



**THE SECOND  
QUARTERLY REPORT**

**AS OF 30 JUNE 2023**

## Financial Highlight

Financial Position (in KHR million)	Quarter 2 – 2023	2022	2021
Total assets	39,033,804	37,181,299	32,002,298
Total liabilities	33,625,911	31,760,660	27,092,985
Total equity	5,407,893	5,420,639	4,909,313
Profit/(Loss) (in KHR million)	Quarter 2 – 2023	Quarter 2 – 2022	Quarter 2 - 2021
Total revenue	844,228	752,067	625,517
Profit/ (Loss) before Tax	173,506	249,516	187,587
Profit/ (Loss) after Tax	135,574	195,865	150,796
Total Comprehensive Income	217,282	154,691	174,154
Financial Ratios (%)	Quarter 2 – 2023	2022	2021
Solvency ratio	18.58%	19.25%	22.36%
Debt to equity ratio	621.79%	585.92%	551.87%
Liquidity Coverage Ratio	170.29%	154.96%	155.65%
Nonperforming loans ratio <sup>(*)</sup>	4.63%	2.90%	2.33%
Loan to deposit ratio	94.93%	100.51%	94.97%
Book value per share (KHR)	12,427	12,456	11,277
	Quarter 2 – 2023	Quarter 2 – 2022	Quarter 2 - 2021
Return on average assets (ROAA) <sup>(**)</sup>	0.35%	0.58%	0.52%
Return on average equity (ROAE) <sup>(**)</sup>	2.50%	3.94%	3.23%
Interest Coverage ratio (Times)	1.51	2.21	2.09
Earnings per share (KHR)	313.25	451.48	348.82
Dividend per share	N/A	N/A	N/A
Other Important Ratios	N/A	N/A	N/A

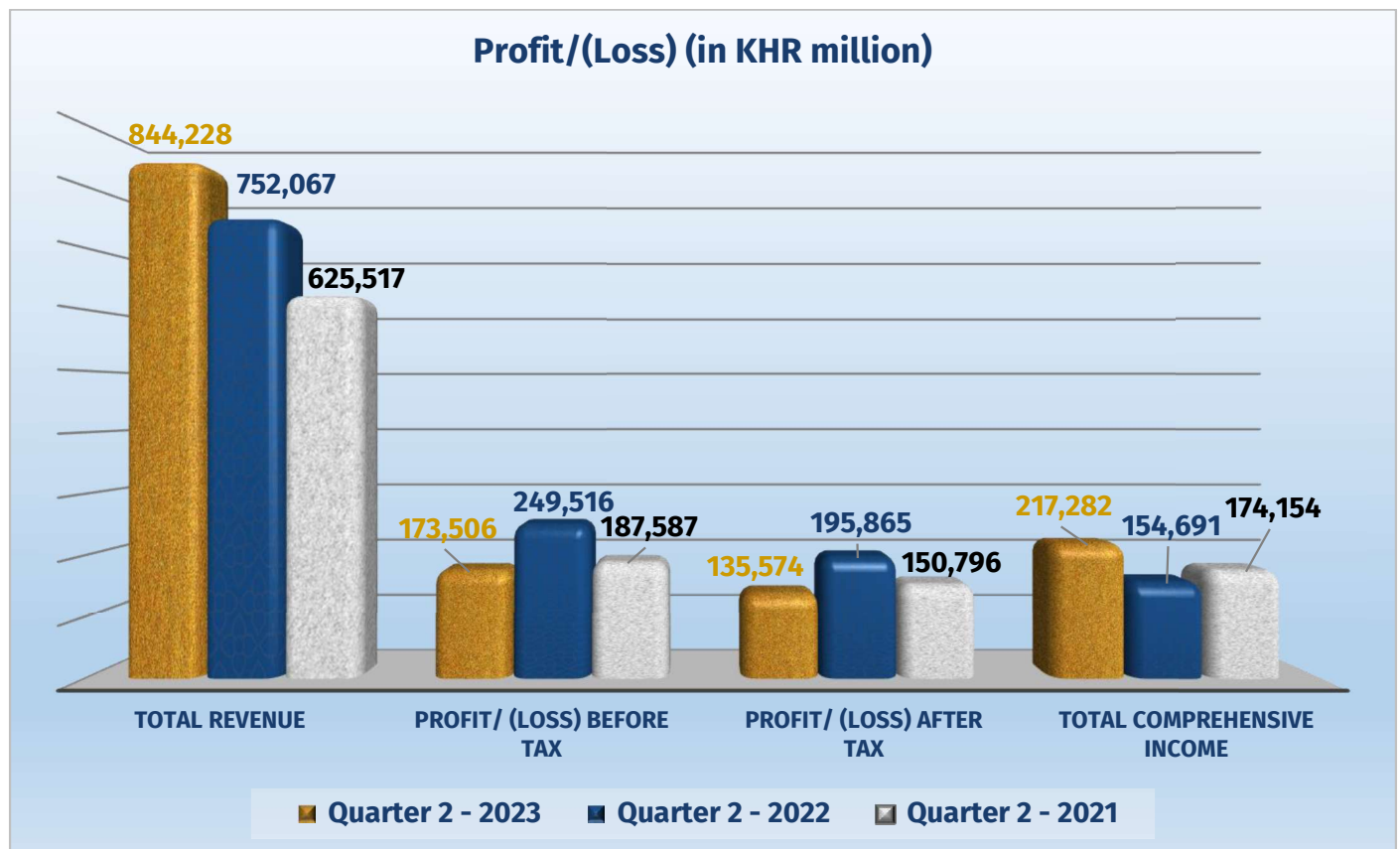
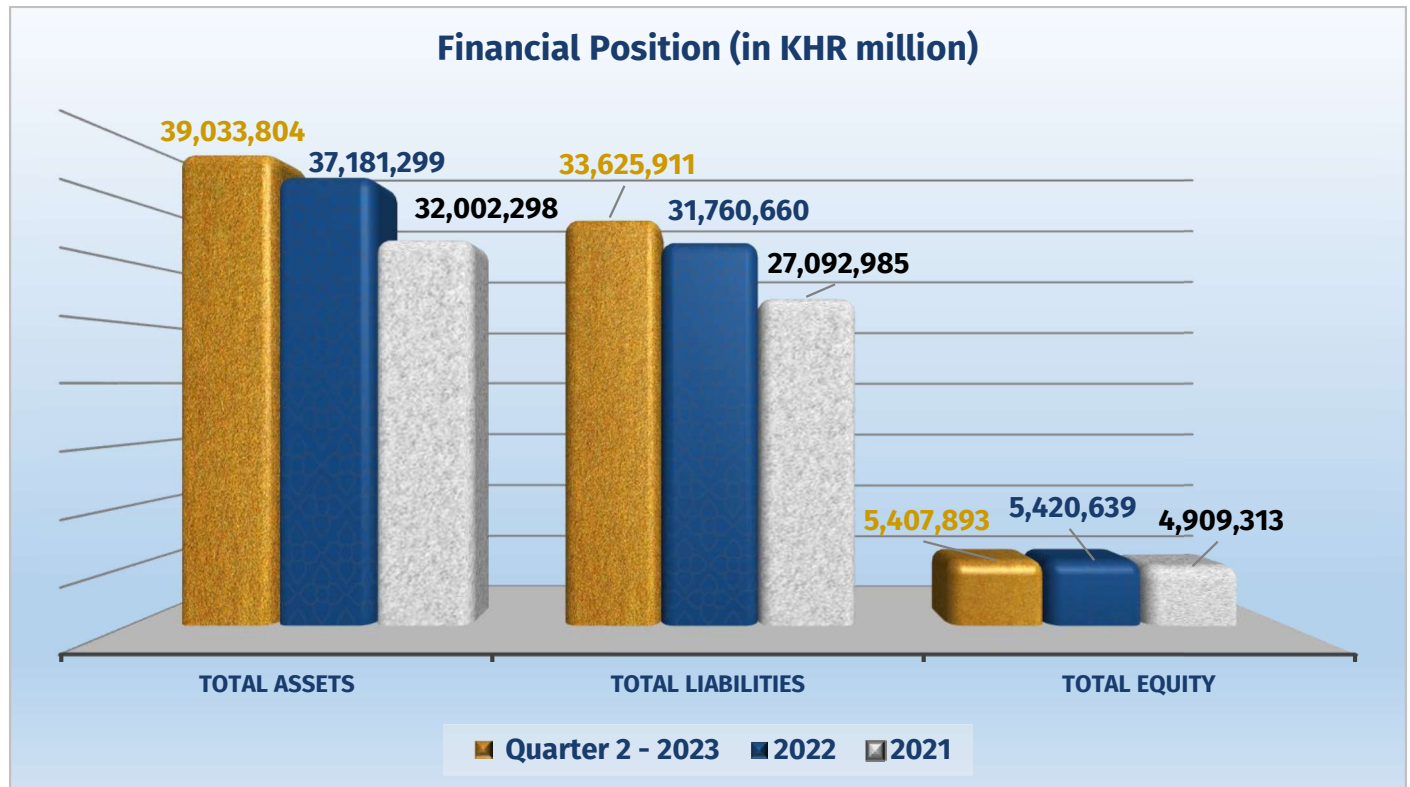
(\*) Nonperforming loan = loan in stage 3

(\*\*) . These ratios are not annualized and were calculated using the three-month period of profit attributable to owners of the Bank figures from 01 April to 30 June 2023.

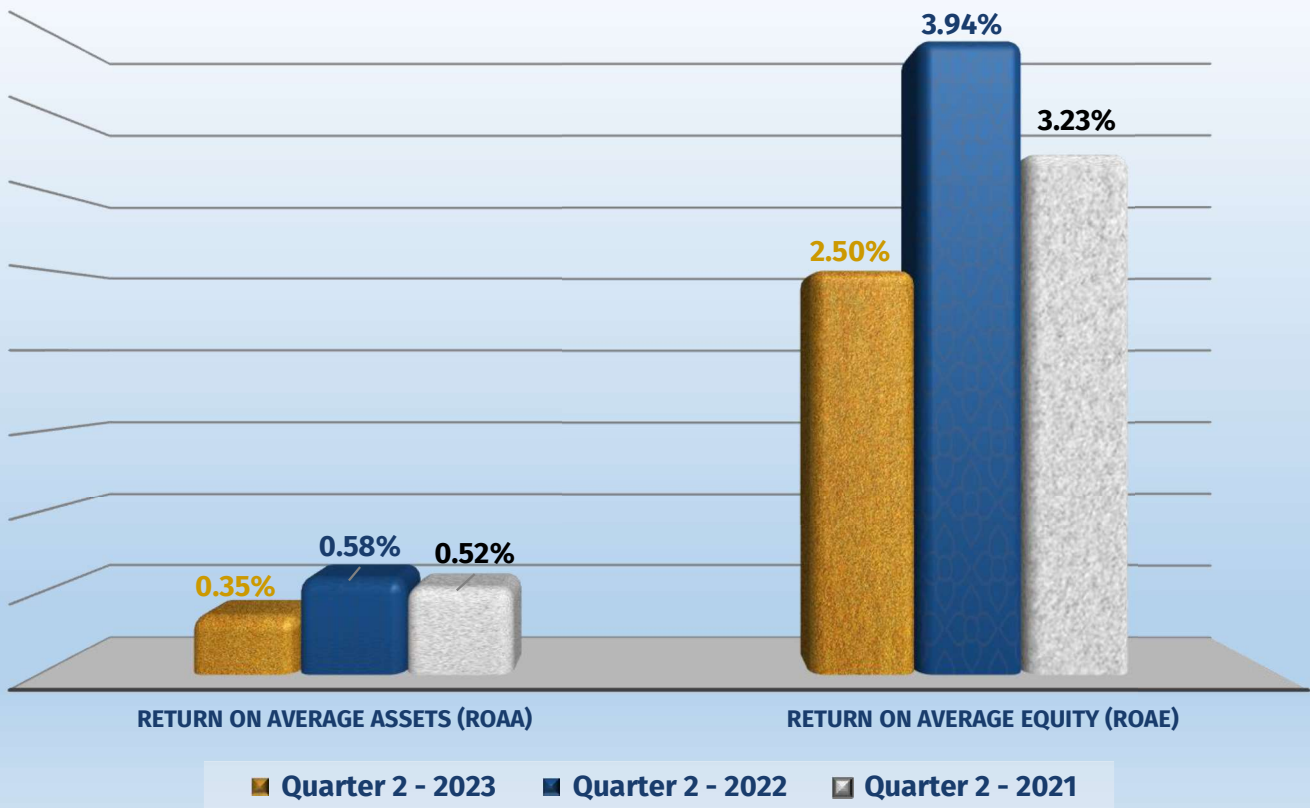
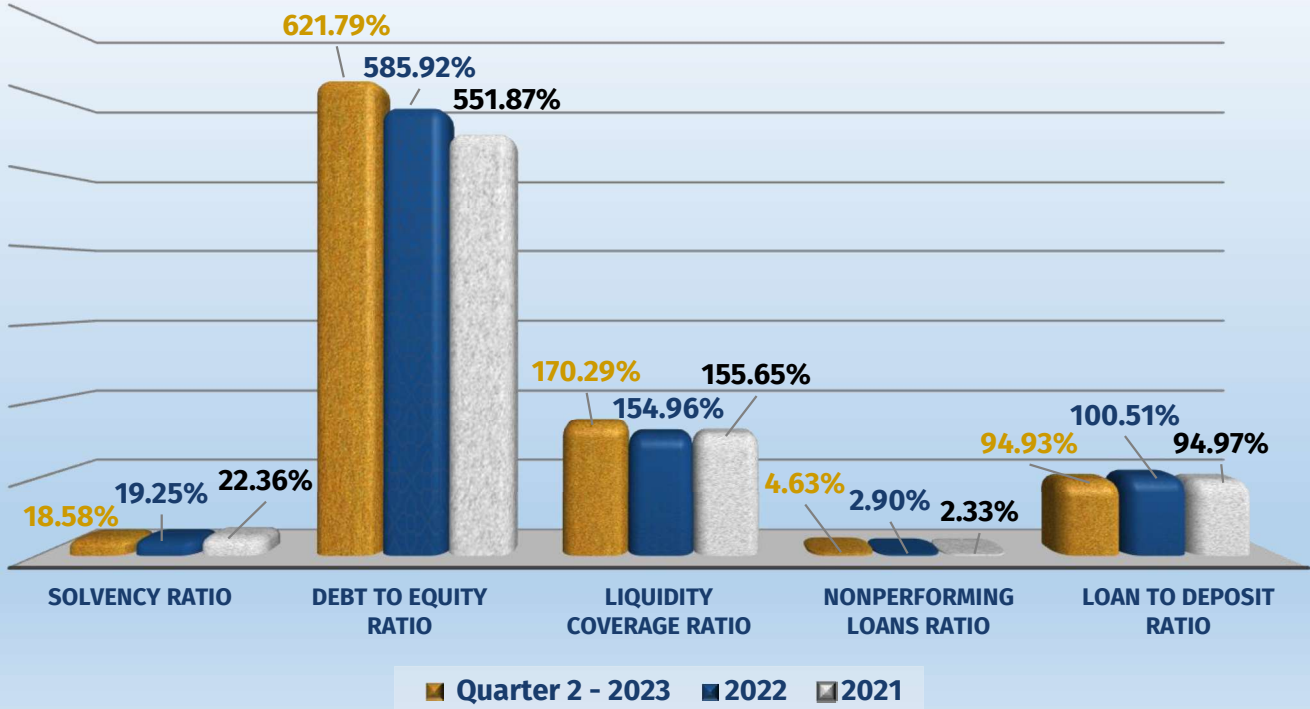
. ROAA = profit for the period attributable to owners of the Bank / average total assets.

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

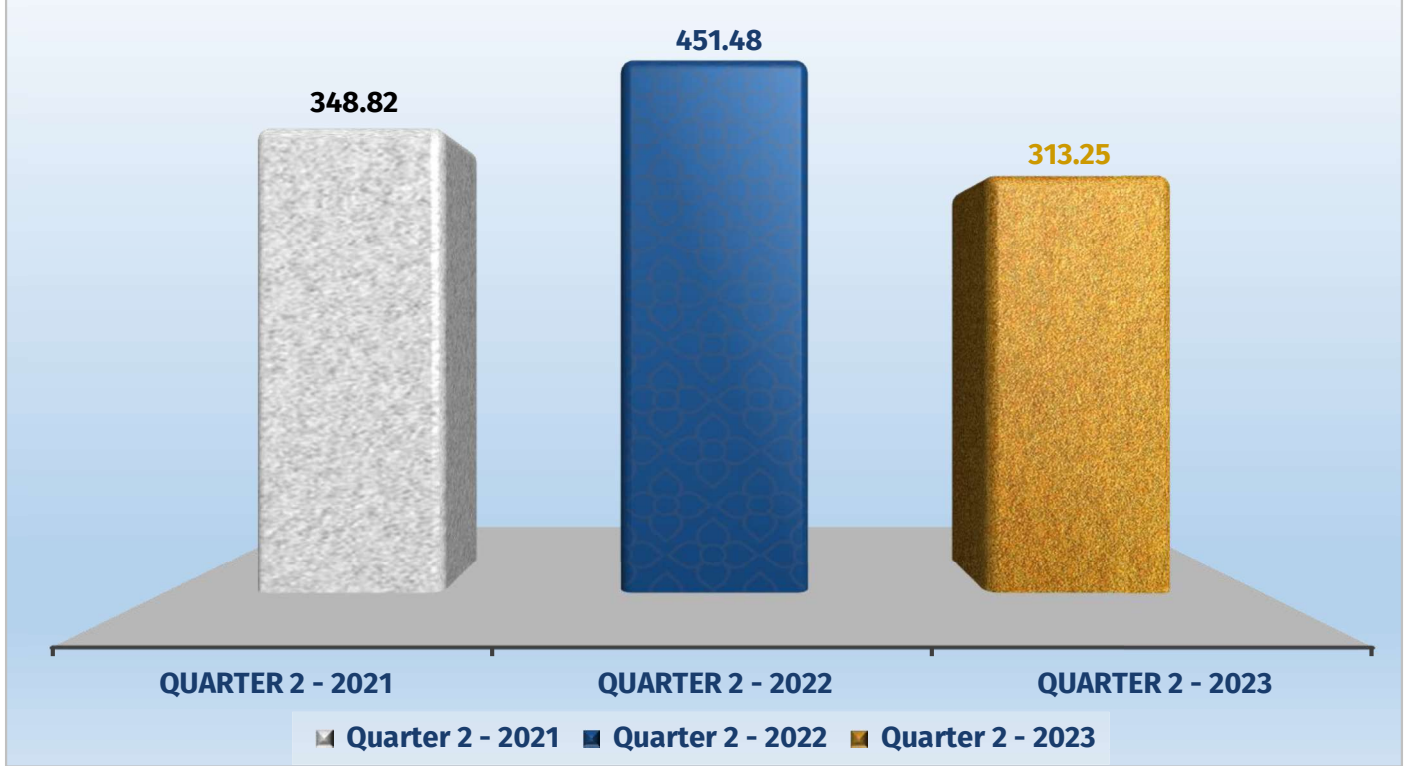
# Financial Summary Charts



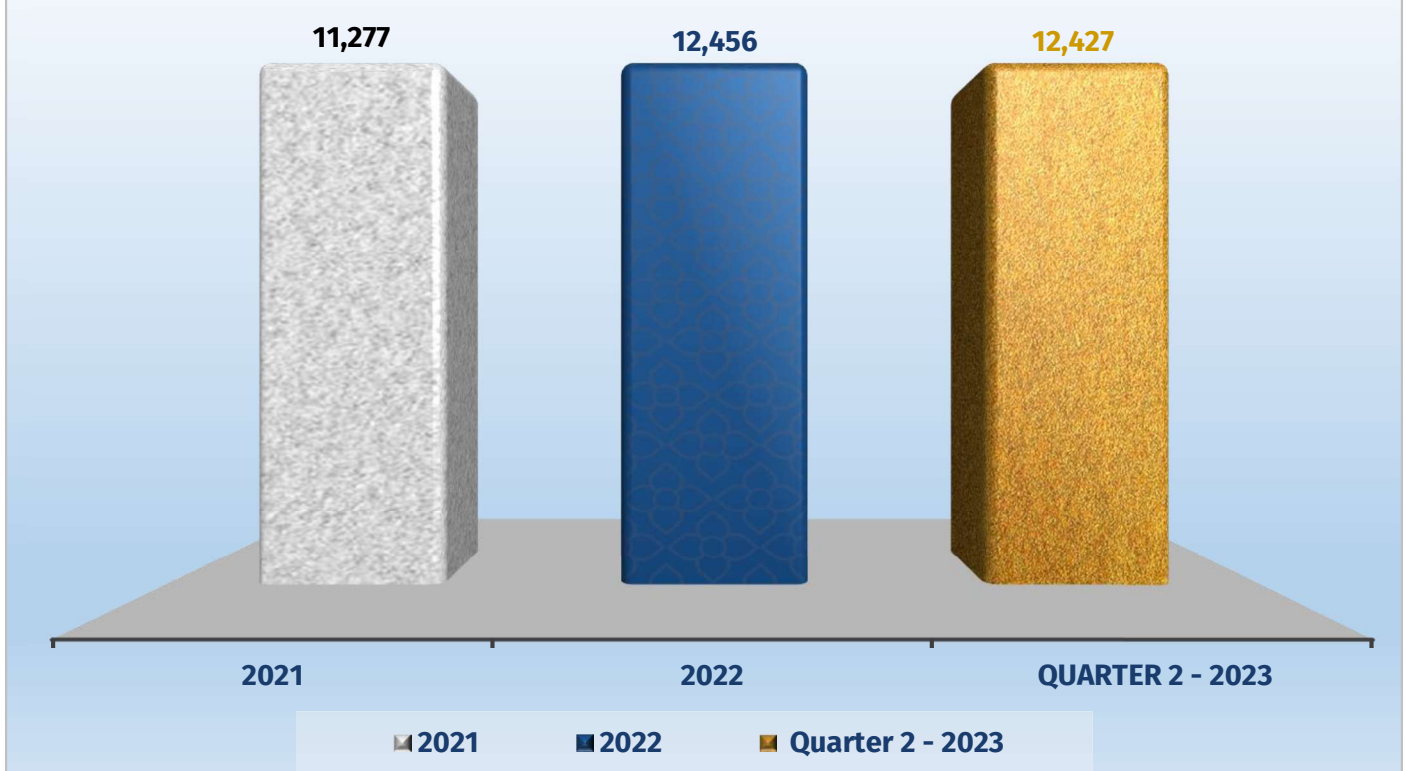
### Financial Ratios ( % )



### Earnings per share (KHR)



### Book value per share (KHR)



# Board of Directors



**Mr. Chhay Soeun**  
*Chairman*



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



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



**Mr. Kyosuke Hattori**  
*Non-Executive Director*



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



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



**Drs. Pieter Kooi**  
*Independent Director*



**Mr. Van Sou Ieng**  
*Independent Director*



**Ms. Phurik Ratana**  
*Independent Director*

## Message from Chairman

On behalf of ACLEDA Bank Plc. ("Bank") and the Board of Directors, I am pleased to present the second quarter of 2023 report of the ACLEDA Bank Plc. and its subsidiaries ("the Group") for the period starting from 01 April 2023 to 30 June 2023 to all stakeholders.

In the first semester of 2023, the global economy showed an updated positive sign, with moderate growth in the United States and China, which is expected to show positive signs of economic improvement despite headwinds from the ongoing Russia-Ukraine war, rising inflation, and the United States Federal Reserve raising interest rate, which remain challenges. At the same time, the ASEAN economy was in a better situation in Q2 2023 than it was in Q1 2023. This was due to a number of factors, including the region's exports continued to grow, tourism rebounded, and foreign direct investment (FDI) inflows remained strong. Meanwhile, the Cambodian economy also continued to grow in the second quarter of 2023, albeit at a slower pace than in the first quarter. This slowdown was due to a number of factors including the ongoing Russia-Ukraine war, which has disrupted global supply chains and led to higher energy prices. Despite the slowdown, the Cambodian economy remains on track to grow by 5.5% in 2023. This growth is being driven by a number of factors including the recovery of the tourism sector, strong agricultural production, and continued investment in the garment sector.

During the second quarter of 2023, the Bank is appointed as a sponsoring bank by the National Bank of Cambodia (NBC) in the cross-border QR payments between Cambodia and Thailand, Vietnam, as well as being in the process of preparing for the next step for ASEAN member countries.

This aims to promote the usage of local currencies, financial inclusion, to facilitate cross-border trade activities, and to boost tourism in both countries. Therefore, **ACLEDA mobile** users can scan QR codes to pay for goods and services in Khmer Riel in Thailand and Vietnam for free of charge. Moreover, the Bank has cooperated with Global Loyalty Network "GLN International Inc." for the official use of GLN CPM QR to be scanned at POS Terminals in Cambodia. The Bank has continuously improved many functions of self-service operations on **ACLEDA mobile**, QR code, ATMs, and POSs in line with the customers' needs and the evolution of digital technology. In the meantime, the Bank expanded its **148** self-service banking (**58** locations in Phnom Penh and **90** locations in provinces) adding to its existing **264** branches across the country. The Bank equipped **1,246** ATMs, **4,210** POS machines, and QR codes based on customers' requests for transactions of transfers and settlements in markets, shops, hotels, restaurants, educational institutions, hospitals, travel agencies, gas stations, and others over the country. By the end of the second quarter of 2023, the Bank has more than **0.27** million business partners and **2.96** million **ACLEDA mobile** subscribers.

At the end of the second quarter of 2023, the Group's total assets and total loan assets increased by US\$420.12 million or 4.65% and US\$125.98 million or 1.96% respectively compared to the year ended 2022.

The Group reaped a profit attributable to owners of the Bank (for April, May, and June 2023) of US\$33.07 million whilst Return on Average Assets (ROAA) was 0.35% and Return on Average Equity (ROAE) was 2.50%.

Finally, I would like to express my heartfelt appreciation to all stakeholders for their ongoing cooperation and support for the Bank.

Phnom Penh, 10 August 2023  
Signature and seal  
  
**Mr. Chhay Soeun**

Unofficial Translation

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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 Regulator of Cambodia "SERC" (Previously known as the Securities and Exchange Commission of Cambodia "SECC")
Representative of the listed entity:	<b>Dr. In Channy</b>

### B. Nature of Business

ACLEDA Bank 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 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

- On 10 April 2023, the Bank received the Certificate of Achievement in the field of Banking and Business Excellence Awards 2023 from Honorary Consul of Cambodia.
- On 18 April 2023, the Bank received the Letter of Appreciation from the Ministry of Information for a contribution to Cambodia Kantha Bopha and Krousar Thmey Foundations to support social affairs and humanitarian activities, and to contribute with the Royal Government in socio-economic development and poverty alleviation.
- On 19 April 2023, the Bank received the Certificate of Appreciation from the Cambodian Red Cross ("CRC") for a contribution of KHR 800 million on their 160<sup>th</sup> anniversary of World Red Cross and Red Crescent Day on 8 May 2023 under the theme "**Together with CRC for Social Inclusion**".
- On 26 April 2023, the Bank received the Certificate of Membership from Cambodia Data Exchange (CamDX). Through this certificate, the Bank has become an official member of CamDX Platform.

The CamDX Platform is an information technology platform of the Royal Government of Cambodia operated by the Ministry of Economy and Finance, establishing for the exchange of data using the Application Programming Interface (API) between different information technology systems, public and private sectors that are the CamDX members via internet or any other digital connection.

- On 26 April 2023, the Bank received the Letter of Appreciation from **Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia** that the Bank declared and paid income tax, the 4<sup>th</sup> largest income taxpayer in 2022.
- On 1 May 2023, the Bank received the Certificate of Appreciation from National Social Security Fund (NSSF) that the Bank contributed to their program "NSSF Members Pageant 2023".
- On 10 May 2023, the Bank received the Special Recognition Award 2021-2022 from Wells Fargo Bank.
- On 6 June 2023, **NBC and the Bank of Thailand (BoT)** announced the official launch of the second phase of cross-border QR payments between Cambodia and Thailand, which allows Thai people traveling to Cambodia to scan QR for making payments like Cambodian traveling to Thailand. The service fee is free of charge in both countries. ACLEDA Bank is a sponsoring bank, **ACLEDA mobile** users can **scan QR** to pay for goods and services in Khmer Riel in **Thailand** that displays the **ThaiQR/PromptPay logos** of five banks, including **Kasikorn Bank, Krungthai Bank, Bangkok Bank, Bank of Ayudhya, and Siam Commercial Bank**, for up to **KHR 52 million per day** (from wallet account: **KHR 12 million** and bank account: **KHR 40 million**).
- On 8 June 2023, the Bank signed an agreement with Credit Bureau (Cambodia) Co., Ltd. (CBC), the leading credit reporting service provider in Cambodia for Cooperation on **Financial Health Check Service** via **ACLEDA mobile** App to provide an easier and faster way for customers to request their credit report anytime, anywhere, with moderate fees. The **CBC function** in **ACLEDA mobile** will show customers' borrowing and repayment history with ACLEDA Bank or other banks and financial institutions.
- On 19 June 2023, the Bank has cooperated with the **Global Loyalty Network** "GLN International Inc.", a global network of digital wallets for cross-border payments. This will enable the digital wallet users in GLN's network from the Republic of Korea and all around the world to pay for goods and services in Cambodia through their domestic mobile wallets by presenting their QR codes to be scanned at POS terminals more conveniently, faster, safer and inclusively.

## PART 2. Information on Business Operation Performance

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

#### ▪ Banking Sector's Performance:

As of June 2023, there were 59 commercial banks (30 local incorporated banks, 18 subsidiary banks, and 11 foreign branch banks), 09 specialized banks (04 locally Incorporated and 05 foreign Banks), 87 microfinance institutions (05 MDI, and 82 MFI), 17 leasing companies, 6 Representative Offices of Foreign Banks in Cambodia, 35 payment service providers, and 118 rural credit operator. (Source: NBC Report, CMA Report, Actually Updated)

#### ▪ ACLEDA Bank's Business Operation Performance and Market Share in Banking Sector:

As of June 2023, ACLEDA bank maintained market share on deposit of 15.84% and on loan of 11.39%.

As of June 2023, the main keys performances of the Bank and its subsidiaries are as follows:

Key Performance	Actual Data		
	Quarter 2 – 2023	2022	2021
<b>Loan</b>			
Number of Loans	625,659	591,494	541,184
Total Loan Outstanding (Million KHR)	27,041,716	26,437,928	22,116,013
<b>Deposit</b>			
Number of Accounts	4,239,148	3,865,749	3,298,382
Deposit Balances (Million KHR)	28,486,320	26,303,475	23,287,064
<b>E-Banking Product/Channel</b>			
<b>ATM Card</b>			
Number of Cards	1,894,624	1,799,909	1,585,449
Number of Txns	10,063,584	21,058,609	19,448,837
Value of Txns (Million KHR)	8,845,164	18,683,335	16,173,990
<b>ACLEDA mobile</b>			
Number of Registers	3,110,049	2,845,886	2,278,220
Number of Txns	148,835,309	148,799,661	78,726,895
Value of Txns (Million KHR)	175,815,711	206,660,262	115,242,638
<b>ACLEDA INTERNET BANKING</b>			
Number of Users	23,693	22,164	13,557
Number of Txns	1,603,312	2,318,789	1,466,822
Value of Txns (Million KHR)	13,072,862	26,158,705	19,799,864
<b>ACLEDA E-CMMERCE</b>			
Number of Partners	84	73	59

Key Performance	Actual Data		
	Quarter 2 – 2023	2022	2021
Number of Txns	2,011,513	3,619,936	3,215,207
Value of Txns (Million KHR)	1,198,341	1,804,136	1,206,529
<b>ACLEDA ATM</b>			
Number of Terminals	1,167	1,114	901
Number of Txns	19,654,110	35,298,214	27,129,252
Value of Txns (Million KHR)	22,026,330	39,160,976	26,477,341
<b>Term Deposit Machine</b>			
Number of Terminals	26	26	26
Number of Txns	197	1,487	4,120
Value of Txns (Million KHR)	6,608	111,134	343,158
<b>Virtual Teller Machine</b>			
Number of Terminals	96	43	25
Number of Txns	57,288	43,089	34,092
Value of Txns (Million KHR)	3	16	70
<b>Cash Bag Deposit Machine</b>			
Number of Terminals	17	17	14
Number of Txns	44,867	75,020	94,713
Value of Txns (Million KHR)	272,417	571,098	555,257
<b>ACLEDA POS</b>			
Number of Terminals	4,210	4,358	4,462
Number of Txns	990,136	2,159,175	2,033,283
Value of Txns (Million KHR)	314,457	591,603	479,613
<b>QR Merchant</b>			
Number of Merchants	316,612	239,751	125,309
Number of Txns	39,304,875	16,459,377	3,194,443
Value of Txns (Million KHR)	27,473,854	7,777,491	638,240
<b>ACLEDA Virtual Card</b>			
Number of Virtual Cards	16,979	8,898	3,684
Number of Txns	48,539	34,907	2,491
Value of Txns (Million KHR)	5,687	3,018	161
<b>i-bank PayBand</b>			
Number of PayBands	10,578	4,960	-
Number of Txns	8,235	18,742	-

Key Performance	Actual Data		
	Quarter 2 – 2023	2022	2021
Value of Txns (Million KHR)	9,018	31,762	-
<b>Network Operations and Staffs</b>			
<b>ACLEDA Bank Plc.</b>			
Number of Branch Operations	264	264	262
Number of Self-Services Banking	148	125	73
Number of Staffs	12,065	12,083	12,081
<b>Subsidiaries (Local &amp; Overseas)</b>			
Number of Branch Offices	56	56	57
Number of Staffs	1,510	1,499	1,593

## B. Revenue Structure

No	Source of Revenue (in KHR million)	Quarter 2 – 2023		Quarter 2 – 2022		Quarter 2 – 2021	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Interest Income	771,924	91.44%	669,432	89.01%	570,126	91.14%
2	Fee and commission Income	47,119	5.58%	49,348	6.56%	38,430	6.14%
3	Other Income, net	25,185	2.98%	33,287	4.43%	16,961	2.71%
<b>Total revenue</b>		<b>844,228</b>	<b>100%</b>	<b>752,067</b>	<b>100%</b>	<b>625,517</b>	<b>100%</b>

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

Please refer to the Annex

For Financial Statements Audited by the Independent Auditor

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

The discussion and analysis focused on the operational and financial results based on the Interim Financial Statements as at 30 June 2023 audited by the Independent Auditor. The Interim Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). Only the key components of the Interim Financial Statements and key factors that affect the profitability of ACLEDA Bank Plc. and its subsidiaries (“the Group”) were discussed and analysed.

### A. Overview of Operations

#### 1- Revenue Analysis

The Group had three main sources of revenue including Interest Income, Fee & Commission Income and Other Income, net.

- Interest Income includes the interest income from loans and advances to customers, deposits and placements with banks and financial investments.
- Fee & Commission Income 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 Income, net, includes foreign exchange gain, net, 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 2 – 2023		Quarter 2 – 2022		Quarter 2 – 2021	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Interest Income	771,924	91.44%	669,432	89.01%	570,126	91.14%
2	Fee and commission Income	47,119	5.58%	49,348	6.56%	38,430	6.14%
3	Other Income, net	25,185	2.98%	33,287	4.43%	16,961	2.71%
<b>Total revenue</b>		<b>844,228</b>	<b>100%</b>	<b>752,067</b>	<b>100%</b>	<b>625,517</b>	<b>100%</b>

In Q2-2023, Total Revenue increased by KHR92.16 billion or 12.25% compared to Q2-2022 due to the effectiveness of a broad range of banking products and services in digital era and the increase in customers.

#### 3- Gross profit margin analysis

The statement of Profit/ (Loss) and Other Comprehensive Income of the Group 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 2 2023	Quarter 2 2022	Variance	
			Amount	Percentage
Interest Income	771,924	669,432	102,492	15.31%
Interest expense	(340,701)	(205,369)	(135,332)	65.90%
<b>Net interest income</b>	<b>431,224</b>	<b>464,063</b>	<b>(32,839)</b>	<b>(7.08%)</b>
Fee and commission income	47,119	49,348	(2,229)	(4.52%)
Fee and commission expense	(4,476)	(3,978)	(498)	12.52%
<b>Net fee and commission income</b>	<b>42,642</b>	<b>45,370</b>	<b>(2,728)</b>	<b>(6.01%)</b>
Allowances for impairment losses on loans and advances, deposits and placements with other banks, other receivables and investment securities	(53,977)	(8,637)	(45,340)	524.95%
(Allowances for)/reversal of impairment losses on off-balance sheet commitments	2	(2)	4	(200%)
<b>Net impairment losses</b>	<b>(53,975)</b>	<b>(8,639)</b>	<b>(45,336)</b>	<b>524.78%</b>
<b>Income after impairment losses</b>	<b>419,891</b>	<b>500,794</b>	<b>(80,903)</b>	<b>(16.15%)</b>
Other income, net	25,185	33,287	(8,102)	(24.34%)
General and administrative expenses	(271,570)	(284,564)	12,994	(4.57%)
<b>Profit before income tax</b>	<b>173,506</b>	<b>249,516</b>	<b>(76,010)</b>	<b>(30.46%)</b>

The Increase in customer confidence in the Group, the deposit as of June 2023 grew to KHR28.49 trillion which increased by KHR4.04 trillion or 16.55% from June 2022. Following the requirement of regulation related to the loan reclassifications, and in order to withstand and absorb all risks which would have impact on loans and advances to customers, especially deriving from COVID-19 pandemic, the Bank increased the expected credit losses of the loans and advances as of June 2023 by KHR31.84 billion compared to the end of March 2023.

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

Statement of Profit or loss (in KHR million)	Quarter 2 2023	Quarter 2 2022	Variance	
			Amount	Percentage
<b>Profit before income tax</b>	<b>173,506</b>	<b>249,516</b>	<b>(76,010)</b>	<b>(30.46%)</b>
Income tax expense	(37,932)	(53,651)	15,719	(29.30%)
<b>Profit for the period</b>	<b>135,574</b>	<b>195,865</b>	<b>(60,291)</b>	<b>(30.78%)</b>

#### 6- Total comprehensive income (loss) analysis

Total comprehensive income (in KHR million)	Quarter 2 2023	Quarter 2 2022	Variance	
			Amount	Percentage
<b>Profit for the period</b>	<b>135,574</b>	<b>195,865</b>	<b>(60,291)</b>	<b>(30.78%)</b>
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurement of employee benefit obligations	-	(10,436)	10,436	100%

Total comprehensive income (in KHR million)	Quarter 2 2023	Quarter 2 2022	Variance	
			Amount	Percentage
Exchange differences	100,412	199	100,213	50,358.29%
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Currency translation differences-foreign subsidiaries	(17,583)	(39,141)	21,558	55.08%
Remeasurement of the effective portion of derivatives arising from cash flow hedge	(1,121)	8,204	(9,325)	(113.66%)
<b>Other comprehensive income for the period</b>	<b>81,708</b>	<b>(41,174)</b>	<b>122,882</b>	<b>298.45%</b>
<b>Total comprehensive income for the period</b>	<b>217,282</b>	<b>154,691</b>	<b>62,591</b>	<b>40.46%</b>

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

ACLEDA Bank is confident of improving its performance this year amid better GDP growth forecasts after building a strong legacy of over 30 years, future-ready ACLEDA Bank continues to lay strong foundations to offer holistic banking solutions to meet customers' changing financial commitment in Cambodia and beyond.

After breaking down the geographical boundaries by combining digital and physical infrastructures, the home-grown bank is successfully catering to a diverse customer base – including individuals and corporate clients in urban, semi-urban and rural vicinities. With its hallmark of offering superior banking services, ACLEDA offers a comprehensive suite of financial services – loans, fund transfer, deposit, trade financing, internet banking, **ACLEDA mobile**, among others supported by its digital infrastructure and physical offices, the Bank is efficiently reaching out to assist farmers to work their farmland or provide working capital for SMEs. By narrowing the financing gap – more than half a million Cambodians today have access to ACLEDA Bank's services – it is in the forefront driving financial inclusion in the Kingdom.

For the next 30 years, ACLEDA Bank will be seen as the digital bank with sophisticated Data Lakehouse providing quality, security and trust. The Bank's efficient delivery ecosystem across the Kingdom comprising ATMs, self-service banking outlets, cash deposit, cash withdrawal machines, virtual teller machines (to open accounts and print cards) and term deposit machines (for fixed deposits) are serving as a powerful catalyst for the next wave of growth.

"The Bank's future looks promising" as business confidence on Cambodia's GDP growth is bolstered after the government efficiently curtailed the spread of the COVID-19 pandemic. The Cambodia's growth outlook is expected to continue to recover as COVID-19 related restrictions are lifted.

Recovery in manufacturing exports and expansion of agricultural commodity exports will augur well for ACLEDA Bank as bulk of borrowers are involved in the agri-related businesses. The Bank can do better in 2023 because the Bank has invested heavily in our digital infrastructure, built a large high security data centre to store. The construction of Disaster Recovery Data Centre will help data storage in a highly protected environment. With the digital infrastructure and upgraded products and services, the Bank is confident in facing future challenges.

## B. Significant Factors Affecting Profit

### 1- Demand and supply conditions analysis

The Group's operations are better, stronger and success in the market due to two factors:

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

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



The Group has been diversifying hybrid infrastructure of choices with 320 offices, gradually transforming them to self-service centres with 148 banking self-service, 1,167 **ACLEDA ATM**, 26 **Term Deposit Machine**, 96 **Virtual Teller Machine**, 17 **Cash Bag Deposit Machine** and 4,210 **POS** terminals. It's interesting to note that the Group issued 1.89 million **ACLEDA ATM** cards to its customers. Moreover, the Group has provided **i-bank PayBand** more than 10 thousand to its customers. Meanwhile, the digitized **ACLEDA mobile** has proved very popular which number of registered users has reached 3.11 million users as at the end of June 2023, all enabling the rapid circulation of money in the economy.

Enriching customer experience and strengthening cyber security are at the heart of the Group's focus at present. To achieve solid progress in pursuing these objectives, the Group will continue to enhance our robust information technology infrastructure by investing in advanced technologies, fortify the Group's human resource capacities, and expand and improve business processes. Strategically, the Group 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 Group'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.

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

Now you can Scan QR to pay anywhere in Thailand and Vietnam through **ACLEDA mobile** conveniently and free of charge. This is another new success of Bakong and ACLEDA Bank, a member of Bakong.

## 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 Tax Compliance Type awarded "**Gold**" for 2022-2023, 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. was the third highest tax payer among all taxpayers and the fourth highest tax payer among all taxpayers that paid Tax on Income in 2022. ACLEDA Bank Plc. is proud to be able to contribute to the economic development of our country.

## 4- **Exceptional and extraordinary items analysis**

The Group 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 may affect the repayment capacity of customer as result the Group loan quality may be slightly impacted.

## C. Material Changes in Sales and Revenue

In order to support the business growth of customers, the Group has offered very competitive 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 at the end of the second quarter of 2023 increased by KHR2.61 trillion or 10.69% compared to the end of the second quarter of 2022.

## D. Impact of Foreign Exchange, Interest Rates and Commodity Prices

For the second quarter of 2023, the KHR exchange rate against the USD has fluctuated between 4,071-4,126 per USD, depreciated slightly compared to the same period last year (between 4,046-4,092 per USD); these changes were partly due to the increase of the Federal Fund Rate set by US Federal Reserve to cope the US dollar high inflation rate. Looking ahead, the KHR's value is expected to stay more and less the same due to the market demand and supply – the public confidence on the use of the KHR and the rebound of economic activities under close monitoring of the National Bank of Cambodia.

The above mentioned fluctuations are no material impact to the ACLEDA Bank due to the Bank has measured, monitored and managed on a daily basis – maintains small enough open currency position, follows the regulatory requirements of the NBC and its internal risk policies.

Longer-than-expected tightening of US monetary policy cause interest rates of both local and international markets have continued to stay up-side due to US Federal Fund Rate remain high to cope the US inflation.

For ACLEDA Bank, however, the impact of interest rate fluctuations on the Bank's business is minimal due to its business has been operating almost entirely by matching both sides of asset and liability on a fixed interest rates; moreover the Bank has monitored on a regular basis for taking appropriate and timely action to avoid the impacts on the bank's business.

In term commodity prices, the Bank does not provide such services, so there is no impact on the Bank.

## E. Impact of Inflation

Inflation is expected to return to normal – at rate of 2.5% for 2023 and 2024 due to the expectation of a return to normalization of international oil and other commodity prices. Nevertheless, the Bank's operations are not directly involving to the level of inflation. Therefore, the impact is minimal and manageable.

## F. Economic / Fiscal / Monetary Policy of Royal Government

### ▪ Economic Policy:

The National Bank of Cambodia (NBC) has reported that Cambodia's economic growth in 2023 expected to continue to grow within 5.5% and inflation is projected to fall to around 2% due to fuel prices are projected to slow as global economies grow slower than last year and the improvement of the global supply chain, supported mainly by the growth of tourism and the good progress of the agricultural sector, while the construction sector seems to be showing signs of recovery while exports of garments, footwear and travel products to major partners fell as the economies of those countries were affected by the protracted Russian-Ukrainian war and the negative effects of raising the benchmark interest rate to counter rising inflation, including:

- (1) The manufacturing sector has been affected by declining external demand, particularly in the United States and Europe. The value of total manufactured goods decreased by 16.1% (year-on-year), which manufacturing products for export decreased by 19.8%, while manufacturing products for the domestic market decreased by 7.8%.

- (2) Tourism grows faster than expected for the first half of 2023, Cambodia organized a number of major events such as: Angkor Sankranti, SEA Games and ASEAN Para Games, which have helped attract more international tourists to Cambodia. International visitors increased to about 2.6 million (up 5.1 times year-on-year), with Thai visitors continuing to rank first among international visitors to Cambodia (34%), followed by Vietnamese visitors (18%) and China (10%).
- (3) The construction sector recovered, reflected by an increase in imports of construction materials and equipment (0.4%). For approved construction projects, the price and area of construction projects are estimated to increase 1.3 times (year on year) while the number of projects decreased by 9%.
- (4) The agricultural sector continues to make good progress, reflected by the growth of rice and rubber and the fisheries sub-sector. Dry season rice yield increased by 13% compared to the same period last year (0.2% last year) to about 3.3 million tons, while the area under rainy season rice increased by 18.7% (last year Years) due to favourable climatic factors that provided sufficient water for farmers to grow crops.
- (5) Cambodia's balance sheet is estimated to have a surplus of USD225 million, supporting a net inflow of financial accounts in the same time that current account deficit and capital have shifted to a surplus and contributed to keep international reserves high enough that can guarantee the import of goods and services for the next time about 7 months, higher than the minimum level for developing countries should have (3 months).

Meanwhile, ministry of economics and finance also forecasts that the Cambodian economy's growth is projected to reach 5.6%, as projected earlier this year, but some sub-sectors that support growth have changed. Consequences of the Russia-Ukraine War, the China-US Trade and Technology War, and the Continuation of Monetary Policy Tensions in Developed Countries are causing global economic outlook remains highly uncertain and puts pressure on the non-garment manufacturing sub-sector and the recovery of the hotel and restaurant sub-sector and other support sectors with including wholesale, retail and transportation to contribute to support economic growth for 2023. <sup>(1), (2)</sup>

Refer to the release news with some well-known institutions still predict the Cambodia's GDP 2023. The Asian Development Bank (ADB), Cambodia's economy is forecasted to grow at 5.5% in 2023 and 6% in 2024 on a more robust tourism recovery and higher growth in the services sector. The Asian Development Outlook (ADO) April 2023 says the tourism sector is expected to grow 7.3% in 2023 before easing to 6.8% in 2024. Industrial output is expected to grow by 5.8% in 2023 before accelerating to 7.8% in 2024. Growth in construction is expected to remain slow. Agriculture is forecasted to grow 1.1% this year and 1.2% in 2024, boosted by crop production for exports. The International Monetary Fund (IMF), forecasted GDP for Cambodia is 5.8% for 2023 and 6.2% for 2024 according to the post on their website. The World Bank forecasts Cambodia's real GDP growth for 2023 is projected to accelerate further, reaching 5.5%. Despite the easing of goods exports, the current account deficit is expected to improve to 19.3% of GDP on the back of the recovering services exports, especially tourism receipts and remittances. Despite the recent decline in approved FDI projects, continued robust capital inflows and concessional financing will continue to largely cover external financing needs. <sup>(3), (4), (5)</sup>

#### ■ **Fiscal Policy:**

For 2023, the General Department of Taxation has set out the following important measures and strategies such as:

- (1) Continue to pay attention and strengthen the implementation of work in accordance with the recommendations of His Excellency the Deputy Prime Minister, Minister of Economy and Finance as the implementation direction for 2023 of the General Department of Taxation at the meeting to summarize the results of tax collection in 2022 on January 31, 2023.

- (2) Implement the action plan to disseminate the new tax law to the public taxpayers and continue to update tax regulations in accordance with the new tax law.
- (3) Continue to strengthen the provision of consulting services and dissemination of tax laws and regulations in all forms, especially the provision of telephone consulting services (Call Center-1277) and organizing the "Cambodian Tax" program (GDT Facebook Live) to explain and solve the difficulties and questions of the people.
- (4) Organize a workshop with the Young Entrepreneurs Association under the chairmanship of HE Dr. HUN Manet on topics related to fiscal compliance during June or July 2023.
- (5) Request to cooperate with the Ministry of Commerce on strengthening the registration of new enterprises, as well as strengthening the efficiency and role of the business registration agency.
- (6) Continue to strengthen the management of tax collection, transparency and free competition in the production of beverages and tobacco products and tobacco to ensure the sustainability of tax revenue, which is the benefit of the national budget.
- (7) Establish a digital administration (E-Administration) operating system and support infrastructure to allow fiscal administration to perform hierarchical tasks using digital formats and ensure speed and efficiency in the performance of work.
- (8) Continue to implement measures to collect and tighten tax debts in accordance with the procedures in force for enterprises that owe tax debts and do not come to pay or settle properly.
- (9) Continue to strengthen tax registration and update enterprise information, and continue to work together to improve and promote the business registration of information technology (CamDX) to be more efficient and comprehensive.
- (10) Continue to disseminate and strengthen the implementation of billing rules among taxpayers and the GDT Lucky Draw program to increase public participation to ensure efficiency and transparency in the management of tax revenue collection.
- (11) Continue to strengthen the management of the enterprise, request for a temporary suspension or request for reopening and/suspend or activate the VAT certificate.
- (12) Continue to strengthen and pay attention to the request to close the enterprise permanently and strengthen the audit work for the enterprise requesting the closure.
- (13) Continue to participate in the anti-money laundering and terrorist financing and genocide financing framework with the National Coordinating Committee against anti-money laundering and terrorist financing and genocide financing and the Sub-Committee on the Implementation of the Joint Action Plan of the Asia-Pacific Joint Monitoring Group on International Cooperation.
- (14) Continue to modernize information technology systems and programs with a proactive spirit through the development and updating of new systems and programs to promote the level of tax compliance by making it easier to fulfill tax obligations but it is difficult to distinguish through the continuous development of some functions through the user received from all environments to be more comprehensive and easy to use.

- (15) Continue to implement additional measures of the Royal Government to continue to manage the impact and support the recovery of tourism in the Kingdom of Cambodia in order to continue to reduce the impact on the socio-economic situation, as well as continue to support and restore with recovery business.
- (16) Implement the Royal Government's measures to support the development of the construction and real estate sector to maintain the stability of the construction and real estate sector, which is considered a priority sector to support overall economic growth.
- (17) Continue to implement the necessary measures as set out in the Circular on the Implementation of the Law on Finance for Management 2023 and continue to implement carefully the revenue collection strategy 2019-2023. <sup>(6)</sup>

In the first 6 months of 2023, the tax revenue collected by the General Department of Taxation according to the online revenue management system of the General Department of Taxation was 8,393.17 billion riels (approximately 2,072.39 million US dollars), equivalent to 58.02% Of the Financial Law Plan for Management 2023. The results of tax revenue management show that in June 2023, all types of tax revenue collected by the General Department of Taxation through the online revenue management system of the General Department of Taxation amounted to 995.01 billion riels (approximately 245.68 million US dollars), equivalent to 6.88% Of the Financial Law Plan for Management 2023. <sup>(6)</sup>

■ **Monetary Policy:**

For year 2023, the National Bank of Cambodia has set 5 monetary policy implementations to support the royal government's policy for restoring economic growth 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;
- (4) Develop new monetary policy tools; and
- (5) Promoting the development of the interbank market in order to improve the effectiveness of monetary policy. <sup>(1)</sup>

Reference:

- (1) [https://www.nbc.gov.kh/download\\_files/publication/annual\\_rep\\_kh/Semi%20Annual%20Report%202023%20Publish\\_KHM.pdf](https://www.nbc.gov.kh/download_files/publication/annual_rep_kh/Semi%20Annual%20Report%202023%20Publish_KHM.pdf)
- (2) <https://mef.gov.kh/documents/9273/> Release on 04-Aug-2023
- (3) <https://www.adb.org/news/cambodia-economy-accelerate-tourism-recovery-adb>
- (4) <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>
- (5) <https://documents1.worldbank.org/curated/en/099051523221517821/pdf/P17734003f2bcf02b0a89500f61b1f3ff7b.pdf>
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**Signature of Directors of Listed Entity**  
 Phnom Penh, 10 August 2023  
 Read and Approved



**Mr. Chhay Soeun**  
 Chairman





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