

PRAKAS

ON

CONDITIONS FOR BANKS AND FINANCIAL INSTITUTIONS

As amended by Law on Banking and Financial Institutions dated November 18, 1999 and the following Prakas: B9-08-414 dated August 28, 1998 on the Sources of fund from deposits for locally use of Banks and Financial institution, B7-01-137 dated October 15, 2001 on Loans to related parties, B7-05-054 dated March 10, 2005 on Loan Policies, Procedures and Lending Authority, B7-06-210 dated September 13, 2006 on Amendment to Prakas on Fee for Increase Capital of Banking and Financial Institutions, B7-01-187 dated November 08, 2001 on Transfer of Shares of Banks, B-7-06-226 dated November 3, 2006 on Controlling Banks and Financial Insitutions' Large Exposures, B7-01-186 dated November 08, 2001 on Fixed Assets of Banks, B7-010-182 dated October 15, 2010 on Calculation of Banks' Net Worth, B7-00-06 dated January 11, 2000 on the Licensing of Micro-Finance Institutions, B7-00-05 dated January 11, 2000 on the Licensing of Rural Credit Specialized Bank, B7-00-04 dated January 10, 2000 on the Licensing of Banks, B7-04-205 dated December 29, 2004 on License Fees of Banks and Financial Institutions and B7-08-193 dated September 19, 2008 on New Capital Requirement and Criteria for Licensing Approval of Banks.

PART I

CAPITAL

Article 1: The registered capital of the institutions is as followed:

- 1.1- *[Expired]*
- 1.2- *[Repealed by B 7-08-193 dated September 19, 2008, specifically article 7 and 8].*
- 1.3- *[Repealed by Prakas B7-00-04 dated January 10, 2000, B7-00-05 dated January 11, 2000, B7-00-06 dated January 11, 2000 and B7-010-182 dated October 15, 2010].*
- 1.4- *[Repealed by B 7-010-182 dated October 15, 2010].*
- 1.5- *[Repealed by B 7-010-182 dated October 15, 2010].*

Article 2: *[Repealed by B7-01-136 dated October15, 2001].*

Article 3: The registered capital of the institution can be increased or decreased on the following conditions:

- 3.1- *[Repealed by the following Prakas: B7-00-06 dated January 11, 2000, B7-00-05 dated January 11, 2000, and B7-00-04 dated January 10, 2000].*
- 3.2- *[As amended by Prakas B7-06-210 dated September 13, 2006].*

Banks and Financial Institutions shall seek permission from the National Bank of Cambodia prior to the increase of capital. Each increase of capital is subject to a processing fee of 0.03% of the increased amount.

- 3.3- *[Repealed by the following Prakas: B7-00-06 dated January 11, 2000, B7-00-05 dated January 11, 2000, B7-08-193 dated September 19, 2008 and B7-00-04 dated January 10, 2000].*

Article 4: *[Repealed by Prakas B7-01-187 date November 08, 2001].*

Article 5: *[Repealed by Prakas B7-00-04 dated January 10, 2000, B7-00-05 dated January 11, 2000, and B7-00-06 dated January 11, 2000].*

PART II OPERATING LICENSE

Article 6: *[First sentence expired].* The founder of the institution shall be applying in these stages

6.1. First stage: Providing information and guidelines on conditions for the applications, *[The remaining was repealed by the following Prakas: B7-00-06 dated January 11, 2000, B7-00-05 dated January 11, 2000, and B7-00-04 dated January 10, 2000].*

6.2. Second stage: Issuing of principal approval:

6.2.1. The principal approval is issued by the National Bank of Cambodia after studying the documents and found to be correct and complete, to enable the transfer of capital to National Bank of Cambodia for setting up a bank premises and preparing for the commencement of operation stated on the principle approval.

6.2.2. In case that the institution cannot be in operation at the assigned date as in the principle approval, it shall be fine 5,000,000 riels (five million riels) per day for a period of 30 days. If still unable to operate the principle license shall be repealed.

6.3. Third stage: Issuing an Operating License:

6.3.1. This operating license is issued institution by the National Bank of Cambodia after examining that all conditions in the principle approval and requirement documents are fully complied.

6.3.2. & 6.3.3 *[Repealed by the following Prakas: B7-00-06 dated January 11, 2000, B7-00-05 dated January 11, 2000, and B7-00-04 dated January 10, 2000].*

6.3.4. The operating license can be renewed when the institution has fulfilled all formalities all formalities or any document that concerns the validity and legalize. If the institution can not conform to all these conditions, it shall be fined 1,000,000 riels (one million riels) per day effective from the last valid date of the relevant operating license until renewal date is granted.

Article 7: *[Repealed by the following Prakas: B7-00-06 dated January 11, 2000, B7-00-05 dated January 11, 2000, B7-00-04 dated January 10, 2000 and B7-04-205 dated December 29, 2004].*

PART III

CREDIT AND PARTICIPATION OPERATIONS

Article 8:

- 8.1 Replaced by B7-06-226 dated 03 November 2006 on the on Controlling Banks and Financial Insitutions' large exposures.
- 8.2 Banks and financial institutions cannot grant loans (including lease loans and all types of signatory guarantees) to:
 - 8.2.1 Loans to shareholders, Directors and General Manager (replaced by Law on Banking and Financial Institutions dated November 18, 1999 specifically article 49 and 50 and B7-01-137 dated October 15, 2001 on Loans to related parties.
 - 8.2.2 Use for paying equity participations in establishing one or more institutions.
 - 8.2.3 Use overseas
 - 8.2.4 Locally use but pledged by overseas collateral.
- 8.3 Replaced by B-7-05-54 dated 10 March 2005 on the Loan Policies, Procedures and Lending Authority.
- 8.4 Replaced by Law on Banking and Financial Institutions dated November 18, 1999 Specifically in Chapter 10: Equity participations by covered entities in the capital of other commercial companies.

PART IV

FIXED ASSETS

Article 9, 10, and 11: *[Repealed by Prakas B7-01-186 dated November 08, 2001].*

Article 12

General Directors, Internal Audit, Cabinet, all National Bank of Cambodia departments and all commercial banks and financial institutions under the supervision of the National Bank of Cambodia shall strictly implement this Prakas.

Article 13

This Prakas shall be effective from the date of signing.

Phnom Penh, 29 December 1997

The Governor

Signed: **Thor Peng Leath**