

**PRAKAS**  
**ON**  
**LOANS TO RELATED PARTIES**

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*As amended by Prakas B 7-02-146 dated June 07, 2002 on Amendment on Prakas N° B7-01-137 on Loans to Related Parties*

**Article 1**

Related parties as defined in article 49 and 50 of the law on Banking and Financial Institutions are subject to the provisions of the present Prakas.

**Article 2**

Loans and overdraft to related parties must be made under normal conditions of duration, interest rate, collateral and repayment schedule.

Normal conditions are understood as the conditions that would be made to any other non-related customer in similar circumstances.

**Article 3**

The rule set in article 2 does not apply to subordinated debts issued by banks or financial institutions operating in Cambodia and held by Cambodian banks or financial institutions which are their parents companies.

**Article 4** *[as amended by Prakas B 7-02-146 dated June 07, 2002]*

The total weighted outstanding of loans to related parties will in no case be superior to 10% of the bank's net worth. The calculation of loans to related parties shall not include the bank's placements with head office or mother company under two conditions:

- Head office or mother company is a bank;
- The evidence of its rating equal or superior to A- according to Standard & Poor's methodology, or equivalent, from an internationally recognized rating agency.

The outstanding of loans will be calculated according to the Prakas relating to the solvency ratio (currently B 7.00-46).

The bank's net worth will be calculated according to the Prakas on the calculation of banks net worth (currently B 7.010-182).

**Article 5**

Each bank or financial institution shall send a quarterly declaration of relevant loans

made to the National Bank of Cambodia, following a format attached to this Prakas. Copy of this declaration will be given to the Board of Directors of the bank or of the Financial Institution.

**Article 6**

Any failure to abide by the present regulation will be sanctioned according to Article 52 of the Law on the Banking and Financial Institutions.

**Article 7**

All provisions contrary to those of this Prakas are hereby repealed.

**Article 8**

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 implement this Prakas.

**Article 9**

This Prakas shall have effect from the signing date.

Phnom Penh, 15 October 2001

**The Governor**

Signed and Sealed: **Chea Chanto**