



KINGDOM OF CAMBODIA
NATION RELIGION KING

NATIONAL BANK OF CAMBODIA

Number..... B7 018 068 Prokor

(Unofficial Translation)

Prakas

on

Capital Buffer in Banking and Financial Institutions

The Governor of the National Bank of Cambodia

- With reference to the Constitution of the Kingdom of Cambodia;
- With reference to the Royal Decree NS/RKT/0515/417 of May 11, 2015 on the reappointment of His Excellency CheaChanto as Governor General of the National Bank of Cambodia, equivalent to Senior Minister;
- With reference to the Royal Kram NS/RKM/0196/27 of January 26, 1996 promulgating the Law on Organization and Conduct of the National Bank of Cambodia;
- With reference to the Royal Kram NS/RKM/1206/036 of December 29, 2006 promulgating the Law on the Amendment of Article 14 and 57 of the Law on Organization and Conduct of the National Bank of Cambodia;
- With reference to the Royal Kram NS/RKM/1199/13 of November 18, 1999 promulgation the Law on Banking and Financial Institutions;
- With reference to Prakas N° B8-98-385 Prokor dated 20 July, 1998 on Organizational Structure of the National Bank of Cambodia and function-duties of all departments of the National Bank of Cambodia;
- With reference to Prakas N° B1-010-194 Prokor dated November 26, 2010 on the amendment of Article 3, Article 4, Article 5, Article 12 and Article 13 of Prakas on Organization Structure of the National Bank of Cambodia and functions-duties of all departments of the National Bank of Cambodia;
- With reference to Prakas N° B7-010-182 Prokor dated October 15, 2010 on the Calculation of Bank's Net Worth
- With reference to Prakas N° B7-00-46 Prokor dated February 16, 2000 on the Banks' Solvency Ratio
- With reference to Prakas N° B7-011-082 Prokor dated February 23, 2011 on the Implementing Risk based and forward looking supervision
- Pursuant to the recommendation made by the National Bank of Cambodia Management meeting on February 19, 2018

Decides
Chapter 1
General provision

Article 1.-

The purpose of this Prakas is to determine capital buffer including capital conservation buffer and countercyclical capital buffer in order to raise the resilience of the banking and financial institutions.

Article 2.-

This Prakas aims to:

- Improve the capital base to cover the loss, which may be derived from the risks of the banking and financial institutions,
- Avoid breaches of the minimum capital requirement, and
- Reduce the risks arisen out of the pro-cyclicality.

Article 3.-

This Prakas is applicable to banks and micro-finance deposits taking institutions under the National Bank of Cambodia (NBC)'s supervisory authority, hereinafter referred to as "Institution", both at the institution's level and on a consolidated basis when relevant. Consolidation shall be consistent with that as reported in the solvency ratio calculation.

Article 4.-

As used under this Prakas, the following terms are defined as follow:

Tier 1 Capital refers to Tier 1 capital as defined in article 5 of Prakas N° B7-010-182 Prokor dated on October 15, 2010 on Calculation of Bank's Net Worth.

Tier 2 Capital refers to Tier 2 capital as defined in article 6 of Prakas N° B7-010-182 Prokor dated on October 15, 2010 on Calculation of Bank's Net Worth.

Total Capital refers to the "*Net Worth*" as defined in Prakas N° B7-010-182 Prokor dated on October 15, 2010 on Calculation of Bank's Net Worth. Total Capital is the sum of Tier 1 Capital and Tier 2 Capital.

Risk Weighted Assets refers to the sum of Risk Weighted Assets specified in article 3 of Prakas N° B7-00-46 Prokor on dated February 16, 2000 on Banks' Solvency Ratio.

Solvency Ratio refers to the calculation as defined in Prakas N° B7-00-46 Prokor on dated February 16, 2000 on Banks' Solvency Ratio.

Tier 1 Capital ratio refers to the ratio of Tier 1 Capital to Risk Weighted Assets.

Total Capital ratio refers to the ratio of Total Capital to Risk Weighted Assets.

