



# The Fourth Quarterly Report



(End 31 December 2020)

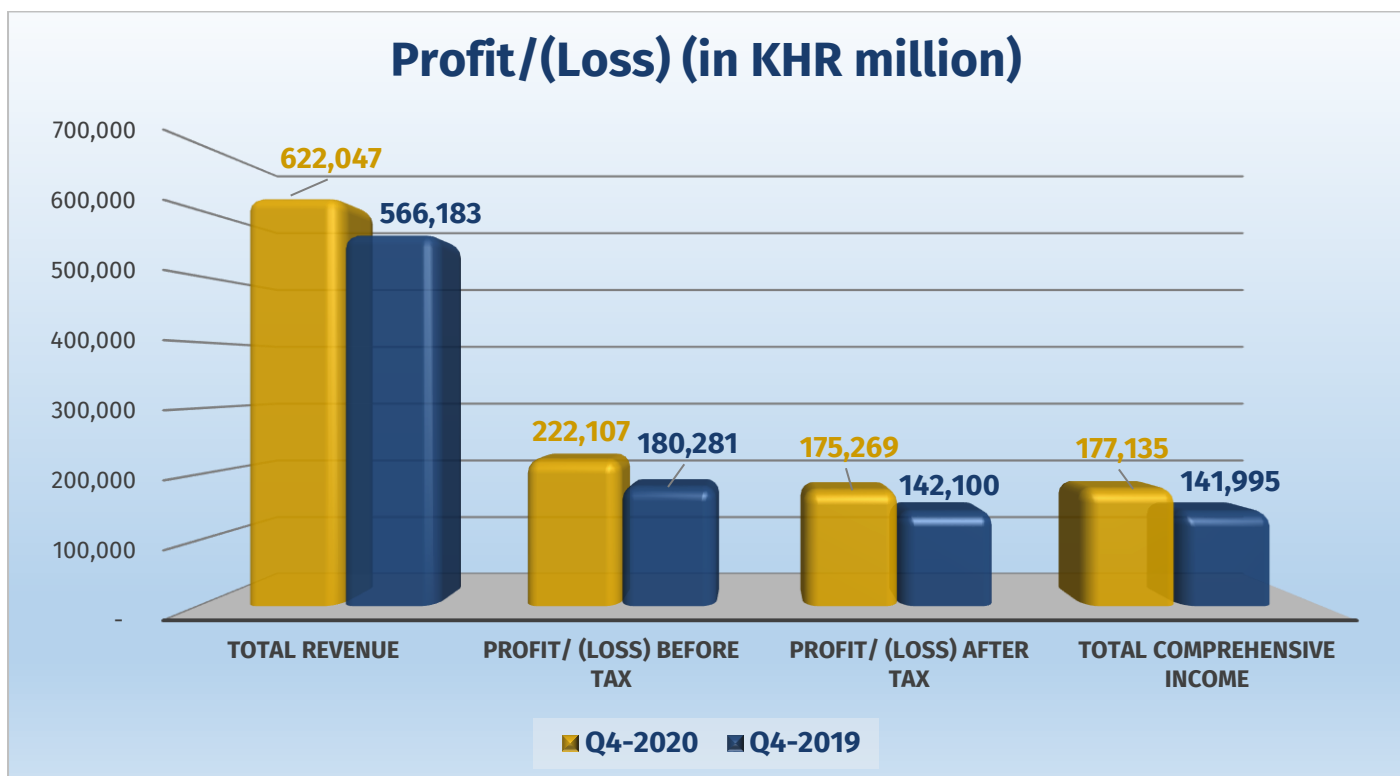
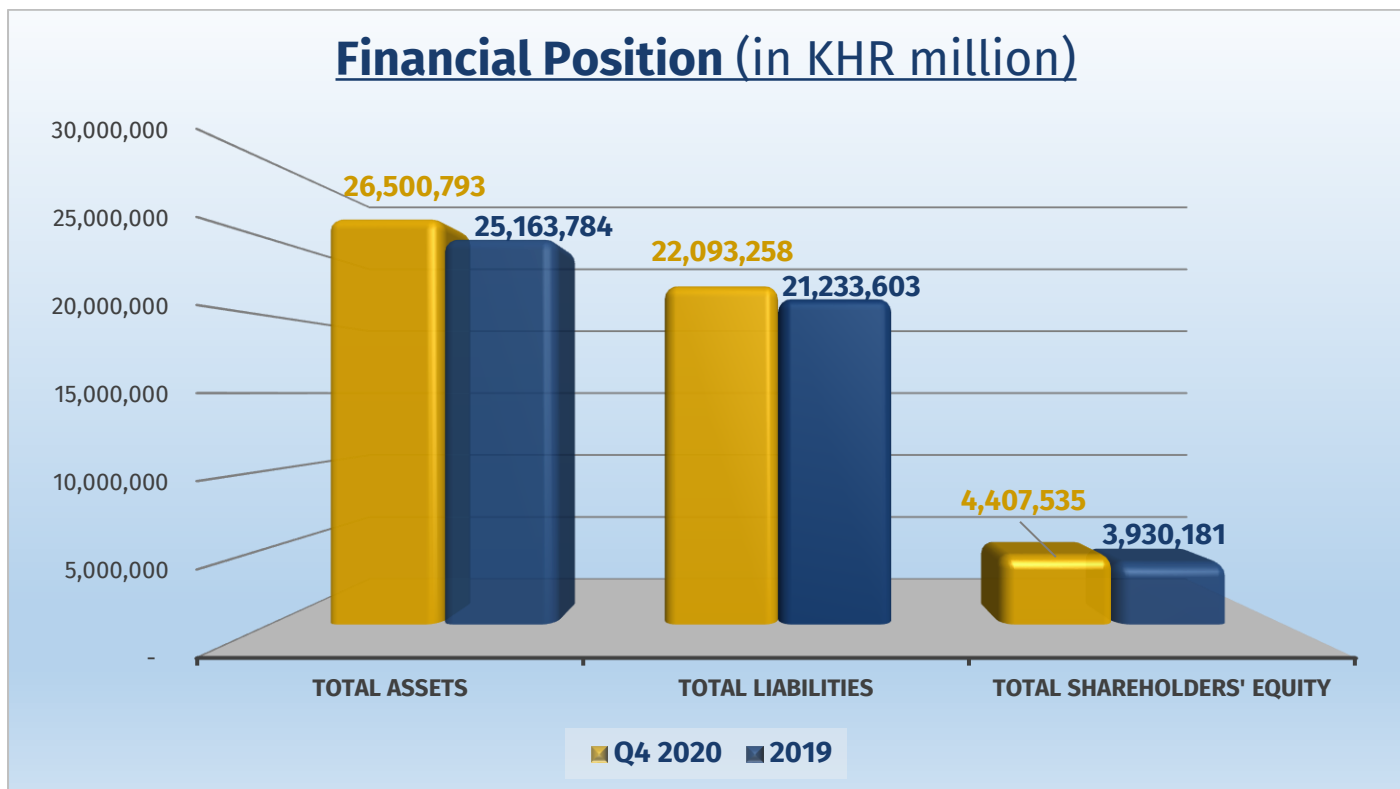
## Financial Highlight

<b>Financial Position (in KHR million)</b>	<b>Quarter 4 - 2020</b>	<b>2019</b>
Total assets	26,500,793	25,163,784
Total liabilities	22,093,258	21,233,603
Total shareholders' equity	4,407,535	3,930,181
<b>Profit/(Loss) (in KHR million)</b>	<b>Quarter 4 - 2020</b>	<b>Quarter 4 - 2019</b>
Total revenue	622,047	566,183
Profit/ (Loss) before Tax	222,107	180,281
Profit/ (Loss) after Tax	175,269	142,100
Total Comprehensive Income	177,135	141,995
<b>Financial Ratios (%)</b>	<b>Quarter 4 - 2020</b>	<b>2019</b>
Solvency ratio	25.16%	26.31%
Debt to equity ratio	501.26%	540.27%
Liquidity Coverage Ratio	149.31%	167.27%
Nonperforming loans ratio (*)	2.40%	1.24%
Loan to deposit ratio	97.73%	88.82%
<b>Profitability Ratios</b>	<b>Quarter 4 - 2020</b>	<b>Quarter 4 - 2019</b>
Return on average assets (ROAA)(**)	0.67%	0.56%
Return on average equity (ROAE)(**)	4.07%	3.67%
Interest Coverage ratio (Times)	2.44	2.13
Earnings per share (KHR)	408.93	331.13
Dividend per share	N/A	N/A
Other Important Ratios	N/A	N/A

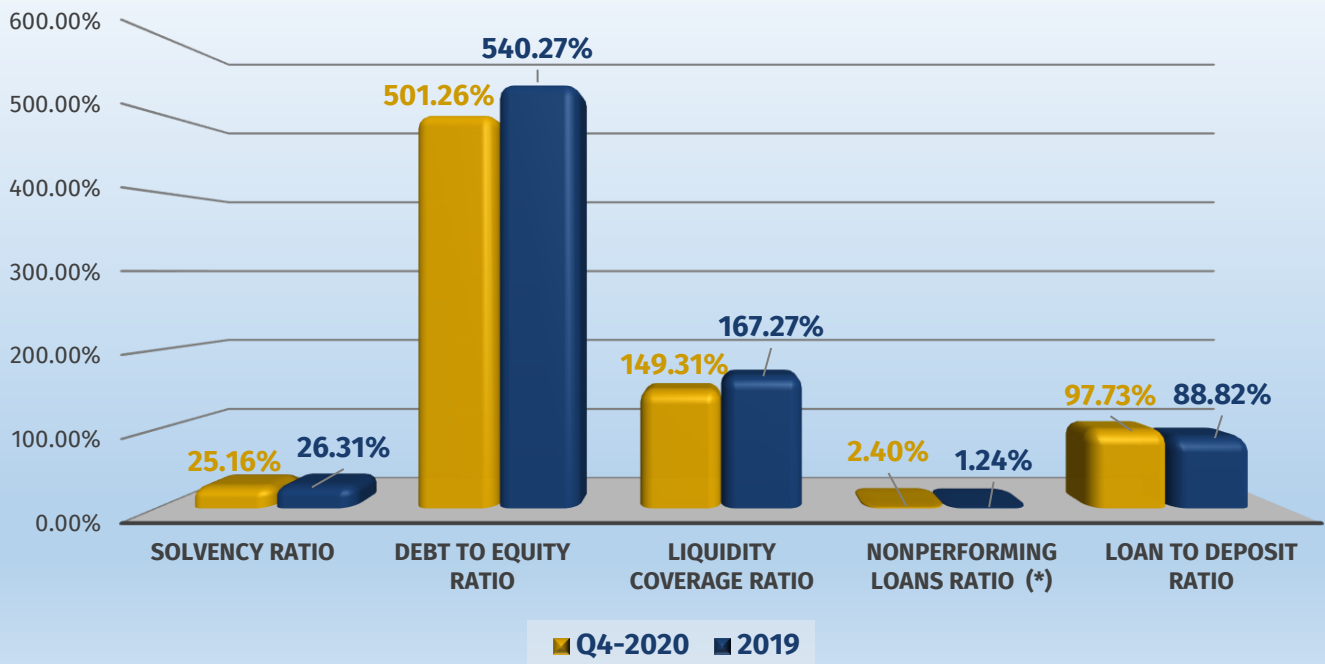
(\*) Non-performing loan = loan in stage 3

(\*\*) The ratio is not annualized and was calculated using the three-month period of total comprehensive income figures from 01 October to 31 December 2020.

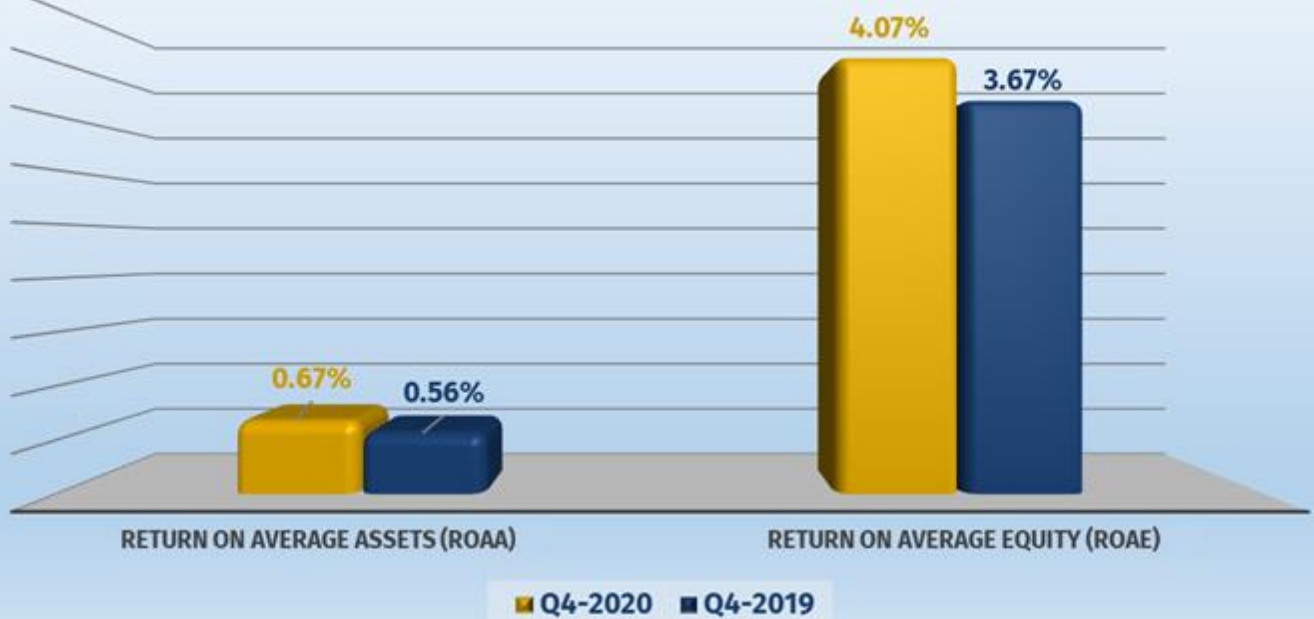
## Financial Summary Charts



## Financial Ratio (%)



## Profitability Ratio



## Board of Directors



**Mr. Chhay Soeun**  
*Chairman*



**Dr. In Channy**  
*Executive Director*



**Mr. Rath Yumeng**  
*Executive Director*



**Mr. Stéphane Mangiavacca**  
Non-Executive Director



**Mr. Kenichiro Mori**  
Non-Executive Director



**Ms. Mirjam Janssen**  
Non-Executive Director



**Drs. Pieter Kooi**  
Independent Director



**Mr. Ian Samuel Lydall**  
Independent Director



**Mr. Van Sou Ieng**  
Independent Director

## Message from Chairman

On behalf of ACLEDA Bank Plc. (“the Bank”) and the Board of Directors, I am pleased to present the fourth quarter of 2020 Report for the period starting from 01 October 2020 to 31 December 2020 to all stakeholders.

Given the Bank’s operations under the global pandemic for the whole year 2020, the Bank has widened its self-service network innovation and rebranded digital banking services to be more convenience, fast, and highly secured. Moreover, the Bank always strived to improve its performance by continually modernizing and innovating its services and maintaining the best quality of services in the banking and financial sector. As a result, the Bank achieved positive outcomes as below:

As of 31 December 2020, total deposit increased by USD 243.40 million while total loan outstanding grew by USD 627.18 million compared to the year ended 2019.

This fourth quarter 2020 compared with the same fourth quarter of 2019, the Bank achieved a net profit of USD 43.13 million, an increase of 23.31% equivalent to USD8.15 million. Return on Average Assets (ROAA) was 0.67%, an increase of 0.11%, and Return on Average Equity (ROAE) was 4.07%, an increase of 0.40%.

Despite the pandemic negative effects on all sectors in the country, the Global Ratings Agency – Standard & Poor’s (S&P), upgraded the Bank’s Stand-Alone Credit Profile (SACP) to ‘bb’ from ‘bb-’ due to the Bank maintains diversified assets, careful management, thinking all relevant risks as a basis for strong growth and capitalization.

In the context of COVID-19 vaccines may successfully curtail the pandemic in the first half of 2021, the outlook for 2021 is positive, according to the annual report 2020 of the National Bank of Cambodia (NBC), the Cambodia’s economic growth will return to 3.5%. The positive outlook of the Cambodia’s economy creates a room for bank and financial institutions, especially ACLEDA - the key player in the industry, would enlarge its operational scope in supporting as backbone of the economy.

Finally, I would like to express our sincerest gratitude to all stakeholders, customers, and especially the relevant authorities for their continued cooperation and ongoing support to the Bank. You are part of the Bank’s success, without your endless support, the Bank can never achieve its plan.

Phnom Penh, 11 February 2021  
Signature and seal 

**Mr. Chhay Soeun**

## TABLE OF CONTENTS

<b>Financial Highlight</b> .....	i
<b>Financial Summary Charts</b> .....	ii
<b>Board of Directors</b> .....	iv
<b>Message from Chairman</b> .....	v
<b>PART 1. General Information of the Listed Entity</b> .....	1
<b>A. Identity of the Listed Entity</b> .....	1
<b>B. Nature of Business</b> .....	1
<b>C. Quarter’s Key Events</b> .....	1
<b>PART 2. Information on Business Operation Performance</b> .....	2
<b>A. Business Operation Performance including business segments information</b> .....	2
<b>B. Revenue Structure</b> .....	4
<b>PART 3. Financial Statements Reviewed by the External Auditor</b> .....	4
<b>PART 4. Management’s Discussion and Analysis (MD&amp;A)</b> .....	5
<b>A. Overview of operations</b> .....	5
<b>B. Significant factors affecting profit</b> .....	7
<b>C. Material changes in sales and revenue</b> .....	8
<b>D. Impact of foreign exchange, interest rates and commodity prices</b> .....	8
<b>E. Impact of inflation</b> .....	8
<b>F. Economic / fiscal / monetary policy of Royal Government</b> .....	8
<b>Signature of Directors of Listed Entity</b> .....	10

## PART 1. General Information of the Listed Entity

### A. Identity of the Listed Entity

Entity Name in Khmer	ធនាគារ អេស៊ីលីដា ភីអិលស៊ី
In Latin	<b>ACLEDA Bank Plc.</b>
Standard Code	KH1000100003
Address	#61, Preah Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Cambodia
Phone number	+855 (0)23 998 777 / 430 999
Fax	+855 (0)23 430 555
Website	www.acledabank.com.kh
Email	acledabank@acledabank.com.kh
Company registration number	00003077 dated 05 June 2000, issued by Ministry of Commerce
License number	06 dated 28 November 2006, issued by National Bank of Cambodia
Disclosure Document registration number	053/20 SECC/SSR dated 19 March 2020, issued by Securities and Exchange Commission of Cambodia (SECC)
Representative of the listed entity:	<b>Dr. In Channy</b>

### B. Nature of Business

ACLEDA Bank Plc. is a commercial bank with the largest branch and office network in the Kingdom of Cambodia. It has listed on the CSX since May 25<sup>th</sup>, 2020. Currently, it has 4 wholly-owned subsidiaries: ACLEDA Bank Lao Ltd., ACLEDA Securities Plc., ACLEDA Institute of Business and ACLEDA MFI Myanmar Co, Ltd. and 1 representative office in Myanmar.

### C. Quarter's Key Events

- ACLEDA Bank Plc. donated US\$250,000 to help the Cambodian people who are affected by severe raining flood in the country. It was the main concern of Cambodian people across the country.
- The Bank held its Shareholders' Extraordinary General Meeting on 23 November 2020. It was the first time that the Bank held its General Meeting with the attendant of public shareholders.
- The Bank donated 1 billion Riels to the Royal Government of Cambodia to purchase COVID-19 vaccine to improve public welfare.
- Global Ratings Agency — Standard & Poor's (S&P) upgraded the Bank's Stand-Alone Credit Profile (SACP) to 'bb' from 'bb-'. The stable outlook reflects the view that the Bank will maintain its financial profile, with sufficient buffers to stabilize the business.
- The Bank celebrated the official launch of its new logo, but retains its original spirit, identity and value which was accumulated over 29 years since its existence. The new logo is a symbol of



"Mythological Bird" standing in the middle of a blue circle, denoting sustainable strengths and prosperity of the Bank.

- In addition to the launch of the new logo, the Bank's mobile banking application also got a new look and rebranded as the **ACLEDA mobile** App from the Unity ToanChet mobile banking application. The **ACLEDA mobile**'s new look was designed by experienced professionals, who incorporated the latest technology into the app, and it is equipped with world-class ISO security and Payment card industry (PCI) compliance, which ensures the highest level of security. With this new **ACLEDA mobile** App branding is intended to help the mobile service align with the latest developments in global technology and further the Bank's positioning in the digital era.

## PART 2. Information on Business Operation Performance

### A. Business Operation Performance including business segments information

#### ▪ Banking Sector's Performance:

There were 53 commercial banks (22 local incorporated banks, 17 subsidiary banks, and 14 foreign branch banks), 14 specialized banks (06 locally Incorporated, and 08 foreign Banks), 81 microfinance institutions (06 MDI, and 75 MFI), 15 leasing companies, 6 Representative Offices of Foreign Banks in Cambodia, 24 payment service providers, and 246 rural credit operator. (Source: NBC Report, CMA Report, and Actually Updated)

#### ▪ ACLEDA's Business Operation Performance and market share in banking sector:

ACLEDA Bank Plc. maintained market share 14.98% and 13.89% respectively for deposit and loan as at the end of November 2020.

As of December 2020, the sale and revenue of the Bank and its subsidiaries had performed well. The main keys performance are as follows:

Key Performance	Actual Data	
	Quarter 4 – 2020	2019
<b>Loan</b>		
Number of Loan	555,323	536,891
Total Loan Outstanding (Million KHR)	18,229,372	15,808,814
<b>Deposit</b>		
Number of Account	2,894,907	2,620,778
Deposit Balance (Million KHR)	18,652,690	17,799,184
<b>E-Banking Product/Channel</b>		
<b>ATM Card</b>		
Number of Card	1,396,778	1,277,725
Number of Txn	19,768,223	20,403,200
Value of Txn (Million KHR)	13,775,918	12,548,066

<b>Mobile Banking</b>		
Number of Register	1,782,814	1,276,528
Number of Txn	48,749,599	28,264,972
Value of Txn (Million KHR)	59,211,279	37,303,137
<b>Internet Banking</b>		
Number of User	11,679	11,331
Number of Txn	886,990	510,297
Value of Txn (Million KHR)	11,285,948	5,235,616
<b>E-Commerce</b>		
Number of partners	51	48
Number of Txn	447,929	467,668
Value of Txn (Million KHR)	360,000	213,262
<b>ATM Machine</b>		
Number of Machine	790	683
Number of Txn	26,574,678	24,181,231
Value of Txn (Million KHR)	20,198,724	15,929,197
<b>POS Machine</b>		
Number of Machine	4,287	4,289
Number of Txn	2,457,626	2,412,938
Value of Txn (Million KHR)	657,506	849,392
<b>QR Merchant</b>		
Number of merchants	63,714	30,989
Number of Txn	1,842,913	735,312
Value of Txn (Million KHR)	186,691	90,886
<b>Network Operations and Staffs</b>		
<b>ACLEDA Bank Plc.</b>		
Number of Operational Offices	263	262
Number of Staff	12,013	11,997
<b>Subsidiaries (Local &amp; Overseas)</b>		

Number of Operational Offices	56	53
Number of Staff	1,691	1,658

## B. Revenue Structure

No	Source of Revenue (in KHR million)	Quarter 4 – 2020		Quarter 4 - 2019	
		Amount	Percentage	Amount	Percentage
1	Interest Income	548,045	88.10%	497,042	87.79%
2	Fee and commission Income	48,097	7.73%	49,177	8.69%
3	Other Income	25,905	4.16%	19,964	3.53%
<b>Total revenue</b>		<b>622,047</b>	<b>100%</b>	<b>566,183</b>	<b>100%</b>

## PART 3. Financial Statements Reviewed by the External Auditor

Please refer to the Annex

For Interim Financial Statements Reviewed by Independent Auditor

## PART 4. Management’s Discussion and Analysis (MD&A)

The discussion and analysis focused on the operational and financial results based on Interim Financial Statements as of 31 December 2020 reviewed by Independent Auditors. The Interim Financial Statements had been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”). Only the key components of the Interim Financial Statements and key factors that affect ACLEDA Bank Plc.’s profitability were discussed and analysed.

### A. Overview of operations

#### 1- Revenue Analysis

ACLEDA Bank Plc. had three main sources of revenue including Interest Income, Fee & Commission Income and Other Incomes.

- ✚ Interest Income includes the interest income from loans and advances to customers, deposits and placements with banks and financial investments.
- ✚ Fee & Commission Income mainly includes commission fees, Commission fee collected for assurance agency, ATM fee, early loan redemption fees, Deposit fee charged, Fee income from guarantee and training income.
- ✚ Other Incomes include foreign exchange gains, gain on disposals of property and equipment, dividend on financial investments and other income.

#### 2- Revenue by segment analysis

No	Source of Revenue (in KHR million)	Quarter 4 - 2020		Quarter 4 - 2019	
		Amount	Percentage	Amount	Percentage
1	Interest Income	548,045	88.10%	497,042	87.79%
2	Fee and commission Income	48,097	7.73%	49,177	8.69%
3	Other Income	25,905	4.16%	19,964	3.53%
<b>Total revenue</b>		<b>622,047</b>	<b>100%</b>	<b>566,183</b>	<b>100%</b>

The total revenue of KHR 622,047 million in Q4-2020 was mainly from interest income which accounted for 88.10% of its total revenue and total revenue increased by KHR 55,864 million or 9.87% compared to Q4-2019.

#### 3- Gross profit margin analysis

The statement of Profit/ (Loss) and Other Comprehensive Income of the Bank prepared in the format (the gross profit margin) was not presented. The net interest income resulted from the total interest income less total interest expense was illustrated in the next point of the Profit/ (Loss) before Tax Analysis as below.

#### 4- Profit/ (Loss) before tax analysis

Statement of Profit or loss (in KHR million)	Quarter 4 2020	Quarter 4 2019	Variance	
			Amount	Percentage
Interest Income	548,045	497,042	51,003	10.26%
Interest expense	(154,567)	(158,914)	4,347	-2.74%
<b>Net interest income</b>	<b>393,478</b>	<b>338,128</b>	<b>55,350</b>	<b>16.37%</b>
Fee and commission income	48,097	49,177	(1,080)	-2.20%
Fee and commission expense	(2,245)	(1,654)	(591)	35.73%

<b>Net fee and commission income</b>	<b>45,852</b>	<b>47,523</b>	<b>(1,671)</b>	<b>-3.52%</b>
Allowances for impairment losses on loans and advances, deposits and placements with other banks and other receivables	(4,249)	(10,287)	6,038	-58.70%
Allowance for impairment losses on off-balance sheet commitments	80	(448)	528	-117.86%
<b>Net impairment losses</b>	<b>(4,169)</b>	<b>(10,736)</b>	<b>6,567</b>	<b>-61.17%</b>
<b>Net income after allowance for impairment</b>	<b>435,161</b>	<b>374,916</b>	<b>60,245</b>	<b>16.07%</b>
Other incomes	25,905	19,964	5,941	29.76%
General and administrative expenses	(238,959)	(214,599)	(24,360)	11.35%
<b>Profit before income tax</b>	<b>222,107</b>	<b>180,281</b>	<b>41,826</b>	<b>23.20%</b>

In Q4-2020, the profit before tax increased by KHR 41,826 million or 23.20% comparing to Q4-2019. The interest income increased by 10.26% while the interest expense decreased by 2.74%, leading to an increase in net interest income of 16.37%.

## 5- Profit/ (Loss) after tax analysis

Statement of Profit or loss (in KHR million)	Quarter 4 2020	Quarter 4 2019	Variance	
			Amount	Percentage
<b>Profit before income tax</b>	<b>222,107</b>	<b>180,281</b>	<b>41,826</b>	<b>23.20%</b>
Income tax expense	(46,838)	(38,181)	(8,657)	22.67%
<b>Profit for the period</b>	<b>175,269</b>	<b>142,100</b>	<b>33,169</b>	<b>23.34%</b>

In Q4-2020, the profit for the period was KHR 33,169 million or 23.34% more than Q4 2019. This increase was mainly due to an increase in net interest income of 16.37% equivalent to KHR 55,350 million compared to Q4 2019.

## 6- Total comprehensive income (loss) analysis

Total comprehensive income (in KHR million)	Quarter 4 2020	Quarter 4 2019	Variance	
			Amount	Percentage
<b>Net Profit for the period</b>	<b>175,269</b>	<b>142,100</b>	<b>33,169</b>	<b>23.34%</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Re-measurement of employee benefit obligations	1,866	(105)	1,971	1,877.14%
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Currency translation differences	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>177,135</b>	<b>141,995</b>	<b>35,140</b>	<b>24.75%</b>

## 7- Factors and trends analysis affecting financial conditions and results

Global outbreak of COVID-19 has had significant impact on almost all industries including banking and finance. Tourism industry including hotels, guesthouses, restaurant, and food related items got heavily affected. however, ACLEDA Bank has made the plus out of the

minus by making loans application simple and high user experience by digital means via ACLEDA App 'ACLEDA mobile' and this also applicable to deposit (current, saving and fixed/term), including flexible interest rate.

## B. Significant factors affecting profit

### 1- Demand and supply conditions analysis

ACLEDA Bank is successful in the market that brings profit due to two factors:

- The growth of loan portfolio due to high demand in the market for the Bank's loan products especially in the SME segment.
- The growth of Bank's deposits and other transactional products and services

Both factors are associated with the continuous development of the bank's digital platform which provides customers with innovative and modern financial products and services.

Enriching customer experience and strengthening cyber security are at the heart of ACLEDA Bank's focus at present. To achieve solid progress in pursuing these objectives, the Bank will continue to enhance our robust information technology infrastructure by investing in advanced technologies, fortify the Bank's human resource capacities, and expand and improve business processes. Strategically, the Bank is developing a payment platform to enable licensed partners of all sizes, locally as well as internationally, to join forces in servicing its customers mutually and beyond borders. This will not only benefit to our valued customers directly but their own business partners as well, recognizing that they are an important link for extending the Bank's outreach and growth together.

**ACLEDA mobile** has been extensively improved and redesigned to be more modern, convenient and highly secure with many unique features. Now, users can make deposits (current, saving and fixed/term) through **ACLEDA mobile** immediately and get high interest rates. You can also easily make your own fixed/term deposit with the Fixed Deposit Machine.

The Bank has also significantly invested and keeps ongoing to invest in the enhancement of its self-banking facilities by installing additional ATMs, CRMs, POS Machine and expanding its network of QR code payments.

In order to support the bank and financial institutions (during the outbreak of COVID-19) to have more liquidity to meet its funding needs, the NBC has relaxed certain ratios such as solvency, capital buffer, reserve requirement, etc. and the MEF reduced the withholding tax on interest of borrowing as well as create additional liquidity in the market with lower cost. They open opportunity for price competition that may impact the revenue of the Bank for short term, however, it will help strong for long term.

### 2- Fluctuations in prices of raw materials analysis

None Applicable.

### 3- Tax Analysis

The Bank and its subsidiaries are under Law on Taxation of respective country jurisdictions; therefore, the Bank and its subsidiaries have their obligation to pay taxes in according to the tax regulations of their jurisdictions.

Tax payment commitment to the tax departments not just a role model and awarding with Certificate of "Gold" for 2020-2021, but also a contributor to society and economic growth.

#### 4- Exceptional and extraordinary items analysis

The Bank did not experience any items, transactions or events of a material and unusual nature. However, economic conditions that impacted by COVID-19 may affect the repayment capacity of customer as result the Bank loan quality may be slightly impacted.

#### C. Material changes in sales and revenue

In order to support the business growth of customers, ACLEDA Bank Plc. has reduced the interest rate from 0.4% to 1% per annum on all new loan applications and by making it easier for its customers, all loan applications can be made through **ACLEDA mobile**. As a result, gross loan outstanding in the fourth quarter of 2020 increased by 1.24 trillion riels, equivalent to 7.29% compared to the third quarter of 2020.

#### D. Impact of foreign exchange, interest rates and commodity prices

The exchange rate of KHR against US dollar had fluctuated to a bit higher trajectory at ranges of KHR4,050 to KHR 4,110 per USD during Covid – 19 pandemics 2020. By the early year 2021 the KHR value has stayed stable at KHR 4,065 per USD and it is expected to maintain a similar stability in 2021. ACLEDA Bank Plc. has strictly followed the regulatory requirements and its internal policy with regards to the FX Net Open Position. As a result, there has been limited impact caused by the exchange rate's fluctuation and the impact has been measured, monitored and managed on the daily basis for prompt remedial actions.

The average interest rates of term deposits and loans decreased slightly, from early year to August 2020, from 3.70% to 3.47% and from 9.55% to 9.27%, respectively (NBC report, Economic and Monetary Statistics, August 2020); these changes are within the normal course of business and have only minimal impact on the Bank. On the other hand, the Bank operates its business on a fixed interest rate (both deposits and loans), which is not directly related to interest rate movements in international financial markets. In addition, interest rate risk is measured, monitored and managed on a regular basis to avoid any adverse effects on the Bank's performance outcomes.

The Bank has not involved in dealing with any commodity items.

#### E. Impact of inflation

As expected, the government's retention of inflation for 2020 is at an average low of 2.9%, even during the Covid-19 outbreak. As a result, it has limited impact from the inflation to the bank's business. Inflation is projected to reach a manageable level of around 3% by 2021.

#### F. Economic / fiscal / monetary policy of Royal Government

##### ▪ Economic:

Cambodia's economic growth in 2020 is projected to be lower than expected at the beginning of the year, with growth rates expected to be -3.1%. The lower-than-expected decline was mainly due to a slowdown in tourism, which continued to decline sharply in the second half, while garment exports, which accounted for up to 70% of total exports, remained downward slopping. The inflation rate for 2020 was 2.9% on average, slightly higher than the previous year (1.9%) and the riel exchange rate against the US dollar will remain stable, with an average of around 4,090 riel per US dollar higher than last year (4,061 riels).

In a context where vaccines are effective in preventing the spread of Covid-19 for the first half of the year, the National Bank of Cambodia has projected that the Cambodian economy in 2021 will recover by around 3.5% and inflation is expected to be manageable below 3% with stable exchange rate and high maintenance of international reserves. Meanwhile, International

financial institutions have forecasted that Cambodia's economic growth rate could reach 4% to 6.8%, depending on the effectiveness of the vaccine, the speed of recovery in economic partners and the strengthening of the domestic economic base.

In this context, further strengthening of domestic economic activity will support and reduce the impact on Cambodia's economic growth due to the external downturn. Therefore, the implementation of the Royal Government's policy to improve the development of small and medium enterprises, the pushing of innovation and the use of new technologies in all areas are the key to strengthen the growth base of domestic activities. At the same time, the agriculture will continue to be an important and high-potential sector that can help absorb some of the crisis effects, such as unemployment or poor lives supporting. On the other hand, accelerating the diversification of the economic base and the implementation of industrial development strategies will help the Cambodian economy recover faster from the current crisis. In addition, starting to generate revenue from oil production in Cambodia will provide another source of funding for the development of priority sectors in the future. <sup>(1)(2)</sup>

- **Fiscal:**

According to the General Department of Taxation (GDT), in the first 12 months of 2020, the tax revenue collected by the General Department of Taxation (via GDT's online revenue management system) was KHR11,700.52 billion (approximately USD2,889.02 million) equal to 101.36% of the annual plan compared to tax revenue collected in the same period in 2019 it increases of KHR423.20 billion (approximately USD104.49 million) equal 3.73%, although the global economic situation as well as the Cambodian economy is not yet certain, especially severely affected by the spread of COVID-19 disease. For December 2020 showed that the tax revenue collected by the General Department of Taxation was KHR972.27 billion, equivalent to about USD240.07 million or equal 8.42% of the annual plan, compared to tax revenue in December 2019 it increases KHR192.11 billion, equivalent to USD47.43 million or equal 24.62%.

For 2021, **H.E. Dr. Aun Porn Moniroth**, Deputy Prime Minister and Minister of Economy and Finance, supported the measures issued by the General Department of Taxation and made the important recommendations such as: (1) Carefully examine and study the possibility of other potential revenue collection, taking into account both fiscal and non-fiscal revenue aspects to ensure full fiscal compliance and revenue collection, including revenue from E-Commerce, new potential petroleum, mineral and some other potential resources. (2) Revise regulations to define small and medium enterprises and facilitate those into the system in order to improve and create economic opportunities. (3) Strengthen tax registration and push the fulfilment of tax obligations for all entities in the casino sector to ensure maximum tax transparency and tax revenue management. (4) Continue to implement institutional reformation, tax administration modernization and information technology system, ensuring user friendly for taxpayers and tax officers, as well as strengthening tax compliance to be more efficiency and interconnection in the tax revenue collection management. (5) Continue to carefully implement the Royal Government's revenue collection strategy 2019-2023. (6) Continue to strengthen the effective implementation of business registration through information technology (IT Platform) in accordance with the content of sub-decree No. 84 អនក្រឹត្យ ថ្ងៃទី ១០ ខែ មិថុនា ២០២០. (7) Strengthen and pay attention to the auditing in accordance with the content of proclamation No. 270 សហក្រឹត្យ ថ្ងៃទី ១៣ ខែ មីនា ២០១៩ on Tax Audition, which is a scale to measure the compliance of enterprises and avoid causing difficulties for taxpayers. (8) Continue to improve and mainstream the culture of paying taxes, strengthen the dissemination and implementation of



new tax-related regulations to tax enforcement officer, taxpayer and the public to explain and address the difficulties and questions of the people. (9) Continue to cooperate and consult with relevant sectors to receive any objects into the study, preparation and improve the necessary relevant regulations. (3)(4)(5)

▪ **Monetary:**

As of the quarter 4 of year 2020, the general currency M2 increased by 14.7%, lower than the increase of the previous year (18.2%), which resulted in a lower growth of the currency in circulation and total deposits of residents in both KHR and USD, effected by the suspension of the intervention to buy the US dollar from May 2020, combined with the response to the high demand for the riel in 2019. In the implementation of monetary policy, the National Bank of Cambodia has increased the level of liquidity in the banking system and strengthened confidence in the banking and riel sector by selling US\$ 80.2 million (4 times) to financial institutions and money changers and sold of 69.5 billion riel (US \$ 17 million) to meet the demand. Meanwhile, the National Bank sold 147.1 million US dollars to state institutions. The National Bank of Cambodia has reduced the reserve requirement rate in KHR and USD to 7% from April 2020 from 8% for KHR deposits and 12.5% for foreign currency deposits. The Negotiable Certificate of Deposit (NCD) denominated in USD was \$30.8 billion, up 45.3% from a year earlier due to higher liquidity of banking institution, and KHR was 10.9 trillion riel, increased of only 4%. The NCD interest rate has also been reduced to an appropriate level. On the other hand, the Liquidity-Providing Collateralized Operation (LPCO) were carried out 23 times, providing liquidity in the total amount of 5.9 trillion riels, up 24.5% from the previous year, with an average winning bid rate of 3.03% for 3-month maturity loan, 3.44% for 6-month loan 3.77% for 1-year loan. The amount of LPCO in maturity as of the end of December 2020 was 3.9 trillion riels. It should be noted that the minimum bid interest rate of LPCO is reduced by 0.5% for all loans. This policy is excerpted from the National Bank of Cambodia's 2020 Annual Report.

For 2021, the National Bank of Cambodia has set 4 monetary policies to implement such as (1) Managing monetary supply at an appropriate level, (2) Maintaining a stable exchange rate to contribute to the price stability and public trust, (3) Pushing the use of the riel through market mechanisms and (4) Promoting the development of the interbank market by increasing the necessary monetary policy instruments in order to improve the effectiveness of monetary policy. (1)

**Reference:**

- (1) [https://www.nbc.org.kh/download\\_files/publication/annual\\_rep\\_kh/Ann\\_Report\\_2020\\_KHR.pdf](https://www.nbc.org.kh/download_files/publication/annual_rep_kh/Ann_Report_2020_KHR.pdf)
- (2) [https://www.nbc.org.kh/download\\_files/other\\_reports/khmer/Macroeconomic\\_2020\\_and\\_outlook\\_2021.pdf](https://www.nbc.org.kh/download_files/other_reports/khmer/Macroeconomic_2020_and_outlook_2021.pdf)
- (3) <https://dap-business.com/finance/2021/01/13/4567/>
- (4) <https://www.kampuchearthmey.com/business-economic/45563/>
- (5) <https://cambojanews.com/tax-collections-rise-in-2020-despite-covid-19-pandemic/>

**Signature of Directors of Listed Entity**  
Date 11<sup>th</sup> February / 2021  
Read and Approved  
  
**Mr. Chhay Soeun**  
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