves is fixed at 8 %.

Article 5:

The banks must present to the central bank their monthly accounting statements and a declaration of reserve requirements in conformity with the annexed model herewith.

Article 6:

Any bank failing to present its declaration to the Bank within the period provided under article 3 stipulated above will have to constitute its reserves on the basis of the previous known elements of the situations increased by 10 %.

Article 7:

In conformity with the instruction n° 09/2000 of sept 14th, 2000 , any bank whose the elements constituting the reserve requirements basis and declaration are different will be penalized.

Article 8:

The reserves correspond to the credit balance, the same period cited above under article 2, of the current accounts in rwandan francs and foreing currencies opened in the Bank's books. For public holidays of the period, the balance to take into account is the previous business day.

The average balance of current account in rwandan francs and foreing currencies of every bank must be at least equal to the amount of reserves required.

Article 9:

Any insufficiency in comparison to the required amount as referred to under paragraph 2 of the previous article is charged a penalty fee calculated over the period of reserves requirements constitution, at the rediscount rate increased by 5 points of percentage.

Article 10 :

The instructions 06/2001 and 4/2002 on reserve requirements and all previous provisions contrary to the present instruction are abrogated.

Article 11 :

The present instruction enters into effect from april 1st, 2005.

Done in Kigali, on 16th march, 2005

François KANIMBA
Governor.