

**Kingdom of Cambodia**  
**Nation Religion King**

National Bank of Cambodia  
No. NBC/B700/52  
February 17, 2000

**Prakas**  
**On**  
**Controlling Bank's Large Exposures**

**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 shall be required, under the conditions set forth in this Prakas, to maintain at all times a maximum ratio of 20 percent between their overall exposure resulting from their operations with each individual beneficiary and their net worth.

A large exposure means the overall exposure resulting from their operations with a single beneficiary where such exposure exceeds 20% of their net worth.

**Article 2:** For the purposes of this Prakas, the net worth shall be calculated in accordance with the provisions of the Prakas on the calculation of the bank's net worth.

**Article 3:** For the purposes of this Prakas, exposures, which are liable to the risk of counterparty default, shall be weighted items as defined in Article 3 of the Prakas relating to the solvency ratio. However, items deducted in calculating the net worth in accordance with the provisions of the Prakas on the calculation of the bank's net worth shall not be counted as exposures.

**Article 4:** Individuals or legal entities who are interconnected in such a way that financial problems experienced by one or more of them would necessarily entail serious financial problems for the other or all of them shall likewise be deemed to constitute a single beneficiary.

In particular, such connections exist between two or more individuals or legal entities where:

- one of them directly or indirectly exercises control over the other;
- they are subsidiaries of the same parent company;
- they come under the same de facto management;
- one of them has an equity interest in the other exceeding 10 percent and they are bound by reciprocal guarantee agreements or have a special business relationship which each other (sub-contracting, franchise, etc...).

The National Bank of Cambodia may regard a group of customers as constituting a single beneficiary if the connections between them seem to justify it.

**Article 5:** The exposures defined in Article 3 shall be subject to internal management and supervision procedures, in particular by setting limits on the delegation of loan or commitment decisions, in such a way that the maximum amount of the ratio set forth in Article 1 is respected at all times.

Banks shall take all necessary steps for keeping a complete centralized record of their commitments, in particular those granted to interconnected beneficiaries within the meaning of Article 4.

The National Bank of Cambodia may ask to be provided with a report on the steps taken.

**Article 6:** Banks shall periodically file declarations of their large exposures in accordance with a model drawn up by the National Bank of Cambodia.

**Article 7:** All provisions contrary to those of this Prakas are hereby repealed.

**Article 8:** The General Directorate, 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 9:** This Prakas shall enter into force from the date of its signature.

Phnom Penh, February 17, 2000  
Governor

**Chea Chanto**

cc:

- Board of Directors members
- Parties stipulated under Article 8
- Archives
- Council of Ministers "for information"
- Council of Ministers Administration Department  
"for publication in the Official Gazette"