



ACLEDA Bank Plc.

The bank you can trust.



ANNUAL REPORT

2006

ACLEDA Bank Plc's | NEW H.Q.



Banking hall



Reception lobby



Banking hall



ACLEDA Bank Plc's new H.Q. – Front view

OUR VISION

“ACLEDA Bank’s vision is to be Cambodia’s leading commercial bank providing superior financial services to all segments of the community.”

OUR MISSION

“Our mission is to provide micro, small and medium entrepreneurs with the wherewithal to manage their financial resources efficiently and by doing so to improve the quality of their lives. By achieving these goals we will ensure a sustainable and growing benefit to our shareholders, our staff and the community at large. We will at all times observe the highest principles of ethical behaviour, respect for society, the law and the environment.”

This report has been prepared and issued by the Marketing Division of ACLEDA Bank Plc., to whom any comments or requests for further information should be sent.

Headquarters: #61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.
P.O. Box: 1149 Phone: (855)-23-998 777 / 430 999 Fax: (855)-23-998 666 / 430 555
E-mail: acledabank@acledabank.com.kh Website: www.acledabank.com.kh

FINANCIAL RESULTS

Units in US\$ '000 (except EPS and Dividend)	31/12/06 Audited	31/12/05 Audited	31/12/04 Audited	31/12/03 Audited	31/12/02 Audited	Change (%) ¹
Assets	223,202	123,871	84,109	48,240	30,970	80.2
Loans (Net of Provision)	156,571	98,460	64,932	39,908	26,965	59.0
Liabilities	175,470	91,917	58,174	32,306	25,833	90.9
Deposits	123,150	61,901	31,640	13,161	5,679	99.4
Issued and Paid-Up Capital ²	30,000	13,000	13,000	13,000	4,000	130.8
Shareholders' Equity ³	47,733	31,955	25,935	24,658	17,355	49.4
Gross Income	37,204	25,679	17,128	11,758	8,266	44.9
Profit Before Tax	8,361	5,275	2,558	2,461	748	58.5
Net Profit After Tax	6,668	4,205	2,063	1,974	589	58.6
Earnings Per Share	\$0.2223	\$0.3235	\$0.1587	\$0.1518	\$0.1473	(31.3)
Dividend (For 2006 dividend payout rate is 40% of NPAT)	\$0.0889	\$0.1294	\$0.0630	\$0.0607	\$0.0442	(31.3)

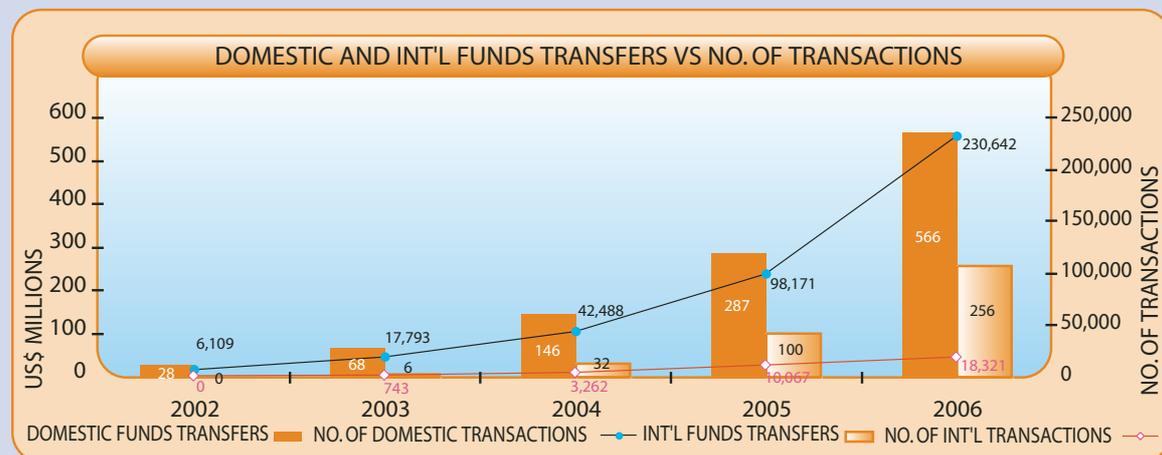
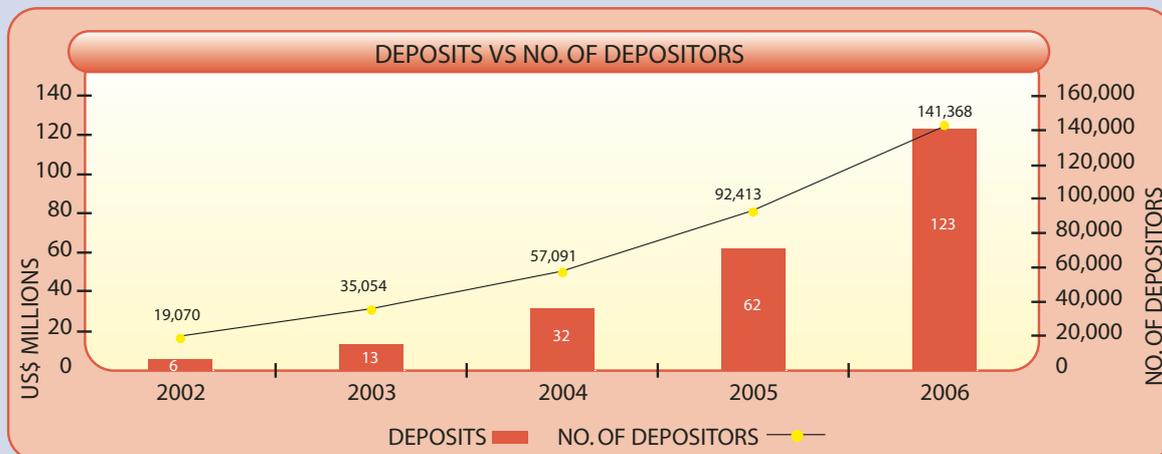
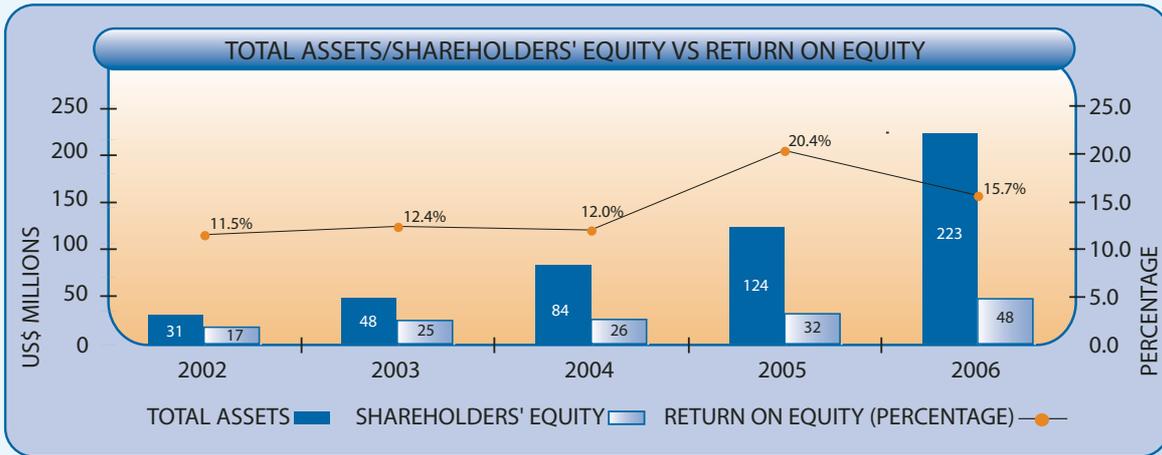
HIGHLIGHTS OF 2006

- Assets increased 80.2% to US\$223.2 million
- Loans expanded 59% to US\$156.6 million
- Deposits grew by 98.9% to US\$123.1 million
- Net Profit After Tax improved by 58.6% to US\$6.7 million
- Return on Average Equity (excl. subordinated debt) increased from 22.6% to 26.7%
- Non-interest expense to gross income reduced from 61.4% to 59.2%
- Domestic funds transfers rose 97.2% from US\$287 million to US\$566 million
- Overseas funds transfers increased 156% from US\$100 million to US\$256 million
- Network expanded from 139 to 156 offices and the bank is now represented in every province in Cambodia

1 From 31/12/05 to 31/12/06

2 Increased from US\$4 million to US\$13 million on 13th November 2003 and again to US\$30 million on 30th November 2006.

3 Includes Subordinated Debt from 2004 as required under central bank regulations. Previous years restated for comparison.



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Forecast of Cambodia's Key Economic Indicators¹

	2002	2003	2004	2005	2006e	2007f
1. GDP						
GDP % change	6.2	8.6	10.0	13.4	10.5	9.0
Per capita GDP (in U.S. dollar)	317	333	373	430	459	501
2. Inflation						
Inflation (final quarter basis)	3.7	0.5	5.6	6.7	2.8	4.0
3. Government Budget (in percent of GDP)						
Revenue	10.5	9.7	10.4	10.4	10.4	11.3
Expenditure	16.8	15.7	14.9	13.6	13.1	13.9
4. Money and Credit (12 month percentage change)						
M2	31.1	15.3	30.0	16.1	38.2	20.0
Total Deposits in the Banking System	25.2	16.4	27.5	18.0	44.8	20.0
Total Outstanding Loans in the Banking System	14.8	29.8	34.6	27.5	42.3	20.0
Credit Private Sector	13.1	26.2	35.9	31.8	51.6	19.9
5. Balance of Payment						
Exports	1,755.1	2,086.8	2,588.9	2,910.3	3,595.3	3,428.0
Imports	-2,318.0	-2,668.1	-3,269.5	-3,927.8	-4,734.4	-4,995.0
Trade Balance	-562.9	-581.3	-680.6	-1,017.6	-1,139.1	-1,567.0
Current Account (exclude official transfers)	-361.3	-493.2	-435.3	-591.3	-575.5	
Current Account (include official transfers)	-49.5	-167.3	-114.8	-265.6	-135.3	
Exchange Rate (Riel per Dollar end period)	3,935.0	3,980.0	4,027.0	4,112.0	4,057.0	

¹ Source: IMF, National Bank of Cambodia





"2006 is the third time ACLEDA has raised capital since becoming a registered bank. ...this latest in what has become a regular 3-year cycle of capital building, gives ACLEDA one of the strongest balance sheets of any bank in Cambodia."

Chea Sok, Chairman

The Cambodian Economic Background In 2006

Macroeconomic

A sound macroeconomic framework helped underpin Cambodia's success in 2006 and this is forecast to continue for the next seven years. From 1994 to 2006 the economy grew by an average of 8.3% per year. Continuing from 2005's spectacular 13.4% real GDP growth, in 2006 Cambodia's economy again performed excellently with growth estimated at around 10.5%. Gross international reserves reached a record US\$1,097 million by the end of 2006, nearly 10 times the figure of a decade ago.

Real Sector

The 2006 estimated economic growth of 10.5% was mainly driven by the agricultural sector (+5%), the garments industry (+20%), tourism(+23.3%) and construction (+15.7%).

Inflation

After the spike in 2005 when inflation rose 5.6% in 2004 to 6.7%, 2006 saw the Consumer Price Index fall back to 2.8% with bumper a harvest bringing lower prices outweighing the continuing high energy costs.

Exchange Rate

The exchange rate remained relatively stable throughout 2006, appreciating by less than 2% although there are signs of a modest strengthening going into 2007.

Monetary and Banking

Currency in circulation grew by 24.8% at the end of 2006 compared with 15% in 2005, 22.7% in 2004, 18.6% in 2003 and 32.6% in 2002. The broad money supply (M2) increased by 38.2% in 2006 compared with 16.1% in 2005, 30% in 2004, 15.3% in 2003 and 31.1% in 2002. This was driven by an increase in foreign currency deposits of 45.5%, while net foreign assets increased by 31.9% and net domestic assets increased by 37.4%. The increase in foreign currency deposits is reflected in the increase of savings deposits of 30.6%, fixed deposits 69.1% and current deposits 45.3%. Credit to the private sector increased by 51.6% compared with 31.8% in 2005, 35.9% in 2004, 26.2% in 2003 and 13.1% in 2002.

Balance of Payments

Preliminary estimates give the current account (excluding official transfers) deficit at US\$575.5 million in 2006, 2% lower than in 2005. Exports reached US\$3,595.3 million, surging 23.5% compared with 2005. At the same time, imports rose to US\$4,734.4 from 3,927.8 million in 2005, US\$3,269.5 million in 2004 and US\$2,668.1 million in 2003, an increase of 20.5% compared to 2005.

...and Trends for 2007

The macroeconomic prospects for 2007 and the medium term are generally positive. Even with demand constrained by the current high level of petroleum prices, Cambodia's real GDP is expected to increase by 9% in 2007, with similar growth in the following years. Inflation is expected to remain below 4%. Broad money (M2) growth is targeted at 20% while it is estimated that money in circulation will expand by 16% and foreign currency deposits by 20%.

Shareholders' Meeting

The Annual General Meeting of Shareholders was held on 19th May 2006 at the bank's headquarters and in addition passed 5 resolutions by email. Notice of Meeting together with the Annual Report, the Meeting Agenda and the Board's recommendations were delivered to the shareholders in advance according to the bank's Articles of Association and regulations. Additional action was taken by the Shareholders during the year as provided for by Article 15 of the Articles of Association.

The key matters approved were:

- The Annual Report for the year 2005.
- The audited Financial Statements for the year 2005.
- The payment of a dividend for 2005 of US 12.94 cents per share.
- The re-appointment of PricewaterhouseCoopers (Cambodia) Limited as the external auditors for 2006.
- An amendment to article 4, 6, 8, 34, 42 and article 43 of the Memorandum and Articles of Association of ACLEDA Bank Plc.
- The revised budget for construction of the new Headquarters.
- A project to introduce electronic banking.
- An amendment of the Subscription and Shareholders Agreement.
- An increase in capital from US\$13 million to US\$30 million including a conversion of part of the Subordinated Debt into equity.

Performance

I am pleased to report that ACLEDA Bank enjoyed another good year. Our net profit after tax for 2006 was a record US\$6.7 million up by nearly 59% over 2005.

These results are the work of our outstanding staff. On behalf of the Board of Directors and the Shareholders I thank them for their effort and contribution.

The network was expanded from 139 to 156 offices during the year and, with the opening of Rattanakkiri and Mondulkiri branches, the bank now covers every province in the country.

Dividends

The board is pleased to recommend a dividend per share of US 8.89 cents – on a diluted basis (the number of shares issued having increased from 13,000,000 to 30,000,000 on 30th November 2006) more than half as much again as the payout for 2005. This is the sixth consecutive year in which we have increased the dividend payout since ACLEDA was transformed to a bank in 2000 and represents approximately 40% of our Net Profit After Tax. In keeping with our previous practice the remaining 60% will be transferred to General Reserves.

Capital Increase

2006 is the third time ACLEDA has raised capital since becoming a registered bank. In 2000, it raised US\$4 million to launch ACLEDA Bank Limited as a specialised bank. Three years later it increased its capital to US\$13 million and re-registered as a full commercial bank under the name ACLEDA Bank Plc. Now this latest in what has become a regular 3-year cycle of capital building, will give ACLEDA one of the strongest balance sheets of any bank in Cambodia. In addition the bank, which has seen consistent post-tax profit growth from just US\$475,000 in 2001 to US\$6.7 million last year, has followed a conservative policy of retaining the majority of its earnings to build up its General Reserve. As a result of these transactions ACLEDA's equity stood at US\$47.7 million by the end of 2006.

Rating

In spite of the lack of a sovereign risk rating for Cambodia, in November 2006, Moody's Investors Service reaffirmed its BFSR (Bank Financial Strength Rating) of 'D' – one of the strongest for domestic banks in Asian developing markets. It has been reported that the Cambodian government is considering applying for a sovereign risk rating in 2007 which will be a welcome development for the financial sector.

Governance Review

In July 2006, members of the board undertook a program provided by the Australian Institute of Company Directors in Perth for a period of one week to refresh their skills and gain the benefit of networking with fellow professionals in the field of corporate governance from other countries.

The terms of reference of the Board Committees were also reviewed and a number of changes were made to more closely align them with the evolving needs of the bank.

...and expectations for 2007

On 15th January 2007, ACLEDA Bank, Jardine Lloyd Thomson Asia and Asia Insurance (Cambodia) signed an agreement to arrange a Bankers Blanket Bond policy, a comprehensive insurance package covering the bank's operating risks. This policy covers robbery and embezzlement, fraud, electronic and computer crime, and directors and officers liability. ACLEDA is the first bank in Cambodia to put in place such an inclusive insurance package and it has already had a marked impact on deposit growth.

On 1st February 2007, the bank signed an agreement with IFC to facilitate ACLEDA's trade finance operations world-wide. This program supports trade with emerging markets by facilitating the financing of flows of goods and services to and from other countries around the globe. Under the arrangement IFC will provide guarantees to cover all trade instruments issued by ACLEDA, allowing the bank to extend its trade finance services more widely within the business community and offer its customers access to international trade opportunities through its extensive network of 637 correspondents throughout the world.

The branch network in Cambodia will continue to expand reaching every more deeply into the rural areas making banking services available to the previously 'unbanked'.

New products and services which we expect to introduce during the year include electronic banking and new retail and commercial loans in anticipation of the passing of the Law on Secured Transactions.

Lastly, the long anticipated move to our spacious new headquarters on Preah Monivong Boulevard took place on 9th April and we look forward to greeting all our customers and friends in what will undeniably be the most comfortable and modern banking hall in Cambodia.

On behalf of the Board I wish to thank our shareholders, customers, correspondents, institutional lenders, and the general public at large for their support and trust, and our staff and management for their contribution to the Bank's success for the past 6 years. We hope to receive your continued support to achieve our strategic objective to be Cambodia's leading 'bank for the people'.



Chea Sok
Chairman





"2006 was a year of growth on all fronts enhancing our market share in almost every category. Asset expansion was underpinned by new equity and increased profitability. Costs were kept under control and non-performing loans were at a record low. Expansion of the network and investment in new systems delivered rapid benefits and new business relationships both locally and internationally. Following two years of sustained growth and building up capacity we can look forward to 2007 with relish."

In Channy, President & CEO

Performance in 2006

2006 was a favourable year for the banking sector generally. In spite of this we have increased our market share in deposits, from 6.8% to 9.4% while holding our ground in lending at 17.7% standing in 5th and 2nd places respectively. However, it is clear that we have no grounds for complacency as our main competitors in both the commercial banking and microfinance sectors are all enjoying high growth in the prevailing favourable economic climate. This creates many challenges and both the management and the board of ACLEDA Bank recognise the need to be extremely vigilant in making sure that the bank's strategy and balance sheet are robust enough to face the competition. As the Chairman has already said, ACLEDA took a major step in building its equity with the increase in capital from US\$13 million to US\$30 million in November.

During the year the ACLEDA continued to build on the strong performance of 2005. Whilst Total Assets increased by 80.2% to US\$223.2 million Net Profit After Tax rose by 58.6% to a record US\$6.7 million. This translated into a Return on Average Equity of 26.7%—a substantial increase over 2005's 22.6%. This was largely achieved by:

- i) Improved control over our costs reducing our Operating Expense ratio from 61.4% to 59.2%.
- ii) Our loan portfolio continued to expand reaching US\$156.6 million, a 59% increase over 2005, on the back of strong economic growth particularly in the small and medium enterprise sectors, while microfinance continued to perform well. Notwithstanding that our funding costs were reduced due to a 99% rise in public deposits net margins fell slightly. This was partly from our reducing our interest rates on some of our higher priced loans during the year and partly due to increased lending in the lower margin (but more fee generating) commercial sector and as a result Net Interest Income rose 38% vs. 59% compared to loan growth (43% vs. 52% in 2005). The Non-performing Loan ratio fell from 0.16% to 0.10% due to strong credit management discipline and the favourable economic environment.
- iii) Deposits reached 78% of Total Loans against 62% the previous year contributing to a reduction in our average cost of funds. Our Deposit growth of 99% has been one of the more satisfying features of 2006 largely from new customers in provincial areas who did not previously keep their savings in banks.
- iv) Notwithstanding an increase in Gross Income of 45% Non-interest Income's contribution rose from 9.7% to 11.57% with Fee and Commission earnings almost doubling. This was mainly due to growth of 97% and 156% in Domestic and Overseas Funds Transfers respectively.

A number of successful new products were launched during the year of which one, a housing loan scheme with interest rates fixed for up to 10 years to enable Cambodian people, especially in the lower wealth segment, to purchase their own homes is showing particular promise.

Branch Network

Our office network expanded from 139 to 156 offices, mainly in the rural districts, with the bank now represented in every province in the country. The new branches in Rattanakiri, and Mondulakiri provinces have both made very good starts, especially in deposit gathering and transfers, and look set to repay their investment ahead of target.

Trade Finance

Our Trade Finance Division continued to thrive particularly in exports with more foreign buyers now dealing direct with Cambodian suppliers rather than through informal arrangements with third country middlemen. This was achieved with the support of our Financial Institutions Unit who have built up a comprehensive web of correspondents around the world now covering 648 branches in 46 countries, including some of the biggest names in international banking. The signing of an agreement in early 2007 to participate in IFC's Global Trade Finance Program, the first bank in Cambodia to be selected for this, will allow us to reach out to more customers, facilitate Cambodia's external trade growth and open doors to new international trade relations.

Information Technology

Temenos' GLOBUS, the bank's on-line IT system was replaced by Temenos T24 in July and is now proving its capability in handling the bank's expanding volumes. It is planned that the majority of our offices will be on-line by the end of 2007. At the same time the MIS was upgraded to provide more detailed information at the branch and district level which has not only improved service but helped the bank manage risk better.

Risk Management

Under the leadership of ARCO and with advice from PricewaterhouseCoopers our risk management is being continually refined and a Risk Management Committee with an expanded brief has been established to examine risk in a broader sense taking into account the probability of occurrence and potential impact. The bank achieved another 'first' for Cambodia by taking out Bankers Blanket Bond insurance underwritten by two large international insurers covering a comprehensive range of risk from robbery, fraud and embezzlement, computer and electronic crime, and Directors and Officers Liability.

ACLEDA Bank continues to be an active a member of the Risk Management Association – a leading US based industry association – which provides access to the latest learning tools and allows us to benchmark ourselves against international standards.

International Recognition

Moody's reaffirmed ACLEDA's Bank Financial Strength Rating of 'D' with outlook 'stable' notwithstanding the lack of a sovereign risk rating for Cambodia, which places us on the level of some of the best domestic banks in Asia's emerging markets.

ACLEDA continued to receive accolades from its international correspondents with both HSBC (for the second time) and Standard Chartered Bank awarding certificates of excellence for international payment processing. We highly value such recognition as this raises our profile in the international marketplace and creates confidence with our trade and remittance customers.

Prospects and Strategic Imperatives for 2007

'Our Commitment is to deliver quality and convenience to our customers by providing service 24 hours per day and 365 days a year'

Our long term strategy is based on building on where we have identifiable competitive advantage and in particular exploiting our existing strong microfinance franchise to support our traditional customers as they move up the wealth ladder. To achieve this we must provide them with access to a wider range of products and services appropriate to their growing needs. In particular, the introduction of payment cards and our ATM network in early 2007 will allow more convenient alternatives to access to their money and handle their day-to-day transactions.

The focus will be on domestic growth and improving service quality concentration on five main lines of business in which the bank already has significant franchises:

- Retail banking.
- Microfinance – both direct and wholesale.
- Micro, small and medium enterprise commercial banking.
- Cash management services (transfers, collections, payrolls, etc.) – to all sectors including commercial, national and multi-national companies, financial institutions, government and development agencies.
- Trade finance.

The building blocks needed to attain these objectives will be:

- Further expansion and upgrading of the office network in both urban and rural areas to meet the needs of those for who have limited or no access to banking services in particular microfinance customers.
- Develop and launch new products and services especially those based on cards and ATMs, and our 24/7 call centre.
- Improve the automated delivery systems for both new and existing products and services.
- Continually upgrading our MIS and communications networks (major upgrade planned in 2007).
- Expand our relationship with our international correspondents through the principle of 'reciprocity'.

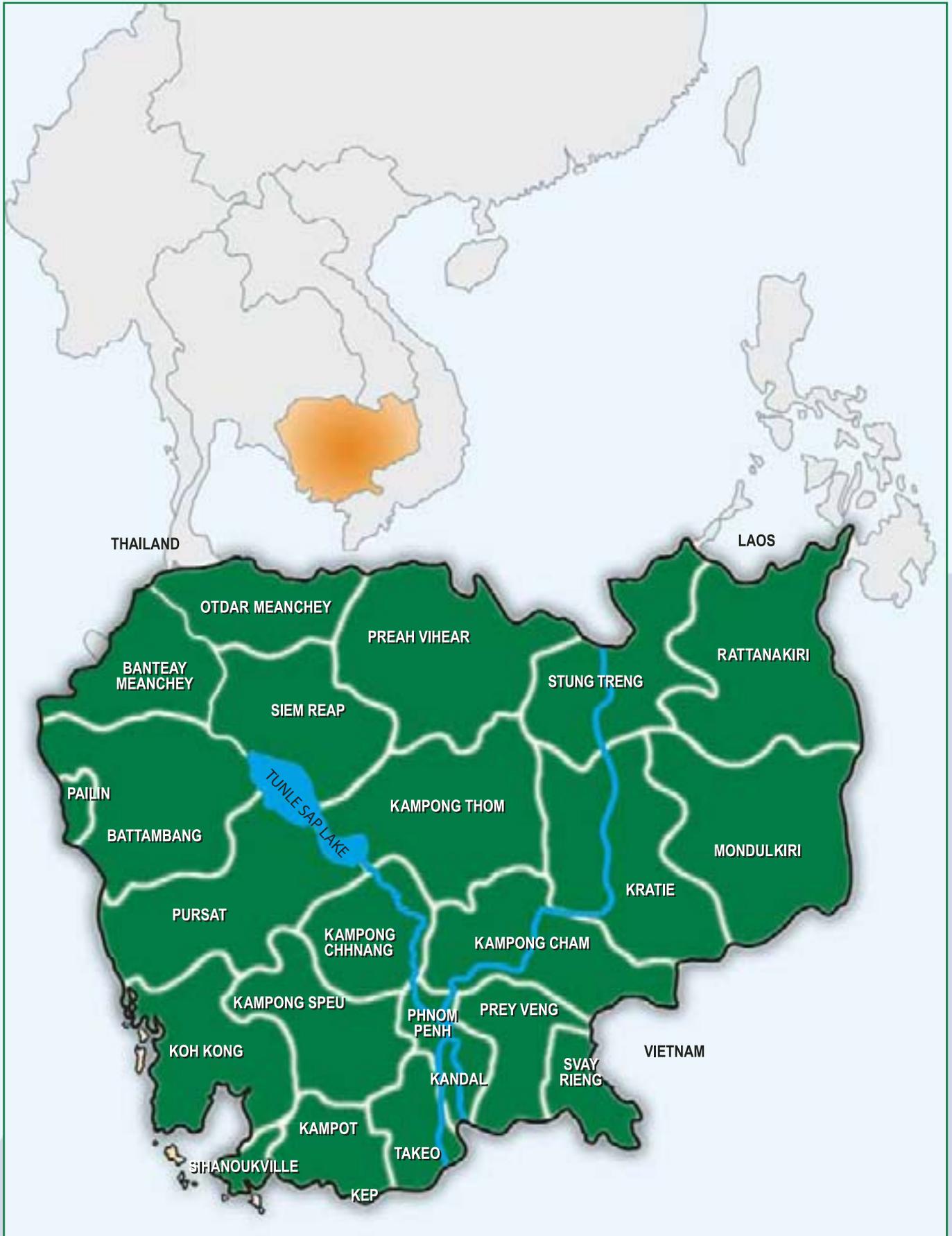
Following two years of sustained growth and building up capacity we can look forward to 2007 with relish. The move to our new corporate headquarters in April will not only enhance our bank's image and provide more convenient customer service but will greatly improve the working environment for our staff.

Once again it is my warmest pleasure to express my thanks to our shareholders, the Board of Directors, my colleagues in ACLEDA Bank and, above all, our customers for their continued support in our efforts to build ACLEDA Bank to be the market leader.



In Channy
President & CEO

By the end of 2006 ACLEDA Bank Plc. had 156 offices (and growing), covering every province in the country.



Principles

ACLEDA Bank Plc is governed on the principle of clear separation of responsibilities between a non-executive Board of Directors acting collectively and answerable to the Shareholders, and an executive management team lead by the President & CEO who has the direct day-to-day responsibility for controlling the business and operational affairs of the bank.

Shareholders

The shareholders are the owners of the bank. However, except for approving certain critical strategic matters the Shareholders have no direct powers to manage it in any way but delegate this responsibility to the Board of Directors through the Articles of Association.

ACLEDA NGO

The Association of Cambodian Local Economic Development Agencies (ACLEDA) NGO was established as an independent Cambodian Non-Government Organisation in 1993 for small and micro enterprise development, which aims to raise the standards of living of the poor by promoting economic activities ranging from self-employment and small to medium size business.

Following the transformation into a licensed specialised bank, ACLEDA Bank was established in October 2000, and the original ACLEDA was officially renamed the ACLEDA NGO. ACLEDA NGO's main objective is to enhance and guarantee sustainable access for small and micro businesses to the financial services through ACLEDA Bank.

ACLEDA NGO's main activities are:

- To channel bulk funds to ACLEDA Bank for the purpose of providing credit for the lower segment of the market and Cambodian entrepreneurs.
- To act as the principal shareholder of ACLEDA Bank.

ASA, Inc

The ACLEDA Staff Association, Inc (ASA, Inc) was formed to serve as a holding company and vehicle through which the staff of ACLEDA Bank can participate in the long-term growth and increase in value of the stock in ACLEDA Bank by owning a beneficial interest in the shares of ACLEDA Bank.

Deutsche Investitions-und Entwicklungsgesellschaft (DEG)

DEG – Our business is developing.

DEG, member of KfW Bankengruppe (KfW banking group), is one of the largest European development finance institutions. For more than 40 years, DEG has been financing and structuring the investments of private companies in developing and emerging market countries.

DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy, from agriculture to infrastructure and manufacturing to services. We also focus on investments in the financial sector in order to facilitate reliable access to capital locally.

So far, we have worked together with more than 1,300 companies. By providing 7.7 billion euros of finance, a total investment of 50 billion euros could be mobilized.

Our aim is to establish and expand private enterprise structures in developing and transition countries, and thus create the basis for sustainable economic growth and a lasting improvement in the living conditions of the local population.

The Netherlands Development Finance Company (FMO)

FMO is a Development Finance Institution with a global portfolio of EUR2.7 billion invested in the private sector in developing countries and emerging markets. We have a 'AAA'-rating from Standard & Poor's and were founded in 1970. Currently we are involved in over 400 projects in almost 80 countries. More than half of them are in the financial sector, involving 125 institutions and partners in 40 countries, with millions of clients.

We act as a catalyst, leveraging further investment. Our EUR900 million investment (in 2006) stimulated an investment volume of several billions of euros. Around 98% of our profits are reinvested. This profit determines how fast we can grow and the impact on development we can make.

FMO has an interest in 77 infrastructural projects, covering water, energy, transportation, telecommunications and roads. We have an annual budget for capacity development to stimulate and strengthen the climate for doing business. FMO has a staff of over 230 experts working worldwide out of one office in The Hague, the Netherlands.

The International Finance Corporation (IFC)

IFC, the private sector arm of the World Bank Group, promotes open and competitive markets in developing countries. IFC supports sustainable private sector companies and other partners in generating productive jobs and delivering basic services, so that people have opportunities to escape poverty and improve their lives. In 2006, IFC Financial Products has committed more than \$56 billion in funding for private sector investments and mobilised an additional \$25 billion in syndications for 3,531 companies in 140 developing countries. IFC Advisory Services and donor partners have provided more than \$1 billion in program support to build small enterprises, to accelerate private participation in infrastructure, to improve the business enabling environment, to increase access to finance, and to strengthen environmental and social sustainability. For more information, please visit www.ifc.org.

Triodos-Doen Foundation

Triodos-Doen Foundation was founded by Triodos Bank and DOEN Foundation in 1994. Triodos-Doen's vision is to develop microfinance into a full-fledged and integral part of the financial sector in developing countries. The creation of an inclusive financial sector, a sector where the majority of people have access to financial services, will provide a sustainable basis for a balanced social-economic development. In Triodos-Doen's vision microfinance institutions distinguish themselves from other financial institutions through a specific identity and sustainable profile. This profile includes not only a focus on the profitability of the institution but also on the social aspects, which are an almost inherent part of their mission, and on the potential impact of their business and credit operations on the environment and natural living conditions.

Triodos-Doen is one of the three microfinance funds managed by Triodos Investment Management BV, part of Triodos Bank N.V. in the Netherlands. Triodos Bank is a pioneering force in the world of sustainable banking. Triodos-Doen is involved in 40 microfinance institutions in Asia, Latin America, Africa and Eastern Europe. The total portfolio at the end of 2006 amounted to EUR37 million. Other equity investments in microfinance banks, besides ACLEDA Bank, include K-REP Bank in Kenya, Banco Solidario in Ecuador, Mibanco in Peru, FFP FIE in Bolivia, Akiba Commercial Bank in Tanzania, XacBank in Mongolia, BRAC Afghanistan Bank in Afghanistan, CEB in Cambodia, and Reliance Financial Services in The Gambia.

Triodos Fair Share Fund

Triodos Fair Share Fund, established in 2002 in the Netherlands, is one of the first and very few social-ethical funds worldwide that offers the opportunity to invest in microfinance institutions to the general public. The fund initially concentrates on the private investors market in the Netherlands. Triodos Fair Share Fund is one of the three microfinance funds managed by Triodos Investment Management B.V., part of the Triodos Bank N.V., and invests in microfinance institutions in developing countries, Central Asia and Eastern Europe. The objective of the fund is to give low-income people in these countries access to financial services by contributing to a sustainable inclusive financial sector. At the end of 2006 the portfolio of Triodos Fair Share Fund amounted to EUR24 million. Besides its equity investment in ACLEDA Bank, Triodos Fair Share Fund is a shareholder in FFP FIE in Bolivia, XacBank in Mongolia, and Mibanco in Peru. Triodos Fair Share Fund has 28 loans outstanding to 17 other microfinance institutions.



The directors are appointed by the shareholders for three year terms to act on their behalf. The Articles provide that the Board shall consist of nine directors and that:

- a) The Board of Directors is responsible for determining the strategy of the Bank and for conducting or supervising the conduct of its business and affairs. Its members shall act in the best interests of the Bank.
- b) The powers of the Board of Directors are to be exercised collectively and no individual director shall have any power to give directions to the officers or employees of the Bank, to sign any contracts, or to otherwise direct the operations of the Bank unless specifically empowered to do so by a resolution of the Board of Directors.
- c) Each Director shall have unlimited access to the books and records of the Bank during ordinary business hours.

The Board of Directors shall elect, by majority vote, one of its members to serve as Chairman who shall preside over meetings of the Board of Directors as well as the Annual General Meeting.

The Board of Directors assumes responsibility for corporate governance and for promoting the success of the bank by directing and supervising its business operations and affairs. It appoints and may remove the President & CEO. It also ensures that the necessary human resources are in place, establishes with management the strategies and financial objectives to be implemented by the management, and monitors the performance of management both directly and through the Board Committees.

The Board of Directors is required to establish an Audit Committee, a Credit Committee, a Compliance Committee, and an Assets and Liabilities Committee, and may establish such other committees as it deems necessary or desirable to carry on the business and operations of the bank. These Board Committees shall exist at the pleasure of the Board of Directors and all members of such committees shall be approved by the Board. The Committees themselves will not exercise any of the powers of the Board, except insofar as the Board may formally delegate such powers, but may make recommendations to the Board for their collective action.

A complete list of existing Board Committees, their membership and their activities during 2006 appears on pages 22-28 of this report. It should be noted that membership is not confined only to members of the Board but includes management and others as is considered appropriate to the role of the particular committee. However, the Chairman of a Board Committee must always be a member of the Board.



BOARD OF DIRECTORS

Mr. Chea Sok, Chairman

Cambodian, joined the Board October 2000. Born in 1943, he obtained Licence-es-Science Commercials in 1967 (specialising in: Bank, Finance and Accounting). He joined Banque Khmere pour le Commerce (Commercial Bank) in 1965 as Branch Manager in Sihanoukville, Deputy Branch Manager in Phnom Penh and Battambang till 1975. Branch Manager of National Bank of Battambang 1979-1990. From 1990-1999: Deputy Governor, Director of the Bank Supervision & Examination Department, Director of the Economic Research Department, General Director of the National Bank of Cambodia (Central Bank). From 1992, he attended numerous courses and seminars on Macro-economic Management and Microfinance in several countries and in Cambodia. He retired from the National Bank in 1999 after 20 years in banking, finance, legal and management. In 2006 he undertook the International Company Directors Course in Perth, WA, organised by Australian Institute of Company Directors.

Board Committees: Compliance and Ethics (Chair), Assets and Liabilities, Audit and Risk, Credit, International.



Mr. John Brinsden, OBE, Vice-chairman

British/New Zealand. Born in 1942, he has lived in Asia for 40 years the last 17 of which were in Vietnam and Cambodia. He previously worked for the Standard Chartered Bank from 1961 until retiring in 1999 as Resident Director, Mekong Sub-region. He assumed his present role on joining the Board of ACLEDA Bank in October 2000. He has particular responsibility for advising the bank on commercial banking and international relations. He is a Fellow of the Chartered Institute of Bankers of England and a Graduate of the Australian Institute of Company Directors. Married with one daughter to Chuang Pi-Feng, Taiwanese, he now lives with his family in Phnom Penh but travels widely in the Asia-Pacific region and Europe.

Board Committees: Assets and Liabilities (Chair), International, Audit and Risk, Credit.



Mrs. Femke Bos, Director

Dutch, born in 1969. Board member since August 2002. Mrs. Femke Bos joined Triodos Bank in 2002 and is currently Fund Manager of the Triodos-Doen Fund and Senior Investment Officer for Asia and the MENA (Middle East and North Africa) region. Prior to that she held several management positions with ABN AMRO Bank in the Netherlands. She received her MA in Law from the University of Amsterdam in 1994. During her career she gained experience in retail and commercial banking, legal affairs, management, microfinance and investment banking. In addition, Mrs. Femke Bos serves on the Board of Directors of XacBank in Mongolia.

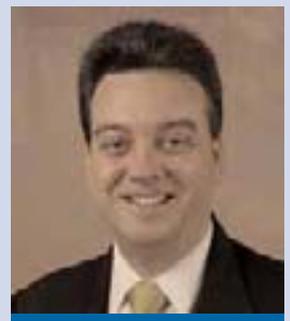
Board Committees: Credit (Chair).



Mr. Joseph J. Hoess, Director

American, born in 1966, Mr. Joseph J. Hoess is Director and Chief Financial Advisor of APG World Inc. since February 2006. He previously worked as a career expatriate for ABN AMRO Bank NV from 1991-2006. While with ABN AMRO, Joseph held senior management positions in both commercial and investment banking capacities while posted in the United States, Europe, Brazil, China and Thailand. Mr. Hoess received his B.A. in History with honors from Northern Illinois University in 1988 and an MBA from the University of Illinois at Chicago in 1992. He is a Graduate of the Australian Institute of Company Directors and is a regional consultant to Enterprise Bank Inc. of the Philippines under the Bankers for Bankers Program founded by FMO, Triodos Bank, PUM and NFX (Netherlands Financial Sector Development Exchange).

Board Committees: Audit & Risk (Chair), International.





Drs. Peter Kooi, Director

Dutch, joined the Board October 2000. Peter Kooi studied corporate finance and sociology at the Erasmus University in Rotterdam, the Netherlands. From 1993, he advised ACLEDA as a microfinance consultant over a period of seven years in its course from a development program into a commercial bank. From 1999, Peter Kooi worked as a short-term microfinance consultant for microfinance institutions and projects located mainly in Africa and Asia. From September 2002 until December 2005, Peter was Director of the Microfinance Unit of UNCDF in New York. Since then Peter works as a Resident Director of the Board of ACLEDA Bank. He is a Graduate of the Australian Institute of Company Directors.

Board Committees: International (Chair), Credit.



Mr. Eric J. Rajendra, M.A.L.D., GAICD, Director

American, born in 1958, joined the Board on 1st April 2006. Mr. Rajendra is currently an IFC Senior Advisor serving on the Boards of selected IFC investee companies. He also serves as a Senior Advisor in financial services to Capgemini at their Paris HQ. Mr. Rajendra started his career in 1982 as an international banker at JPMorgan Chase in New York. As a partner with McKinsey & Company, he served as their first Country Manager for Thailand. Mr. Rajendra was also a senior executive at American Express, and Wells Fargo Bank, in the U.S., and was an Adjunct Professor of Strategy at INSEAD in Fontainebleau, France, where he lectured on the financial services industry. He obtained his B.A. in economics from Brandeis University in 1980 and his M.A.L.D. in business and law from The Fletcher School at Tufts University in 1982. He is also a Graduate of the Australian Institute of Company Directors.



Mr. Lonh Thol, Director

Cambodian, joined the Board October 2000. Born in 1961. After studying management marketing he joined ILO in 1992 and moved to ACLEDA in 1993 where he now works in the Division for Branch Administration as Assistant Vice President and Manager of Security Unit.



Mrs. Sok Vanny, Director

Cambodian, joined the Board October 2000. Born in 1966, she obtained a master's degree of business administration majoring in finance and banking from the National University of Management, Phnom Penh, Cambodia, in September 2006. She graduated with a bachelor's degree of business administration majoring in management from the National Institution of Management, Phnom Penh, Cambodia, in 2001. She joined ACLEDA NGO in 1993 and now works in the Finance Division of ACLEDA Bank.



Mrs. Jutta Wagenseil, Director

German, joined the Board July 2001. Born in 1953, she has more than 21 years of business experience in the Far East. She obtained a master's degree of economics and business administration at Justus-Liebig-University, Giessen, Germany in 1978. She then participated in a trainee program of the reputed German Development Institute, Berlin, Germany. In 1979 she joined Klöckner Industrie-Anlagen GmbH, Duisburg, Germany (1979-1988) where she worked on heavy industry projects with a regional emphasis on Southeast Asia. She left the company as Deputy Head of the Department for Economic Studies and Project Development. In 1988 she joined Deutsche Investitions und Entwicklungsgesellschaft mbH working in the Business Cooperation Program (1988-1991) and in the Regional Department East and Southeast Asia (1991-2000). Since 2000 she has been working in DEG's Portfolio Management as Vice President and Senior Investment Manager responsible for DEG's portfolio in Thailand, Vietnam and Cambodia.

The President & CEO is appointed by the Board of Directors with full responsibility and authority to manage the day-to-day affairs of the bank within the framework of the policies and strategic guidelines approved by the Board. However, certain powers may be retained by the Board and shall be formally recorded in a 'Letter of Reserved Matters'.

The President & CEO appoints and chairs an Executive Committee comprising such of his direct reports as he deems appropriate (subject to any changes being notified to the Board in a timely manner). The Terms of Reference and proceedings of the Executive Committee shall be determined by the President & CEO at his discretion under the general headings of:

- Strategic direction – develop policies, goals, strategies and targets for Board approval
- Performance – assemble and mobilise resources to implement agreed strategies and performance targets
- Risk – identify and evaluate risk in the bank's strategies and manage exposures
- Compliance – ensure that the bank conforms to all corporate, legal and regulatory requirements.





Mr. In Channy, President & Chief Executive Officer

Born on 4th June 1960. He holds a master of business administration from Norton University and studied Business Organisation and Management at Gwynedd Mercy College, USA in 1990. He obtained a bachelor's degree in education at the Faculty of Advanced Education in Thailand, in 1992. From 1993 onwards, he has attended numerous courses on management and microfinance in Cambodia and overseas. In 1998, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. He is a Graduate of the Australian Institute of Company Directors (GAICD) and has received a diploma on 'Productivity Improvement and Management for Asian Economies in Transition', Turino, Italy. He was one the founders of ACLEDA in 1993.



Mr. Chhay Soeun, Executive Vice President & Chief Finance Officer

Born in 1954, graduated from high school in 1973 and from the Supreme Technology Institute in 1974. He studied accounting at the Economic School in Phnom Penh in 1980. From 1993, he attended numerous courses on management and microfinance in Cambodia and overseas. From 1997, he completed a range of advanced course in finance at the Regent College in Phnom Penh. In 1998, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. He also obtained a diploma in accounting in 2002. He obtained a bachelor's degree of business administration (BBA) from the Universiti Tun Abdul Razak (UNITAR), Malaysia, in June 2006. He attended the International Company Directors Course in Perth, WA, July 2006, organised by Australian Institute of Company Directors and awarded their Diploma in January 2007. He is one of the founders of ACLEDA in 1993 and has been in charge of its finance in 1994 and has been Executive Vice President & Chief Finance Officer since July 2006.



Mrs. So Phonnary, Senior Vice President & Head of Marketing Division

Born in 1963, obtained a master's degree of business administration majoring in management from Charles Sturt University, Wagga Wagga NSW, Australia, in April 2007. She had been awarded a bachelor degree in economic sciences at the Economic Institute in Phnom Penh in 1989. From 1993, she attended numerous courses on management and microfinance in Cambodia and overseas. In 1998, she completed a course in microfinance at Colorado University, USA. She also obtained a diploma in accounting in 1998 at the Regent College in Phnom Penh. From 1993, she worked in ACLEDA as a small enterprise promotion officer and credit officer. In 1995 she was promoted to provincial branch manager. She has been Manager of Marketing Department in 1996 and has been Senior Vice President & Head of Marketing Division since July 2006.



Mr. Cheam Teang, Senior Vice President & Head of Treasury Division

Born in 1955, obtained a master's degree of business administration from Rushmore University, Dakota Dunes, USA, in June 2001. He graduated from high school in 1973, studied teaching mathematics at the Pedagogy School in Phnom Penh from 1974 to 1975. He studied accounting at the Economic School in Phnom Penh in 1980. From 1993, he attended numerous courses on management and microfinance in Cambodia and overseas. In 1998, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. He is one the founders of ACLEDA in 1993 and worked as provincial branch manager till 1998 when he was promoted to Operations Manager in 1998 and he became Treasury Department Manager in 2000 and has been Senior Vice President & Head of Treasury Division since July 2006.



Mr. Chan Serey, Senior Vice President & Head of Human Resources Division

Born in 1956, obtained an associate degree in education in Thailand in 1992. From 1994, he attended numerous courses on management and microfinance in Cambodia and overseas. In 1998, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. From 1994, he worked in ACLEDA as business trainer and credit officer. In 1996 he was promoted to deputy provincial branch manager and became a branch manager in 1997. He was Manager of Credit and Human Resources Department from 2000 before taking over as Human Resources Department Manager in 2002 and has been Senior Vice President & Head of Human Resources Division since July 2006.



Mr. Mach Terry, Senior Vice President & Head of IT Division

Born in 1965. He completed his higher school certificate in 1986 in Australia. He was awarded a degree in Bachelor of Science in 1989 by Monash University in Australia, majoring in Computer Science and Statistics. He then proceeded to do a Graduate Diploma in Business Systems and was awarded the diploma in 1990 by the same university. He worked for several different organisations, including the ANZ Bank in Australia, Monash University, UNHCR in Cambodia, World Vision Cambodia, International Labour Organization, and finally, ACLEDA NGO as a consultant before assuming his full-time management position with ACLEDA Bank in July 2000 and has been Senior Vice President & Head of IT Division since July 2006.

EXECUTIVE | MANAGEMENT

Mrs. Kim Sotheavy, Senior Vice President & Head of Internal Audit Division

Born in 1965, obtained a bachelor's degree in economic sciences at the Economic Institute in Phnom Penh in 1991. Since 1992 she has attended numerous courses on management, accounting and auditing in Cambodia and overseas. From 1997, she completed a range of advanced courses in finance and auditing at the Regent College in Phnom Penh. She worked in ACLEDA from 1994 as accountant. She was promoted to Internal Audit Team Leader since 1999 and was promoted to Manager in 2002 and has been Senior Vice President & Head of Internal Audit Division since July 2006.



Mr. In Siphann, Senior Vice President & Head of Credit Division

Born in 1957, studied management and accounting at the Economic School in Phnom Penh in 1980, obtained a diploma in business management in 1988, then a bachelor's degree in 2003 and now pursuing for MBA. Since 1997, he has attended numerous courses on management and accounting, microfinance in Cambodia and overseas. In 1999, he completed an executive course on Finance Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. From 1994, he worked in ACLEDA Bank as small enterprise promotion officer and credit officer. He became an accountant in 1997 and promoted as deputy branch manager within the same year. In 1998, he was promoted to provincial branch manager and then became Credit Department Manager in June 2002 and has been Senior Vice President & Head of Credit Division since July 2006.



Mr. Ly Thay, Senior Vice President & Head of Operations Division

Born in 1975, obtained a bachelor's degree in chemistry at Phnom Penh University in 1996. He attended numerous courses on selling skills and management by MPDF programs in Cambodia. From 1997, he worked in ACLEDA as accountant and as internal audit staff in 1999. In 2000, he was promoted to Svay Rieng Branch Manager and he then was promoted to office operations manager in 2002. He was promoted to Operations Department Manager in 2004 and has been Senior Vice President & Head of Operations Division since July 2006.



Mr. Nay Soksamngang, Senior Vice President & Head of Division for Branch Administration

Born in 1961 and obtained an associate degree in accounting at Regent College in Phnom Penh in 1999. Between 1994 and present, he attended numerous courses on management and microfinance in Cambodia and overseas. In 1999, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. In 1994, he started working for ACLEDA as a business trainer and credit officer. In 1997, he was promoted to be a deputy provincial branch manager. He became a branch manager in 1998 and was promoted to be Manager of Department for Branch Administration in September 2005 and has been Senior Vice President & Head of Division for Branch Administration since July 2006.



Mr. Prom Visoth, Senior Vice President & Head of Legal Division and Company Secretary

Born in 1975, obtained a master's degree of business administration majoring in finance from Charles Sturt University, Wagga Wagga NSW, Australia, in April 2006. He graduated with a bachelor of business administration majoring in accounting from the Faculty of Business in 1997 and bachelor of law administration majoring in private law from the Faculty of Law and Economic Sciences in 2000 in Phnom Penh, Cambodia. He started working for ACLEDA as accountant in June 1998 and was promoted to be the technical staff of Credit Department in 1999 and then was continuously promoted to be manager of Svay Rieng ACLEDA Bank Branch in 2000. He became Legal Team Leader and Company Secretary in 2001 and Manager of Legal Department and Company Secretary in January 2006 and has been Senior Vice President & Head of Legal Division and Company Secretary since July 2006.



Mr. Ung Sam Ol, Senior Vice President & Head of Trade Finance Division

Born in 1963, obtained a master's degree of business administration majoring in accounting and finance from Build Bright University in 2005, Phnom Penh. He graduated with a bachelor's degree of economic sciences majoring in banking and finance, Norton University in 2001, Phnom Penh. He was awarded a diploma in accounting and finance in 1988 from Phnom Penh Business College. He started working for ACLEDA as accountant in 1998 and became head of the credit control unit in 1999. He has attended numerous courses on management and accounting in Cambodia. He was promoted to be branch manager of ACLEDA Bank Plc, Kampong Thom Branch in 2001 and has been Deputy Manager of Operations Department in 2004 and was promoted to be Manager of Trade Finance Department in January 2006 and has been Senior Vice President & Head of Trade Finance Division since July 2006.



Whilst directors' conduct is governed by i) the Articles of Association, ii) the Shareholders' Agreement, and, iii) the relevant laws and regulations of the Kingdom of Cambodia, the continuing evolution of the bank requires constant attention to ensure that its internal standards of corporate behaviour are maintained at the highest levels. In March 2005, therefore the Board commenced a comprehensive examination of the whole issue of corporate governance to determine the needs of the bank going forward. Amongst other things, Directors' Service Agreements, a Directors Induction Program and Due Diligence Checklist and a Directors' Code of Conduct have all been put in place and rules regarding Directors' remuneration and expenses have been formalised. In 2006, Members of the Board attended the International Directors Course provided by the Australian Institute of Company Directors as part of the Board's commitment to the continual upgrading of its professional skill and competency.

All employees of the bank are governed by a strict Code of Ethics which is incorporated into the Collective Labour Agreement which covers such matters as: personal behaviour; relationships with colleagues, customers and regulators; confidentiality; conflicts of interest; acceptance of gifts; money laundering and 'whistle blowing'. This document is regularly reviewed by the Compliance and Ethics Committee to ensure that it remains relevant and up-to-date.



The Board met face-to-face four times in March, July, September and December during the course of 2006 and in addition passed 35 resolutions by email. Each meeting normally lasts one whole day except for the March meeting which extended into a second day to review the previous years results and meet with the external auditors.

Principal activities in 2006:

- Reviewed the Bank's quarterly financial reports and received progress reports on all operational aspects of the banks operations including services and products.
- Received and reviewed the external auditors' special Management Letters and approved management's response thereto.
- Approved a rights issue to increase the capital from US\$13 million to US\$30 million.
- Approved the audited financial statements and Annual Report for the year 2005.
- Reviewed and approved the Business Plan, Budget and Capital Expenditure Plans, and Funding Strategy.
- Approved the branch expansion plan.
- Renewed the banking license of ACLEDA Bank Plc.
- Approved the introduction of debit cards and an ATM network.
- Approved the introduction of new strategic products and services, and delivery processes.
- Approved the subscription to a Banker's Blanket Bond insurance policy.
- Ratified amendments to the Credit Policy.
- Undertook a feasibility study for cross-border expansion.
- Amendment to the Subscription and Shareholders Agreement and the Memorandum and Article of Association of ACLEDA Bank Plc.
- Performed the annual appraisal of the President & CEO and approved his 2006 remuneration package.

Committees of the Board of Directors

The Board Committees supervise the management of the bank in certain specific areas and prepare recommendations to the Board of Directors:

The reports appear on pages 22 to 28

- Assets and Liabilities Committee (ALCO)
- Audit and Risk Committee (ARCO)
- Compliance and Ethics Committee (CEC)
- Credit Committee (BCC)
- International Committee (INCO)

Assets and Liabilities Committee (ALCO)

Scope and purpose:

Monitor balance sheet management to ensure appropriate levels of liquidity whilst maximising returns and ensuring that the bank is not exposed to undue levels of risk in interest rate, period and foreign exchange mismatches.

Members:

- | | |
|---|---------------------|
| 1. Board Member (Chair) | – Mr. John Brinsden |
| 2. Board Member | – Mr. Chea Sok |
| 3. President and CEO (ex officio) | – Mr. In Channy |
| 4. EVP and Chief Financial Officer (ex officio) | – Mr. Chhay Soeun |
| 5. SVP and Head of Treasury Division (ex officio) | – Mr. Cheam Teang |
| 6. SVP and Head of Marketing Division (ex officio) | – Mrs. So Phonnary |
| 7. SVP and Head of Credit Division (ex officio) | – Mr. In Siphann |
| 8. SVP and Head of Operations Division (ex officio) | – Mr. Ly Thay |

Issues and Activities of 2006:

ALCO met twelve times during the year with a 100% attendance record achieved by all permanent members or their deputies.

External Environment

- Regular incremental increases in Fed Funds rates in the first half of the year from 4.25 – 5.25% p.a. but limited impact on local US\$ interest rates.
- Stable US\$/Riel exchange rates trading within a narrow band of <5% (official and market rates).
- Increasing US\$ liquidity in the banking system with increasing foreign exchange reserves fuelled by record inward investment and 'family' remittances.

Internal issues

- Whilst the bank enjoyed increasing liquidity surpluses throughout the year, capital ratios came under stress due to strong asset growth. This was alleviated by a capital increase of US\$17 million to total US\$30 million in November.
- As in 2005, continuing robust demand for Khmer Riel and Thai Baht credit imposed a strain on funding in those currencies. Although this was alleviated by various credit arrangements with the National Bank and an international financial institution it is expected that this will remain an issue into 2007.
- Strong growth in deposits had a positive impact on Advances/Deposits ratios which improved from 1.59:1 in 2005 to 1.28:1 at the end of 2006. Whilst this trend indicates more efficient management of funding the impact is diluted by the large liquidity surpluses the bank is still carrying – a matter which will be given priority 2007.
- The strategy of securing medium-term fixed rate funding in anticipation of the continued rise in US\$ interest rates was vindicated during the year and the bank had no difficulty in lining up prospective institutional lenders.
- In order to accommodate increasing demands on our foreign exchange settlement, ALCO approved increases in the internal mismatch limits in US Dollar, Euro and Thai Baht. Whilst the new limits remain well within the central bank regulations and shareholder agreements they will be regularly reviewed in the light of market conditions and the business needs.
- ACLEDA now offers customer accounts for in Australian Dollar, Canadian Dollar, Euro, Thai Baht and Vietnamese Dong as well as US Dollar and Khmer Riel.
- A thorough review of the Funding Strategy was undertaken in 2006 the results of which confirmed the priority of securing public deposits aiming for an Advances/Deposits ratio of 1:1 by the end of 2007, selective use of institutional borrowing structured to fund specific asset categories, and increase the use of Stand-by lines from international banks to cover deposit volatility and reduce the need to maintain high liquidity levels.
- ACLEDA has instituted 'GuardBank ALM', a computer based program, to provide advanced training for all Treasury staff and senior management of the bank in asset and liability management.

Audit and Risk Committee (ARCO)

Scope and purpose:

- i) to monitor the integrity of the financial statements of the bank;
- ii) to review the bank's internal financial control and risk management systems;
- iii) to monitor and review the effectiveness of the bank's internal audit function;
- iv) to make recommendations to the board in relation to the appointment and remuneration of the external auditor and to approve the terms of engagement of the external auditor following appointment by the shareholders in general meeting;
- v) to monitor and review the external auditor's independence, objectivity and effectiveness;
- vi) to develop and implement policy on the engagement of the external auditor to supply non-audit services, and;
- vii) to make recommendations to the board on action to be taken where ARCO's monitoring and review processes reveal cause for concern or need for improvement.

Members:

- | | |
|---|-----------------------|
| 1. Board Member (Chair) | – Mr. Joseph J. Hoess |
| 2. Board Member | – Mr. Chea Sok |
| 3. Board Member | – Mr. John Brinsden |
| 4. President & CEO (ex officio) | – Mr. In Channy |
| 5. EVP & CFO (ex officio) | – Mr. Chhay Soeun |
| 6. SVP and Head of Internal Audit Division (ex officio) | – Mrs. Kim Sotheavy |
| 7. SVP and Head of IT Division (ex officio) | – Mr. Terry Mach |
| 8. SVP and Head of Operations Division (ex officio) | – Mr. Ly Thay |
| 9. Manager, Risk Management (ex officio) | – Mr. Rath Yumeng |

All members of ARCO, whether executive or non-executive, have the appropriate financial and accounting expertise, whether by qualification or gained through solid professional experience.

ARCO (or “the Committee”) undertakes regular monitoring of the internal and external audit, control and risk management processes to ensure that the bank’s present business operations are soundly conducted and accurately reported as well as anticipating and assessing future trends and developments – both internal and external – which might threaten or compromise the financial good health, integrity or reputation of the bank and ensures that the appropriate measures are put in place to deal with them. ARCO does not itself normally manage the individual risks, but takes responsibility for ensuring that there are appropriate management responsibilities and processes in place to deal with risk. This may involve periodic reviews of, and amendment to, current procedures or may entail recommendations for the implementation of entirely new measures.

Issues and Activities of 2006:

- ARCO met five times during the 2006 fiscal year - in February, June, July, September and December. In addition, meetings were conducted in February and September between the non-executive members of the Committee and the bank’s external auditors to review the results of the 2005 annual audit and to prepare the work schedule for the 2006 annual audit respectively. A working group, composed of ARCO members Mr. Joseph J. Hoess, Mr. Chea Sok, Mr. John Brinsden, Mr. In Channy, Mr. Chhay Soeun and Mrs. Kim Sotheavy, met on 28th September 2006 to receive credential presentations from qualified and reputable auditing firms operating in Cambodia and to perform an assessment of the candidates for the purpose of recommending to the full ARCO the firm that it felt is best qualified to perform ACLEDA Bank Plc’s annual audit for fiscal years 2007 and 2008 (assuming performance in fiscal year 2007 is satisfactory).
- There were no changes to the membership which composes ARCO during 2006. ACLEDA’s external auditors, PriceWaterhouseCoopers (‘PwC’), participated in the February and July ARCO meetings, as observers. In February, the PwC observers presented their annual audit and internal control findings to ARCO members. In addition, the PwC observers provided members with a detailed presentation on the formulation of internal rating based credit modules that fulfil Basel II credit risk assessment requirements. In the July Committee meeting, PwC observers provided their findings on an IT security testing exercise it was contracted to perform on the Bank’s systems. Other Committee observers included board directors, Drs. Peter Kooi in the September working group and ARCO meetings, and Ms. Femke Bos and Mr. Eric J. Rajendra in the December ARCO meeting.
- The Committee received the external auditor’s Management Letter pertaining to the fiscal year 2005 annual audit. This Letter revealed no serious shortcomings and PwC reported that it had received excellent cooperation from the management and staff of the bank while performing its duties.

The external auditor’s 2005 Management Letter raised five principal areas for possible improvement, being assessment and award of incentives and bonuses; provision for healthcare insurance; enhanced anti-money laundering compliance; timeliness of updating commercial information in the Bank’s systems; and taxation. The Committee was satisfied with management’s response and the various remedies proposed. In the Committee’s opinion, all of the areas were adequately addressed during 2006.

The Committee’s findings and the ARCO Annual Report were endorsed by the full Board at its March 2007 meeting.

- As per Internal Audit division quality control procedures approved in February 2005, the electronic working paper software package, ‘TeamMate’ was implemented across all major ACLEDA Bank Plc. branches in 2006. Continuing with the agreed roll-out plan, all remaining branches of the bank will receive TeamMate by the end of 2007.
- ARCO invited PwC to present to it on the formulation of internal rating based credit (“IRB”) modules that may be used

in association with providing proper credit risk assessments in relation to the implementation of Basel II standards. This presentation included a general introduction to Basel II, a possible Basel II implementation timeline and basics in constructing an IRB module to fulfil Basel II requirements, including suggested risk parameters, the determination of weightings assigned to such parameters and the process of purifying data.

While the National Bank of Cambodia ('NBC') currently does not require commercial banks in Cambodia to implement Basel II, ACLEDA Bank Plc. formed a Basel II steering committee chaired by its EVP & CFO, Mr. Chhay Souen, to prepare the bank for Basel II implementation. It was decided by ARCO and the steering committee, that the creation of a credit scoring worksheet ("CSW") applicable to the bank's corporate borrowers would be the first step toward the realisation of a more detailed IRB module. Through good collaboration amongst the bank's Finance, Risk Management, Operations and Credit divisions, a proprietary CSW was completed and submitted to ARCO for recommendations in September. Integrating these recommendations, the CSW was submitted to the Board Credit Committee for its implementation consideration.

- On the recommendation of ARCO, the bank contracted PwC to perform an information technology security assessment of ACLEDA Bank Plc.'s systems. The result of this assessment was that there are no apparent areas of significant weakness in the bank's systems. Several minor recommendations were made by the PwC team with regard to ways in which the bank can further act to reduce potential system security issues. The Committee recommended that the bank implement several of these recommendations, but noted that the PwC assessment did not include an external hack test. ARCO has recommended that such a test be performed in the first half of 2007.
- Based on an Internal Audit division finding, the Committee requested Operations and IT divisions to compose procedures for the proper entrance of payroll product data into the general ledger system. The IT division implemented a payroll product information interface that provided Operations division with an easy and convenient method to upload the product information directly into the general ledger.
- In order to ensure the integrity of customer data and the bank's reporting, ARCO requested to review, with the IT division, the system access authorities provided for each member of the IT staff and the system-generated audit trail created whenever an IT staff member accesses the system and performs a function. The ACLEDA Bank Plc. IT division provided ARCO with a comprehensive written report that was reviewed and accepted.
- The Committee agreed that it should conduct a complete appraisal of internationally reputable external accountants eligible to complete the bank's 2007-2008 annual audited accounts. The intent of this exercise was to:
 - identify internationally reputable accounting firms who were experienced in performing audits in accordance to International Accounting Standards and preparing financial accounts in accordance with Cambodian Accounting Standards ("CAS"), International Financial Reporting Standards ("IFRS") and in compliance with National Bank of Cambodia ("NBC") regulation;
 - invite the identified firms to ACLEDA Bank Plc. to present their credentials and audit methodology to an appointed working group of ARCO members;
 - perform a full assessment of each candidates' audit methodology, local knowledge level, engagement experience, quality and depth of resources and content of reports generated; and
 - provide an objective recommendation to the board of directors as to which accounting firm is presently the most capable of completing the highest quality audit for ACLEDA Bank Plc. during the 2007-2008 period.

Based on the input from the ARCO working group and the presentations of the external accountants, ARCO determined that the depth and quality of PwC's resources, its track record of experience in Cambodia and the region and its capability in identifying and assessing the inherent risks within the bank's operations were superior to the other candidates.

The Committee acknowledges that if PwC is appointed to perform the bank's annual audit in 2007, the firm will be required to change the audit inspection team and leader in accordance with the bank and NBC requirements, as well as international best practices.

- Based on the occurrence of certain procedural short-comings that came to light during the core information technology (general ledger) conversion from GLOBUS to T24, ARCO engaged in a complete review of the conversion events and existing system implementation procedures of the bank. The Committee made several operational recommendations and composed an Extraordinary Operational Events Policy that was subsequently approved by the board of directors at its meeting in December. This policy makes it mandatory for any operational event that is outside of the ordinary course of the bank's business, and that may lead to significant risk assumption on the part of the bank, to be reviewed by ARCO or the Internal Audit division, who will bring the event to ARCO's attention prior to implementation.
- The Committee worked with the Internal Audit division to create provincial and local branch objectives that can be integrated into the performance appraisals of staff based on benchmarks of audit event occurrences and their severity. These performance objectives will be adopted by the bank during the 2007 fiscal year.

- As a preventative measure, the Committee requested that the Operations and Risk Management divisions review procedures associated with the storage of cash in order to minimize handling and enhance the security of the bank's assets.
- ARCO recommended, and authored a Terms of Reference for an IT consultant to undertake a background study of the bank's existing IT system architecture and capacity expansion plan in order to ensure that the system is operating at optimal efficiency and will be sufficient to meet the medium-term requirements of the bank. This exercise will be undertaken in the first half of 2007.

Report and Recommendations

It is the opinion of the Committee that the internal controls, audit procedures and risk management processes are adequate to safeguard the bank and to provide sufficient reassurance as to the integrity of the financial accounts.

The Committee is recommending the re-appointment of PriceWaterhouseCoopers as external auditors for 2007. After performing a complete appraisal of internationally reputable accounting firms in 2006, the Committee is convinced that PriceWaterhouseCoopers is the best equipped, experienced and capable to assess the bank's operations and review its financial results in 2007. ARCO is satisfied that PwC has demonstrated its independence in past audits of the bank, and PwC will be required to rotate its audit team in 2007 to ensure a fresh and critical viewpoint is effectuated in conjunction to the audit. Except for the IT security assessment, performed by a team of PwC IT specialists unrelated to the bank's past annual audits, ACLEDA Bank Plc. had no other relationship or fee earning arrangement with PriceWaterhouseCoopers.

Compliance and Ethics Committee (CEC)

Scope and purpose:

- Monitor all affairs of the bank to ensure compliance with all relevant laws and regulations, and that appropriate policies and checks are in place to provide the highest standards of corporate governance and ethical behaviour.
- Foster a corporate culture of integrity, morality and probity in dealing with all customers and counter-parties, regulators, members of the public and with other colleagues and cultivate an attitude of 'zero tolerance' towards less-than-best standards of corporate behaviour.

Members:

- | | |
|---|---------------------|
| 1. Chairman of the Board (Chair) | – Mr. Chea Sok |
| 2. President & CEO (ex officio) | – Mr. In Channy |
| 3. EVP & CFO (ex officio) | – Mr. Chhay Soeun |
| 4. SVP & Head of Legal Division (ex officio) | – Mr. Prom Visoth |
| 5. SVP & Head of Marketing Division (ex officio) | – Mrs. So Phonnary |
| 6. SVP & Head of Internal Audit Division (ex officio) | – Mrs. Kim Sotheavy |
| 7. SVP & Head of Treasury Division | – Mr. Cheam Teang |

Issues and Activities for 2006:

Compliance Committee met four times with 100% attendance. The main issues were:

- Reviewing operating manuals and procedures to ensure compliance with external laws, 'prakas' and any new regulations by the National Bank of Cambodia ('NBC') and other authorities. Under pressure to meet World Trade Organization obligations, 2006 saw the passing of a considerable amount of legislation both new as well as administrative orders modifying or clarifying existing laws governing prudential and reporting requirements. Particularly noteworthy was the decision of the NBC to issue banking licenses of an indefinite duration instead of the three year limit previously imposed. It is satisfying to report that ACLEDA was the first financial institution in Cambodia to be granted an indefinite license.
- Reviewing the government's Financial Sector Blueprint 2006-15 for Cambodia (FSB 2006-15) update on the topics of 'Banking for immediate priorities: Development of national wholesale electronic payment system, Customer education and awareness activities' and its implications for the bank.
- Monitoring the evolution of good governance developments in the local, ASEAN and international economic, monetary and banking systems and implications and benefits for ACLEDA.

- Reviewing internal policies, procedures and processes to ensure that they meet the high levels required particularly in the areas of reputation, advertising and promotional programs, environmental, social and community matters, and behavioural issues in maintaining an ethical workplace and to ensure that the bank's activities conform to its policies on respecting human rights.
- Conduct a study with the Internal Auditors to assess the impact on the rapid growth of our staff, particularly new employees, on working practices and ethical behaviour within the bank and monitor the effectiveness of the training and counselling programs as a means of maintaining the organisation's standards.

Credit Committee

Scope and purpose:

- Review and advise the main Board on credit policy including requests from management for exceptions and amendments.
- Monitor portfolio quality and compliance with approved credit policies and applicable laws and regulations.

Members:

- | | |
|--|---------------------|
| 1. Board Member (Chair) | – Mrs. Femke Bos |
| 2. Board Member | – Mr. John Brinsden |
| 3. Board Member | – Drs. Peter Kooi |
| 4. Board Member | – Mr. Chea Sok |
| 5. President & CEO (ex officio) | – Mr. In Channy |
| 6. EVP & CFO (ex officio) | – Mr Chhay Soeun |
| 7. SVP & Head of Credit Division (ex officio) | – Mr. In Siphann |
| 8. VP & Manager, Phnom Penh/Kandal Provincial Branch | – Mr. Prum Sang |

Issues and activities for 2006:

The Board Credit Committee met four times during the year with all members present.

The bank experienced another year of growth in loan portfolio in 2006. The overall Portfolio At Risk was steadily reduced during the year closing at a record low of 0.10% by the end of December. All branches performed well without exception. There were no remarkable peaks related to the quality of the loan portfolio across the different credit products.

During the year the bank has been in full compliance with all limits set in the credit policy. The largest exposure to a single clients by the end of the year was 1.31% of the bank's net worth. Loans to related parties were less than 1% of the bank's net worth.

The committee monitored the introduction of new products such as the fixed rate Housing Loan for retail customers allowing private individuals to purchase apartments or houses. Since this is a new product in the Cambodian market, the expected demand will be strong. In order to grow this portfolio cautiously and to monitor the potential risks involved, the committee decided to put a cap on the total loans in this segment to 10% of the total loan portfolio outstanding. The cap can be reviewed yearly.

During the year, the bank experienced a slow down in the growth in micro business loans (uncollateralised group or individual loans up to US\$500). Since the micro business loans are the core business of the bank, the committee required management to analyse the situation. The main reasons behind the decrease in the number of clients in this segment were: the upgrading of clients to larger loans because of increased business activity and tougher (price) competition from micro-finance institutions. The committee approved the measures proposed by management to overcome the situation and by the end of the year growth in this segment of the portfolio had picked up again to acceptable levels.

Growth in the medium sized business loans was strong due to the fact that this segment is still largely underserved by most Cambodian Banks, especially in the rural areas. The trade sector makes up the largest part of the portfolio (49.74%). In 2006 Management started the process to analyse the different sub sectors and build up a sector specific knowledge. Large sectors in the Trade portfolio were identified as being the food and grocery business, textiles and construction materials. Overall, the portfolio of the bank is well diversified without significant exposure in a specific sector.

The Credit Policy was reviewed and amendments were made with regard to interbank transactions. The committee also reviewed the latest draft of the Law on Secured Transactions in anticipation of the final approbation.

In December 2006 the committee considered a proposal to implement credit scoring and concluded that amongst the various scoring tools discussed the version developed in-house was the most appropriate. It will be implemented in the medium-size business loan portfolio in early 2007.

International Committee (INCO)

Scope and purpose:

The committee is responsible for providing strategic direction to the bank's international affairs by:

- a) monitoring and analysing global events and trends;
- b) identifying international opportunities and threats;
- c) developing appropriate strategies for board approval;
- d) overseeing the implementation of such strategies, and;
- e) directing and co-ordinating the bank's general activities to achieve the maximum benefit from its international relationships.

Members:

- | | | |
|---|---|---------------------|
| 1. Board Member (Chair) | – | Drs. Peter Kooi |
| 2. Board Member | – | Mr. Chea Sok |
| 3. Board Member | – | Mr. John Brinsden |
| 4. Board Member | – | Mr. Joseph J. Hoess |
| 5. President and CEO | – | Mr. In Channy |
| 6. SVP and Head of Legal Division and Company Secretary | – | Mr. Prom Visoth |

The above shall be known as 'the permanent members'.

From time to time the Committee may also co-opt other individuals ('the temporary members') to serve on an 'ad hoc' basis for specific purposes and terms as they deem necessary.

The Committee may also invite members of the staff with appropriate skills and responsibilities to participate or advise on its activities.

Issues and Activities of 2006:

The committee was formed by a resolution of ACLEDA Bank's board in March 2005, in recognition that the bank's external relationships were developing to an extent that required a more coordinated approach to strategic direction and management. It met eleven times in 2006.

Mr. John Brinsden handed over the chairmanship of INCO in August to Drs. Peter Kooi but remains a Committee member. The committee has established an inventory and database of all international relationships which had been developed on an 'ad hoc' basis over the years. This included visits made by our executives overseas, foreign visitors received and our participation in various domestic and international bodies.

- On 15th February 2006 an agreement was signed between ACLEDA Bank and the Vietnam Bank for Agriculture and Rural Development to facilitate trade between Cambodia and Vietnam. This agreement provides that each party will open accounts in VND and USD, and set-up counters at offices in the border provinces of the two countries to provide direct payment services to each other's clients without the need to route them through third countries.
- Members of the committee undertook a number of visits to neighbouring countries to build relationships in the ASEAN region and to identify possible future strategic initiatives. In particular studies were conducted to explore the possibilities of expansion of ACLEDA Bank's services into neighbouring countries.
- Members of the committee have been active participants in various international business associations, committees and groups of which the bank is a member and met with a number of international delegations from private and public sector.
- The committee actively supports the Financial Institutions Unit in developing ACLEDA's correspondent banking network, both qualitatively and quantitatively, which has grown from 42 banks in 41 countries at the end of 2005 to 54 banks in 46 countries at the end of 2006. The total number of overseas corresponding branch increased from 255 to 615 in the same period. This has led to a substantial increase in our export trade finance with more foreign buyers now dealing direct with Cambodian suppliers rather than through informal 'cash' deals with middlemen.
- As part of its International Visitor Programme to promote the development of microfinance ACLEDA hosted 12 students during 2006 from Australia, USA, France, Japan, and Thailand.

Absolute amounts/FTE (Full Time Equivalent)¹

ENVIRONMENTAL PERFORMANCE INDICATORS

	2006	2005
Materials		
Paper in kg/FTE	25.44	38.92
Tissue in kg/FTE	1.30	1.23
Waste pager in kg/FTE	2.32	3.18
Energy		
Electricity in kWh/FTE	510.44	535.83
Gasoline in l/FTE	96.36	111.56
Diesel in l/FTE	45.66	40.43
Lubricant in l/FTE	4.03	4.54
Gas in kg/FTE	0.53	0.78
Emission of CO₂ (equivalents – in thousands of kg)²		
Electricity	793	688
Gasoline	648	621
Diesel	354	259
Water		
Water in m ³ /FTE	26.62	30.29
Commuting		
By vehicle in km/FTE	335.02	-
By motorcycle in km/FTE	4,336.23	-

SOCIAL PERFORMANCE INDICATORS

Employment

Number of staff (FTE)	2,825	2,335
Male (FTE)	2,151	1,840
Female (FTE)	674	495

Training and Education

Training – career development and refresher programs	950	4,084
Training new recruit – introduction program	686	562
Provide training to external students – local	638	282
Provide training to external students – international	12	9



1 Full Time Equivalent: average number of full-time co-workers during the year.

2 The CO₂ equivalents is referred to the Greenhouse Gas Protocol calculation principles.

Environmental and social sustainability mission statement

ACLEDA Bank is committed to achieving strong, sustainable financial returns, while respecting the environment and community within which we live. We subscribe to the concept of triple bottom line ('people, planet, profit') reporting and are developing indicators for measuring and reporting on our performance and impacts on the society and the environment and to implement a reporting structure based on the guidelines of the Global Reporting Initiative.

The key elements of ACLEDA Bank's ESS mission are:

1. To provide a framework of guidelines within which ACLEDA Bank can operate in a sustainable manner so that our impact on the environment, society and the community in which we operate is managed in a responsible way.
2. To continue to introduce energy efficient systems into our buildings and to manage sensibly our energy requirements wherever we operate.
3. To honour the society in which we live and actively work to promote an inclusive culture embracing not just shareholders and staff, customers, and business partners but respect for the individual within our community.
4. To recognise that supporting the community is not just morally sound but good business as well – our 'good health' and prosperity are mutually interdependent.

Environment

ACLEDA Bank fully subscribes to international conventions which prohibit the provision of credit to, or otherwise support, any activities which might harm the environment, be morally repugnant or jeopardise human rights. In particular the bank has in place policies which forbid involvement with exploitative forms of forced or child labour, trade in weapons and munitions, gambling, casinos, brothels, regulated wildlife or wildlife products and production or trade in radioactive materials or significant volumes of hazardous chemicals.

The Bank employs two full time Environmental Officers who regularly undertake training and refresher courses to coordinate ACLEDA's environmental activities and monitor performance.

Environmental Performance Indicators

In order to establish baselines for the measurement of our efforts to reduce our environmental impact, during 2005 we introduced a tracking system for resource usage. The results are given under their respective headings below and will be used to benchmark our future performance.

Paper usage

In 2006, paper usage was cut by about 34.64% and waste paper was cut by 27.04% per co-worker compared to 2005. This was mainly due to increased use of electronic data storage and the sending of information by e-mail and our internal intranet. Additionally all staff have been trained to use double side printing and to recycle single sided documents.

	2006	2005
Materials		
Paper in kg/FTE	25.44	38.92
Waste		
Waste paper in kg/FTE	2.32	3.18

Energy consumption

Electricity consumption per co-worker was cut in 2006, by 4.74% by replacing older lighting and air-conditioning with more energy efficient appliances. Gasoline consumption per co-worker was cut by about 13.62% compared to 2005 because the opening of new offices closer to our customers in the rural areas reduced the need for travel. Diesel consumption per co-worker rose by 12.93%, as the bank gradually changes its motor fleet from gasoline to diesel. Lubricant and Gas consumption were also cut in 2006 by 11.23% and 32.05% compared in 2005.

	2006	2005
Energy		
Electricity in kWh/FTE	510.44	535.83
Gasoline in l/FTE	96.36	111.56
Diesel in l/FTE	45.66	40.43
Lubricant in l/FTE	4.03	4.54
Gas in kg/FTE	0.53	0.78
Emission of CO₂ (equivalents - in thousands of kg)		
Electricity	793	688
Gasoline	648	621
Diesel	354	259

The CO₂ equivalents above refer to the Greenhouse Gas Protocol Calculation principles.

Water

Water consumption was cut by 12.12% in 2006 compared to 2005 because usage is monitored and water saving procedures are being implemented with storage and recycling of rain water, especially during the monsoon season, to reduce the off-take from the main which relies on river, reservoirs and bores. An underground water storage and treatment tank is provided for, in the new headquarters, feeding directly off the roof and building.

	2006	2005
Water		
Water in m ³ /FTE	26.62	30.29

Social Sustainability

ACLEDA Bank's corporate culture is built on respect for the society in which we operate and an inclusive perspective on our stakeholders embracing not just shareholders and staff, customers and business partners but the community at large. In addition to the environmental programs mentioned above the bank observes a policy of equality in all our dealings with the public in general and customers and staff alike. Above all, ACLEDA Bank has practiced from the very beginning 'zero tolerance' of corruption both internally and externally and transgressions are dealt with summarily.

The following are key principles in ACLEDA's corporate social responsibility policy:

Staff

- ACLEDA is an 'equal opportunity' employer. Apart from those jobs which involve a higher physical risk (e.g. guards and messengers) appointment to all positions at every level is based entirely on merit regardless of gender or physical disability.
- ACLEDA Bank aims to be the most progressive employer in Cambodia providing medical, pension and other benefits such as personal and housing loan schemes and an employee share ownership program for all staff who have completed probation. It provides comprehensive training both for new recruits as well as experienced staff and encourages those who wish to further develop themselves through external programs.
- A high level committee under the chairmanship of the Chairman of the Board has been specifically tasked with the responsibility of setting and monitoring the bank's moral and ethical standards and respect for human rights (see 'Compliance and Ethics Committee' report on page 26).
- In consultation with its staff the bank has drawn up social policies covering i) Code of Conduct, ii) Human Resources Management, iii) Health & Safety, iv) External Relations, v) Freedom of Association and the Right to Collective Bargaining. These are now published on Lotus Notes so that every member of the staff has free (and paperless) access to the most up-to-date versions.
- Following from the above, the staffs are represented by a self elected Staff Representative Committee, which excludes management, and a Staff Sports Committee, to promote healthy recreation and good fellowship. At its headquarters, the bank provides a clinic under the care of a full time doctor and a full time nurse. Healthy safe working practices are part of the training provided to all employees under the doctor's supervision. A Health and Safety Policy under the direct responsibility of the Senior Vice President & Head of Human Resources Division is in place which includes a policy for the support of our staff and their families with HIV/AIDS.

	2006	2005
Employment		
Number of staff	3,718	2,484
Male	2,714	1,918
Female	1,004	566
Number of staff (FTE)	2,825	2,335

Training and Education

Training — career development and refresher programs	950	4,084
Training of new recruits — induction program	686	562
Provide training to external students — local	638	282
Provide training to external students — international	12	9

Community

ACLEDA recognises that playing our part as good citizens in the community in which we abide is vital to our mutual interests and prosperity. Major initiatives we are taking are:

- Developing and offering appropriate products and services carefully selected and developed for the particular needs of Cambodian society. In 2006 the bank launched a housing loan scheme, with interest rates fixed for up to 10 years to enable Cambodian people, especially in the lower wealth segment, to purchase their own homes.
- Expanding outreach: opening up banking services to new communities in new locations by expanding our network in the provinces and extending on-line banking services to mobilise savings.
- Focusing on particular activities which improve local living standards. In 28th March 2007, we have conducted survey on our micro, small and medium loan customers' living standards test the impact of our credit services. This involved 1,642 accounts randomly selected from our loan customers of whom 1,287 were micro loans, 267 were small loans and 88 from medium loan clients as a proportion of our total loan customers. The responses indicated that across all sectors approximately 93.3% considered that their wealth had increased as a result of credit provided by ACLEDA Bank, 6.2% did not detect any noticeable change either way while 0.5% had the perception that they were worse off than before.

	2006	2005
Income situation		
Growth	93.3%	90.0%
Stability	6.2%	7.5% - 9.5%
Reduced	0.5%	1.1% - 2.3%

- Incorporated into our policies are strictures against overselling or encouraging customers to over commit themselves or buy inappropriate products or services. As a matter of principle, ACLEDA does not impose mandatory savings requirements on its customers.
- Transparency and 'truth in advertising' are strictly enforced when developing promoting and selling our products and services and full and detailed information is provided through brochures, our website and other promotional material.
- ACLEDA practices equality in its lending irrespective of gender or race: 61% of our borrowing customers are female.
- Customer confidentiality is inculcated in all our staff during induction training and transgressions are treated as a serious offence.
- Recognising the particular problem of disability in Cambodia, ACLEDA is taking into account the special needs of the disabled when constructing new, or renovating old, offices.
- As a commercial organisation ACLEDA does not receive subsidies but may on occasion, and where appropriate, receive financial support to provide non-commercial services such as workshops for external trainees.
- ACLEDA does not ally itself to any particular political parties or creeds but seeks to cooperate and work in harmony with the elected government of the day. To this end the bank regularly participates in meetings with senior officials through industry associations, business forums, chambers of commerce and other group activities. Individual meetings with officials are conducted with transparency and important matters are minuted. ACLEDA has strict rules governing 'undue entertainment' or other activities which might be open to question on the grounds of probity, including the provision of banking services at non-commercial rates ('policy lending').
- To assist the development of microfinance ACLEDA provided 638 internships for local students and 12 for international students from Australia, USA, France, Japan, and Thailand.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of ACLEDA Bank Plc. ("the Bank") presents its report and the Bank's audited financial statements for the year ended 31 December 2006.

THE BANK

Prior to 1 December 2003, the Bank was a public limited company formed under the laws of the Kingdom of Cambodia to operate as a specialised bank with its Head Office located in Phnom Penh and 14 branches in the Kingdom of Cambodia. On 1 December 2003, the National Bank of Cambodia ("the Central Bank") issued a licence for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003. The Bank's licence was renewed for an indefinite period on 28 November 2006. The registered office of the Bank is located at No 28 Mao Tse Tung Boulevard, Sangkat Beung Trabek, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia. The Bank may open additional offices in Cambodia and in other countries, and may change the location of its main registered office upon registering the change with the Ministry of Commerce and receiving approval from the Central Bank.

RESULTS AND DIVIDENDS

Net profit after tax for the year ended 31 December 2006 amounted to US\$6,668,443 (2005: US\$4,204,673).

On 22 May 2006, dividends amounting to US\$1,682,200 (2005: US\$819,002) were declared and paid from the Bank's net income for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The Bank operates under regulation by the Central Bank with special focus on providing lending and other banking services to rural people and small and medium size traders, and to engage in all other activities which the Board of Directors believes support this objective.

THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The members of the Board of Directors during the year and at the date of this report are:

- Mr. Chea Sok (Chairman)
- Mr. John Brinsden (Vice-Chairman)
- Mr. Joseph J. Hoess
- Drs. Peter Kooi
- Ms. Jutta Wagenseil
- Mr. Deepak C. Khanna (resigned 31 March 2006)
- Mr. Eric Rajendra (appointed 1 April 2006)
- Ms. Femke Bos
- Mr. Lonh Thol
- Ms. Sok Vanny

No members held any interest in the equity of the Bank. No arrangements existed to which the Bank is a party with the object of enabling the members to obtain an interest in the Bank or in any body corporate. No member has a benefit, other than remuneration, by reason of a contract made by the Bank or related party.

The members of the Executive Management during the year and at the date of this report are:

- Mr. In Channy, President and Chief Executive Officer
- Mr. Chhay Soeun, Executive Vice President and Chief Financial Officer
- Mrs. So Phonnary, Senior Vice President and Head of Marketing Division
- Mr. Cheam Teang, Senior Vice President and Head of Treasury Division
- Mr. Chan Serey, Senior Vice President and Head of Human Resources Division
- Mr. Mach Terry, Senior Vice President and Head of IT Division
- Mr. Prom Visoth, Senior Vice President, Head of Legal Division and Company Secretary
- Mrs. Kim Sotheavy, Senior Vice President and Head of Internal Audit Division
- Mr. In Siphann, Senior Vice President and Head of Credit Division
- Mr. Ly Thay, Senior Vice President and Head of Operations Division
- Mr. Nay Soksamngang, Senior Vice President and Head of Division for Branch Administration
- Mr. Ung Sam Ol, Senior Vice President and Head of Trade Finance Division

AUDITORS

The auditors, PricewaterhouseCoopers (Cambodia) Limited, have expressed their willingness to accept re-appointment.

STATEMENT OF THE EXECUTIVE MANAGEMENT

The Bank's Executive Management is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2006 and its financial performance and its cash flows for the period then ended. In preparing these financial statements, the Board of Directors is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there have been any departures in the interest of true and fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- v) control and direct effectively the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Executive Management confirms that the Bank has complied with the above requirements in preparing the financial statements.



Mr. In Channy
President and Chief Executive Officer
Phnom Penh, Kingdom of Cambodia
Date: 26 March 2007

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2006, and its financial performance and its cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards were approved by the Board of Directors.

On behalf of the Board of Directors



Chea Sok
Chairman
Phnom Penh, Kingdom of Cambodia
Date: 26 March 2007

TO THE SHAREHOLDERS OF ACLEDA Bank Plc.

We have audited the accompanying financial statements of ACLEDA Bank Plc. ("the Bank") which comprise the balance sheet as of 31 December 2006 and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes on pages 40 to 67.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

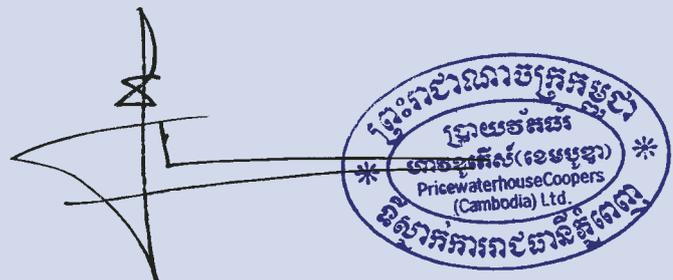
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

For PricewaterhouseCoopers (Cambodia) Limited



By Senaka Fernando
Senior Manager

Phnom Penh, Kingdom of Cambodia
Date: 26 March 2007

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 US\$	31 December 2005 US\$	2006 Riel '000 <i>Unaudited</i>	31 December 2005 Riel '000 <i>Unaudited</i>
Interest income	3	32,900,176	23,197,054	133,476,014	95,386,286
Interest expense	4	(6,296,360)	(3,952,942)	(25,544,333)	(16,254,498)
Net interest income		26,603,816	19,244,112	107,931,681	79,131,788
Fee and commission income	5	2,504,369	1,306,189	10,160,225	5,371,049
Fee and commission expense		(206,293)	(95,305)	(836,931)	(391,894)
Net fee and commission income		2,298,076	1,210,884	9,323,294	4,979,155
Other operating income	6	1,621,381	1,059,936	6,577,943	4,358,457
Foreign exchange gain, net		177,719	115,961	721,006	476,832
General and administrative expenses	7	(21,823,100)	(15,672,629)	(88,536,317)	(64,445,850)
Operating profit before extensions of credit		8,877,892	5,958,264	36,017,607	24,500,382
Provision for loan losses	12(f)	(517,178)	(682,803)	(2,098,191)	(2,807,686)
Profit before income tax		8,360,714	5,275,461	33,919,416	21,692,696
Income tax expense	8	(1,692,271)	(1,070,788)	(6,865,543)	(4,403,080)
Profit for the year		6,668,443	4,204,673	27,053,873	17,289,616



In Channy
President and Chief Executive Officer
Date: 26 March 2007



Chhay Soeun
Executive Vice President and Chief Financial Officer
Date: 26 March 2007



The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Note	2006 US\$	31 December 2005 US\$	2006 Riel '000 <i>Unaudited</i>	31 December 2005 Riel '000 <i>Unaudited</i>
ASSETS					
Cash on hand		18,877,574	8,798,970	76,586,318	36,181,365
Balances with other banks and financial institutions	9	2,219,568	1,199,572	9,004,787	4,932,640
Placements with other banks and financial institutions	10	10,700,243	853,254	43,410,886	3,508,580
Balances with the Central Bank	11	20,275,615	6,594,322	82,258,170	27,115,852
Loans and advances to customers	12	156,570,764	98,460,298	635,207,590	404,868,745
Property and equipment	13	8,567,286	5,082,355	34,757,479	20,898,644
Computer software	14	1,159,183	646,030	4,702,805	2,656,475
Other assets	15	4,632,845	2,001,944	18,795,452	8,231,994
Deferred tax assets	16	199,217	216,895	808,223	891,872
Property foreclosed		-	17,440	-	71,714
Total assets		223,202,295	123,871,080	905,531,710	509,357,881
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits from customers	17	123,149,783	61,901,125	499,618,670	254,537,426
Accruals and other liabilities	18	6,158,716	3,854,593	24,985,910	15,850,086
Borrowings	19	39,480,348	19,000,000	160,171,772	78,128,000
Senior debt	20	6,047,319	5,896,818	24,533,973	24,247,716
Staff pension liability	21	633,513	902,324	2,570,162	3,710,356
Provision for health insurance	22	-	361,700	-	1,487,311
Total liabilities		175,469,679	91,916,560	711,880,487	377,960,895
SHAREHOLDERS' EQUITY					
Share capital	23	30,000,000	13,000,000	121,710,000	53,456,000
Subordinated debt	24	5,152,156	11,360,303	20,902,297	46,713,566
Reserves		5,912,017	3,389,544	23,985,053	13,937,805
Retained earnings		6,668,443	4,204,673	27,053,873	17,289,615
Total shareholders' equity		47,732,616	31,954,520	193,651,223	131,396,986
Total liabilities and shareholders' equity		223,202,295	123,871,080	905,531,710	509,357,881



In Channy
President and Chief Executive Officer
Date: 26 March 2007



Chhay Soeun
Executive Vice President and Chief Financial Officer
Date: 26 March 2007

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

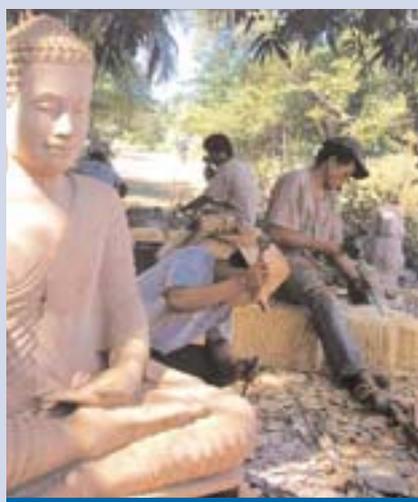
	Share capital US\$	Subordinated debt US\$	General reserve US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2005	13,000,000	8,726,412	2,145,473	2,063,073	25,934,958
Dividend relating to 2004 profit	-	-	-	(819,002)	(819,002)
Transfer to general reserve	-	-	1,244,071	(1,244,071)	-
Re-lending of interest paid	-	3,000,000	-	-	3,000,000
Profit for the year	-	-	-	4,204,673	4,204,673
Currency translation differences	-	(366,109)	-	-	(366,109)
Balance at 31 December 2005	13,000,000	11,360,303	3,389,544	4,204,673	31,954,520
In Riel'000 equivalents (Unaudited)	53,456,000	46,713,566	13,937,805	17,289,615	131,396,986
Balance at 1 January 2006	13,000,000	11,360,303	3,389,544	4,204,673	31,954,520
Dividend relating to 2005 profit	-	-	-	(1,682,200)	(1,682,200)
Transfer to general reserve	-	-	2,522,473	(2,522,473)	-
Re-lending of interest paid	-	400,000	-	-	400,000
Profit for the year	-	-	-	6,668,443	6,668,443
Additional share issued	9,850,000	-	-	-	9,850,000
Conversion from debt to share	7,150,000	(7,150,000)	-	-	-
Currency translation differences	-	541,853	-	-	541,853
Balance at 31 December 2006	30,000,000	5,152,156	5,912,017	6,668,443	47,732,616
In Riel'000 equivalents (Unaudited)	121,710,000	20,902,297	23,985,053	27,053,873	193,651,223



In Channy
President and Chief Executive Officer
Date: 26 March 2007



Chhay Soeun
Executive Vice President and Chief Financial Officer
Date: 26 March 2007



The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 US\$	31 December 2005 US\$	2006 Riel '000 <i>Unaudited</i>	31 December 2005 Riel '000 <i>Unaudited</i>
Cash flows from operating activities					
Cash used in operations	27	12,192,641	4,421,927	49,465,543	18,182,963
Income tax paid		(1,229,689)	(562,523)	(4,988,847)	(2,313,094)
Net cash used in operating activities		10,962,952	3,859,404	44,476,696	15,869,869
Cash flows from investing activities					
Reserve deposit with the Central Bank		(2,894,007)	(1,515,989)	(11,740,986)	(6,233,747)
Statutory deposit with the Central Bank		(1,700,000)	-	(6,896,900)	-
Fixed deposits with other banks		(6,189,348)	(16,000)	(25,110,185)	(65,792)
Purchases of treasury bills		-	123,551	-	508,042
Purchases of intangible assets		(811,333)	(313,572)	(3,291,578)	(1,289,408)
Purchases of property and equipment		(4,616,326)	(2,731,931)	(18,728,435)	(11,233,700)
Proceeds from sales of property and equipment		43,441	8,287	176,240	34,076
Net cash used in investing activities		(16,167,573)	(4,445,654)	(65,591,844)	(18,280,529)
Cash flows from financing activities					
Payment of dividends		(1,682,200)	(819,002)	(6,824,685)	(3,367,736)
Repayment of borrowings		(11,000,000)	(2,500,000)	(44,627,000)	(10,280,000)
Proceeds from borrowings		31,480,348	3,500,000	127,715,772	14,392,000
Proceeds from issuance of shares		9,850,000	-	39,961,450	-
Re-lending of interest on senior debt		400,000	3,000,000	1,622,800	12,336,000
Net cash from financing activities		29,048,148	3,180,998	117,848,337	13,080,264
Net increase in cash and cash equivalents		23,843,527	2,594,748	96,733,189	10,669,604
Cash and cash equivalents at the beginning of the year		13,026,632	10,431,884	42,009,196	42,009,196
Currency translation at balance sheet date		-	-	10,839,850	886,711
Cash and cash equivalents at end of the year	26	36,870,159	13,026,632	149,582,234	53,565,511



In Channy
President and Chief Executive Officer
Date: 26 March 2007



Chhay Soeun
Executive Vice President and Chief Financial Officer
Date: 26 March 2007

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

1. GENERAL

Prior to 1 December 2003, ACLEDA Bank Plc. ("the Bank") was a public limited company formed under the Laws of the Kingdom of Cambodia to operate as a specialised bank with a Head Office located in Phnom Penh and 14 branches in the Kingdom of Cambodia. On 1 December 2003, the National Bank of Cambodia ("the Central Bank") issued a licence for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003.

The registered office of the Bank is currently located at No 28 Mao Tse Tung Boulevard, Sangkat Beng Trabek, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia. On 28 November 2006, the Central Bank renewed the banking licence of the Bank for an indefinite period. The renewed licence also allows the Bank to carry out commercial banking operations at No 61, Preah Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. This will be the main registered office of the Bank when construction of the building is completed during 2007. The Bank is in the process of registering the new office with the Ministry of Commerce.

The Bank operates under regulation by the National Bank of Cambodia with special focus on providing lending and other banking services for the lower segments of the market, and to engage in all other activities which the Board believes support this objective.

As at 31 December 2006, the Bank had 3,028 employees (2005: 2,484 employees).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements have been prepared in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards. The accounting principals applied may differ from generally accepted accounting principals adopted in other countries and jurisdictions. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than the Kingdom of Cambodia. The financial statements have been prepared in United States dollars ("US\$") using the historical cost convention.

For the sole purpose of complying with Announcement No. B795-139-AN dated 5 December 1995 of the National Bank of Cambodia, a translation to Khmer Riel is provided for the balance sheet, income statement, statement in changes in shareholders equity, cash flow statement and notes to the financial statements as of and for the year ended 31 December 2006 using the official rate of exchange regulated by the National Bank of Cambodia as at the reporting date which was US\$1 to Riel 4,057 (2005: US\$1 to Riel 4,112). Such translation amounts are unaudited and should not be construed as representations that the US\$ amounts represent, or have been or could be, converted into Khmer Riel at that rate or any other rate.

2.2 Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates ("the functional currency"). The US\$ reflects the economic substance of underlying events and circumstances of the Bank. The financial statements are presented in US\$, which is the Bank's functional and presentation currency.

b) Transactions and balances

Transactions in currencies other than US\$, the functional and presentation currency, are translated into US\$ at the exchange rate prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary and liabilities denominated in currencies other than US\$, are recognised in the income statement.

The principal rates used to translate monetary assets and liabilities at the balance sheet date are:

	31 December 2006	31 December 2005
Riel	4,057	4,112
THB	36.22	41.12
EURO	0.76	0.84

2.3 Interest income and expense

Interest income on loans and advances to customers, deposits with the Central Bank and other banks and treasury bills is recognised on a daily accruals basis, except where serious doubt exists as to the collectibility of loans and advances to customers, in which case no interest income is recognised.

Interest expenses on customers' deposits, subordinated and senior debts, and loans from other financial institutions are recognised on a daily accruals basis.

2.4 Fee and commission income

Fee and commission income is recognised when the transaction occurs. Fees and commissions comprise income received from inward and outward bank transfers, loan processing fees, bank guarantees, letters of credit and bills for collection.

2.5 Loans and advances to customers

Loans and advances are stated in the balance sheet at the amount of the principal outstanding less any provision for bad and doubtful loans. Short term loans are those with a repayment date within one year of the date the loan was advanced. Medium and long-term loans are those with a final repayment date more than one year from the date the loan was advanced.

Loans are written off when there is no realistic prospect of recovery. Recovery of loans and advances to customers previously written off is recognised in the income statement.

2.6 Provision for loan losses

The Bank follows the credit classification and provisioning as required by Prakas B7-02-145 dated 7 June 2002 issued by the Central Bank and the relevant amended Prakas. The Prakas requires commercial banks to classify their loan portfolio into four classes. The mandatory level of specific provisioning is provided, depending on the classification concerned, regardless of the assets (except cash) pledged as collateral, as follows:

<i>Classification</i>	<i>%</i>
Standard	0
Substandard (overdue from 91 days to 180 days)	10
Doubtful (overdue from 181 days to 360 days)	30
Loss (overdue more than 360 days)	100

In addition to minimum specific provisioning, the Bank provides a general provision of 1.17% (2005: 1.5%) on the total loans and advances outstanding, net of the specific provision.

2.7 Overdue loans

In accordance with Prakas B.700-51K issued by the Central Bank on 17 February 2000, an overdue loan is defined as the total outstanding principal where principal or interest is past due.

2.8 Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

	Years
Motor vehicles	3 – 5
Computer equipment	3
Equipment	3 – 5
Furniture and fixture	3
Leasehold improvements	3

If an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.9 Computer software

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire the specific software and bring it to use. These costs are amortised over their estimated useful lives of five years using the straight-line method.

2.10 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition, including: cash on hand, travelers cheques, term deposit and clearing accounts with the Central Bank.

2.11 Deferred tax

Deferred income tax will be provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.13 Staff pension fund

The Bank provides its employees with a pension fund. The fund is funded from the following sources:

- (1) A monthly contribution which is determined based on the monthly salary of an employee is contributed by the Bank and its employees at a rate of 10% and 5%, respectively.
- (2) The Bank contributes interest on the cumulative balance of the pension fund computed at interest rate of 5% per annum. Prior to 2005, the Bank contributed interest only on the portion of pension fund contributed by employees at an interest rate of 5% per annum.

The pension fund will be fully paid to the employee upon termination of employment with the Bank for any reason. The staff pension fund can be transferred to the Bank's share capital owned by ASA Inc. upon written mutual agreement between the Bank's staff and management (note 21).

2.14 General reserve

A general reserve is set up for any overall financial risk of the Bank. The Board of Directors exercises its discretionary decision for the use and maintenance of the general reserve. The remaining amount of the prior year's net profit after dividend payment to shareholders is transferred to this general reserve.

2.15 Related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

In accordance with the Law on Banking and Financial Institutions, related parties are defined as parties who hold, directly or indirectly, at least 10% of the capital or voting rights and include any individual who participates in the administration, direction, management or internal control of the Bank.

2.16 Provision for health insurance

The Bank provides US\$120 each year per staff member to claim in relation to medical expenses incurred during the year. Prior to 1 January 2006, any unclaimed amounts were carried forward and accumulated to cover future medical costs. However, the Bank no longer carries forward the unclaimed balance but writes unclaimed amounts back to the income statement as the US\$120 allowance is not vested.

2.17 Subordinated debt

Subordinated debt is treated as part of the Bank's equity under the Central Bank's regulations. Foreign exchange differences on the subordinated debt of the Bank are taken through income statement.

2.18 Changes in accounting policy

The Bank has changed its accounting policy in relation to the provision for health insurance from 1 January 2006 in order to comply with Cambodian Accounting Standard ("CAS") 37 "provisions, contingent liabilities and contingent assets". Details of the change in policy are detailed in note 2.16 to the financial statements. The effect of the change in policy is not material to the financial statements and therefore the change in policy has been applied prospectively.

3. INTEREST INCOME

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Loans and advances to customers	32,473,602	23,027,475	131,745,403	94,688,977
Placements with other banks	426,574	169,579	1,730,611	697,309
	32,900,176	23,197,054	133,476,014	95,386,286

4. INTEREST EXPENSE

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Deposits from customers	2,513,296	1,203,733	10,196,442	4,949,750
Subordinated debt	770,528	564,325	3,126,032	2,320,504
Senior debt	417,267	340,502	1,692,852	1,400,144
Non-resident banks and finance institutions	2,332,883	1,752,407	9,464,506	7,205,897
Resident banks and finance institutions	193,154	66,429	783,626	273,156
Others	69,232	25,546	280,875	105,047
	6,296,360	3,952,942	25,544,333	16,254,498

5. FEE AND COMMISSION INCOME

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Fees from services provided	1,674,816	930,708	6,794,729	3,827,071
Loan processing fees	743,159	322,541	3,014,996	1,326,289
Other income	86,394	52,940	350,500	217,689
	2,504,369	1,306,189	10,160,225	5,371,049

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

6. OTHER OPERATING INCOME

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Bad loans recovered	354,447	417,726	1,437,990	1,717,689
Penalty fee received from late payments	729,483	493,047	2,959,514	2,027,409
Gain on disposal of property and equipment	35,889	7,311	145,602	30,063
Grant income	-	50,000	-	205,600
Others	501,562	91,852	2,034,837	377,696
	1,621,381	1,059,936	6,577,943	4,358,457

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Salaries and wages	10,047,311	7,431,714	40,761,941	30,559,208
Other staff benefits	3,190,099	2,398,678	12,942,232	9,863,364
Depreciation	1,123,843	1,064,318	4,559,431	4,376,476
Rental, repairs and maintenance	2,058,155	951,285	8,349,935	3,911,684
Telecommunication and utilities	1,174,454	806,952	4,764,760	3,318,187
Office supplies	917,143	611,831	3,720,849	2,515,849
Travelling related expenses	556,369	464,986	2,257,189	1,912,022
Furniture and fixture expenses	604,738	389,050	2,453,422	1,599,774
Training expenses	412,378	224,442	1,673,018	922,906
Professional fees	191,131	202,997	775,418	834,724
Insurance and security expenses	22,329	81,903	90,589	336,785
Amortisation of computer software	298,180	262,942	1,209,716	1,081,218
Marketing expenses	312,620	217,797	1,268,299	895,581
Other operating expenses	914,350	563,734	3,709,518	2,318,072
	21,823,100	15,672,629	88,536,317	64,445,850

8. TAXATION

a) Income tax expense

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Current	1,674,593	1,247,591	6,793,824	5,130,093
Deferred tax	17,678	(185,174)	71,720	(761,435)
	1,692,271	1,062,417	6,865,543	4,368,658
Foreign exchange adjustment	-	8,371	-	34,422
	1,692,271	1,070,788	6,865,543	4,403,080

In accordance with Cambodian tax laws, the Bank has an obligation to pay corporate income tax on the higher of either the Tax on Profit at the rate of 20% of taxable profit or Minimum Tax at 1% of turnover inclusive of all taxes except Value Added Tax.

b) Reconciliation between income tax expense and accounting profit

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Profit before taxation	8,360,714	5,275,461	33,919,417	21,692,696
Non deductible expenses	100,639	36,625	408,292	150,602
Taxable income	8,461,353	5,312,086	34,327,709	21,843,298
Tax on Profit rate	20%	20%	20%	20%
Tax charge for the year	1,692,271	1,062,417	6,865,543	4,368,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

c) Other tax matter

The Bank's tax returns are subject to periodic examination by the Tax Department. Some areas of tax laws and regulations may be open to differing interpretation, therefore tax amounts reported in the financial statements could be changed at a later date, upon final determination by the Tax Department.

9. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Current accounts:				
Banks inside Cambodia	46,257	140,639	187,664	578,308
Banks outside Cambodia	2,173,311	1,058,933	8,817,123	4,354,332
	2,219,568	1,199,572	9,004,787	4,932,640

Current accounts do not earn interest.

10. PLACEMENTS WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Overnight placements	4,482,895	825,254	18,187,105	3,393,444
Fixed deposits	6,217,348	28,000	25,223,781	115,136
	10,700,243	853,254	43,410,886	3,508,580

The annual interest rates that were in operation during the year by type are as follows:

	2006	2005
Overnight placement	2.1% - 5.09%	1.225% - 4.400%
Fixed deposits	4.885% - 5.375%	1.875% - 3.675%

11. BALANCES WITH THE CENTRAL BANK

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Current accounts:				
Riel	318,920	120,180	1,293,859	494,180
US\$	2,971,202	2,082,656	12,054,166	8,563,881
Statutory deposit	3,000,000	1,300,000	12,171,000	5,345,600
Reserve account	5,985,493	3,091,486	24,283,145	12,712,191
Fixed deposits	8,000,000	-	32,456,000	-
	20,275,615	6,594,322	82,258,170	27,115,852

In compliance with Prakas No. B701-136 dated 15 October 2001, the Bank maintains a statutory deposit with the Central Bank equivalent to US\$3,000,000 and which represents 10% of its registered capital. This deposit earns interest at the rate of 3/8 six month SIBOR. This deposit is refundable should the Bank cease its operations in Cambodia.

The reserve account represents the minimum reserve requirement which is calculated at 8% of the total deposits from customers and settlements of accounts of other banks. In calculating the minimum reserve, the Central Bank allows for an amount of cash on hand in local currency of Riel 13,374,988 thousand held by the Bank as at 31 December 2006 (2005: Riel 6,878,510 thousand) to be deducted from the required reserves.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

The annual interest rates that were in operation during the year on balances with the Central Bank are summarised as follows:

	2006	2005
Current accounts	0%	0%
Statutory deposit	1.76% - 2.11%	1.39% - 1.40%
Reserve account	0%	0%
Fixed deposits	3.53% - 4.10%	1.81% - 3.15%

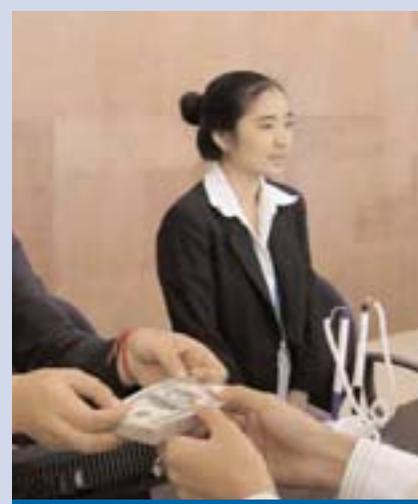
12. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by type of loans

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Commercial loans				
Short-term loans	60,033,554	43,480,377	243,556,129	178,791,310
Long-term loans	87,924,615	50,414,830	356,710,163	207,305,781
Overdrafts	5,230,450	2,788,740	21,219,936	11,467,299
Related party loans	384,795	94,106	1,561,113	386,964
Personal loans	4,890,527	3,216,754	19,840,868	13,227,292
	158,463,941	99,994,807	642,888,209	411,178,646
Provision for loan losses				
Specific provision	39,611	35,114	160,702	144,389
General provision	1,853,566	1,499,395	7,519,917	6,165,512
	1,893,177	1,534,509	7,680,619	6,309,901
	156,570,764	98,460,298	635,207,590	404,868,745

All short term and long term loans were granted to Cambodian borrowers.

Staff loans including loans to the President and an Internal Audit staff member were unsecured, granted in US\$ for a maximum term of five years with an interest rate of 12% per annum.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER | 2006

(b) Analysis by security on performing and non-performing loans

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Standard loans				
Secured	152,132,020	94,407,412	617,199,606	388,203,278
Unsecured	6,177,993	5,427,675	25,064,118	22,318,600
Substandard loans				
Secured	39,654	59,650	160,876	245,281
Unsecured	3,798	7,831	15,408	32,201
Doubtful loans				
Secured	101,371	75,983	411,262	312,442
Unsecured	6,072	15,264	24,634	62,766
Losses				
Secured	1,375	-	5,578	-
Unsecured	1,658	992	6,727	4,078
	158,463,941	99,994,807	642,888,209	411,178,646

(c) Analysis by type of industry

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Commerce	94,211,583	69,332,165	382,216,392	285,093,862
Service	38,454,439	19,673,458	156,009,659	80,897,259
Manufacturing	7,969,259	2,827,895	32,331,284	11,628,304
Agriculture	17,828,660	8,161,289	72,330,874	33,559,221
	158,463,941	99,994,807	642,888,209	411,178,646



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FOR THE YEAR ENDED 31 DECEMBER 2006

(d) Analysis by relationship

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Non-related parties	158,079,146	99,900,701	641,327,096	410,791,682
Related parties	384,795	94,106	1,561,113	386,964
	158,463,941	99,994,807	642,888,209	411,178,646

(e) Analysis by maturity

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Within one year	83,840,300	80,584,343	340,140,097	331,362,818
Over one year but less than three years	67,086,425	19,274,477	272,169,626	79,256,649
Over three years but less than five years	3,984,539	135,987	16,165,275	559,179
Over five years but less than ten years	262,633	-	1,065,502	-
Over than 10 years	3,290,044	-	13,347,709	-
	158,463,941	99,994,807	642,888,209	411,178,646

(f) Provisions for loan losses

The movement in provision for loan losses during the year is as follows:

	Specific provision US\$	General provision US\$	Total US\$
Balance at 1 January 2005	59,922	988,820	1,048,742
Charge for the year	172,228	510,575	682,803
Bad debts written-off	(197,036)	-	(197,036)
Balance at 31 December 2005	35,114	1,499,395	1,534,509
Balance at 1 January 2006	35,114	1,499,395	1,534,509
Charge/(written back) for the year	163,007	354,171	517,178
Bad debts written-off	(158,667)	-	(158,667)
Currency translation difference	157	-	157
Balance at 31 December 2006	39,611	1,853,566	1,893,177

As at 31 December 2006 the Bank provided for a general provision of 1.17% on the total loans and advances outstanding, net of the specific provision. In the previous year the Bank's general provision was based on a rate of 1.5%. Had the same rate of 1.5% been applied in 2006, the provision for loan losses as at 31 December 2006 would have been US\$2,376,365.

(g) Interest rates

The annual interest rates that were in operation during the year are as follows:

	2006	2005
Overdrafts		
in US\$	14.4% - 24%	14.4% - 24%
in Riel	24% - 30%	24% - 30%
Staff loans (including related parties)	12%	12%
Staff housing loan	9.94%	-
Public housing loan	11.50%	-
Other loans:		
in US\$		
Less than US\$1,500	36%	36%
More than US\$1,500 and less than US\$10,000	24%	24%
More than US\$10,000 and less than 5% of net worth	14.4% - 24%	14.4% - 24%
in Riel		
Less than Riel 1,500,000	39% - 42%	48%
More than Riel 1,500,000 and less than Riel 5,000,000	36%	48%
More than Riel 5,000,000 and less than Riel 40,000,000	24% - 36%	36%
More than Riel 40,000,000 and less than 5% of net worth	24% - 36%	24% - 36%
in Baht		
Less than Baht 15,000	39% - 42%	48%
More than Baht 15,000 and less than Baht 50,000	36%	48%
More than Baht 50,000 and less than Baht 400,000	24% - 36%	36%
More than Baht 400,000 and less than 5% of net worth	24% - 36%	24% - 36%



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13. PROPERTY AND EQUIPMENT

	Land US\$	Office equipment US\$	Motor vehicles US\$	Computer equipment US\$	Leasehold improvements US\$	Assets in construction US\$	Total US\$
Year ended 31 December 2006							
Opening net book amount	1,328,325	481,235	659,384	814,489	113,405	1,685,517	5,082,355
Additions	-	7,756	-	33,856	33,273	4,541,441	4,616,326
Allocations	-	5,526	-	-	-	(5,526)	-
Disposals, net book amount	-	(3,930)	(434)	(151)	(3,037)	-	(7,552)
Depreciation charge	-	(265,893)	(342,271)	(447,704)	(67,975)	-	(1,123,843)
Closing net book amount	1,328,325	224,694	316,679	400,490	75,666	6,221,432	8,567,286
At 31 December 2006							
Cost	1,328,325	1,200,876	1,958,127	1,957,926	254,517	6,221,432	12,921,203
Accumulated depreciation	-	(976,182)	(1,641,448)	(1,557,436)	(178,851)	-	(4,353,917)
Net book amount	1,328,325	224,694	316,679	400,490	75,666	6,221,432	8,567,286
In KHR'000 equivalents (unaudited)							
	5,389,014	911,584	1,284,767	1,624,788	306,977	25,240,349	34,757,479
At 1 January 2005							
Cost	1,328,325	970,973	1,820,999	1,543,056	145,675	156,542	5,965,570
Accumulated depreciation	-	(544,294)	(1,024,691)	(919,587)	(61,280)	-	(2,549,852)
Net book amount	1,328,325	426,679	796,308	623,469	84,395	156,542	3,415,718
Year ended 31 December 2005							
Opening net book amount	1,328,325	426,679	796,308	623,469	84,395	156,542	3,415,718
Additions	-	288,436	245,835	521,333	82,550	1,593,777	2,731,931
Allocation	-	-	-	64,802	-	(64,802)	-
Disposals, net book amount	-	-	(618)	-	(358)	-	(976)
Depreciation charge	-	(233,880)	(382,141)	(395,115)	(53,182)	-	(1,064,318)
Closing net book amount	1,328,325	481,235	659,384	814,489	113,405	1,685,517	5,082,355
At 31 December 2005							
Cost	1,328,325	1,243,105	2,047,399	2,092,023	227,460	1,685,517	8,623,829
Accumulated depreciation	-	(761,870)	(1,388,015)	(1,277,534)	(114,055)	-	(3,541,474)
Net book amount	1,328,325	481,235	659,384	814,489	113,405	1,685,517	5,082,355
In KHR'000 equivalents (unaudited)							
	5,462,072	1,978,838	2,711,387	3,349,179	466,321	6,930,847	20,898,644

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

14. COMPUTER SOFTWARE

	Software US\$	Work in progress US\$	Total US\$
Year ended 31 December 2006			
Opening net book amount	646,030	-	646,030
Additions	312,917	498,416	811,333
Allocations	-	-	-
Amortisation charge	(298,180)	-	(298,180)
Closing net book amount	660,767	498,416	1,159,183
At 31 December 2006			
Cost	1,843,203	498,416	2,341,619
Accumulated amortisation	(1,182,436)	-	(1,182,436)
Net book amount	660,767	498,416	1,159,183
In KHR'000 equivalents (unaudited)	2,680,731	2,022,074	4,702,805
At 1 January 2005			
Cost	1,126,015	90,260	1,216,275
Accumulated amortisation	(620,875)	-	(620,875)
Net book amount	505,140	90,260	595,400
Year ended 31 December 2005			
Opening net book amount	505,140	90,260	595,400
Additions	210,981	102,591	313,572
Allocations	192,851	(192,851)	-
Amortisation charge	(262,942)	-	(262,942)
Closing net book amount	646,030	-	646,030
At 31 December 2005			
Cost	1,530,286	-	1,530,286
Accumulated amortisation	(884,256)	-	(884,256)
Net book amount	646,030	-	646,030
In KHR'000 equivalents (unaudited)	2,656,475	-	2,656,475



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

15. OTHER ASSETS

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Accrued interest receivable	2,021,263	1,286,810	8,200,264	5,291,363
Prepayments	904,429	518,698	3,669,268	2,132,886
Receivables from Western Union	208,248	85,523	844,862	351,671
Stationary supplies	104,993	76,558	425,957	314,806
Advance on equipment purchase	1,211,745	-	4,916,049	-
Others	182,167	34,355	739,052	141,268
	4,632,845	2,001,944	18,795,452	8,231,994

16. DEFERRED TAX ASSETS

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
As at 1 January 06	216,895	402,069	879,943	1,653,308
(Utilised) / addition	(17,678)	(185,174)	(71,720)	(761,436)
As at 31 December 06	199,217	216,895	808,223	891,872

17. DEPOSITS FROM CUSTOMERS

(a) Analysis by category

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Current accounts	20,239,491	14,989,338	82,111,615	61,636,158
Saving deposits	54,504,760	23,764,081	221,125,810	97,717,901
Fixed deposits	47,425,067	22,392,794	192,403,497	92,079,169
Margin deposits	980,465	754,912	3,977,748	3,104,198
	123,149,783	61,901,125	499,618,670	254,537,426

Margin deposits represent the aggregate balance of required non-interest bearing cash deposits from customers for letters of credit and guarantees outstanding at year-end (note 25).

(b) Analysis by relationship

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
External parties	120,139,564	58,624,283	487,406,212	241,063,052
Related parties:				
ACLEDA NGO	1,323,513	2,257,708	5,369,491	9,283,695
ASA Inc.	9,632	5,934	39,078	24,401
Board of Directors and Executive Management	283,078	200,106	1,148,449	822,836
Staff	1,393,996	813,094	5,655,440	3,343,442
	123,149,783	61,901,125	499,618,670	254,537,426

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(c) Analysis by customers

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Individuals	85,828,941	39,308,251	348,208,014	161,635,528
Enterprises	37,320,842	22,592,874	151,410,656	92,901,898
	123,149,783	61,901,125	499,618,670	254,537,426

(d) Analysis by resident status

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Resident	112,222,350	58,963,709	455,286,074	242,458,771
Non-resident	10,927,433	2,937,416	44,332,596	12,078,655
	123,149,783	61,901,125	499,618,670	254,537,426

(e) Analysis by maturity

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Within one year	117,705,699	58,200,444	477,532,023	239,320,226
Over one year but less than three years	4,693,234	2,988,142	19,040,450	12,287,240
Over three years but less than five years	213,123	437,261	864,639	1,798,017
Over five years	537,727	275,278	2,181,558	1,131,943
	123,149,783	61,901,125	499,618,670	254,537,426

(f) Interest rates

Annual interest rates that were in operation during the year are as follows:

	2006	2005
Current accounts		
in US\$	0% - 1%	0% - 1%
in THB	0% - 2%	0% - 2%
in Riel	0% - 2%	0% - 2%
in EURO	0%	0%
Saving deposits		
in US\$	2%	2%
in THB	4%	4%
in Riel	4%	4%
in EURO	0%	0%
Fixed deposits		
in US\$	3% - 6%	3% - 6%
in THB	5% - 8%	5% - 8%
in Riel	5% - 8%	5% - 8%
in EURO (for amounts greater than EURO 75,000)	EUR-LIBOR less 1.75% or 0% if EUR-LIBOR less 1.75% is zero or negative	EUR-LIBOR less 1.75% or 0% if EUR-LIBOR less 1.75% is zero or negative
Margin deposits	0%	0%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

18. ACCRUALS AND OTHER LIABILITIES

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Accrued interest payable	1,425,422	1,090,402	5,782,936	4,483,733
Bonus	1,066,170	677,332	4,325,452	2,785,189
Cheques and fund transfers	1,139,237	710,631	4,621,885	2,922,115
Income tax	1,522,543	1,015,716	6,176,957	4,176,624
Withholding tax	300,165	32,166	1,217,769	132,267
Salary tax	157,939	83,511	640,759	343,397
Other accruals	547,240	244,835	2,220,152	1,006,761
	6,158,716	3,854,593	24,985,910	15,850,086

19. BORROWINGS

	Note	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Related parties:					
FMO	a	1,000,000	3,000,000	4,057,000	12,336,000
IFC	b	7,500,000	6,000,000	30,427,500	24,672,000
Triodos IFM	c	5,000,000	3,000,000	20,285,000	12,336,000
KfW	f	2,445,100	-	9,919,771	-
		15,945,100	12,000,000	64,689,271	49,344,000
Non-related parties:					
Blue Orchard MFS	d	10,000,000	5,000,000	40,570,000	20,560,000
Blue Orchard Finance SA	e	500,000	1,000,000	2,028,500	4,112,000
Micro Finance Securities	g	4,000,000	-	16,228,000	-
RDB		-	1,000,000	-	4,112,000
PlaNet Finance	h	3,119,547	-	12,656,002	-
Central Bank	i	5,915,701	-	23,999,999	-
		23,535,248	7,000,000	95,482,501	28,784,000
		39,480,348	19,000,000	160,171,772	78,128,000

(a) FMO

On 23 March 2004, the Bank entered into a loan agreement with FMO to borrow US\$4,000,000 with an interest rate calculated by using US\$ swap rates quoted at Bloomberg page IRSB at the loan repayment dates increased by the margin of 5.58%. The loan is to be repaid in four equal installments of US\$1,000,000. The first installment was payable in the month of October 2005 with the remaining three installments payable after 6 months of each payment. The principal outstanding is US\$1,000,000 as at 31 December 2006.

(b) IFC

On 21 May 2004, the Bank entered into a credit facility agreement with IFC with the maximum credit of US\$6,000,000 with a rate of interest equal to the sum of the Spread and the Base Fixed Rate, with rate ranging from 8.40% to 8.87%. The Bank is to repay the loan in eight consecutive equal installments commencing from 15 June 2006 and ending on 15 December 2009.

On 21 June 2006, the Bank entered into a second credit line agreement with IFC for the amount of US\$5,000,000 with interest rate of 9.11% per annum. The Bank shall repay the loan on the following dates and in the following amounts.

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Date Payment Due	Principal Amount Due US\$
1. 15 June 2008	714,286
2. 15 December 2008	714,286
3. 15 June 2009	714,286
4. 15 December 2009	714,286
5. 15 June 2010	714,286
6. 15 December 2010	714,286
7. 15 June 2011	714,284
	5,000,000

The principal outstanding as at 31 December 2006 is US\$7,500,000.

(c) Triodos IFM

On the 2 March 2006, the Bank entered into a loan agreement with Triodos IFM and its related companies to borrow as follows:

	US\$
Triodos-Doen	1,000,000
Triodos Fair Share Fund	1,000,000
ASN - Novib Fonds	1,000,000
	3,000,000

The Bank is to repay the loan within two years from the date the loan was first drawn, and no later than 1 April 2011, with an interest rate of 8.5%.

On the 18 January 2006, the Bank entered into another loan agreement with Triodos IFM and its related companies to borrow the following:

	US\$
Triodos-Doen	1,000,000
Triodos Fair Share Fund	1,000,000
	2,000,000

The Bank is to repay the loan within five years from the date the loan was drawn, ending no later than 1 April 2011 with an interest rate of 8% per annum.

The total principal outstanding as at 31 December 2006 is US\$ 5,000,000.

(d) Blue Orchard MFS

On 17 June 2004, the Bank signed a loan agreement with Blue Orchard MFS for an amount of US\$5,000,000 with a fixed interest rate of 8.5% per annum. The interest is payable semi-annually and the principal amount is to be paid in four equal installments on the following dates:

	US\$
1 st installment on the 15 January 2010	1,250,000
2 nd installment on the 15 July 2010	1,250,000
3 rd installment on the 15 January 2011	1,250,000
4 th installment on the 15 July 2011	1,250,000
	5,000,000

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On 7 April 2006, the Bank signed another loan agreement with Blue Orchard Loans for an amount of US\$5,000,000 with a fixed interest rate equal to 7.5% per annum. The Bank is to repay the principal amount of the term loan in a single installment on the maturity date on 15 March 2011.

As at 31 December 2006, the outstanding loan principal is US\$10,000,000.

(e) Blue Orchard Finance SA

On 17 May 2005, the Bank obtained an additional loan of US\$500,000 from Blue Orchard Finance with an interest rate of LIBOR US\$ six month plus 4.75% equivalent to 10.13%. The principal will be repaid on 17 May 2007.

(f) KfW

On 18 October 2005, the Bank signed a loan agreement with KfW for an amount of EURO3,000,000 to be received and repaid in US\$ with an interest rate equal to the simple average of the five highest interest rates applied in the Kingdom of Cambodia by commercial banks for 12 months US\$ deposits. The interest rate is subject to annual review. The term loan is ten years including a grace period of three years. As at 31 December 2006, the total loan disbursements from KfW are as follows:

Disbursement Date	EURO	US\$
13 March 2006	1,000,000	1,192,000
20 July 2006	1,000,000	1,253,100
	2,000,000	2,445,100

(g) Micro Finance Securities ("MFS")

On 28 June 2006, the Bank signed a loan agreement with MFS for an amount of US\$4,000,000 with an interest at rate of 7.25%. The loan will be repaid on the maturity date, 8 June 2011.

(h) PlaNet Finance

On 24 November 2006, the Bank signed a loan agreement with PlaNet Finance for an amount of THB113,000,000, equivalent to US\$3,000,000, with interest at a rate per annum equal to BIBOR 6 months plus 3.5%. The interest is to be repaid semiannually in arrears on 24 May and 24 November of each year, beginning on 24 May 2007. The loan maturity is on 24 November 2008.

The movement of loan obtained from PlaNet Finance is as follows:

	2006
Balance as at 31 December 06	3,000,000
Currency translation differences	119,547
Balance as at 31 December 06	3,119,547



i) Central Bank loan

During the year, the Bank signed a loan agreement with the Central Bank for an amount of Riel40,000 million equivalent to US\$10,000,000, with an interest rate set at 6% per annum. The loans are for six months. The loan balance as at 31 December 2006 is as follows:

Date	Amount US\$
22 August 2006	500,000
27 September 2006	500,000
09 October 2006	500,000
02 November 2006	500,000
08 November 2006	500,000
14 November 2006	500,000
27 November 2006	500,000
07 December 2006	500,000
08 December 2006	1,000,000
13 December 2006	1,000,000
	6,000,000
Currency translation differences	(84,299)
Balance as at 31 Dec 06	5,915,701

20. SENIOR DEBT

Senior debt is unsecured and represents the amount the Bank agrees to pay ACLEDA NGO under Sections 2.02(c) and 2.03 of the Business Purchase Agreement ("BPA") and under the Senior Debt Agreement ("SDA"), which were signed between the Bank and ACLEDA NGO on 12 September 2000 and its Addendum to the BPA signed on 22 February 2001.

In accordance with Article 2.03 of the SDA, until the maturity date and promptly after receiving any interest payable under the SDA, the ACLEDA NGO shall, at the Bank's request and as determined by the ACLEDA NGO's Board of Directors, lend to the Bank in the Permitted Currency the full amount of interest received less any amount that the ACLEDA NGO believes is required to cover the ACLEDA NGO's operating expenses or to support other liabilities of ACLEDA NGO. The lending amount shall be subject to terms and conditions similar to the SDA.

In accordance with Article 4.01 of the SDA, for the sole purpose of managing exposure of the Bank to Permitted Currencies, the Bank shall be entitled to pay at any time to ACLEDA NGO portions of the senior debt. Any amount received by ACLEDA NGO in accordance with Article 4.1 shall be immediately re-lent by ACLEDA NGO to the Bank in the Permitted Currency requested by the Bank and/or in an amount equivalent to the amount received using the prevailing exchange rates in effect at the time of payment by the Bank to ACLEDA NGO. The re-lending amount shall be automatically added to the senior debt denominated in the Permitted Currency of such amount.

The Bank shall pay the principal of senior debt by semi-annual installments on interest payment dates which fall within 14 days after each January 15 and each July 15 starting 2001. In any event, all amounts owing under this SDA shall be repaid no later than 1 July 2014.

Interest rate on senior debt shall be paid to ACLEDA NGO from time to time and calculated as follows:

- (1) Interest rate for senior debt denominated in US\$ shall be the sum of 2.5% plus SIBOR for the interest period;
- (2) Interest rate for senior debt denominated in Riel shall be the Riel refinance rate in effect immediately before that interest period. If ACLEDA NGO's administrator is able to determine the Riel Interbank Rate before the interest period, ACLEDA NGO shall be entitled to require the use of that rate for the interest period instead of the Riel refinance rate.

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Movement of senior debt is as follows:

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Balance at 1 January 06	5,896,818	6,040,215	23,923,390	24,323,946
Currency translation differences	150,501	(143,397)	610,583	(76,230)
Balance at 31 December 06	6,047,319	5,896,818	24,533,973	24,247,716

21. STAFF PENSION LIABILITIES

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
As at 1 January 06	902,324	534	3,660,729	2,149
Additions for the year:				
Bank's contribution	818,500	638,424	3,320,655	2,625,199
Employees' contribution	409,250	319,212	1,660,327	1,312,600
Interest	64,686	17,613	262,431	72,471
Payment to employees	(41,483)	(9,796)	(168,297)	(40,281)
Acquire the Bank's shares from ACLEDA NGO	-	(69,811)	-	(287,063)
Pension fund paid back by ASA Inc.	-	6,148	-	25,281
Transfer to share capital	(1,520,000)	-	(6,166,640)	-
Currency translation difference	236	-	957	-
As at 31 December 2006	633,513	902,324	2,570,162	3,710,356

Letters were obtained from individual members of staff and addressed to the Board of Directors of ASA Inc., allowing ASA Inc. to use their pension funds to purchase additional shares in the Bank. The Bank transferred US\$1,520,000 from the staff pension fund and allocated the fund an additional 1,520,000 shares on 30 November 2006.

22. PROVISION FOR HEALTH INSURANCE

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
As at 1 January 06	361,700	263,004	1,467,417	1,059,117
Additions for the year	267,058	308,089	1,083,454	1,266,862
Claims for the year	(187,966)	(209,393)	(762,578)	(861,024)
Reverse balance as at 31 Dec 05 to income statement	(361,700)	-	(1,467,417)	-
Written back to income statement	(79,092)	-	(320,876)	22,356
As at 31 December 06	-	361,700	-	1,487,311

No provision was carried forward since the remaining balances from the unused portion were written back to the profit and loss account as at 31 December 2006.

23. SHARE CAPITAL

On 30 November 2006, existing shareholders subscribed to additional shares amounting to 17,000,000 shares in order to assist the Bank in meeting the current business growth of the Bank. The increase in share capital of US\$17,000,000 was approved by the Central Bank on 25 October 2006. US\$7,150,000 of the US\$17,000,000 increase resulted from the conversion of the subordinated debt from ACLEDA NGO to share capital. An additional amount of US\$1,520,000 was transferred from the pension fund of ASA Inc. as detailed in note 21. The remaining balance was fully paid by the existing shareholders.

The total authorised amount of share capital as at 31 December 2006 is 30,000,000 shares (2005: 13,000,000 shares) with a par value of US\$1 per share (2005: US\$1 per share).

	Percentage	2006 US\$	Percentage	2005 US\$
ACLEDA NGO	37.31%	11,192,505	32.00%	4,160,000
ASA Inc.	13.69%	4,107,495	19.00%	2,470,000
Deutsche Investitions- und Entwicklungsgesellschaft (DEG)	12.25%	3,675,000	12.25%	1,592,500
FMO	12.25%	3,675,000	12.25%	1,592,500
IFC	12.25%	3,675,000	12.25%	1,592,500
Stichting Triodos Doen	7.95%	2,383,750	10.33%	1,342,500
Triodos Fair Share Fund	4.30%	1,291,250	1.92%	250,000
	100.00%	30,000,000	100%	13,000,000

The movement of share capital during the year was as follows:

	ACLEDA NGO US\$	ASA Inc. US\$	Other US\$	Total US\$
At 1 January 2006	4,160,000	2,470,000	6,370,000	13,000,000
Additional shares issued	7,150,000	1,520,000	8,330,000	17,000,000
Sale shares to ASA Inc.	(117,495)	117,495	-	-
At 31 December 2006	11,192,505	4,107,495	14,700,000	30,000,000

24. SUBORDINATED DEBT

Subordinated debt is unsecured and represents the amount the Bank agrees to pay ACLEDA NGO under Sections 2.02(b) and 2.03 of the BPA and under the Subordinated Debt Agreement ("SubDA"), which were signed between the Bank and ACLEDA NGO on 12 September 2000 and its Addendum to the BPA signed on 22 February 2001.

In accordance with Article 5 of the SubDA, for the sole purpose of managing exposure of the Bank to Permitted Currencies, the Bank shall be entitled to pay at any time to ACLEDA NGO portions of the subordinated debt. Any amount received by ACLEDA NGO shall be immediately relented by ACLEDA NGO to the Bank in the Permitted Currency requested by the Bank and/or in an amount equivalent to the amount received, using the prevailing exchange rates in effect at the time of payment by the Bank to ACLEDA NGO. The re-lending amount shall be automatically added to the subordinated debt denominated in the Permitted Currency of such amount.

Subject to Article 5 of the SubDA as above, the Bank shall not make any payment of principal in respect of the subordinated debt before amortisation date.

The amortisation date is the date falling seven business days after the day on which the following conditions have been fully satisfied:

- (1) the passage of the 15th anniversary of the SubDA; and
- (2) the payment in full of all Senior Obligations which are due and payable on the 15th anniversary of the date of the SubDA.

The Bank shall pay the principal of this subordinated debt in 10 approximately equal annual installments, which fall due on the first interest payment date occurring in each of ten calendar years after the amortisation date.

Interest on subordinated debts shall be paid to ACLEDA NGO from time to time and calculated as follows:

- (1) The interest rate for subordinated debt denominated in US\$ shall be the sum of 2.5% plus SIBOR for the interest period;
- (2) The interest rate for subordinated debt denominated in THB shall be the Baht Corporate Customer Rate for the interest period. Baht Corporate Customer Rate was changed to BIBOR since June 2006;
- (3) The interest rate for Subordinated debt denominated in Riel shall be the Riel refinance rate in effect immediately before that interest period. If ACLEDA NGO's administrator is able to determine the Riel Interbank Rate before the interest period, ACLEDA NGO shall be entitled to require the use of that rate for the interest period instead of the Riel refinance rate.

During the year, interest totaling US\$400,000 was re-lent to the Bank and capitalised into the principal outstanding.

Annual interest rates were as follows:

	2006	2005
EURO (2.5% plus LIBOR)	-	4.684% - 4.643%
US\$ (2.5% plus SIBOR)	7.233% - 8.080%	5.385% - 6.341%
Baht Corporate Customer Rate	4.746% - 5.509%	2.603% - 3.032%
Riel refinance rate	6%	6%

Following Prakas B-5-01-201 dated 25 December 2001 fixing the rates for loans to financial institutions, the Riel refinancing rate which was used as the basis in determining the interest for senior and subordinated debt is 6%.

An additional agreement was signed between ACLEDA Bank Plc. and ACLEDA NGO in relation to the conversion of subordinated debt into equity on 22 November 2006. The agreement resulted in US\$7,150,000 of subordinated debt being converted into 7,150,000 fully paid shares of the Bank. The Bank approved the issuance of additional shares to ACLEDA NGO pursuant to the terms and conditions of the third subscription and shareholders agreement dated 8 November 2006.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

25. CONTINGENCIES AND COMMITMENTS

a) Operations

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated from these transactions which comprise:

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Unused portion of approved credit facilities	2,766,480	1,133,260	11,223,609	4,659,965
Letters of credit	1,079,866	365,940	4,381,016	1,504,745
Bank guarantees	2,338,118	1,100,508	9,485,745	4,525,289
	6,184,464	2,599,708	25,090,370	10,689,999

These commitments are secured by cash deposits of US\$980,465 (2005: US\$754,912), as disclosed in note 17.

b) Operating lease commitments

As at 31 December 2006, the Bank had lease commitments for the lease of its head office and provincial offices together with the equipment rentals with details as follows:

	2006 US\$	2005 US\$
Not later than one year	216,522	372,157
Within one year to five years	3,332,305	621,016
More than five years	2,771,547	-
	6,320,374	993,173

c) Capital expenditure and other service commitments

As at 31 December 2006, the Bank had capital commitments relating to the construction of the new Head Office building with details as follows:

	2006 US\$	2005 US\$
Not later than one year	518,221	6,150,978
Within one year to five years	547,143	43,028
More than five years	-	-
	1,065,364	6,194,006

26. CASH AND CASH EQUIVALENTS

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Cash on hand	18,614,858	8,347,253	75,520,479	34,323,904
Clearing house with the Central Bank	195,332	439,381	792,462	1,806,735
Travelers cheques	67,384	12,336	273,377	50,726
Balances with other banks and other financial institutions	2,219,568	1,199,572	9,004,787	4,932,640
Placement with other banks and financial institutions	4,482,895	825,254	18,187,105	3,393,444
Current accounts with the Central Bank	3,290,122	2,202,836	13,348,025	9,058,062
Fixed deposits with the Central Bank	8,000,000	-	32,456,000	-
	36,870,159	13,026,632	149,582,235	53,565,511

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

27. CASH USED IN OPERATIONS

	For the year ended		For the year ended	
	2006	2005	2006	2005
	US\$	US\$	Riel '000 <i>Unaudited</i>	Riel '000 <i>Unaudited</i>
OPERATING ACTIVITIES				
Profit before income tax	8,360,714	5,275,461	33,919,417	21,692,696
Adjustments for:				
Provisions for loan losses	517,178	682,803	2,098,191	2,807,686
Depreciation	1,123,843	1,064,318	4,559,431	4,376,476
Amortisation of intangible assets	298,180	262,942	1,209,716	1,081,218
Gain on sales of property and equipment	(35,889)	(7,311)	(145,602)	(30,063)
Bad debts written off	(158,667)	(197,036)	(643,712)	(810,212)
Unrealised foreign exchange gain on senior and subordinated debts	692,354	(509,506)	2,808,880	(2,095,089)
Operating income before working capital changes	10,797,713	6,571,671	43,806,321	27,022,712
Changes in working capital:				
Increase in loans and advances to customers	(58,468,977)	(34,013,579)	(237,208,640)	(139,863,837)
Increase in other assets	(2,613,223)	(502,328)	(10,601,846)	(2,065,573)
Increase in property foreclosed	17,440	(11,640)	70,754	(47,864)
Increase in deposits from customers	61,248,658	30,260,766	248,485,806	124,432,270
Increase in accruals and other liabilities	1,841,541	1,116,551	7,471,131	4,591,257
Increase/(decrease) in staff pension liability	(268,811)	901,790	(1,090,566)	3,708,160
Increase in provision for health insurance	(361,700)	98,696	(1,467,417)	405,838
Cash used in operation	12,192,641	4,421,927	49,465,543	18,182,963

28. CONTINGENT LIABILITIES

On 29 November 2005, the Enterprise Verifying Office of the Tax Department issued a notice of Tax Re-assessment to ACLEDA Bank for the year ended 31 December 2000 and 2001 with a tax liability of Riel 4,182,552 thousand (equivalent to US\$1,015,000). The additional tax liability was assessed due to the Bank's deduction of interest in its tax calculations for these years whereas the Tax Department has stated that interest is in-fact non-deductible. The Bank lodged a formal protest to the Tax Department in relation to the re-assessment which has informally been agreed by the Tax Department. No formal documents have been issued to the Bank by the Tax Department in relation to this agreement. As at 31 December 2006, there is no provision made in the financial statements of the Bank.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER | 2006

29. RELATED PARTY TRANSACTIONS AND BALANCES

A number of banking transactions are entered with related parties in the normal course of business. These include loan, deposit and borrowing transactions. Outstanding balances at year end, and relating expense and income for the year are as follows:

	2006 US\$	2005 US\$	2006 Riel '000 <i>Unaudited</i>	2005 Riel '000 <i>Unaudited</i>
Board of Directors:				
Fees and related expenses	97,623	67,770	396,057	278,670
Loans:				
Loans to President and Internal Auditor	384,795	94,106	1,561,113	386,964
Interest income earned	24,033	9,635	97,502	39,619
Deposits:				
ACLEDA NGO, shareholder	1,323,513	2,257,708	5,369,491	9,283,695
ASA Inc., shareholder	9,632	5,934	39,078	24,401
Directors	283,078	200,106	1,148,449	822,836
	1,616,223	2,463,748	6,557,018	10,130,932
Interest expense on deposits	7,497	23,076	30,415	94,889
Borrowings and debts:				
Borrowings	15,945,100	12,000,000	64,689,271	49,344,000
Senior debt	6,047,319	5,896,818	24,533,973	24,247,716
Subordinated debt	5,152,156	11,360,303	20,902,297	46,713,566
	27,144,575	29,257,121	110,125,541	120,305,282
Interest expense on borrowings and debts	2,414,549	2,043,891	9,795,825	8,404,480

30. SEGMENT INFORMATION

The Bank is engaged in microfinance and commercial banking business and operates solely within the Kingdom of Cambodia.

31. FINANCIAL RISK MANAGEMENT

a) Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay the amount in full when due. Provision is made for losses that have been incurred at the balance sheet date. The Bank sets limits on the level of balloon loans in which the loan principal is repaid in full at the maturity date.

Exposure to credit is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

b) Market risk

Market risk arises from open positions in interest rate and currency, all of which are exposed to general and specific market movement.

(i) Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank sets limits on the level of currency exposure which is monitored on a daily basis by the Treasury Division and reviewed by the Assets and Liabilities Committee on a monthly basis.

The table in note 32 to the financial statements summarises the Bank's exposure to foreign currency risk at 31 December which included the Bank's assets and liabilities at carrying amounts, categorised by currency.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Bank sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored by the Treasury Division on a daily basis and reviewed by the Assets and Liabilities Committee on a monthly basis.

The table in note 33 to the financial statements summarises the Bank's exposure to interest rate risk, which includes the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

(c) Liquidity risk

Liquidity risk is defined as a risk when the maturity of assets and liabilities do not match. The maturity gap analysis is monitored by the Treasury Division on a daily basis and reviewed by the Assets and Liabilities Committee on a monthly basis.

An analysis of the assets and liabilities of the Bank grouped based on the remaining period at balance sheet to contractual maturity is provided in note 34 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER | 2006

32. CURRENCY ANALYSIS

	Thai Baht	Riel	Euro	US\$	AUD	VND	CAD	LAK	Total
As at 31 December 2006									
ASSETS									
Cash in hand	1,494,074	3,296,768	255,026	13,695,199	52,520	45,475	38,512	-	18,877,574
Balances with other banks and financial institutions	52,538	-	604,456	1,486,038	57,813	7,121	11,387	215	2,219,568
Placements with other banks and financial institutions	-	-	-	10,700,243	-	-	-	-	10,700,243
Balances with the Central Bank	-	319,413	-	19,956,202	-	-	-	-	20,275,615
Investment in treasury bills	-	-	-	-	-	-	-	-	-
Loans and advances to customers	6,625,466	23,142,157	-	126,803,141	-	-	-	-	156,570,764
Property and equipment	4,085	228,412	-	8,330,666	4,123	-	-	-	8,567,286
Computer software	-	-	-	1,159,183	-	-	-	-	1,159,183
Other assets	138,536	729,230	2,322	3,762,757	-	-	-	-	4,632,845
Deferred tax assets	-	-	-	199,217	-	-	-	-	199,217
Property foreclosed	-	-	-	-	-	-	-	-	-
Total assets	8,314,699	27,715,980	861,804	186,092,646	114,456	52,596	49,899	215	223,202,295
LIABILITIES									
Deposits from customers	4,142,910	9,371,367	736,276	108,842,679	21,464	602	34,485	-	123,149,783
Accruals and other liabilities	220,341	2,214,477	3,791	3,719,530	577	-	-	-	6,158,716
Borrowings	3,119,546	5,915,701	-	30,445,101	-	-	-	-	39,480,348
Senior debt	662,187	5,356,354	-	28,778	-	-	-	-	6,047,319
Staff pension fund	-	-	-	633,513	-	-	-	-	633,513
Provision for health insurance	-	-	-	-	-	-	-	-	-
Total liabilities	8,144,984	22,857,899	740,067	143,669,601	22,041	602	34,485	-	175,469,679
Net on balance sheet position	169,715	4,858,081	121,737	42,423,045	92,415	51,994	15,414	215	47,732,616
As at 31 December 2005									
Total assets	5,488,409	19,333,021	212,971	98,817,658	19,021	-	-	-	123,871,080
Total liabilities	2,437,796	12,345,590	147,923	76,980,452	4,799	-	-	-	91,916,560
Net on balance sheet position	3,050,613	6,987,431	65,048	21,837,206	14,222	-	-	-	31,954,520

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

33. INTEREST RATE RISK

	Up to 1 month US\$	1 – 3 months US\$	3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
As at 31 December 2006							
ASSETS							
Cash on hand	-	-	-	-	-	18,877,574	18,877,574
Balances with other banks and financial institutions	-	-	-	-	-	2,219,568	2,219,568
Placements with other banks and financial institutions	10,492,243	-	208,000	-	-	-	10,700,243
Balances with the Central Bank	4,500,000	1,000,000	5,500,000	-	-	9,275,615	20,275,615
Loans and advances to customers	2,351,198	7,618,664	72,850,182	70,239,605	3,511,115	-	156,570,764
Property and equipment	-	-	-	-	-	8,567,286	8,567,286
Computer software	-	-	-	-	-	1,159,183	1,159,183
Other assets	-	-	-	-	-	4,632,845	4,632,845
Deferred tax assets	-	-	-	-	-	199,217	199,217
Total assets	17,343,441	8,618,664	78,558,182	70,239,605	3,511,115	44,931,288	223,202,295
LIABILITIES							
Deposits from customers	60,590,992	9,098,448	26,303,033	4,906,357	537,727	21,713,226	123,149,783
Accruals and other liabilities	-	-	-	-	-	6,158,716	6,158,716
Borrowings	-	2,177,950	9,182,851	28,119,547	-	-	39,480,348
Senior debt	1,105,697	-	-	2,753,161	2,188,461	-	6,047,319
Staff pension fund	-	-	-	633,513	-	-	633,513
Provision for health insurance	-	-	-	-	-	-	-
Total liabilities	61,696,689	11,276,398	35,485,884	36,412,578	2,726,188	27,871,942	175,469,679
Total interest sensitivity gap	(44,353,248)	(2,657,734)	43,072,298	33,827,027	784,927	17,059,346	47,732,616
As at 31 December 2005							
Total assets	3,253,459	4,340,202	54,145,486	38,874,405	-	23,257,528	123,871,080
Total liabilities	29,178,238	8,369,736	15,764,649	13,889,663	6,423,247	18,291,027	91,916,560
Total interest sensitivity gap	(25,924,779)	(4,029,534)	38,380,837	24,984,742	(6,423,247)	4,966,501	31,954,520

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

34. LIQUIDITY ANALYSIS

	Up to 1 month US\$	1 – 3 months US\$	3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	No fixed date US\$	Total US\$
At 31 December 2006							
ASSETS							
Cash on hand	18,877,574	-	-	-	-	-	18,877,574
Balances with other banks and financial institutions	2,219,568	-	-	-	-	-	2,219,568
Placements with other banks and financial institutions	10,492,243	-	208,000	-	-	-	10,700,243
Balances with Central Bank	4,790,122	1,000,000	5,500,000	-	-	8,985,493	20,275,615
Loans and advances to customers	12,009,658	24,869,037	80,197,957	36,870,726	2,623,386	-	156,570,764
Property and equipment	81,553	151,643	466,306	588,354	5,951,104	1,328,326	8,567,286
Computer software	15,472	30,945	141,829	970,937	-	-	1,159,183
Other assets	16,238	3,882,226	479,429	245,883	-	9,069	4,632,845
Deferred tax assets	-	-	-	-	-	199,217	199,217
Total assets	48,502,428	29,933,851	86,993,521	38,675,900	8,574,490	10,522,105	223,202,295
LIABILITIES							
Deposits from customers	81,430,563	9,805,136	26,470,000	4,906,357	537,727	-	123,149,783
Accruals and other liabilities	519,658	-	255,493	-	-	5,383,565	6,158,716
Borrowings	-	985,950	7,929,751	29,167,447	1,397,200	-	39,480,348
Senior debt	414,732	-	-	2,753,161	2,879,426	-	6,047,319
Staff pension fund	-	-	-	633,513	-	-	633,513
Provision for health insurance	-	-	-	-	-	-	-
Total liabilities	82,364,953	10,791,086	34,655,244	37,460,478	4,814,353	5,383,565	175,469,679
Net liquidity gap	(33,862,525)	19,142,765	52,338,277	1,215,422	3,760,137	5,138,540	47,732,616
At 31 December 2005							
Total assets	25,201,410	18,412,373	55,232,907	19,084,346	-	5,940,044	123,871,080
Total liabilities	44,215,459	8,707,103	17,132,475	13,562,144	7,035,355	1,264,024	91,916,560
Net liquidity gap	(19,014,049)	9,705,270	38,100,432	5,522,202	(7,035,355)	4,676,020	31,954,520



Global Credit Research
 Rating Action
 24 May 2007

Rating Action: ACLEDA Bank Plc.
 Phnom Penh, Cambodia

Ratings

<i>Category</i>	<i>Moody's Rating</i>
<i>Outlook</i>	<i>Stable</i>
Bank Financial Strength Rating	D
Deposit Ratings – Foreign Currency	B3/NP
Deposit Ratings – Domestic Currency	Ba1/NP
Issuer Ratings – Foreign Currency	B1/NP
Issuer Ratings – Domestic Currency	Ba1/NP

Note: For further details, please visit Moody's Investors Service website at www.moody.com or ACLEDA Bank Plc's website at www.acledabank.com.kh for summary report.



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EN13.	Spills	N/A*
EN14.	Environmental impacts of products & services	N/A*
EN15.	Product reclaim	N/A*
EN16.	Non-compliance monitoring	26-27
<i>Social performance indicators</i>		
LA1.	Breakdown of workforce	31
LA2.	Net employment creation	N/A
LA3.	Trade union representation	N/A
LA4.	Policy on employee involvement	31
LA5.	Occupational accidents and diseases	31
LA6.	Health and safety policies	31
LA7.	HIV/AIDS policy and programs	31
LA8.	Training	31
LA9.	Equal opportunity policies	31
LA10.	Senior management diversity	19-20
HR1.	Human Rights policy	30
HR2.	Consideration of human rights impacts	27, 30
HR3.	Human Rights monitoring	N/A
HR4.	Discrimination policy	31
HR5.	Freedom of association policy	31
HR6.	Child labour policy	30
HR7.	Forced labour policy	30
SO1.	Community impact	32
SO2.	Policy on corruption and bribery	31, 32
SO3.	Policy on political lobbying	32
PR1.	Product related health and safety	N/A*
PR2.	Product information	32
PR3.	Customer confidentiality	32
Note: * = Not relevant		

HEADQUARTERS

#61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-998 777 / 430 999
 Fax: (855)-23-998 666 / 430 555
 E-mail: acledabank@acledabank.com.kh or operation@acledabank.com.kh
 SWIFT Code: ACLBKHPP

PHNOM PENH

#29, Street 217, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-997 169 / 997 179 / 997 189
 Fax: (855)-23-997 170 / 997 180
 E-mail: pnp@acledabank.com.kh

DAUN PENH

#248, Preah Monivong Blvd.(Street 93), Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-222 626 / 222 424 / 223 535 / 224 545
 Fax: (855)-23-223 670 / 220 522
 E-mail: dpn@acledabank.com.kh

RUSSEY KEO I

#482, Group 6, Spean Khpous Village, Sangkat Kilometre No.6, Khan Russey Keo, Phnom Penh, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-430 673 / 427 668, (855)-12-587 862
 Fax: (855)-23-430 645
 E-mail: rsk1@acledabank.com.kh

RUSSEY KEO II

#A06, A07, A08, A09, Group 8, Village 3, Sangkat Chruoy Chang Var, Khan Russey Keo, Phnom Penh, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-430 527, (855)-12-968 294
 Fax: (855)-23-430 537
 E-mail: rsk2@acledabank.com.kh

And 4 offices (Mukh Kampul, Rokakaong I, Vihear Suor, Svay Romiet)

DANGKOR

Group 9, Paprak Khang Cheung Village, Sangkat Kakab, Khan Dangkor, Phnom Penh, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-890 490 / 890 468, (855)-12-968 295
 Fax: (855)-23-890 130
 E-mail: dkr@acledabank.com.kh

MEANCHEY

#32, National Road No. 1, Group 3, Doeum Ampil Village, Sangkat Chbar Ampeou I, Khan MeanChey, Phnom Penh, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-720 633 / 997 277
 Fax: (855)-23-720 414
 E-mail: mch@acledabank.com.kh

BEUNG TRABEK

#28, Mao Tse Tung Blvd., Sangkat Beung Trabek, Khan Chamcarmon, Phnom Penh, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-214 634 / 993 780 / 364 619
 Fax: (855)-23-364 914 / 217 816 / 213 239
 E-mail: btrckm@acledabank.com.kh

KIEN SVAY (FULL OPERATION AS BRANCH)

#504, National Road No. 1, Group 05, Tuol Thnort Village, Koki Commune, Kien Svay District, Kandal Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-24-397 575 / 393 914, (855)-12-965 029
 Fax: (855)-24-395 757
 E-mail: 012965029@mobitel.com.kh

And 3 offices (Preaek Thmei, Peam Oknha Ong, Samraong Thum)

KANDAL

Krapeu Ha Village, Prek Russey Commune, Takhmao District, Kandal Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-23-425 623 / 425 995, (855)-12-587 865
 Fax: (855)-23-425 691, (855)-24-393 906
 E-mail: tkm@acledabank.com.kh or
 tkm_kdl@camshin.com.kh

And 3 offices (Barku, Bueng Khyang, Svay Rolum)

SAANG DISTRICT-KANDAL

Preaek Run Village, Preaek Koy Commune, Saang District, Kandal Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-24-395 959, (855)-12-587 867
 Fax: (855)-24-396 565
 E-mail: 012587867@mobitel.com.kh

And 3 offices (Kaoh Thum, Preaek Ambel, Sampov Poun)

ANGK SNUOL DISTRICT-KANDAL

Baekchan Village, Baekchan Commune, Angk Snuol District, Kandal Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-24-393 336, (855)-23-355 258
 Fax: (855)-24-395 557 / 392 139
 E-mail: asn_kdlbr@camshin.com.kh

And 1 office (Damnak Ampil)

KAMPONG CHAM

#31 & 33, Street Khemarak Phomin, Village 14, Kampong Cham Commune, Kampong Cham District, Kampong Cham Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-42-941 703 / 941 708
 Fax: (855)-42-941 707 / 941 702
 E-mail: kcm@acledabank.com.kh

And 8 offices (Prey Chhor, Chamkar Leu, Pongro, Pa Av, Sotip, Preaek Kak, Bos Khnor, Krouch Chhmar)

TBOUNG KHMUM DISTRICT-KAMPONG CHAM

#153, Group 9, Cheung Lornng Village, Suong Commune, Tboung Khmum District, Kampong Cham Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-42-340 236 / 399 001, (855)-12-204 704
 Fax: (855)-42-393 915 / 393 916
 E-mail: tb_acleda@camshin.com.kh or
 tbk_kcmacleda@camshin.com.kh

And 5 offices (Memot, Ponhea Kraek, Snuol, Rokar Po Pram, Ampil Tapouk)

SREY SANTHOR DISTRICT-KAMPONG CHAM

Prekpor Krom Village, Prekpor Commune, Srey Santhor District, Kampong Cham Province, Cambodia.

P.O. Box: 1149

Tel: (855)-42-394 454

Fax: (855)-42-394 447

E-mail: 012683981@mobitel.com.kh (For Accountant) or sth_kcm@camshin.com.kh

And 3 offices (Peam Chikang, Kang Ta Neung, Prektanong)

KRATIE

Road 12, Group 06, Kratie Village, Kratie Commune, Kratie District, Kratie Province, Cambodia.

P.O. Box: 1149

Tel: (855)-72-971 707

Fax: (855)-72-971 706 / 391 708

E-mail: kte@acledabank.com.kh

And 2 offices (Chhloung, Sambo)

STUNG TRENG

Kandal Village, Stung Treng Commune, Stung Treng District, Stung Treng Province, Cambodia.

P.O. Box: 1149

Tel: (855)-74-973 684

Fax: (855)-74-973 685

E-mail: stg@acledabank.com.kh

BATTAMBANG

#899, Group 5, Romchek 4 Village, Rottanak Commune, Battambang District, Battambang Province, Cambodia.

P.O. Box: 1149

Tel: (855)-53-952 054 / 953 153 / 953 152

Fax: (855)-53-952 051 / 399 004

E-mail: btb@acledabank.com.kh

And 7 offices (Banan, Bavel, Maung Russey, Samlout, Ta Poug, Kaors Kralor, Sdao*)*

PAILIN

Chor2/231, Pahi Tboung Village, Sangkat Pailin, Khan Pailin, Pailin City, Cambodia.

P.O. Box: 1149

Tel: (855)-12-424 501

Fax: (855)-55-399 001

E-mail: pln@acledabank.com.kh

And 3 offices (Phnum Proek, Kamrieng, Sampov Lun)

SIEM REAP

#1, 2 & 3, Sivutha Street, Mondul 2 Village, Svay Dangcum Commune, Siem Reap District, Siem Reap Province, Cambodia.

P.O. Box: 1149

Tel: (855)-63-963 660 / 963 251

Fax: (855)-63-963 280 / 393 911

E-mail: srp@acledabank.com.kh or srp.marketing@acledabank.com.kh

And 9 offices (Siem Reap, Sotr Nikom, Chi kraeng, Puok, Kralanh, Kantreang, Sasar Sdam, Char Chhouk, Chruoy Neang Nguon)

OTDAR MEANCHEY

#127, Group 4, Samraong Village, Samraong Commune,
Samraong District, Otdar Meanchey Province, Cambodia.
P.O. Box: 1149
Tel: (855)-12-200 468, (855)-11-448 468, (855)-16-632 115
Fax: (855)-15-632 114
E-mail: omc_acleda@camshin.com.kh

And 2 offices (Kouk Moan, Anlong Veng)

BANTEAY MEANCHEY

#268D-269D-270D-271D, Group 13, Village 3, Preah Ponleir
Commune, Serei Saophoan District, Banteay Meanchey Province,
Cambodia.
P.O. Box: 1149
Tel: (855)-54-958 821 / 958 634 / 958 541
Fax: (855)-54-710 092
E-mail: bmc@acledabank.com.kh

And 6 offices (Thma Puok, Mongkul Borei, Preah Netr Preah, Roluos, Srah Chik, Phnom Toch*)*

O CHROV DISTRICT–BANTEAY MEANCHEY

#043, Group 1, Balelay Village, Poypet Commune, O Chrov
District, Banteay Meanchey Province, Cambodia.
P.O. Box: 1149
Tel: (855)-54-967 020 / 967 468
Fax: (855)-54-967 469
E-mail: ppt@acledabank.com.kh

And 2 offices (Malai, Kob)

KAMPOT–KEP

#27, Street 724, Group 1, 1 Ousphea Village, Kampong Kandal
Commune, Kampong Bay District, Kampot
Province, Cambodia.
P.O. Box: 1149
Tel: (855)-33-932 880
Fax: (855)-33-932 334 / 932 335
E-mail: kpt@acledabank.com.kh

And 6 offices (Kampong Trach, Chhuk, Tuk Meas Khang Lech, Phnum Kong, Trapaing Raing, Dang Tung)*

TAKEO

National Road No. 2, Lory Village, Rokar Khnong Commune, Don
Keo District, Takeo Province, Cambodia.
P.O. Box: 1149
Tel: (855)-32-931 246
Fax: (855)-32-931 144 / 343 638 / 931 567
E-mail: tko@acledabank.com.kh

And 12 offices (Kirivong, Bati, Preykabas, Tram Kak (Angk Ta Saom Commune), Tram Kak (Tram Kak Commune), Smaong, Prey Romdeng, Sophy, Samraong, Beung Tranh Khang Choeung, Ankor Borei, Preyphdau)

SIHANOUKVILLE

#118, Group 16, Village 2, Sangkat 4, Khan Mittapheap,
Sihanoukville, Cambodia.
P.O. Box: 1149
Tel: (855)-34-320 232 / 933 723
Fax: (855)-34-933 923
E-mail: snv@acledabank.com.kh

And 3 offices (Steung Hav, Prey Nob, Sre Ambel)

KOH KONG

#222, Group 8, Village 2, Smach Mean Chey Commune, Smach Mean Chey District, Koh Kong Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-35-936 693
 Fax: (855)-35-936 639
 E-mail: kkg@acledabank.com.kh

PURSAT

#239, National Road No. 5, Peal Nhek 1 Village, Pteah Prey Commune, Sampov Meas District, Pursat Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-52-951 434
 Fax: (855)-52-951 634
 E-mail: pur@acledabank.com.kh

And 7 offices (Krakor, Bakan, Leach, Chheu Tom, Otapong, Talo, Kandieng)

KAMPONG CHHNANG

Trapaing Bei Village, Phsar Chhnang Commune, Kampong Chhnang District, Kampong Chhnang Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-26-988 748 / 988 809 / 988 608
 Fax: (855)-26-988 623
 E-mail: kcg@acledabank.com.kh

And 6 offices (Kampong Tralach, Ponlei, Akphivat, Rolea B'ier, Prey Kri, Svay Chuk)*

KAMPONG SPEU

National Road No. 4, Samnang Village, Rokar Thom Commune, Chbar Mon District, Kampong Speu Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-25-987 181
 Fax: (855)-25-987 236 / 987 121
 E-mail: ksp@acledabank.com.kh

And 6 offices (Phnom Sruoch, Kong Pisey, Trapaing Kong, Traeng Trayueng, Svay Rompear, Pras Nipein)

ODONGK DISTRICT-KAMPONG SPEU

National Road No. 5, Odongk Village, Viengchass Commune, Odongk District, Kampong Speu Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-25-395 565
 Fax: (855)-25-394 565 / 399 001
 E-mail: odongk_ksp@camshin.com.kh

And 2 offices (Ksemksan, Monorom)

KAMPONG THOM

#36, National Road No. 6, Group 3, Stung Sen Village, Kampong Krabao Commune, Stung Sen District, Kampong Thom Province, Cambodia.
 P.O. Box: 1149
 Tel: (855)-62-961 243 / 962 247
 Fax: (855)-62-961 444
 E-mail: ktm@acledabank.com.kh

And 7 offices (Sambour, Sandan, Stoung, Sannkor, Baray(district), Baray(commune), Soyoung)

PREAH VIHEAR

Lor Oet Village, Kampong Pranak Commune, Tbeng Mean Chey District, Preah Vihear Province, Cambodia.

P.O. Box: 1149

Tel: (855)-12-289 851 / 659 471, (855)-16-631 285

Fax: (855)-12-401 507

E-mail: pvh_acleda@camshin.com.kh

And 3 offices (Kuleaen Tboung, Robeab, Choam Ksan)*

SVAY RIENG

Rong Banlae Village, Svay Rieng Commune, Svay Rieng District, Svay Rieng Province, Cambodia.

P.O. Box: 1149

Tel: (855)-44-945 545 / 945 596

Fax: (855)-44-391 119

E-mail: svg@acledabank.com.kh

And 3 offices (Chrak Mates, Kampong Trach, Daun Sar)

PREY VENG

Group 9, Village 4, Kampong Leav Commune, Kampong Leav District, Prey Veng Province, Cambodia.

P.O. Box: 1149

Tel: (855)-43-944 555

Fax: (855)-43-944 577 / 399 003

E-mail: pvg@acledabank.com.kh

And 7 offices (Pea Reang, Kampong Trabaek, Kamchai Mear, Kampong Po Pil, Angkor Reach, Prekchankran, Chiphuch)*

PEAM RO DISTRICT–PREY VENG

Group 3, Village 1, Preaek Khsay"B" Commune, Peam Ro District, Prey Veng Province, Cambodia.

P.O. Box: 1149

Tel: (855)-43-750 153 / 750 193, (855)-12-639 374

Fax: (855)-43-750 142

E-mail: 012639374@mobitel.com.kh or acleda_pmr@camshin.com.kh

And 2 offices (Leuk Daek, Svay Pluos)

RATTANAKIRI

Village 1, Labanseak Commune, Banlung District, Rattanakiri Province, Cambodia.

P.O. Box: 1149

Tel: (855)-75-974 220

Fax: (855)-75-974 221

E-mail: rtk@acledabank.com.kh

MONDULKIRI

O Spean Village, Speanmeanchey Commune, Senmonorom District, Mondulkiri Province, Cambodia.

Tel: (855)-73-399 001

Fax: (855)-73-399 002

E-mail: mdk_acleda@camshin.com.kh

Note: All of above offices with asterisk sign (*) were established in 2007.

64 banks in 46 countries with 648 corresponding branches

Country (number of correspondents)	Name of Bank
Australia (4)	Citibank N.A. (Sydney) Commonwealth Bank of Australia (Sydney*) – AUD Commonwealth Bank of Australia (Adelaide, Brisbane, Darwin, Hobart, Melbourne, Perth) KEB Australia Ltd. (Sydney) Oversea-Chinese Banking Corporation Limited (Sydney)
Austria (2)	Raiffeisen Zentralbank Osterreich AG (Vienna) Bank Austria Creditanstalt AG (Vienna)
Bangladesh (1)	Woori Bank, Dhaka (Dhaka)
Belgium (3)	Bank of New York (Brussels) Commerzbank AG, Brussels Branch (Brussels) ING Belgium NV/SA (Brussels*) – EUR
Brazil (1)	American Express Bank, Brazil (Sao Paulo)
Cambodia (3)	Advanced Bank of Asia Limited (Phnom Penh) Cambodia Mekong Bank Plc (Phnom Penh) Cambodian Commercial Bank Limited (Phnom Penh)
Canada (2)	Korea Exchange Bank of Canada (Toronto) Bank of Nova Scotia (Toronto*) – CAD
Cayman Islands (1)	Nordea Bank Finland Plc (Georgetown)
China (14)	Bank of New York (Shanghai) Bank of Tokyo-Mitsubishi UFJ Ltd (Beijing, Dalian, Shanghai, Shenzhen and Tianjin) China Construction Bank (All Branches in China) Commerzbank AG, Shanghai Branch (Shanghai) Industrial and Commercial Bank of China (All Branches in China) IntesaBci S.P.A. (Shanghai) Korea Exchange Bank (Beijing, Dalian, Shanghai and Tianjin) Oversea-Chinese Banking Corporation, Shanghai Branch (Shanghai) Raiffeisen Zentralbank Osterreich AG, Beijing Branch (Beijing) Standard Chartered Bank (Shanghai) Sumitomo Mitsui Banking Corporation (Guangzhou, Shanghai, Suzhou and Tianjin) United Overseas Bank Ltd. (Beijing, Guangzhou, Shanghai, Shenzhen and Xiamen) Woori Bank (Beijing and Shanghai) Yingkou Commercial Bank (Yingkou)
Czech Republic (1)	Commerzbank AG (Prague)
Denmark (1)	Nordea Bank Denmark A/S (Copenhagen)
Egypt (2)	American Express Bank Ltd. (Cairo) Mashreqbank (Cairo)

Estonia (1)	Nordea Bank Finland Plc Estonia Branch (Tallinn)
Finland (1)	Nordea Bank Finland Plc (Helsinki)
France (4)	Banca Commerciale Italiana (France) S.A. (Paris) Bank of Tokyo-Mitsubishi Ltd. Paris Branch (Paris) Commerzbank AG (Paris) Korea Exchange Bank (Paris)
Germany (9)	American Express Bank GmbH (Frankfurt*) – EUR Bank of New York (Frankfurt) Bank of Tokyo-Mitsubishi Ltd. Duesseldorf Branch (Duesseldorf) Berliner Volksbank EG (Berlin) Commerzbank AG (Frankfurt, Berlin, Duesseldorf, Hamburg, Muenchen) Deutsche Bank AG (Berlin, Duesseldorf, Frankfurt AM Main, Hamburg) Korea Exchange Bank (Deutschland) AG (Frankfurt) Landesbank Hessen-Thueringen Girozentrale (Frankfurt) Nordea Bank Finland Plc Niederlassung Deutschland (Frankfurt)
Greece (1)	American Express Bank Ltd. (Athens)
Hong Kong SAR (17)	American Express Bank Limited Banca Intesa S.P.A Bank of New York Bank of Nova Scotia, The Bank of Tokyo-Mitsubishi Ltd. Hong Kong Branch Citibank (Hong Kong) Limited Citibank N.A (Hong Kong) Commerzbank AG Commonwealth Bank of Australia KDB Asia Limited Korea Exchange Bank Mashreqbank psc., Hong Kong Branch Oversea-Chinese Banking Corporation Limited, Hong Kong Branch Standard Chartered Bank Sumitomo Mitsui Banking Corporation Wachovia Bank Woori Bank
Hungary (1)	Commerzbank (Budapest) RT. (Budapest)
India (7)	American Express Bank Limited (New Delhi, Chennai, Kolkata & Mumbai) Bank of Nova Scotia, The (Mumbai) Bank of Tokyo-Mitsubishi Ltd. (New Delhi, Chennai, Mumbai) Canara Bank (Mumbai) Citibank N.A (Mumbai Branch) (Mumbai) Mashreqbank (Mumbai) Standard Chartered Bank (Mumbai)
Indonesia (5)	American Express Bank Limited (Jakarta) Bank of Tokyo-Mitsubishi Ltd. (Jakarta) Bank Rakyat Indonesia (Jakarta) P.T. KEB Danamon (Indonesia) (Jakarta) P.T. Woori Bank Indonesia (Jakarta)
Ireland (2)	Commerzbank Europe (Ireland) (Dublin) IntesaBci Bank Ireland Plc (Dublin)

Italy (5)	<p>Banca Intesa S.P.A. (Milan) Banca Monte Dei Paschi Di Siena S.P.A (Milano) Banca Popolare Commercio E Industria SPA (Milano) Commerzbank AG (Milano) Credito Emiliano S.P.A (Reggio Nell' Emilia)</p>
Japan (14)	<p>American Express Bank Limited (Tokyo) Bank of New York (Tokyo and Tokyo Trade Service Centre) Bank of Nova Scotia, The (Tokyo) Bank of Tokyo Mitsubishi Ltd (Tokyo) Citibank N.A (Tokyo) Commerzbank AG (Tokyo) Commonwealth Bank of Australia (Tokyo) IntesaBci S.P.A (Tokyo) Korea Exchange Bank (Tokyo and Osaka) Oversea-Chinese Banking Corporation Limited Tokyo Branch (Tokyo) Standard Chartered Bank (Tokyo) Sumitomo Mitsui Banking Corporation (Tokyo) Wachovia Bank N.A. (Tokyo) Woori Bank (Tokyo)</p>
Kenya (1)	<p>Dubai Bank Kenya Ltd (Nairobi)</p>
Korea (11)	<p>American Express Bank Limited (Seoul) Bank of New York (Seoul) Bank of Nova Scotia, The Seoul Branch (Seoul) Bank of Tokyo-Mitsubishi Ltd. (Seoul, Pusan) KOOKMIN BANK (Seoul) Korea Exchange Bank (Seoul) Oversea-Chinese Banking Corporation Limited, Seoul Branch (Seoul) Standard Chartered Bank (Seoul) Sumitomo Mitsui Banking Corporation (Seoul) Wachovia Bank N.A. (Seoul) Woori Bank, (Seoul)</p>
Laos (1)	<p>Banque Pour Le Commerce Exterieur Lao (Vientiane*) – LAK & USD</p>
Luxembourg (3)	<p>American Express Bank (Luxembourg) S.A. Bank of New York (Luxembourg) S.A. Nordea Bank S.A. (Luxembourg)</p>
Malaysia (7)	<p>Bank of Nova Scotia Berhad (Kuala Lumpur) Bank of Tokyo-Mitsubishi (Malaysia) Berhad (Kuala Lumpur) CIMB Bank Berhad (Kuala Lumpur) Citibank Berhad (Medan Pasar Branch) (Kuala Lumpur) Commerzbank AG, Labuan Branch (Labuan) OCBC Bank (Malaysia) Berhad (Kuala Lumpur) Standard Chartered Bank Bhd (Kuala Lumpur)</p>
Netherlands (5)	<p>ABN AMRO Bank N.V. (Amsterdam, Rotterdam) Commerzbank (Nederland) N.V (Amsterdam) ING Bank N.V. (Amsterdam) Korea Exchange Bank (Amstelveen) Rabobank Nederland (Utrecht)</p>
Norway (1)	<p>Nordea Bank Norge ASA (Oslo)</p>

Philippines (2)	American Express Bank Limited (Manila) Korea Exchange Bank (Manila)
Poland (1)	Nordea Bank Polska SA (Gdynia)
Qatar (1)	Mashreqbank (Doha)
Russian Federation (2)	Banca Intesa ZAO (Moscow) Commerzbank Eurasaja Sao (Moscow)
Singapore (17)	American Express Bank Bank of New York Bank of Nova Scotia, The Bank of Tokyo-Mitsubishi UFJ Ltd. Singapore Branch Citibank N.A (Singapore) Commerzbank AG, (Singapore Branch) Commonwealth Bank of Australia DBS Bank Ltd. Deutsche Bank AG Korea Exchange Bank Nordea Bank Finland Plc Oversea-Chinese Banking Corporation Limited RZB-Austria Singapore Branch Standard Chartered Bank Sumitomo Mitsui Banking Corporation United Overseas Bank Limited Woori Bank
South Africa (1)	Commerzbank AG (Johannesburg)
Spain (2)	Commerzbank AG (Madrid) Caja de Ahorros del Mediterraneo (Alicante)
Sweden (2)	Nordea Bank AB (Stockholm, Malmo, Goteberg) Svenska Handelsbanken AB (Stockholm)
Switzerland (3)	American Express Bank (Switzerland) SA (Geneva) Commerzbank (Schweiz) AG (Zurich) Nordea Bank S.A. (Zurich)
Taiwan (10)	American Express Bank Limited (Taipei) Bank of New York (Taipei) Bank of Nova Scotia, The (Taipei) Bank of Panhsin Bank of Tokyo-Mitsubishi Ltd. (Taipei) Citibank N.A., Taipei Branch (Taipei) Oversea-Chinese Banking Corporation Limited Taipei Branch (Taipei) Standard Chartered Bank (Taipei) Sumitomo Mitsui Banking Corporation (Taipei) Wachovia Bank N.A. (Taipei)
Thailand (7)	American Express Bank Ltd (Bangkok) Bank of Nova Scotia, Bangkok Branch (Bangkok) Bank of Tokyo-Mitsubishi Ltd. (Bangkok) Oversea-Chinese Banking Corporation Limited Bangkok Branch (Bangkok) Standard Chartered Bank (Thai) Pcl (Bangkok) Sumitomo Mitsui Banking Corporation (Bangkok) United Overseas Bank (Thai) Public Company Limited (Bangkok*) – THB

UAE (2)

Mashreqbank psc (Dubai)
Standard Chartered Bank (Dubai)

United Kingdom (13)

Bank of New York (London)
Banca Intesa S.P.A. (London)
Bank of Tokyo-Mitsubishi Ltd. London Branch (London)
Commerzbank AG (London)
Commonwealth Bank of Australia (London)
Korea Exchange Bank (London)
Mashreqbank psc (London)
Nordea Bank Finland Plc (London)
Oversea-Chinese Banking Corporation Limited, London Branch (London)
Raiffeisen Zentralbank AG, London Branch (London)
Standard Chartered Bank (London*) – EUR
Wachovia Bank N.A. (London)
Woori Bank London (London)

USA (24)

ABN AMRO Bank N.V. (Chicago, Miami and New York)
American Express Bank Limited (New York*) – USD
Amsouth Bank
Bank of New York (New York)
Bank of The West (Walnut Creek, California)
Bank of Tokyo-Mitsubishi Ltd. (Los Angeles, New York)
Citibank N.A
Citizens Bank of Rhode Island (Rhode Island)
Commerzbank AG (New York)
Commonwealth Bank of Australia (New York)
Credit Lyonnais (New York)
Deutsche Bank Trust Company Americas
Far East National Bank (Los Angeles)
HSBC Bank USA (New York*) – USD
International Finance Corporation (Washington, DC)
IntesaBci S.P.A. (New York)
Korea Exchange Bank (Los Angeles Agency and New York)
Masreqbank psc., New York Branch (New York*) – USD
Nordea Bank Finland Plc (New York)
Oversea-Chinese Banking Corporation Limited (New York)
Standard Chartered Bank (New York*) – USD
Sumitomo Mitsui Banking Corporation (New York)
Wachovia Bank, NA, New York Int'l Branch (New York*) – USD
Wachovia Bank, NA (Charlotte, Los Angeles, Miami, and Int'l Operations, Philadelphia)
Woori Bank (Los Angeles and New York)

Vietnam (15)

Bank For Foreign Trade of Vietnam ('VIETCOMBANK') (Head Office Hanoi, Ho Chi Minh City and 23 provincial centres)
Bank for Investment and Development of Vietnam (Hanoi)
Bank of Tokyo Mitsubishi Ltd. (Hanoi, Ho Chi Minh)
Citibank N.A (Hanoi)
Eastern Asia Commercial Bank (Ho Chi Minh City)
Indovina Bank (Ho Chi Minh City)
Industrial and commercial Bank of Vietnam (All Branches in Vietnam)
Korea Exchange Bank (Hanoi)
Nam A Commercial Joint Stock Bank (Ho Chi Minh City)
Saigon Thuong Tin Commercial Joint Stock Bank ('Sacombank') (Ho Chi Minh)
Standard Chartered Bank (Hanoi)
VID Public Bank
Vietnam Bank for Agriculture and Rural Development (Hanoi*) – VND & USD
Vietnam Export Import Commercial Joint Stock Bank (Ho Chi Minh)
Woori Bank (Hanoi)

Note: Those marked with asterisk (*) have clearing accounts in the stated currencies.



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ACLEDA Bank Plc.
61, Preah Monivong Blvd., Sangkat Srah Chork,
Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
P.O.Box 1149
Tel: (855-23) 998 777 / 430 999 Fax: (855-23) 998 666 / 430 555
Email: acledabank@acledabank.com.kh
Website: www.acledabank.com.kh