

អេស៊ីលីដា  
ACLEDA BANK



**THE THIRD QUARTERLY REPORT**  
**AS OF 30 SEPTEMBER 2021**

## Financial Highlight

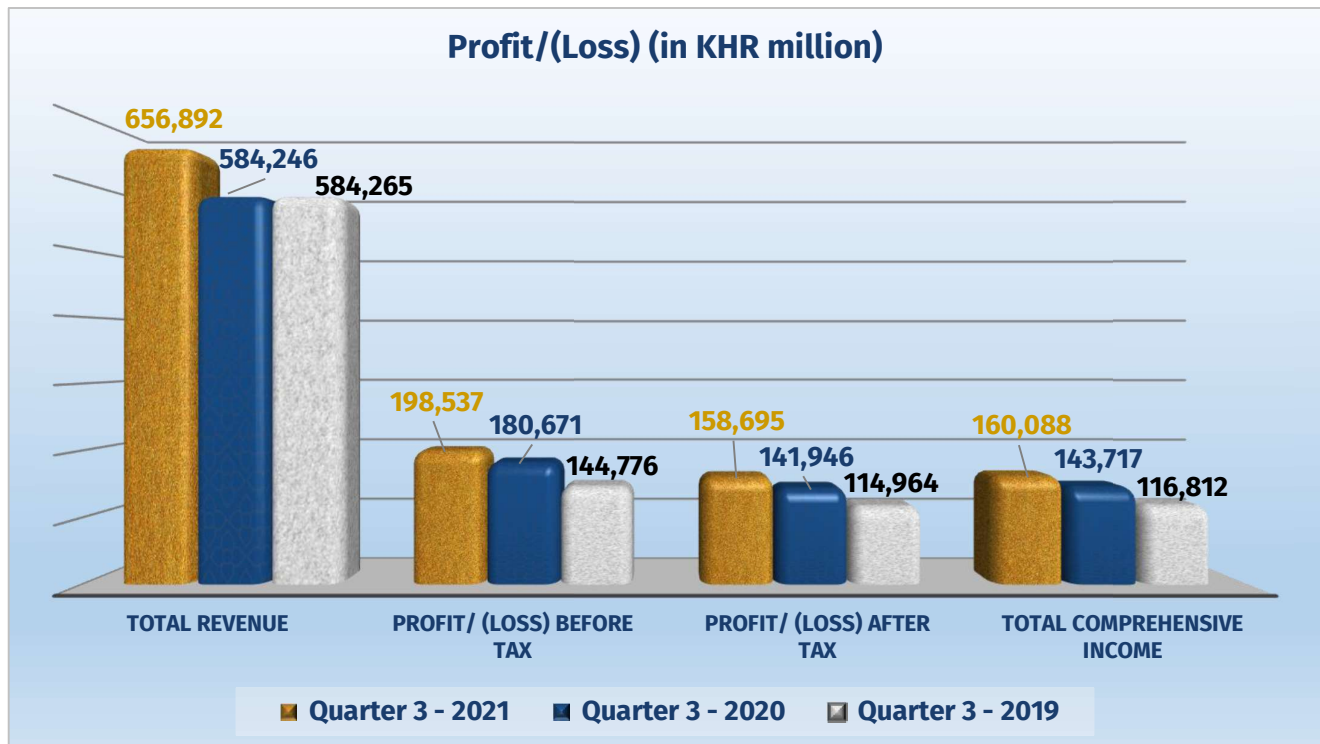
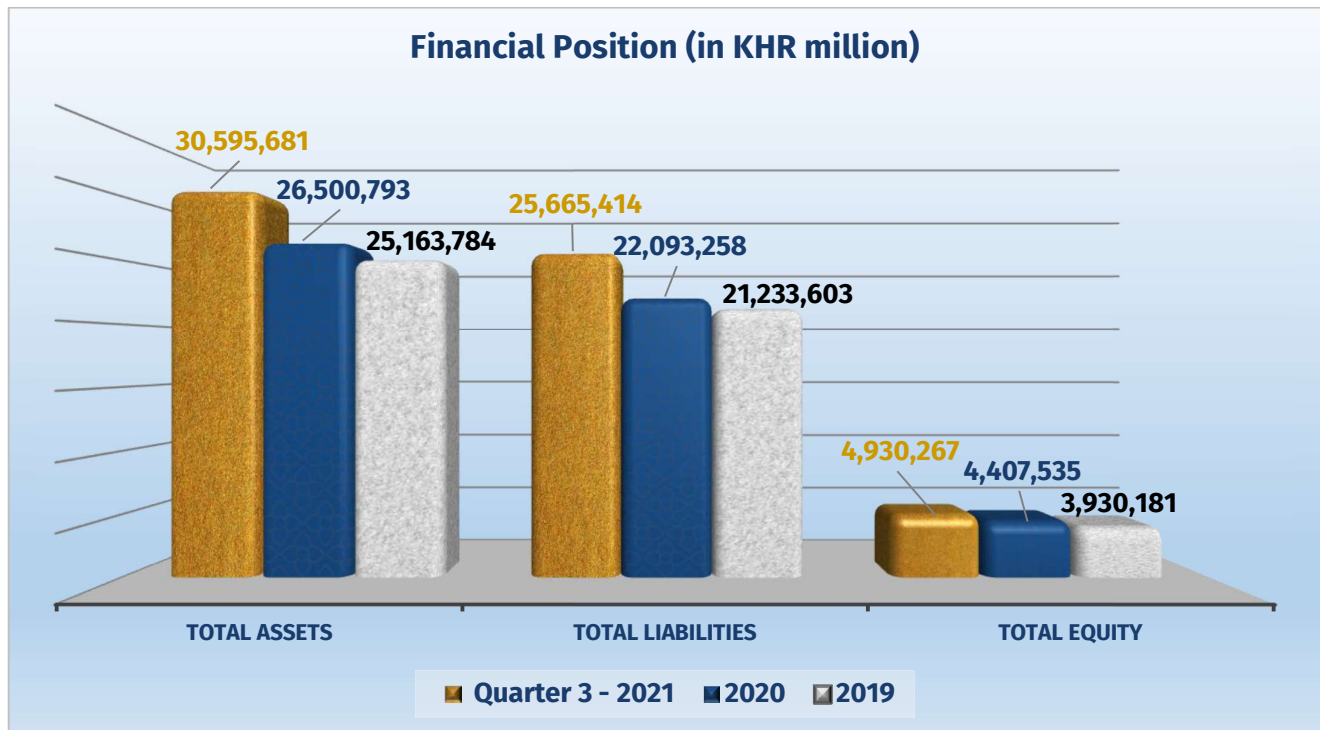
Financial Position (in KHR million)	Quarter 3 – 2021	2020	2019
Total assets	30,595,681	26,500,793	25,163,784
Total liabilities	25,665,414	22,093,258	21,233,603
Total equity	4,930,267	4,407,535	3,930,181
Profit/(Loss) (in KHR million)	Quarter 3 – 2021	Quarter 3 - 2020	Quarter 3 – 2019
Total revenue	656,892	584,246	584,265
Profit/ (Loss) before Tax	198,537	180,671	144,776
Profit/ (Loss) after Tax	158,695	141,946	114,964
Total Comprehensive Income	160,088	143,717	116,812
Financial Ratios (%)	Quarter 3 – 2021	2020	2019
Solvency ratio	24.32%	25.15%	26.31%
Debt to equity ratio	520.57%	501.26%	540.27%
Liquidity Coverage Ratio	160.06%	149.31%	167.27%
Nonperforming loans ratio (*)	2.64%	2.40%	1.24%
Loan to deposit ratio	92.64%	97.73%	88.82%
Book value per share (KHR)	11,325	10,175	9,165
	Quarter 3 – 2021	Quarter 3 – 2020	Quarter 3 - 2019
Return on average assets (ROAA)(**)	0.53%	0.55%	0.46%
Return on average equity (ROAE)(**)	3.29%	3.37%	3.08%
Interest Coverage ratio (Times)	2.09	2.18	1.86
Earnings per share (KHR)	366.74	327.70	268.09
Dividend per share	N/A	N/A	N/A
Other Important Ratios	N/A	N/A	N/A

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

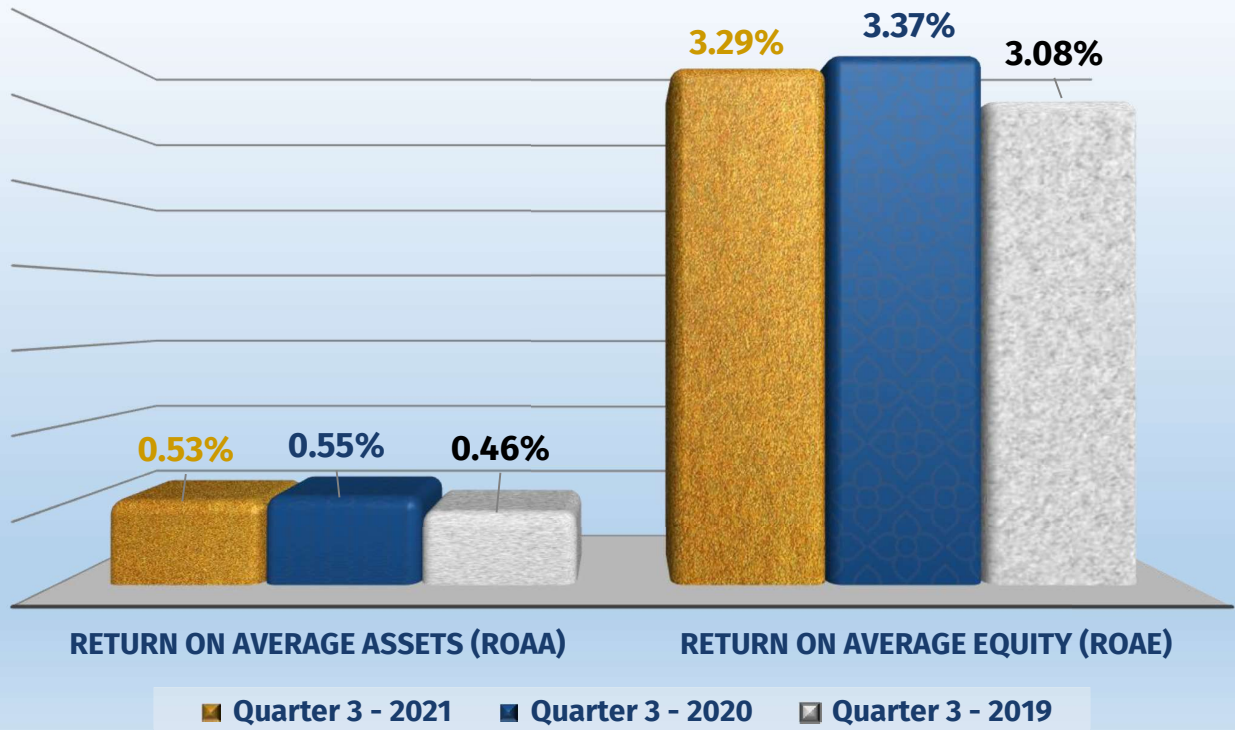
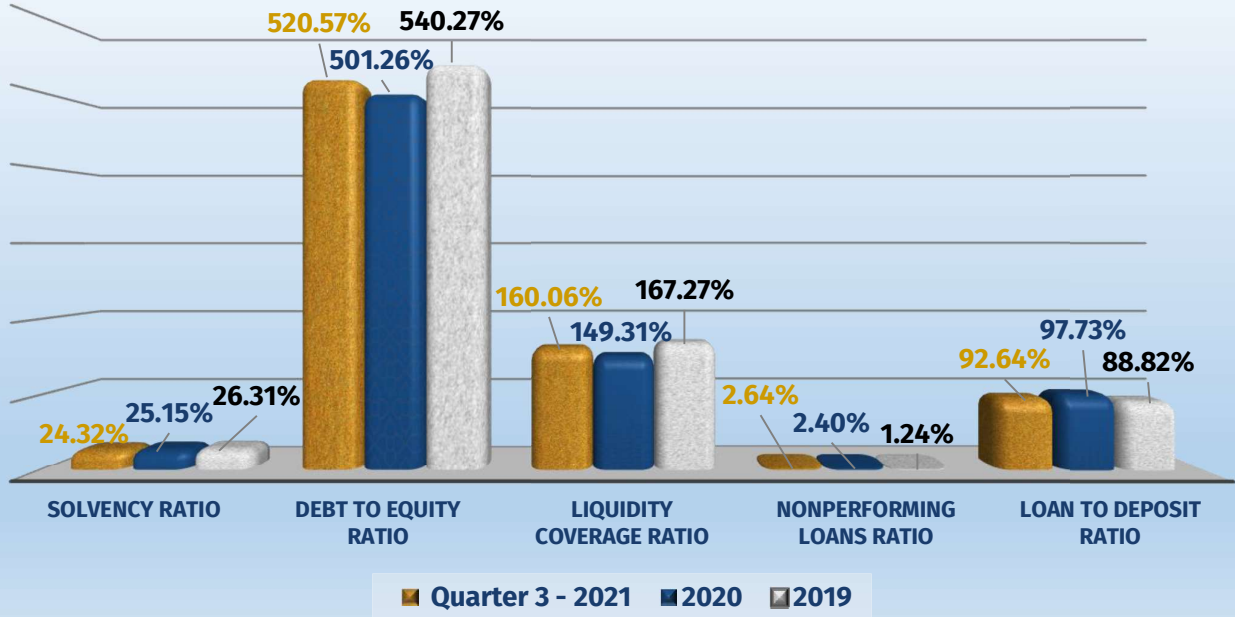
(\*\*) . These ratios are not annualized and were calculated using the three-month period of profit attributable to owners of the Bank figures from 01 July to 30 September 2021.

. ROAE = profit attributable to owners of the Bank / average total equity of the owners of the Bank.

## Financial Summary Charts



### Financial Ratio (%)





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## 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*



**Mr. Albertus Bruggink**  
*Non-Executive Director*



**Mr. Kay Lot**  
*Non-Executive Director*



**Drs. Pieter Kooi**  
*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 third quarter of 2021 report for the period starting from 1 July 2021 to 30 September 2021 to all stakeholders.

Given the COVID-19, especially, new Delta variant community outbreak, it causes genuine concerns to the government and people in Cambodia. Therefore, the government has kept implementing the effective prevention measures, in particular the campaign of booster dose vaccine injections to the general public and acceleration of vaccine injections to children and youths aged between 6 to 17 years old in order to prevent and reduce the infection as well as to recover and boost the Cambodia’s economic growth. The Bank still continues carrying out the infection prevention measures to ensure that the health and well-being of its employees by giving them the rapid tests for this virus before coming into the offices and implementing for working from distance at least 50% of the total staffs of each division and department for one-week rotation to keep the Bank’s operations safe and sound.

In line with its strategy, the Bank has enhanced and innovated **ACLEDA mobile** in order to meet customers’ needs and competitive in the market amid COVID-19 pandemic. During the 3rd quarter of 2021, the Bank has been further developing, enhancing, and launching many new functions of **ACLEDA mobile** such as get instant loan approval, open bank account and term deposit, create virtual card, pay tax for property and all types of vehicles, download summary account statement, etc. Meanwhile, the Bank has been setting up more **Banking Self Service Areas** at many potential locations over the country in addition to existing branches and offices by equipping with the high and secured technological ATMs, CDMs, VTMs, and TDMs to facilitate the customers to self-operate banking services such as cash deposit and withdrawal, fund transfer, foreign exchange, bill payment, ATM card printing, account information updating, term deposit opening, certificate of deposit printing, and other self-services. At the same time, the **ACLEDA POS** and **QR Code** have been setting up at many institutions, companies, markets, shops, stores, merchants, and business partners in order to support customers in paying the fees for goods-services directly and/or online.

During this third quarter, the Bank achieved the positive outcomes as below:

As at 30 September 2021, total deposit increased by USD 827.98 million while total loan outstanding grew by USD 532.09 million compared to the year ended 2020. If compared with the end of September 2020, total deposit and total loan outstanding increased by USD 913.21 million (20.18%) and USD 894.73 million (21.59%) respectively.

The Bank reaped a profit attributable to owners of the Bank of USD 38.96 million, an increase of 12.55% equivalent to USD 4.34 million compared with the same period of 2020. For this third quarter of 2021, Return on Average Assets (ROAA) was 0.53%, and Return on Average Equity (ROAE) was 3.29%.

Finally, I would like to express my profound gratitude to all stakeholders, customers, and especially the relevant authorities for their continued cooperation and ongoing support to the Bank.

Phnom Penh, 5 November 2021  
Signature and seal  
  
Mr. Chhay Soeun

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## 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, Kingdom of 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 (Currently known as the Securities and Exchange Regulator of Cambodia "SERC")
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 25 May 2020. Currently, it has 4 wholly-owned subsidiaries: (1) ACLEDA Bank Lao Ltd., (2) ACLEDA MFI Myanmar Co., Ltd., (3) ACLEDA Securities Plc., and (4) ACLEDA Institute of Business and 1 representative office in Myanmar.

### C. Quarter's Key Events

During this quarter, ACLEDA Bank Plc. had developed, enhanced, and launched many new functions in **ACLEDA mobile** App as below:

- Get instant loan approval;
- Open bank account and term deposit;
- Create virtual card;
- Pay tax for property and all types of vehicles;
- Download summary account statement;
- Download loan schedule;
- Repay loan of other financial institutions;
- Receive payments notification;
- Pay insurance premium;
- Restore Bakong's account;

- Customize Bank account's name;
- Add purpose of own account fund transfer;
- Notification alert to keep balance for loan against term deposit repayment;
- Rating on the use of ACLEDA Mobile Banking;
- Pay bill for PSP's agent; etc.

For further details of each function above, please visit the link:

<https://www.acledabank.com.kh/qr/toanchet>

## PART 2. Information on Business Operation Performance

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

#### ▪ Banking Sector's Performance:

As of September 2021, there were 54 commercial banks (24 local incorporated banks, 18 subsidiary banks, and 12 foreign branch banks), 10 specialized banks (04 locally Incorporated, and 06 foreign Banks), 83 microfinance institutions (06 MDI, and 77 MFI), 17 leasing companies, 6 Representative Offices of Foreign Banks in Cambodia, 28 payment service providers, and 243 rural credit operator. (Source: NBC Report, CMA Report, and Actually Updated)

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

ACLEDA bank maintained market share 15.59% and 13.66% respectively for deposit and loan as at the end of July 2021..

As of September 2021, the main keys performances of the Bank and its subsidiaries are as below:

Key Performance	Actual Data		
	Quarter 3 – 2021	2020	2019
<b>Loan</b>			
Number of Loan	538,255	555,323	536,891
Total Loan Outstanding (Million KHR)	20,552,983	18,229,372	15,808,814
<b>Deposit</b>			
Number of Account	3,167,228	2,894,907	2,620,778
Deposit Balance (Million KHR)	22,186,810	18,652,690	17,799,184
<b>E-Banking Product/Channel</b>			
<b>ATM Card</b>			
Number of Card	1,513,518	1,396,778	1,277,725
Number of Txn	14,411,941	19,768,223	20,403,200
Value of Txn (Million KHR)	12,000,753	13,775,918	12,548,066
<b>ACLEDA mobile</b>			
Number of Register	2,162,851	1,782,814	1,276,528
Number of Txn	54,437,068	48,749,599	28,264,972
Value of Txn (Million KHR)	78,907,807	59,211,279	37,303,137

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Key Performance	Actual Data		
	Quarter 3 – 2021	2020	2019
<b>ACLEDA INTERNET BANK</b>			
Number of User	13,056	11,679	11,331
Number of Txn	979,161	886,990	510,297
Value of Txn (Million KHR)	13,567,060	11,285,948	5,235,616
<b>ACLEDA E-CMMERCE</b>			
Number of partners	59	51	48
Number of Txn	2,274,244	447,929	467,668
Value of Txn (Million KHR)	848,768	360,000	213,262
<b>ACLEDA ATM</b>			
Number of Machine	925	790	683
Number of Txn	19,759,938	26,574,678	24,181,231
Value of Txn (Million KHR)	19,507,783	20,198,724	15,929,197
<b>ACLEDA POS</b>			
Number of Machine	4,357	4,287	4,289
Number of Txn	1,356,633	2,457,626	2,412,938
Value of Txn (Million KHR)	330,062	657,506	849,392
<b>QR Merchant</b>			
Number of merchants	111,120	63,714	30,989
Number of Txn	2,061,561	1,842,913	735,312
Value of Txn (Million KHR)	368,480	186,691	90,886
<b>Network Operations and Staffs</b>			
<b>ACLEDA Bank Plc.</b>			
Number of Operational Offices	262	263	262
Number of Banking Self Service	17	0	0
Number of Staff	12,088	12,013	11,997
<b>Subsidiaries (Local &amp; Overseas)</b>			
Number of Operational Offices	57	56	53
Number of Staff	1,628	1,691	1,658

## B. Revenue Structure

No	Source of Revenue (in KHR million)	Quarter 3 – 2021		Quarter 3 – 2020		Quarter 3 – 2019	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Interest Income	595,368	90.63%	523,511	89.60%	511,290	87.51%
2	Fee and commission Income	42,675	6.50%	46,548	7.97%	50,868	8.71%
3	Other Income	18,849	2.87%	14,187	2.43%	22,107	3.78%
<b>Total revenue</b>		<b>656,892</b>	<b>100%</b>	<b>584,246</b>	<b>100%</b>	<b>584,265</b>	<b>100%</b>

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

Please refer to the Annex

For Financial Statements Audited 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 Financial Statements as of 30 September 2021 audited 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 3 – 2021		Quarter 3 – 2020		Quarter 3 – 2019	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Interest Income	595,368	90.63%	523,511	89.60%	511,290	87.51%
2	Fee and commission Income	42,675	6.50%	46,548	7.97%	50,868	8.71%
3	Other Income	18,849	2.87%	14,187	2.43%	22,107	3.78%
<b>Total revenue</b>		<b>656,892</b>	<b>100%</b>	<b>584,246</b>	<b>100%</b>	<b>584,265</b>	<b>100%</b>

The total revenue of KHR 656.89 billion in Q3-2021 was mainly from interest income which accounted for 90.63% of its total revenue and total revenue increased by KHR 72.65 billion or 12.43% compared to Q3-2020.

#### 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 3 2021	Quarter 3 2020	Variance	
			Amount	Percentage
Interest Income	595,368	523,511	71,857	13.73%
Interest expense	(182,594)	(152,891)	(29,703)	19.43%
<b>Net interest income</b>	<b>412,774</b>	<b>370,620</b>	<b>42,154</b>	<b>11.37%</b>
Fee and commission income	42,675	46,548	(3,873)	-8.32%
Fee and commission expense	(1,670)	(2,286)	616	-26.95%
<b>Net fee and commission income</b>	<b>41,005</b>	<b>44,263</b>	<b>(3,258)</b>	<b>-7.36%</b>
Impairment losses on loans and advances, deposits and placements with other banks and other receivables	(33,948)	(32,548)	(1,400)	4.30%
Impairment losses on off-balance sheet commitments	(4)	(621)	617	-99.36%
<b>Net impairment losses</b>	<b>(33,951)</b>	<b>(33,169)</b>	<b>(782)</b>	<b>2.36%</b>
<b>Income after impairment losses</b>	<b>419,827</b>	<b>381,714</b>	<b>38,113</b>	<b>9.98%</b>
Other income	18,849	14,187	4,662	32.86%
General and administrative expenses	(240,139)	(215,230)	(24,909)	11.57%
<b>Profit before income tax</b>	<b>198,537</b>	<b>180,671</b>	<b>17,866</b>	<b>9.89%</b>

In Q3-2021, the profit before income tax increased by KHR17.87 billion or 9.89% comparing to Q3-2020 due to increasing in net interest income by KHR42.15 billion or 11.37% and increasing in other income by KHR4.66 billion or 32.86% offset by decreasing in net fee and commission income by KHR3.26 billion or 7.36% and increasing in general and administrative expenses by KHR24.91 billion or 11.57%.

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

Statement of Profit or loss (in KHR million)	Quarter 3 2021	Quarter 3 2020	Variance	
			Amount	Percentage
<b>Profit before income tax</b>	<b>198,537</b>	<b>180,671</b>	<b>17,866</b>	<b>9.89%</b>
Income tax expense	(39,842)	(38,725)	(1,117)	2.88%
<b>Profit for the period</b>	<b>158,695</b>	<b>141,946</b>	<b>16,749</b>	<b>11.80%</b>

In Q3-2021, the profit for the period was KHR 16.75 billion or 11.80% more than Q3-2020. This increase was mainly due to an increase in net interest income by KHR 42.15 billion or 11.37% compared to Q3-2020.



## 6- Total comprehensive income (loss) analysis

Total comprehensive income (in KHR million)	Quarter 3 2021	Quarter 3 2020	Variance	
			Amount	Percentage
<b>Profit for the period</b>	<b>158,695</b>	<b>141,946</b>	<b>16,749</b>	<b>11.80%</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Remeasurement of employee benefit obligations	439	479	(40)	-8.35%
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Currency translation differences	954	1,292	(338)	-26.16%
<b>Other comprehensive income/(loss) for the period</b>	<b>1,393</b>	<b>1,771</b>	<b>(378)</b>	<b>-21.34%</b>
<b>Total comprehensive income for the period</b>	<b>160,088</b>	<b>143,717</b>	<b>16,371</b>	<b>11.39%</b>

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

Increasing COVID-19 vaccination rates in the Kingdom of Cambodia can build community immunity throughout Cambodia to combat the spread of COVID-19. Seeing the effectiveness of measures to prevent the spread of COVID-19, the Royal Government of Cambodia has decided to reopen businesses and reopen country gradually and in stages with great caution and responsibility following the new normal. The royal government has modified COVID-19 quarantine requirements, shortening the duration for among others Cambodian officials, foreign diplomats and delegations, investors and inbound travellers in general if they have been fully vaccinated. This is a sign that economic activity will significantly increase from the end of 2021 due to the effectiveness of the COVID-19 vaccine which has been introduced worldwide.

Under the COVID-19 community outbreak in Cambodia during 2021, the Bank still continues expanding its self-automation banking service to enhance its capacities to respond to the latest technology, to be more convenient, fast, highly secured, and popular. The new **ACLEDA mobile** interface, the customers are able to do online banking transactions from anywhere anytime easily. Our customer participation of using the self-automation banking service is not only demonstrating the change of their attitudes in using traditional banking services, but also indicating the contribution in preventing the spread of COVID-19 with the Royal Government as well as the Ministry of Health.

## 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.

ACLEDA Bank Plc. maintains a diversified infrastructure of choices with 319 offices, gradually transforming them to self-service centres with 17 banking self-service, 925 **ACLEDA ATMs** and 4,357 POS terminals. It's interesting to note that the Bank issued 1.51 million **ACLEDA ATM** cards to its customers. Moreover, the digitized **ACLEDA mobile** has proved very popular, registered by more than 2.16 million users as at the end of September 2021.

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 on going to invest in the enhancement of its self-banking facilities by installing additional **ACLEDA ATMs**, CDMs, VTM, TDMs, POS Machine and expanding its network of QR code payments.

To provide the better convenient service to the users with high efficiency, safety, and confidence for goods and service payment transactions through KHQR payment service among the banking and financial institutions and payment service providers that are members of Bakong App.

In order to support the banking 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.

Tax revenue is the most important source of revenue for a country. The more the government collects taxes, the greater the contribution to the country's development. ACLEDA Bank Plc. will be the fourth highest tax payer among all taxpayers by 2020. ACLEDA Bank Plc. is proud to be able to contribute to the economic development of our country.

#### 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 community outbreak especially COVID-19 new variant in Cambodia in 2021 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 for 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 third quarter of 2021 increased by 2.32 trillion riels, equivalent to 12.75% compared to the end of 2020.

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

In the third quarter of 2021 (Q3-2021), Khmer Riel (KHR) exchange rate against US dollar (USD) has depreciated slightly compared to previous quarter due to the impacts of prolong COVID-19 pandemic, lead to decrease inflow of US dollars from international tourists and foreign direct investment and to decrease slightly in demand of KHR – paralleled with the slowing of businesses; the KHR value stays in range between 4,096 to 4,123 per USD (the same period last year were ranged between 4075 to 4109). However, these changes were within normal fluctuating level. For ACLEDA Bank Plc., it has strictly followed the regulatory requirements and its internal risk policy with regards to the FX Net Open Position. Therefore, the impact of exchange rate fluctuations on the Bank's business is minimal. And the effects are measured, monitored and managed on a daily basis for taking timely action as necessary.

Deposit and loan interest rates, on the other hand, have not changed significantly. Together, the Bank operates its business based on fixed interest rate regime (both deposits and loans), which are not directly linked with the interest rate movements in the international financial markets. For local market, there has been minor fluctuation of interest rate due to market price competition. So, the impact of the interest rate fluctuations on the Bank's business is minimal and within the expectation and control. Moreover, the interest rate risk is measured, monitored and managed on a monthly basis in order to take timely remedial action to avoid adverse effects on result of the Bank's business performance.

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

### E. Impact of inflation

The projection of inflation rate for 2021 has remained unchanged – projected at 3.1%. The Bank's operations are not significantly related to the level of inflation, so the impact of inflation on the Bank's business is minimal.

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

#### ▪ Economic Policy:

Royal Government of Cambodia on August 1, 2021 has lowered the Cambodia's GDP growth forecast to 2.5% in 2021 from its earlier projection of 4.1% because of the damage caused by Covid-19. Meanwhile, deputy prime minister and minister of economy and finance, recalled that Cambodia's economic growth was projected previously at 4% in 2021 after contracting 3.1% in 2020. But because of the February 20 incident and the Delta new variant, this growth was lowered to 2.4%. He also said that Cambodia will have economic growth of 4.8% in 2022 as the Kingdom is able to recover economically soon due to the campaign to vaccinate people, build immunization in the community and push for a normalized society.<sup>(i)</sup>

Some well-known institutions also have predicted the GDP for Cambodia, the Asian Development Bank (ADB) has more than halved its forecast for Cambodia's economic growth this year. It cut the gross domestic product forecast to 1.9% from April's prediction of 4% growth. The ADB left next year's forecast unchanged at 5.5% GDP expansion. The International Monetary Fund (IMF) says Cambodia's gross domestic product (GDP) will grow 2.2% this year, down from a previous forecast of 4.2% annual growth, and increasing gradually to pre-crisis rates of 6.5% after a few years. The World Bank's new forecast analysis show that Cambodia's economic growth this year will go down to 2.2%, but will recover to 4.5% next year, and 5.5% in 2023. <sup>(2), (3), (4), (5), (6)</sup>

#### ▪ **Fiscal Policy:**

Minister of Economy and Finance supported the measures issued by the General Department of Taxation and made the important recommendations for the year 2021 including: (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 fulfillment 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 ប្រកាស ចុះថ្ងៃទី ១០ ខែ មិថុនា ឆ្នាំ ២០២០. (7) Strengthen and pay attention to the auditing in accordance with the content of proclamation No. 270 សហក្រឹត្យ ចុះថ្ងៃទី ១៣ ខែ មីនា ឆ្នាំ ២០១៩ លើការត្រួតពិនិត្យការអនុវត្តច្បាប់ពន្ធដារ, 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. <sup>(7)</sup>

For 9 months of year 2021, Tax revenue was collected by the General Department of Taxation (through the online revenue management system of the General Department of Taxation) amount KHR 8,549.90 billion (approximately USD 2,111.09 million) equivalent to 94.12% of the Financial Law Plan for Management in 2021 compared to tax revenue in the same period in 2020 decrease of KHR 550.22 billion (approximately USD 135.86 million) or equal -6.05%. <sup>(8)</sup>

#### ▪ **Monetary Policy:**

To contribute to support the Royal Government's policy to restore economic growth, the National Bank of Cambodia has set 4 monetary policies to be implemented in 2021 including (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.

For the first half of the year, the monetary base (M2) was estimated to grow 19% higher than the same period last year (12.3%), supported mainly by an increment in foreign-currency deposits 17.2% increasing by 9.2%, increment in circulation 27.1% growing of 28%, and increment in KHR deposits 31% increasing by 38.2% compared to the same period last year as well as released of

liquidity into the economy through operating 12 times of LPCO providing liquidity in the amount of KHR3.2 trillion (USD788 million), an increase of 12.9%. To meet the demand and to manage the pressure on the exchange rate, the National Bank of Cambodia Intervened to sell USD-currency into market approximately USD48.5 million and buy USD-currency from government equal to USD26.7 million as well as absorbed liquidity from banking system through issuing the Negotiable Certificate of Deposit (NCD) totally KHR67.3 trillion (equivalent to USD16.6 billion) increased by 17.6%, of which NCD in riel was KHR7.3 trillion increasing of 33.4% and NCD in dollars was USD14.8 billion increasing of 15.9%. <sup>(9)</sup>

Reference:

- (1) <https://www.khmertimeskh.com/50918131/economic-growth-projected-at-4-8-percent-in-2022-deputy-pm/>
- (2) <https://www.khmertimeskh.com/50939651/adb-slashes-kingdoms-gdp-forecast-to-1-9-due-to-covid/>
- (3) <https://m.phnompenhpost.com/business/imf-pins-2021-economic-growth-2>
- (4) [http://www.xinhuanet.com/english/asiapacific/2021-09/22/c\\_1310202907.htm](http://www.xinhuanet.com/english/asiapacific/2021-09/22/c_1310202907.htm)
- (5) <https://www.khmertimeskh.com/50944430/economy-will-grow-2-2-before-recovery-says-imf/>
- (6) <https://www.khmertimeskh.com/50944272/world-bank-forecasts-cambodias-economic-growth-down-to-2-2-percent/>
- (7) <https://dap-business.com/finance/2021/01/13/4567/>
- (8) <https://www.tax.gov.kh/u6rhf7ogbi6/gdtstream/81ba0994-a729-4baa-b04c-5dcf83c04e37>
- (9) [https://www.nbc.org.kh/download\\_files/publication/annual\\_rep\\_kh/Semi\\_Annual\\_Report\\_2021\\_Final.pdf](https://www.nbc.org.kh/download_files/publication/annual_rep_kh/Semi_Annual_Report_2021_Final.pdf)

**Signature of Directors of Listed Entity**  
Date: 29 / November / 2021  
Read and Approved



**Mr. Chhay Soeun**  
Chairman



អេស៊ីលីដា  
ACLEDA BANK

