

PRAKAS
ON
NEW CAPITAL REQUIREMENT AND CRITERIA
FOR LICENSING APPROVAL OF BANKS

Article 1.-

The purpose of this Prakas is to redefine the minimum registered capital and criteria for licensing approval of Banks. The NBC will assess the applicant's capacity to achieve its development objectives in a manner that is compatible with the smooth working of the banking system and offers sufficient safety for its customers. Applications to obtain a bank license that do not meet with conditions set up in this Prakas shall be rejected in writing.

Article 2.-

The bank shall be managed by two persons with the necessary integrity, qualifications, and suitable banking experience.

Article 3.-

The shareholder or shareholders shall have proven experience in the activities that the bank intends to develop.

Article 4.-

Applicants shall prove that the bank to be established will be appropriately staffed in terms of number and skills. Technical resources, including information systems, must be efficient and reliable, particularly in regard to the security of operations with customers.

Article 5.-

Applicants must comply with requirements to set up an internal control system that enables the bank:

- to ensure that operations, organizational structures and procedures comply with the prevailing laws and regulations and business practice and standards;
- to ensure compliance with limits imposed with regard to risk, especially counterparty, interest-rate and exchange-rate risk; and
- to ensure the quality of financial and accounting reporting.

Article 6.-

The bank's financial viability over a term of several years must be sufficiently established by means of business plans, market studies and financial simulations including, where appropriate, stress scenarios. The financial simulations must cover both the customary indicators used in financial analysis and prudential standards.

Article 7.-

Article 1 of the Prakas B7-00-39 dated February 09, 2000, on Commercial Banks' Minimum Capital is "replaced by the following article:

"Commercial banks locally incorporated as companies which have at least one influential shareholder as a bank or financial institution with a rating "investment grade," extended by a reputable rating agency, must have minimum capital equal to at least KHR 50,000,000,000 (fifty billion).

Commercial banks having shareholders as individuals or companies must have a minimum capital of at least KHR 150,000,000,000 (one hundred fifty billion)."

Article 8.-

Article 4 of the Prakas B7-00-05 dated January 11, 2000, on the Licensing of Rural Credit Specialized Banks is replaced by the following article:

"Specialized banks locally incorporated as companies which have at least one influential shareholder as a bank or financial institution with a rating "investment grade," extended by a reputable rating agency must have minimum capital equal to at least KHR 10,000,000,000 (ten billion).

Specialized banks having shareholders as individuals or companies must have a minimum capital of at least KHR 30,000,000,000 (thirty billion)."

Article 9.-

Procedures and an additional series of criteria shall be defined in a separate Circular from the NBC.

Article 10.-

Banks, which obtained a license or principal letter before this Prakas is issued, shall increase their capital equal to the minimum capital as defined in Article 7 and Article 8 of this Prakas no later than the end of 2010.

Article 11.-

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

Article 12.-

This Prakas shall take effect from this signing date.

Phnom Penh, 19 September 2008

The Governor

Signed and Sealed: **Chea Chanto**