

PRAKAS
ON
LOAN POLICIES, PROCEDURES AND LENDING AUTHORITY

Article 1

Every bank or financial institutions shall conform to sound and prudent credit policies, practices and procedures in the granting of credit which shall be duty approved and reviewed by management and/or board of directors.

Article 2

Every bank or financial institution shall establish:

- i. Written policies and procedures setting out its loan policies, procedures and limits of lending authority of its officers and/or credit committee and board of directors and that these be communicated to all personnel involved in the credit granted activities.
- ii. Credit file on all its borrowers which shall contain adequate and timely information and reliable as per appendix.

Article 3

Loan policies, procedures and lending authority shall include, the requirement for credit analysis, approval process, periodic credit review procedures documentation and other necessary information.

Article 4

The General Direction, the General Secretariat, the General Cashier, the General Inspection, all Departments of the National Bank of Cambodia, and all Banking and Financial Institutions under the NBC's supervisory authority shall strictly implement this Prakas.

Article 5

This Prakas shall have effect from the signing date

Phnom Penh, 10 March 2005

The Governor

Signed and sealed: **Chea Chanto**

INFORMATION TO BE MAINTAINED IN CREDIT FILE

(I) INFORMATION ON BORROWER

- (a) Natural Persons ÷ Address, Contact address, Occupation, Employer, Salary /Income, Financial position / net worth and any other relevant information.
- (b) Legal Persons ÷ constitution (proprietorship, partnership) business background and history, organization structure, management team / director, shareholders /proprietor /partner, financial position and performance, and any other relevant information.

(II) INFORMATION ON CREDIT FACILITY

- (a) Description of facility type (overdraft, revolving, installment, amount, currency)
- (b) Purpose of facility
- (c) Terms of facility÷ limits, interest rates, repayment schedules, tenor/term, expire dates
- (d) Collateral Title deed number of collateral, location, types, valuation amount, valuation date and where applicable, name of appraiser
- (e) Guarantors names, financial position and net worth

(III) INFORMATION FOR APPRAISAL OF CREDIT APPLICATION

(Certain information would not be applicable for borrowers who are natural persons)

- (a) Assessment and recommendation of account officer/manager
- (b) Approval and basis of approval by management/credit committee
- (c) Qualitative analyses bases on :
 - (i) Borrower information
 - (ii) History of relationship with customer
 - (iii) Information on the banking relationship of other related groups of the borrower with the bank
 - (iv) Information obtained on the borrower from other institutions and sources, including related offices of the bank
 - (v) Analysis of industry and business risk
 - (vi) Single customer concentration (if appropriate)
- (d) Quantitative analyses based on:
 - (i) Financial position and performance (previous, current and projected)
 - (ii) Business plan, source and cash flow forecast for meeting repayment requirements.
- (e) Capital resources

- (f) Other commitments
- (g) Collateral appraisal and value

(IV) INFORMATION FOR PERIODIC CREDIT REVIEW

(Certain information would not be applicable for borrowers who are natural persons)

- (a) Assessment and recommendations of credit review officer, including:
 - (i) Credit grading/rating accorded
 - (ii) Provision for losses
 - (iii) Interest in suspense
- (b) Approval and basis of approval for renewals; revision in terms and conditions; and changes in credit grading
- (c) Latest available information on:
 - (i) Outstanding facilities utilized, including contingent liabilities, commitment and other off-balance sheet transactions
 - (ii) Conduct and servicing of account
 - (iii) Correspondences and call report from meetings with borrowers and site visits
 - (iv) Current qualitative analyses based on latest updated information including review comments from internal and external auditors where available on borrower,
- (d) Current quantitative analyses based on latest updated financial information, appraisals and valuations
- (e) Information on the account conduct of other related groups of the borrower
- (f) Analysis of industry and business risk