



ACLEDA Bank Plc.

The bank you can trust, the bank for the people



Annual Report
2017

អេស៊ីលីដា ឆ្លងទ្វារចិត្ត

ACLEDA Unity ToanChet



Your personal bank
with access available to all ACLEDA Bank Services 24/7

Cash Withdrawal / Deposit via ATMs

Funds Transfer between ACLEDA Bank Account

Funds Transfer between ACLEDA Bank account and ToanChet account

Funds Transfer between ToanChet Account

Payment via QR ToanChet Partners

Transfer from ToanChet Account to Mobile Phone

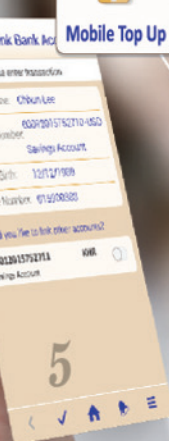
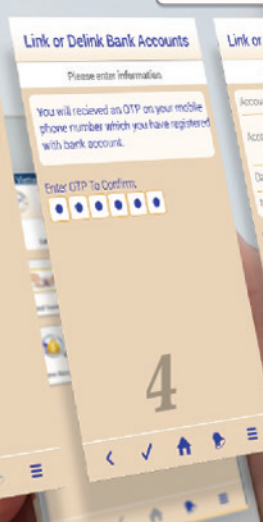
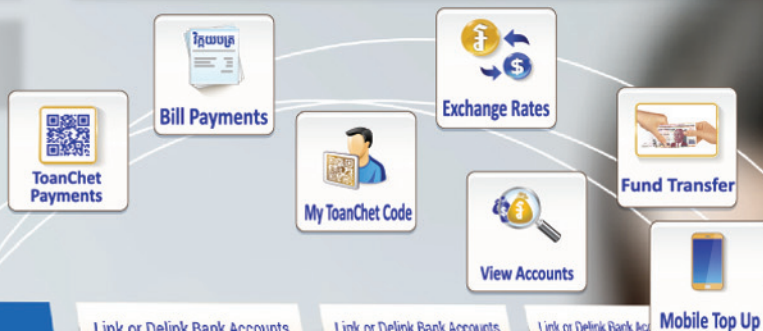
Payment via My ToanChet Code

Pay for Water and Electricity Bills, etc.

View Accounts, Exchange Rates, etc.

Top up Mobile Phone all networks

Link ACLEDA Bank Account with ToanChet Account



Free Download



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.

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Board of Directors meeting at ACLEDA Bank Plc. Headquarters on December 15, 2017.

FINANCIAL RESULTS

Units in US\$ '000	31/12/17 Audited	31/12/16 Audited	31/12/15 Audited	31/12/14 Audited	31/12/13 Audited	Change (%) ¹
Consolidated Financial Results						
Assets	5,244,367	4,664,726	3,885,317	3,139,772	2,407,791	12.43%
Loans and Advances (net)	3,085,215	2,841,391	2,507,887	2,043,688	1,527,680	8.58%
Liabilities	4,504,152	4,003,936	3,340,822	2,698,624	2,021,546	12.49%
Deposits	3,329,665	3,126,171	2,695,640	2,269,891	1,709,596	6.51%
Share Capital	358,545	307,764	265,726	225,536	185,672	16.50%
Shareholders' Equity ²	735,733	657,159	541,168	437,367	370,611	11.96%
Gross Income	494,809	475,604	403,645	316,940	271,170	4.04%
Profit Before Income Tax	116,372	158,383	132,591	102,005	101,489	-26.52%
Net Profit After Tax	91,685	126,887	105,068	80,369	79,717	-27.74%
Earnings Per Share	\$0.2557	\$0.4123	\$0.3954	\$0.3563	\$0.4293	-37.98%
Dividend ³	\$0.1278	\$0.2062	\$0.1977	\$0.1782	\$0.2147	-38.02%

Unconsolidated Financial Results

Assets	5,121,724	4,561,024	3,802,463	3,051,460	2,297,745	12.29%
Loans and Advances (net)	2,939,874	2,713,635	2,405,465	1,955,083	1,439,488	8.34%
Liabilities	4,377,544	3,890,650	3,243,898	2,599,055	1,927,561	12.51%
Deposits	3,249,952	3,051,676	2,616,361	2,202,384	1,643,082	6.50%
Share Capital	358,545	307,764	265,726	225,536	185,672	16.50%
Shareholders' Equity	744,181	670,374	558,565	452,405	370,185	11.01%
Gross Income	462,990	445,740	380,018	296,519	252,677	3.87%
Profit Before Income Tax	108,146	152,821	132,933	102,953	97,731	-29.23%
Net Profit After Tax	86,487	122,305	106,159	82,220	77,761	-29.29%
Earnings Per Share	\$0.2412	\$0.3974	\$0.3995	\$0.3646	\$0.4188	-39.31%

HIGHLIGHTS OF 2017

- Assets rose 12.43% to US\$5,244.37 million.
- Loans (net) grew 8.58% to US\$3,085.21 million.
- Non Performing Loans to Total Loans were contained at 2.14%.
- Deposits increased by 6.51% to US\$3,329.66 million.
- Net Profit After Tax attributed to equity holders of the Bank was US\$91.68 million.
- Shareholders' Equity ² grew by 11.96% from US\$657.16 million to US\$735.73 million.
- Return on Equity (ROE) was 12.46%.
- ACLEDA Bank Plc. network consists of 261 branches covering all provinces and cities in the Kingdom of Cambodia.
- ACLEDA Bank Plc. has 5 subsidiaries which are ACLEDA Securities Plc., ACLEDA Institute of Business, ACLEDA Properties Ltd., ACLEDA Bank Lao Ltd. (41 Branches and Offices), and ACLEDA MFI Myanmar Co., Ltd. (8 Branches and Offices).

¹ Change from 2016 to 2017.

² Excludes Minority interest of the subsidiaries.

³ Dividend from 2013 - 2014 (paid out as share) was 50% of Net Profit After Tax (NPAT).
From 2015 - 2017 was distributed 10% and 40% (paid out as share) of NPAT.

TAX PAID REPORT

In the interests of fiscal transparency, we are pleased to publish our consolidated tax paid report in the table below:

Units in US\$	2013	2014	2015	2016	2017	Total*
Patent tax	6,849	6,571	7,025	19,036	19,309	131,480
Signboard tax	53,210	65,796	73,931	75,826	36,983	594,297
Transportation tax	37,295	47,049	40,779	41,864	39,269	260,316
Property tax	6,773	6,871	23,390	7,651	22,964	81,324
Value added tax	-	1,248	7,042	-	-	8,290
Prepayment of profit tax	2,518,612	2,913,646	3,747,908	4,396,660	4,681,733	27,165,307
Annual profit tax	17,454,130	15,137,510	20,844,134	25,993,217	35,120,547	145,856,376
Tax on salary	3,058,754	3,583,612	3,735,966	5,033,557	4,092,969	31,873,082
Withholding tax on savings deposits	139,015	161,051	209,625	224,284	256,367	1,779,956
Withholding tax on fixed deposits	1,902,955	2,094,715	4,686,889	3,904,865	4,410,819	21,802,807
Withholding tax on fixed assets rental	596,913	722,982	785,964	856,400	933,996	7,240,793
Withholding tax on local services	224,725	245,506	246,665	288,159	344,495	3,117,697
Withholding tax on overseas services	1,705,655	2,191,863	3,015,299	4,724,542	6,049,713	26,569,135
Total paid	27,704,885	27,178,420	37,424,618	45,566,061	56,009,164	266,480,860
Accumulated amount* (year to date)	100,302,597	127,481,017	164,905,634	210,471,696	266,480,860	

* Total and Accumulated Amount from year 2000.

The photos below and those on subsequent pages represent customer activities throughout the Kingdom.

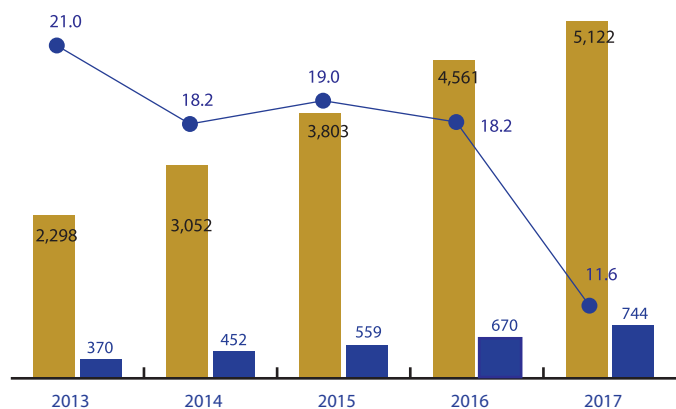


Oil palm plantation in Battambang province.



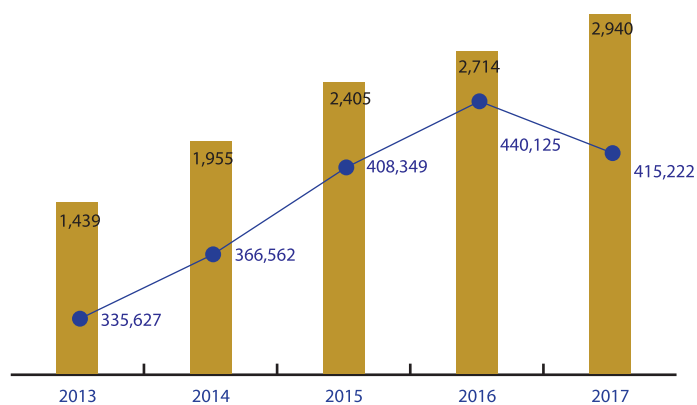
Rice mill enterprise in Banteay Meanchey province.

PERFORMANCE*



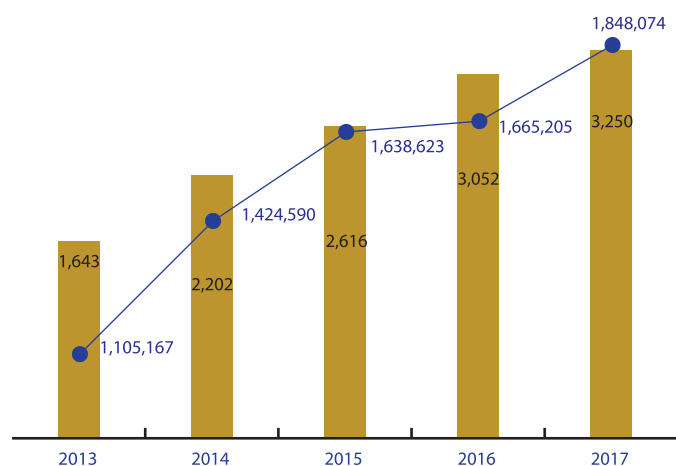
Total Assets/Shareholders' Equity VS Return On Equity

● Return On Equity (Percentage)
 ■ Shareholders' Equity (US\$ Million)
 ■ Total Assets (US\$ Million)



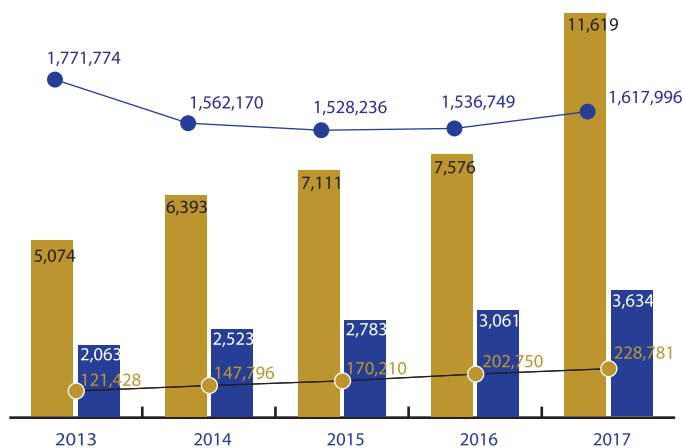
Loans Outstanding VS No. of Active Borrowers

● No. of Active Borrowers
 ■ Loans Outstanding (US\$ Million)



Deposits VS No. of Depositors

● No. of Depositors
 ■ Deposits (US\$ Million)



Domestic and Int'l Funds Transfers VS No. of Transactions

● No. of Int'l Transactions
 ● No. of Domestic Transactions
 ■ Int'l Funds Transfers (US\$ Million)
 ■ Domestic Funds Transfers (US\$ Million)

* These figures relate to the operations of ACLEDA Bank Plc. only, so differ from the consolidated financial statements which includes subsidiaries.

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Garment factory in Banteay Meanchey province.



Brick production in Kandal province.

CAMBODIA'S KEY ECONOMIC INDICATORS

	2013	2014	2015	2016	2017e	2018f
1. GDP						
GDP % Change	7.4	7.1	7	7	6.9	6.9
Per Capita GDP (in U.S. Dollars)	1,043	1,138	1,215	1,302	1,435	1,568
2. Inflation						
Inflation (Annual Average)	3	3.9	1.2	3	3.8	3.5
(End Year)	4.6	1.1	2.6	-	-	-
3. Government Budget (as a percent of GDP)						
Revenue	18.4	17.5	18.9	18.9	18.6	18.8
Expenditure	20.5	21.55	20.9	22	23.6	24.6
4. Money and Credit (12 months percentage change)						
M2	14.6	29.9	14.7	17.9	23.3	-
Total Deposits in the Banking System	13.8	30.1	16.4	21.8	23.3	-
Total Outstanding Loans in the Banking System	25.2	16.2	25.7	20.5	16.8	-
Loans as % of Deposits	98	94	102.6	100.6	95.3	-
Private Sector Credit	26.7	31.3	27.1	22.5	16.2	-
Deposits to GDP	49	53	61.9	68.4	76.7	-
Loans to GDP	49.8	50	63.5	68.8	73.1	-
5. Balance of Payments (US\$ Million)						
Exports	6,530	7,408e	8,208.8	9,017.7	9,936.7	-
Imports	-9,744	-10,991e	-10,542	-11,449.6	-12,559.3	-
Trade Balance	-3,214	-3,583e	-2,333.2	-2,431.9	-2,219.1	-
Current Account (excluding official transfers)	-2,171	-2,356e	-1,908.4	-2,029.1	-2,219.1	-
Nominal GDP (Billions of U.S. Dollars)	15.35	16.91	18.08	19.86	22.17	24.55
Exchange Rate (Riel per Dollar end period)	4,027	4,038	4,060	4,056	4,037	4,037

Source: ABC, NBC, IMF, World Bank, and MoEF.

e: estimate, f: forecast



Copper sculpture in Kampong Speu province.



Khmer sculpture production in Phnom Penh.

CHAIRMAN'S REPORT



Mr. Chhay Soeun
Chairman

"On behalf of ACLEDA Bank Plc.'s Board of Directors, I am pleased to present the 2017 Annual Report to the shareholders and other stakeholders of ACLEDA Bank Plc."

The Cambodian Economy

The World Bank and the Asian Development Bank projected economic growth of 6.9% and 7% respectively for 2017. This growth continues to expand at a robust pace, propelled by export diversification, strong construction and tourism activities, better weather conditions, and a supportive fiscal policy.

Financial Sector

Because of peace, stability and sustained economic growth, there has been a significant expansion in the number of financial institutions in

2017, which now includes 39 commercial banks, 15 specialized banks, 75 microfinance institutions, 286 rural credit operators, 11 leasing companies, and 6 foreign bank representative offices. Rural Credit Operators are also expected to increase in the coming year.

We welcome the new regulations issued by the National Bank of Cambodia, which focus on and address the need to mitigate risks, protect the interests of stakeholders, and especially strengthen customer protection amongst many other mechanisms, with the optimal goal to guarantee sustainable growth in the financial sector.



Wood sculpture handcraft in Siem Reap province.



Rattan handcraft production in Preah Sihanouk province.

ACLEDA Bank Plc.

In 2017, the Bank continued to implement its foremost goal, outlined in its five-year strategy 2017-2022, to be a regional commercial bank, “the Bank You Can Trust, the Bank for the People”, with a competitive edge in relevant banking markets. Transparency provides its stakeholders with confidence in the long-term returns available as we continue to support the economic growth agenda and the Rectangular Development Strategy of the Royal Government of the Kingdom of Cambodia.

The Bank continues to strengthen its business model and facilitates the delivery of enhanced banking services to its clients in the public and private sectors that enables sustainable revenue streams into the future and ultimately benefits its shareholders.

This year and in the years to come, the Bank will continue to enhance its e-banking services to provide outstanding services and banking convenience to its customers and to be ready to serve its expanding customer base from 2017 onward with a digital bank strategy of which FinTech products are included.

An enabling business environment in Cambodia lent strong support to the business community including ACLEDA Bank Plc. The Bank was able to achieve its business plan, while the rating agency Standard & Poor's has maintained ACLEDA Bank Plc.'s rating at "B+" with an outlook "stable". This rate is a testament to the success in strengthening the Bank's governance, capital, franchise operations, and the ability to deliver a consistent performance.

Board Composition

The Board consists of ten Directors, three of whom are independent non-executive, five are non-executive of which the Chairman acts as the independent director, and two are executive directors. There were no changes in the composition of the Board during the year.

Corporate Governance

The Board and management have the responsibility to ensure that the Bank's operations are conducted in accordance with all applicable laws and regulations, and as a credible going concern for years to come.

In accordance with its terms of reference, the Board of Directors meets regularly four times per year. The meetings reviewed the executive management's performance, while the Board retains effective control over the Bank. The Board is assisted by Board Committees, which are responsible for different aspects of governance. They are the Audit and Compliance Committee, the Assets and Liabilities Management Committee, the Credit Committee, the Remuneration and Nomination Committee, and the Risk Management Committee. One additional Board Committee, the Information and Technology Committee, chaired by an independent non-executive director was set up during 2017.



Chicken farm in Kandal province.



Fish farm in Preah Sihanouk province.

The Outlook for 2018

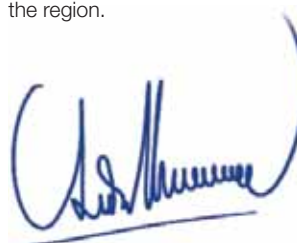
According to the World Bank, Cambodia's economic growth is forecast to remain stable at just short of 7% in 2018. It has been said that Cambodia has begun to "climb up the manufacturing value chain" from garments to electronics and auto parts. In order to sustain these objective trends, Cambodia must embark on deeper structural reforms in improving the business environment, further diversifying exports, and lowering the cost of logistics by bridging the skills gap.

Acknowledgement

On behalf of the Board of Directors, I would like to thank our customers, shareholders, directors, executive management, and all staff of the ACLEDA Group for their support and efforts in implementing the Bank's strategy and in achieving its goals and objectives.

We also express our sincerest gratitude to the Royal Government of Cambodia, the National Bank of Cambodia, regulators, and all relevant authorities for their constant support and dedicated efforts to develop Cambodia's financial industry, especially the banking sector.

We reaffirm our commitment to all our customers and shareholders that in 2018 we will continue to focus on areas that represent the best opportunities for ACLEDA Bank Plc., to dedicate all our efforts to achieving a strong and sustainable growth rate, and to deliver on our strategic goals to enhance future returns as well as strengthening the position of ACLEDA Bank Plc. in the Kingdom of Cambodia and within the region.



Mr. Chhay Soeun

*Chairman, Board of Directors,
ACLEDA Bank Plc.*

February 28, 2018



Cucumber production in Tboung Khmum province.



Duck farm in Kampong Thom province.

PRESIDENT & GROUP MANAGING DIRECTOR'S REPORT



Dr. In Channy
President & Group Managing Director

"Improving cost efficiency, maximizing benefits and risk mitigation have been the norm within ACLEDA Bank Plc. and these efforts have meshed well with the Bank's overall strategy. They are the nucleus of the sustained development and the strengths of ACLEDA Bank Plc. This has not been a one time effort. The Bank has continuously, and increasingly, year after year addressed unforeseen risks, whether they are systemic, operational, regulatory, or credit-related, amongst many others. We have invested significant and substantial resources into staff capacity building, physical infrastructure and the most modern banking technology, including a state-of-the-art Data Center, so that the Bank is capable to respond to all our stakeholder's needs, especially our valued customers."

Performance in 2017

Competitive Environment

Even with a tightened regulatory environment, Cambodia remained a market of significant interest for investors in banking and financial services, including commercial and specialized banks, deposit taking licensed microfinance, and licensed micro-financial institutions. There was increasing competition in both price and service quality in the FinTech arena due to increased innovation. However ACLEDA Bank Plc. with a multi-optional financial infrastructure including the largest network of physical branches and offices, our Point of Sales system, an expansive network of ATMs, and the newly developed ACLEDA Unity ToanChet, remains well positioned as the market leader, while additional FinTech developments expand throughout Cambodia.

Operational Highlights in 2017

- Total loans outstanding in 2017 were US\$3,171.99 million of which US\$580 million or 18.31% was lent to agriculture, among many other sectors. In 2016 loans to agricultural were pegged at US\$ 562.12 million.
- In 2017 ACLEDA Bank posted a Net Profit after Tax of US\$91.68* million. By the end of December 2017, the Bank had 408,766 small business loans.
- The Bank continued its cost reduction and risk control efforts to maximize income.



Roof material production in Kandal province.



Construction materials business in Kampong Speu province.

- FinTech Products integrated ACLEDA Bank Plc.'s electronic banking infrastructure, offering the Bank's customers a range of choices to manage their financial resources effectively from anywhere/anytime as needed to conduct business transactions with a high level of security.

Retail, Small Business

Small Loans increased by 41.89% and Personal Loans increased by 8.22%. Housing Loans reached 6.58% of total loans outstanding. Deposits grew by 6.51% to US\$3,329.66 million. The retail sector was by far the largest segment of the growth in Total Deposits, with a significant amount deriving from first time depositors such as employees paid through the Bank's Payroll Service and customers in rural areas where we have opened new offices. The expansion of our mobile phone and Internet banking services contributed to this growth as well. It is encouraging to note that retail savings and deposits cover total loans outstanding of US\$3,171.99 million.

It is interesting to note that because of the Bank's diversified electronic infrastructure combined with sophisticated FinTech products and our automated delivery system network, which at the end of 2017 comprised 444 ATMs and 3,691 POS terminals throughout the country with 961,450 debit cards issued, savings and deposits reached US\$3,249.95 million.

Medium and Corporate Business

In 2017 the amount of loans outstanding in this sector grew by 19.12%, while the number of medium enterprise customers increased by 6.76%.

Cash Management performance has increased strongly through our arrangement with the public sector, in particular the Social Security Fund, government payroll direct deposits, and vehicle stamp tax collections in addition to the private sector business entities. As the custodian of the Social Security Fund, ACLEDA Bank now receives deposits from all

provinces and towns. In addition, several new accounts were acquired since 2014, the most significant of which were from the extension of ATMs and ACLEDA Unity, and ACLEDA Unity ToanChet bill payments for public utilities, as well as via the ACLEDA Internet Banking Service. This has had a positive impact on our local currency cash flow and has enabled us to fund our Riel loan portfolio entirely from deposits. Demand for Payroll Service was particularly strong in 2017 with a number of public sector organizations, and a number of large local and international companies and official organizations signing up which provided excellent opportunities for cross selling of other products.

Our life insurance distribution agreement with Prudential Assurance contributed significantly to our long term funding, and the scheme itself provided a useful source of off-balance sheet revenues.

Collaboration with Forte for general insurance assisted our mutual customers to manage their financial resources effectively and efficiently, while at the same time this collaboration helped boost revenues as well as enhance a long-term source of funding for the Bank.

Treasury and International

Foreign exchange earnings continued to grow and made a valuable contribution to our Net Fee and Commission Income. As our F/X business is to support our customers' businesses only — the Bank does not trade speculatively or take positions — this is a low risk and stable source of income, which has grown consistently over time, produced good margins, and built up long-standing relationships with moneychangers and currency dealers.

The Bank's Balance Sheet has been further strengthened by robust inflows of customer deposits resulting in a healthy loan-to-deposit ratio, which provides a solid platform to support our growth in selected market operations.



Vegetable farm in Svay Rieng province.



Pepper farm in Tboung Khmum province.

We continued to strengthen and deepen our Financial Institutions relationships and added some substantial new international correspondents to our network during the year. At the end of 2017 we had 357 correspondents covering 51 countries. In addition we have a dominant share in the market for local banks' and microfinance institutions' domestic accounts and provide funds transfer services for them throughout the country.

Strategic Priorities for 2018

1. Growth with digital services and fee-based income focused on creating best customer experience by becoming simpler and more efficient, and delivering sustainable growth.
2. Maintain a strong capital base with Capital Adequacy Ratios comfortably exceeding regulatory requirements.
3. Concentrate on developing our "service culture" personal accessibility for our customers, and grow our services as the market expands.
4. Follow our customers' needs by providing a comprehensive range of financial innovations as they move up the wealth ladder.
5. To grow, with selected major customers, options for partnering with best specialized/expertise partner(s) to provide syndicate finance.
6. Focus on expanding value added fee-based services to diversify the income stream and reduce dependence on capital, which includes the government financial services delivery fees.
7. Continue to invest heavily in R&D to maintain our lead in core banking and financial products/services.
8. To invest in multi-channel systems.
9. Build strategic partnerships with reputable counterparts, domestically and internationally, in areas where they are synergistic with the Bank's core business to develop new capabilities and financial services.
10. Continue to develop all ACLEDA Bank Plc.'s subsidiaries to have a firmer position with a competitive advantage in all markets where they are positioned, and investigate and develop opportunities for further regional expansion when opportunities arise.
11. Establish a leading position in payments and settlement for the expanding capital market.
12. Create and develop Syndicated Loan and Project Finance with the objective to grow with selected major customers, with the potential for cooperation, with best specialized/expertise partner(s) to these products served with higher income.
13. Develop and upgrade Electronic Banking Services (EBS) with Financial Technology Solutions (FinTech) and Branchless in order to expand outreach, increase income efficiency, create cross-selling opportunities, be competitive, and conveniently serve a broader customer base.
14. Develop and upgrade Digital Banking-Mobile App, ACLEDA Unity ToanChet, allowing two way global access, and enhance the Bank's Biometric, CRM plus new financial products/services to support self-service, applying modern technology, to generate cost efficiency, expand global businesses and customer base, and support subsidiaries, as well as to allow cross-selling opportunities and conveniently serve more customers competitively.



A new loan agreement signed with KfW at ACLEDA Bank Plc. Headquarters on September 11, 2017.

The Challenges for 2018

The regulations on an interest rate cap, the credit risk grading and impairment provisioning, and determination of capital buffer of banks and financial institutions bring both opportunities and challenges for this year and those that follow. They will help expand the loan portfolios in Khmer Riel and have some impact on the relevant revenues, and help risk mitigation for banks and financial institutions. They could help strengthen the capital base to settle any losses which may arise from risks to Institutions; prevent the decrease of capital to that lower than minimum capital reserve requirements; and reduce risk deriving from the relationship between the financial sector and pro-cyclicality, as well as help establish a disciplined lending environment, while paving the way for healthy growth in the business of the Bank in general.

In celebration of the positive year 2017, I would like to introduce our new and most advanced mobile phone banking App, named ACLEDA Unity ToanChet. ToanChet was developed with the purpose to conveniently serve you, your friends and family—24-hours a day, seven days a week. With ToanChet, you can now manage your business efficiently and execute your banking transactions from anywhere at anytime with reliable built-in security.

To all our customers, my colleagues on the Board of Directors, management and staff, and not least the Royal Government and the National Bank of Cambodia, I offer my sincerest thanks — both for your support in 2017 and in anticipation of a happy and prosperous 2018.



Dr. In Channy

President & Group Managing Director

February 28, 2018

* The NPAT of the Group in 2017 was \$92.53M of which attributable NPAT to the shareholders of ACLEDA Bank Plc. was \$91.68M and attributable NPAT to minority interest was \$0.84M.



Vice President & Branch Managers meeting at ACLEDA Bank Plc. Headquarters on October 5, 2017.

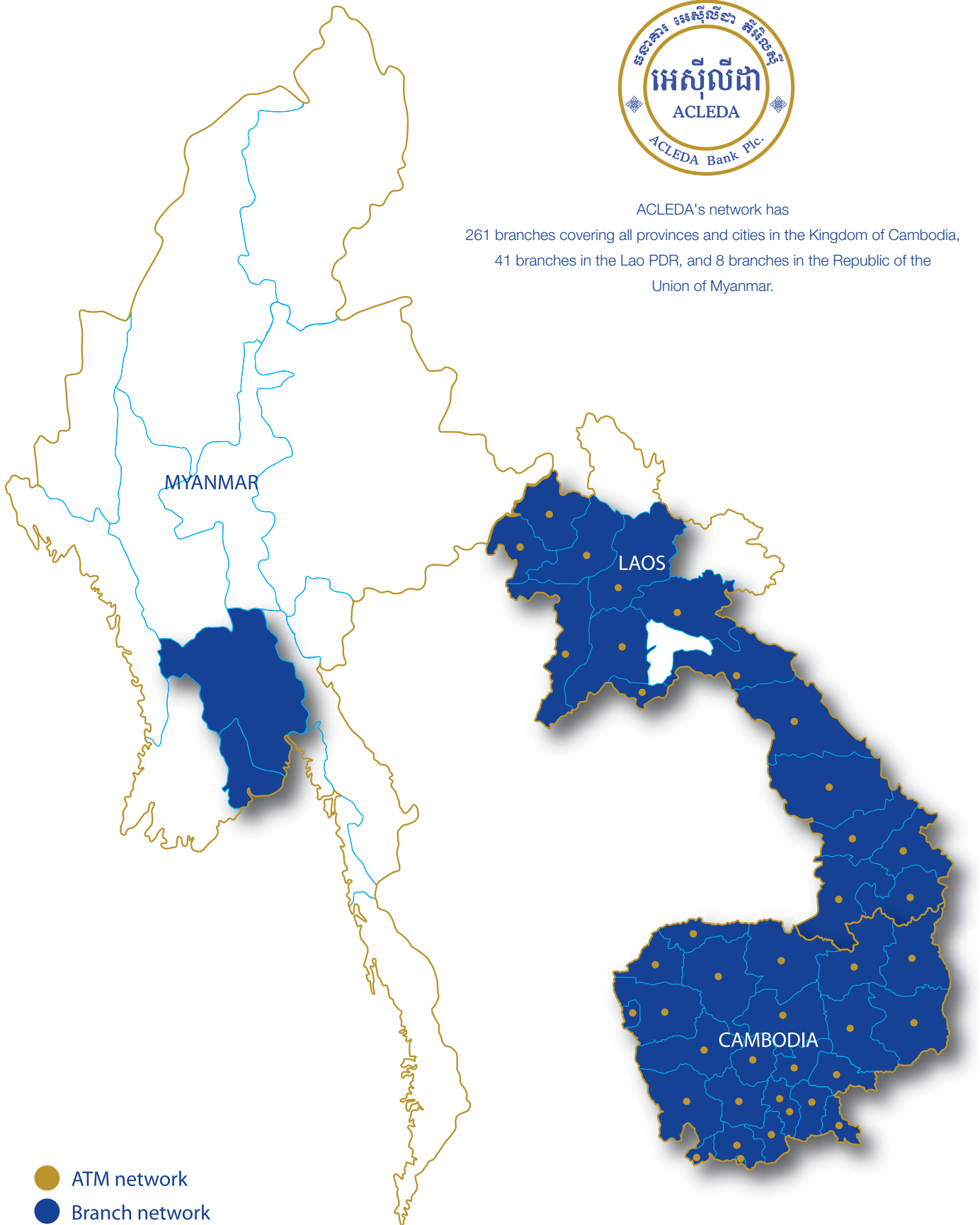
ORGANISATIONAL CHART



BRANCH NETWORK



ACLEDA's network has
261 branches covering all provinces and cities in the Kingdom of Cambodia,
41 branches in the Lao PDR, and 8 branches in the Republic of the
Union of Myanmar.



CORPORATE GOVERNANCE

ACLEDA Bank Plc. recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, enhancing the efficiency of the Bank, creating shareholder value, and securing trust for all stakeholders including shareholders, customers, staff and the general public. The Board of Directors supports and encourages the adoption and implementation of good corporate governance policies, together with a code of conduct and business ethics.

Shareholders' Meeting

The Bank holds its Annual General Meeting of Shareholders in compliance with the law, the Articles of Association and other relevant regulations. The 2017 Annual General Meeting of Shareholders was held on May 9, 2017 at the Bank's Headquarters and an additional eight resolutions were passed by e-mail during the year. The Bank took the following actions:

Prior to the Meeting

The Meeting Notice contains detailed agendas, factual details, rationale and Board recommendations for each agenda item as well as accompanying documents, the 2016 Annual Report and the Report of Financial Statements produced by the external auditor. The Meeting Notice and accompanying documents were prepared in English and were delivered to all Shareholders in advance of the Annual General Meeting.

During the Meeting

The 2017 Annual General Meeting of Shareholders was chaired by the Chairman of the Board. The Chairman of the Meeting allowed Shareholders full opportunity to ask questions and make recommendations and provided comprehensive clarification when requested. Management also clarified and answered related issues. The Corporate Secretary recorded the Minutes and details of votes for each agenda item.

The matters approved in 2017 were:

- The approval of the audited consolidated annual financial statements 2016 of the Bank and its group and the audited quarterly financial statements for the first and second quarters of 2017.
- The approval of dividend distribution of 2016 net profit after tax and the transfer of the remaining net profit after tax to the Bank's general reserves.
- The approval of the annual report 2016 of the Bank and its Group.
- The approval to discontinue the quarterly external audit for the Bank and its Group from 3rd quarter 2017 and 2018.
- The approval of the Bank's strategic plan 2018 and budget plan.
- The approval of the change of the Bank's logo.

- The revision and approval of the Board's policies.
- The review and approval of the TORs of each of the Board's Committees.
- The approval to set up an additional permanent committee named the Board Information and Technology Committee (BITCO) and the re-appointment of directors on the relevant Boards in its subsidiaries.
- The approval of an additional capital injection and a loan to its subsidiary, the ACLEDA Institute of Business.
- The approval on borrowings, senior loans, senior syndicated loans and subordinated loans from national and international lenders.

Following the Meeting

The Minutes of the 2017 Annual General Meeting of Shareholders were circulated to all Shareholders for their perusal prior to confirmation at the next Annual General Meeting.

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 the Bank in any way but delegate this responsibility to the Board of Directors through the Articles of Association.

ACLEDA Financial Trust

ACLEDA Financial Trust (AFT) succeeded ACLEDA NGO under the "Sub-Decree No: 476 Or Nor Kror Bor Kor, dated August 26, 2013 on Financial Trusts" of the Royal Government of Cambodia, and the "Prakas No: 1041 Sar Hor Vor Bror Kor, dated September 26, 2014 on the Management and Monitoring of Financial Trusts" of the Ministry of Economy and Finance. The Certificate No: 269 Sar Hor Vor Or Ouk Hor, dated August 19, 2015 was also obtained from the Ministry of Economy and Finance with its registered office at #61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The purpose and role of AFT are to:

- Create opportunities for employment and income sources to contribute to Cambodian economic development;
- Promote and support the advancement of the sciences related to economic development including finance and banking, and with a focus on financial inclusion and financial literacy;
- Promote economic and educational opportunities for youth and low income populations;
- Contribute to improved financial services through ACLEDA Bank Plc. and associated entities, in order to stimulate the local economy.

AFT acts as one of the Shareholders of ACLEDA Bank Plc. that is established under the laws of the Royal Government of Cambodia, in order to encourage adherence of ACLEDA Bank Plc. to the original objective to support Cambodian micro, small and medium entrepreneurs and to maintain Cambodian nationality of ACLEDA Bank Plc. AFT shall pursue directly and exclusively the aforementioned objectives. It shall act altruistically and shall not primarily pursue objectives for its own private commercial interests. AFT is non-political and not affiliated with any political party. It may use its financial means only for the purposes set out in these statutes. No individual may benefit from any disproportionately high remuneration or from an expense, which is not consistent with the AFT's purposes.

ASA, Plc.

The ACLEDA Staff Association, (ASA, Plc.) was formed to serve as a holding company and vehicle through which the staff of ACLEDA Bank Plc. and relevant investor(s) can participate in the long-term growth and increase in value of the stock in ACLEDA Bank Plc. by owning a beneficial interest in the shares of ACLEDA Bank Plc. and to engage in all other activities reasonably incident, in the judgment of the Board of Directors and executive management, to the accomplishment of the foregoing objectives.

COFIBRED — Compagnie Financière de la BRED (BRED's financial company)

COFIBRED is a BRED Banque Populaire's fully owned subsidiary. Given the development of BRED's international activities, it was decided in 2008 to regroup all subsidiaries and participations within a single entity, Cofibred. Cofibred's portfolio is made up of more than 45 subsidiaries and participations with a global value of about EUR 1.0 billion, in bank, insurance, e-commerce and/or financial companies (2017 net profit: EUR 12.4 million). These subsidiaries and participations are located worldwide on the five continents.

Sumitomo Mitsui Banking Corporation (SMBC)

SMBC is a top-tier Japanese bank operating globally with total assets of ¥186,202 billion, a Core Tier 1 capital ratio of 15.2% and credit ratings of A (S&P's) and A1 (Moody's) as of September 2017. Through its 440 domestic branches (excluding sub-branches and banking agencies) in Japan and 75 overseas branches (including subsidiaries, sub-branches and representative offices) all over the world, SMBC provides a broad range of financial services including deposit taking, corporate finance, structured finance, securities investment, money transfer, foreign currency exchange, corporate bond trustee services and custody services, financial futures underwriting, and investment trust sales.

"To become a truly Asia-centric institution" has been one of the goals of SMBC's core vision. SMBC has proactively invested its resources in Asian countries with a high growth potential. In order to provide

ACLEDA Bank's clients with better-integrated financial services, SMBC has been seconding a senior consultant to the Foreign Corporate Unit (FCU) of ACLEDA Bank since 2013.

SMBC's holding company, Sumitomo Mitsui Financial Group, Inc. (SMFG), is listed on the Tokyo, Nagoya and New York Stock Exchanges and its market capitalization was around US\$ 62 billion as of February, 2018. For more information on SMBC, please visit SMFG's website at www.smfg.co.jp/english.

ORIX Corporation

ORIX Corporation (TSE: 8591; NYSE: IX) operates a diverse portfolio of businesses in the operations, financial services, and investment spaces. ORIX's highly complementary business activities span industries including: energy, private equity, infrastructure, automotive, ship and aircraft, real estate and retail financial services. Established in 1964, ORIX has also spread its business globally by establishing locations in a total of 40 countries and regions around the world. Through its business activities, ORIX has long been committed to corporate citizenship and environmental sustainability. For more details, please visit ORIX's website: www.orix.co.jp/grp/en/.

Triodos Microfinance Fund, Triodos Fair Share Fund, and Triodos Sustainable Finance Foundation

Triodos Sustainable Finance Foundation (formerly Triodos-Doen Foundation), Triodos Fair Share Fund and Triodos Microfinance Fund are three investment funds managed by Triodos Investment Management. Triodos Investment Management is a 100% owned subsidiary of Triodos Bank, one of the world's leading sustainable banks. The funds' focus is on providing access to financial services for low income groups and SMEs in developing countries in order to contribute to a sustainable inclusive financial sector.

Triodos Microfinance Fund

Triodos Microfinance fund was launched in 2009 and is an open-end fund with share classes available for institutional investors, high net worth individuals and private banking clients across Europe. The main focus of this fund is on established microfinance institution and banks with a proven track record. At the end of 2017, the fund's total assets amounted to EUR 368 million.

Triodos Fair Share Fund

Triodos Fair Share Fund, established in 2002 in the Netherlands, is one of the first and few funds worldwide that offers the opportunity to invest in microfinance institutions and banks to the general public. At the end of 2017, the total assets of Triodos Fair Share Fund amounted to EUR 353 million.

Triodos Sustainable Finance Foundation

Triodos Sustainable Finance Foundation aims to finance initiatives that accelerate sustainable development worldwide.

BOARD OF DIRECTORS



(L to R) Mr. Yoshiaki Matsuoka, Mrs. Femke Bos, Mr. Marc Robert, Mr. Rath Yumeng, Mr. Chhay Soeun, Dr. In Channy, Mr. Cornelius Obert, Ms. Heng Su Yin, Mr. Ian S. Lydall, Drs. Pieter Kooi

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 ten directors and that:

- 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.
- 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.
- 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 & Group Managing Director, the EVP & Group Chief Financial Officer and the EVP & Group Chief Legal Officer and Corporate

Secretary. It also ensures that the necessary human resources are in place, establishes with management the strategies and financial objectives to be implemented by management, and monitors the performance of management both directly and through the Board Committees.

The Board of Directors established six Committees: Assets and Liabilities, Audit and Compliance, Credit, Remuneration and Nomination, Risk Management, and Information Technology, 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. Whilst membership on Board Committees is restricted to Directors themselves, they may invite members of management and others so as to provide operational information and explanation when considered necessary. The Audit and Compliance, and the Remuneration Committees should be chaired by Independent Directors.

A complete list of existing Board Committees, their membership and their activities during 2017 appears on pages 34-37 of this report.



Mr. Chhay Soeun, Chairman

Board Committees: Assets and Liabilities, Audit and Compliance, Credit.

Cambodian. Born April 10, 1954. He joined ACLEDA Bank Plc. Board in September 2014. He obtained his Executive Master's of Business Administration in Finance and Accounting from Preston University, California, USA. He is a graduate of the Australian Institute of Company Directors (GAICD). He joined ACLEDA in January 1993 until his retirement on April 10, 2014. His last job in ACLEDA Bank Plc. was as Executive Vice President & Group Chief Financial Officer. From 1980 to 1992, he was an accountant and deputy chief accountant of the Kampot Provincial Department of Commerce.

At present, he is Chairman of the Board of Directors of ACLEDA Bank Plc., Cambodia, a Board member of ACLEDA Bank Lao Ltd., and a Board member of ACLEDA MFI Myanmar Co., Ltd.



Dr. In Channy, Director

Board Committees: Assets and Liabilities.

Cambodian. Born June 1960. Dr. In Channy is the President and Group Managing Director of ACLEDA Bank Plc. since it was established as a bank in 2000. He became a member of the Board of Directors of ACLEDA Bank Plc. in September 2014. He was one of the founders of the Association of Cambodian Local Economic Development Agencies (ACLEDA) in January 1993. As President of the Executive Committee he leads the Executive Management Team which is responsible for overall strategic planning and running the day-to-day business of ACLEDA Bank Plc. and its Group as well as implementation of its business plan. He is directly accountable to the Board of Directors.

His other responsibilities within the Group include Chairman of ACLEDA Bank Lao Ltd. and ACLEDA MFI Myanmar Co. Ltd., Shareholder Representative for ACLEDA Bank Lao Ltd., ACLEDA Securities Plc., ACLEDA Institute of Business, ACLEDA MFI Myanmar Co., Ltd., and ACLEDA Properties Ltd. He is also the Chairman of ACLEDA Financial Trust.

Outside ACLEDA Bank and its Group, he is the Chairman of Cambodia-Japan Association for Business and Investment (CJBI). He is the Member of the Government Subcommittee for Corporate Governance. He represents ACLEDA Bank Plc. as one of the Members of the World Economic Forum.

He completed an Executive Course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA in 1998. He holds a Doctorate of Business Administration and is also a Graduate of the Australian Institute of Company Directors (GAICD).



Mr. Rath Yumeng, Director

Cambodian. Born in 1962. Mr. Rath Yumeng joined the Board in September 2014. He obtained his Master's Degree in Finance and Banking from Western University, Phnom Penh, Cambodia. From 1992 till March 1996, he worked as the financial assistant for two projects in Cambodia: CMB/92/010 (Small Enterprise Promotion) and CBM/95/010 (Alleviation of Poverty through ACLEDA Financial Services). These two projects were implemented by the International Labour Organisation (ILO) and funded by the United Nations Development Programme (UNDP). From April 1996 till 1998, he worked as Financial Assistant at U.S. Embassy in Phnom Penh. From January 1999 till present, he worked with ACLEDA Bank Plc. as chief accountant/deputy head of finance (May 1999 - May 2007), head of Finance Division (June 2007 - August 2008), and head of Treasury Division (September 2008 - May 2015) and executive vice president and group chief treasury officer (June 2015 till present). From 2001 till September 2014, he was also the shareholder representative of ASA, Plc., which is one of the local shareholders of ACLEDA Bank Plc.



Drs. Pieter Kooi, Director

Board Committees: Risk Management (Chair), Audit and Compliance (Chair), Assets and Liabilities.

Dutch. Born in 1958. Drs. Kooi joined the Board in October 2000. He obtained his Master's Degree with distinction in corporate finance and sociology from 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, he worked as a short-term microfinance consultant on projects in 15 countries located mainly in Africa and Asia. From September 2002 until December 2005, he was Director of the Microfinance Unit of UNCDF in New York. From March 2006 till May 2011, Drs. Kooi supported ACLEDA Bank Plc. as a part-time consultant in the establishment of ACLEDA Bank Lao Ltd., ACLEDA Training Center Ltd. and ACLEDA Securities Plc. At present Drs. Kooi serves on several boards of financial institutions in Asia. He is a Graduate of the Australian Institute of Company Directors.



Mrs. Femke Bos, Director

Board Committees: Credit (Chair), Risk Management.

Dutch. Mrs. Femke Bos joined the Board in August 2002. She is Fund Manager of two flagship investment funds in financial inclusion at Triodos Investment Management, a wholly owned subsidiary of Triodos Bank based in the Netherlands. She joined Triodos Investment Management in 2002 as a Senior Investment Officer for Asia. Mrs. Bos has extensive experience in the financial sector in both Europe and emerging and frontier markets. She was a member of the Board of Directors of a number of financial institutions across Asia and is currently a member of the Board of Directors of microfinance institution Dawn Microfinance in Myanmar. Prior to Triodos Investment Management, she held several positions with ABN AMRO Bank in the Netherlands. She obtained a Master's Degree in Law from the University of Amsterdam in 1994 and attended the Australian Institute of Company Directors' International Company Directors Course in Perth, Australia, in 2006.



Ms. Heng Su Yin, Director

Board Committees: Remuneration and Nomination, Information Technology

Singaporean. Ms. Heng Su Yin joined the Board in December 2016. She graduated from Nanyang Technological University with a Bachelor's Degree in Accountancy in 2001 and obtained an MIT-Tsinghua Master's Degree in Business Administration from the Tsinghua University, School of Economics and Management in 2013. She began her career with the Monetary Authority of Singapore and later held positions in debt capital markets at Sumitomo Mitsui Banking Corporation (SMBC) and Standard Chartered Bank. Her present position is Senior Vice President in the Asia Growing Markets Division of SMBC where she is responsible for strategic planning. She is a Graduate of the Australian Institute of Company Directors.



Mr. Cornelius Obert, Director

Board Committees: Assets and Liabilities (Chair), Credit, Risk Management, Information Technology.

German. Born in 1950. Mr. Cornelius Obert joined the Board in August 2015. He graduated in 1976 with a Degree in Economics and management from the University of Hamburg. He previously worked as Managing Director/Executive Member of the Board of Directors for Commerzbank International SA Luxembourg and before that as General Manager of Commerzbank AG, Johannesburg Branch. His areas of responsibility included Corporate Business, Treasury Activities, Precious Metal Business and Trade Finance.



Mr. Ian S. Lydall, Director

Board Committees: Remuneration and Nomination (Chair), Information Technology (Chair), Audit and Compliance, Risk Management.

British. Born in 1955. Mr. Lydall joined the Board in August 2015. He was the CEO and then Chairman of PwC Vietnam, retiring from the firm on June 30, 2015. He wishes to contribute to the Bank by drawing on his experience of financial reporting, corporate governance, risk management, strategy and related areas. Mr. Lydall has extensive and in-depth experience in financial services.



Mr. Marc Robert, Director

Board Committees: Remuneration and Nomination, Credit

French. Born in 1973. Mr. Marc Robert joined the Board in August 2015. He graduated from ESSEC and Science Po Paris and obtained a PhD in Economics from the University of California Davis and the University of Toulouse in 2003. He started his career with the International Monetary Fund and then held positions on the boards of several European banks. Currently, he works for BRED Banque Populaire as a member of the Management board, head of the international section, in charge of monitoring a dozen subsidiaries around the world.



Mr. Yoshiaki Matsuoka, Director

Board Committees: Remuneration and Nomination

Japanese. Born in 1968. Mr. Yoshiaki Matsuoka joined the Board in August 2015 and became a member of the Remuneration and Nomination Committee in December 2015.

He is currently Executive Vice President, Deputy Head of Investment and Operation Headquarters, Global Business Development and Investment Group of ORIX Corporation and leads strategic equity investment in ASEAN, South Asia, MENA and Europe. He is acting as ORIX Corporation's representative in several key investment portfolio companies, such as Tenger Financial Group, one of the top commercial banks in Mongolia; and Medgulf Insurance and Reinsurance, the second largest general insurance company in the Middle East; and PT Sinar Mitra Sepadan Finance, one of the largest retail finance companies in Indonesia.

He graduated with a Bachelor's Degree in Physics from the Kwansei Gakuin University, Japan. He joined ORIX Corporation in 1991 and started his career in the Osaka Sales Department. From 1996 to 2004, he participated in the Computer and Communication Department and managed a joint venture program with one of the largest US IT companies as a program manager. In 2004, he joined ORIX U.S.A. Corporation which provides financial services and advice for M&A transactions. In 2007, he became the Senior Vice President of the Global Business and Alternative Investment Headquarters and managed several overseas subsidiaries as a nominee director or commissioner representing ORIX Corporation for its affiliate companies such as PT ORIX Indonesia Finance, ORIX Leasing Pakistan, and ORIX Leasing Egypt. In 2012, he served as Managing Director of Global Business Development and Investment Group, Investment and Operation Headquarters.

EXECUTIVE MANAGEMENT

The President & Group Managing Director 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 & Group Managing Director appoints and chairs an Executive Committee comprising members of senior management 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 & Group Managing Director 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.



Khmer music instrument production in Kampong Speu province.



Rubber production in Tboung Khmum province.



Dr. In Channy

President & Group Managing Director

Cambodian. Born June 1960. Dr. In Channy is President and Group Managing Director of ACLEDA Bank Plc., a position he has held since it was established as a bank in 2000. He became a member of the Board of Directors of ACLEDA Bank Plc. in September 2014. He was one of the founders of the Association of Cambodian Local Economic Development Agencies (ACLEDA) in January 1993. As President of the Executive Committee he leads the Executive Management Team which is responsible for overall strategic planning and running the day-to-day business of ACLEDA Bank Plc. and its Group as well as implementation of its business plan. He is directly accountable to the Board of Directors.

His other responsibilities within the Group include Chairman of ACLEDA Bank Lao Ltd. and ACLEDA MFI Myanmar Co. Ltd., Shareholder Representative for ACLEDA Bank Lao Ltd., ACLEDA Securities Plc.,

ACLEDA Institute of Business, ACLEDA MFI Myanmar Co., Ltd., and ACLEDA Properties Ltd. He is also the Chairman of ACLEDA Financial Trust.

Outside ACLEDA Bank Plc. and its Group, he is the Chairman of Cambodia-Japan Association for Business and Investment (CJBI). He is the Member of the Government Subcommittee for Corporate Governance. He also represents ACLEDA Bank Plc. as one of the Members of the World Economic Forum.

He has completed an Executive Course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA in 1998. He holds a Doctorate of Business Administration and is also a Graduate of the Australian Institute of Company Directors (GAICD).



Left to Right:

- Mr. Ly Thay
EVP & Group Chief Administrative Officer
- Mrs. Buth Bunsayha
EVP & Group Chief Legal Officer and Corporate Secretary
- Dr. So Phonnary
EVP & Group Chief Operations Officer

- Dr. In Channy
President & Group Managing Director
- Mrs. Mar Amara
EVP & Group Chief Financial Officer
- Mr. Rath Yumeng
EVP & Group Chief Treasury Officer
- Mr. Mach Terry
EVP & Group Chief Information Officer (Appointed on January 1, 2018)



Dr. So Phonnary

Executive Vice President & Group Chief Operations Officer

Cambodian. Born November 1963. Dr. So Phonnary holds a Doctorate of Business Administration and has worked with ACLEDA since August 18, 1993. As Executive Vice President & Group Chief Operations Officer, she is a member of the Bank's Executive Committee and is responsible for leading a group of operations which consists of six heads of divisions including Operations Division, Marketing Division, Product Development Division, Credit Division, Credit & Trade Finance Services Division, and Financial Services Division. She is responsible for strategic planning and day-to-day business of the Bank, and preparing and implementing all

existing and new bank products/services planning. She is responsible for leading, monitoring, controlling and evaluating the daily business operations. In addition, she is a member of management's Assets & Liabilities Committee, Interest & Price Setting Committee, and Credit Committee. She is directly accountable to the President and Group Managing Director.

Her other responsibilities within the group include being the Board Chairwoman of ACLEDA Institute of Business.



Left to Right:

- Mr. Neth Piseth
SVP & Head of Financial Services Division
- Mr. Sok Sovady
SVP & Head of Operation Division
- Mrs. Sok Sophea
SVP & Head of Marketing Division

- Dr. So Phonnary
EVP & Group Chief Operations Officer
- Mr. Nou Sotiara
SVP & Head of Credit Division
- Mr. Soth Saran
SVP & Head of Credit & Trade Finance Services Division
- Dr. Loeung Sopheap
SVP & Head of Product Development Division



Mrs. Mar Amara

Executive Vice President & Group Chief Financial Officer

Cambodian. Born September 1967. Mrs. Mar Amara joined ACLEDA in June 1993. As Executive Vice President & Group Chief Financial Officer, she is a member of the Bank's Executive Committee which is responsible for the overall strategic planning and running the day-to-day business of the Bank as well as the implementation of the business plan. She is a chair of Implementation & Conversion of IFRS (International Financial Reporting Standards) Committee, chair of the Automation and Modernization Committee, and a member of the Interest & Price Setting Committee, and the Management Credit Committee of the Bank. She also leads the work of the Basel

Team. She is responsible for the Finance Division. She is directly accountable to the President and Group Managing Director.

Her other responsibilities with the group include Board chairwoman of ACLEDA Securities Plc. and vice chair of ACLEDA Financial Trust.

She graduated from the National University of Management in Phnom Penh in 2006 with a Master's Degree in Finance. She obtained a Bachelor's Degree in Management in 2003. She attended courses on Management Accounting, and Financial Accounting and Auditing among others at Regent College from 1996 to 1998 in Phnom Penh.



- Mrs. Mar Amara
EVP & Group Chief Financial Officer

- Mrs. Meng Mariane
SVP & Head of Finance Division



Mr. Rath Yumeng

Executive Vice President & Group Chief Treasury Officer

Cambodian. Born in 1962. Mr. Rath Yumeng joined the Board in September 2014. He obtained his Master's Degree in Finance and Banking from Western University, Phnom Penh, Cambodia. From 1992 till March 1996, he worked as the financial assistant for two projects in Cambodia: CMB/92/010 (Small Enterprise Promotion) and CBM/95/010 (Alleviation of Poverty through ACLEDA Financial Services). These two projects were implemented by the International Labour Organisation (ILO) and funded by the United Nations Development Programme (UNDP). From April 1996 till 1998, he worked as Financial

Assistant at the U.S. Embassy in Phnom Penh. From January 1999 till present, he has joined ACLEDA Bank Plc. as Chief Accountant/Deputy Head of Finance (May 1999 - May 2007), Head of Finance Division (June 2007 - August 2008), and Head of Treasury Division (September 2008 - May 2015) and Executive Vice President and Group Chief Treasury Officer (June 2015 till present). From 2001 till September 2014, he was also the Shareholder Representative of ASA, Plc., which is one of the local shareholders of ACLEDA Bank Plc.



Left to Right:

- Mr. Prak Chanveasna
VP & Head of Treasury Dealing Centre
- Mrs. Sovan Bopha
SVP & Head of Financial Institutions Division
- Mr. Rath Yumeng
EVP & Group Chief Treasury Officer
- Mr. Vuth Heng
VP & Senior Head of Foreign Exchange & Reserve Department
- Mr. Than Sarun
VP & Head of Treasury Department



Mr. Ly Thay

Executive Vice President & Group Chief Administrative Officer

Cambodian. Born October 1975. Mr. Ly Thay joined ACLEDA in December 1997. As Executive Vice President & Group Chief Administrative Officer, he is a member of the Bank's Executive Committee and responsible for overall strategic planning as well as the implementation of the business plan focused on the day-to-day operations of the Bank. He is responsible for the Human Resources Division, Administration Division, and SWIFT Centre. He is directly accountable to the President and Group Managing Director.

Mr. Ly Thay has been working for ACLEDA Bank Plc. as Accountant (1997-1999); Internal Audit (1999-2000); Cashier, Branch Manager, Office Operations Manager (2000-2004); Operations Department Manager (2004-2006), and Senior Vice President & Head of Operations Division (2006-2016).

He obtained a Master's Degree in Finance from Pannassastra University of Cambodia in 2008.



- Mrs. Khat Phanin
VP & Head of SWIFT Centre

- Mr. Ly Thay
EVP & Group Chief Administrative Officer

- Mr. Nay Sok Samnang
SVP & Head of Administration
Division

- Mr. Ho Rattanak
SVP & Head of Human Resources
Division



Mrs. Buth Bunsayha

Executive Vice President & Group Chief Legal Officer
and Corporate Secretary

Cambodian. Born August 1980. Mrs. Buth Bunsayha joined ACLEDA in October 2007. She obtained Bachelor's degree in law from 2006. Currently, she is studying a Bachelor's Degree in English at Western University and Master's Degree in Law at Royal University of Law and Economic.

As Executive Vice President & Group Chief Legal Officer and Company Secretary, Mrs. Buth Bunsayha is a member of the Bank's Executive Committee which is responsible for the overall strategic planning and

running the day-to-day business of the Bank as well as the implementation of the regulatory compliance plan and correspondence with shareholders and the Board of Directors. She is responsible for the Legal Division, Litigation Management Department, Subsidiaries Counsel Department, and Corporate Secretary Department. She is directly accountable to the President & Group Managing Director.



Left to Right:

- Mr. Keo Chhorpnipisey
VP & Head of Corporate Secretary Department
- Mr. Chan Kosal
VP & Head of Litigation Management Department

- Mrs. Buth Bunsayha
EVP & Group Chief Legal Officer and Corporate Secretary
- Mr. Suos Ousaphea
SVP & Head of Legal Division
- Mr. Savan Malyka
VP & Head of Subsidiaries Counsel Department



Mr. Mach Terry

Executive Vice President & Group Chief Information Officer
(Appointed on January 1, 2018)

Born November 1965. Mr. Mach Terry worked for several different organizations, including the ANZ Bank in Australia, Monash University, UNHCR in Cambodia, World Vision Cambodia, and the International Labour Organization, before joining ACLEDA NGO as a consultant. He joined ACLEDA Bank full time in July 2000. Mr. Terry was Senior Vice President & Head of Information Technology Division of ACLEDA Bank from July 2006 to December 2017. He was then promoted to be EVP &

Group Chief Information Officer. He also chairs the IT Steering Committee and reports to the Board IT Committee.

He was awarded a Bachelor's Degree in Science in 1989 from Monash University in Australia, majoring in Computer Science and Statistics. He then proceeded to do a Graduate Diploma in Business Systems and was awarded a diploma in 1990 by the same university.



- Mr. Meang Tay
SVP & Head of Information Technology Division

- Mr. Mach Terry
EVP & Group Chief Information Officer

- Mr. Sun Sokharino
SVP & Head of Information Security Division

COMPLIANCE DIVISION



Mr. Hok Leangkry

Head of Compliance Division

Cambodian. Born December 1977. He has been working with ACLEDA since February, 2002. As Head of Compliance Division, he is responsible for overall strategic planning and running the day-to-day compliance activities of the Bank and its subsidiaries. To assure the independence of the compliance function of the Bank, he is required to report directly to the Board Audit and Compliance Committee as well as the Executive Committee. He is invited to attend the Board Audit and Compliance Committee from time to time to provide information and explanation on compliance findings and issues pertaining to the scope and purpose of the Committee.

He is responsible for leading the compliance group, which consists of four units including Compliance Unit, Compliance Report Unit, Transaction Analysis Unit, and Legal Compliance Unit.

He holds two post graduate degrees, a Master's Degree of Law specializing in Private Law from the Royal University of Law and Economics in 2016, Cambodia, and a Master's Degree of Business Administration from Preston University, USA (Cambodia Campus), in 2012. He obtained a Bachelor's Degree of Business Administration in Accounting from Norton University in 2001, Cambodia.

RISK MANAGEMENT DIVISION



Mr. Tep Bunthoeun

Head of Risk Management Division

Cambodian. Born August 1980. Mr. Tep Bunthoeun joined ACLEDA in May 2002. As Head of Risk Management Division, he has primary responsibility for overseeing the development and implementation of the Bank's risk management functions. To guarantee the independence of the risk management functions, he is required to report directly to the Board Risk Management Committee as well as the Executive Committee. He is invited to attend the Board Risk Management Committee meeting from time to time to provide information and explanation on various matters pertaining to the scope and purpose of the Committee.

He is responsible for leading the Risk Management Division, which consists of two units including the Operational Risk Management Unit and the Market & Treasury Risk Management Unit.

He holds a Master's Degree in Finance and Banking.

INTERNAL AUDITOR



Mrs. Kim Sotheavy

Group Chief Internal Audit Officer

Cambodian. Born October 1965. Mrs. Kim Sotheavy joined ACLEDA in September 1994. As Group Chief Internal Audit Officer, she is responsible for overall strategic planning and running the day-to-day internal audit activities of the Bank as well as implementation of the internal audit plan. To guarantee the independence of the internal audit function, she is required to report directly to the Board Audit and Compliance Committee as well as the Executive Committee. She is invited to attend the Board Audit and Compliance Committee meeting from time to time to provide information and explanation on various matters pertaining to the scope and purpose of the Committee.

She is responsible for leading the Internal Audit Group, which consists of one division and five departments including Internal Audit Development Division, Audit Reporting Department, Information System Audit Department, Credit Audit Department, Financial Audit Department, and Deposit & Digital Banking Audit Department.

She holds a Master's Degree in Finance and Banking and is also a graduate of the Australian Institute of Company Directors (AICD).



Left to Right:

- Mr. Chan Boreydolla
Head of Credit Audit Department
- Mr. Tum Sokchamreoun
Head of Financial Audit Department
- Mrs. Nget Nary
Head of Deposit & Digital Banking Audit Department

- Mrs. Kim Sotheavy
Group Chief Internal Audit Officer
- Mr. Thath Dynoth
Head of Internal Audit Development Division
- Mr. Sok Piseth
Head of Information System Audit Department
- Mr. Sok Hay
Head of Audit Reporting Department

CODE OF CONDUCT

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. From time to time Members of the Board and senior man-

agement attend external training workshops and courses such as the International Directors Course provided by the Australian Institute of Company Directors as part of our commitment to the continual upgrading of our professional skills and competencies.

All employees of the Bank are governed by a strict Code of Ethics which is incorporated into the Collective Labour Agreement and 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 Audit and Compliance, and Risk Committees to ensure that it remains relevant and up-to-date.



Dry port in Svay Rieng province.



Cassava farm in Battambang province.

REPORT OF THE BOARD OF DIRECTORS

The Board met face-to-face in Phnom Penh three times in March, September, and December and held one conference call meeting in October and one 'away' meeting in Tokyo, Japan in June. In addition, 18 resolutions were passed by e-mail. Each meeting normally lasts two days including Committee meetings.

Principal Activities in 2017

- The approval of the audited consolidated annual financial statements 2016 of the Bank and its Group and the audited quarterly financial statements for the first and second quarters of 2017.
- The approval of dividend distribution of 2016 net profit after tax and the transfer of the remaining net profit after tax to the Bank's general reserves.
- The approval of the annual report 2016 of the Bank and its Group.
- The approval to discontinue the quarterly external audit for the Bank and its Group from 3rd quarter 2017 and 2018.
- The approval of the Bank's strategic plan 2018 and budget plan.
- The approval of the change of the Bank's logo.
- The revision and approval of the Board's policies.
- The review and approval of the TORs of each of the Board's Committees.
- The approval to set up an additional permanent committee named the Board Information and Technology Committee (BITCO) and the re-appointment of directors on the relevant Boards in its subsidiaries.
- The approval of an additional capital injection and a loan to its subsidiary, the ACLEDA Institute of Business.
- The approval on borrowings, senior loans, senior syndicated loans and subordinated loans from national and international lenders.

Reports of the Board Committees

- Board Assets and Liabilities Committee (BALCO)
- Board Audit and Compliance Committee (BACCO)
- Board Credit Committee (BCC)
- Board Information Technology Committee (BITCO)
- Board Remuneration and Nomination Committee (BRENCO)
- Board Risk Management Committee (BRMC)

Assets and Liabilities Committee (BALCO)

Scope & Purpose

The BALCO is established by the Board of Directors of ACLEDA Bank Plc. to support the Board in providing strategic oversight of the Bank's balance sheet management.

Members

1. **Mr. Cornelius Obert (Chair)** Independent Director
2. **Mr. Chhay Soeun** Non-executive Director
3. **Drs. Pieter Kooi** Independent Director
4. **Dr. In Channy** Executive Director

The Committee consists of not less than two non-executive directors, one of whom is appointed as Chair.

In addition, the Executive Vice President & Group Treasury Officer and the Executive Vice President & Group Financial Officer are always invited to attend all meetings on a non-voting basis. From time to time, relevant management of the Bank will also be invited to join meetings if necessary, in a non-voting capacity, to provide information and explanation on various matters pertaining to the scope and purpose of the Committee.

Meetings

BALCO met four times during 2017, in March, June, September and December. In addition, four meetings were held by email in February, June, October, and November to review and endorse BALCO's Terms of Reference to the Board, and to approve management's funding proposals.

Significant Issues and Activities in 2017:

- BALCO actively discussed the preferred liquidity safety level to prepare for any unexpected liquidity events which may occur before, during and after the June 4, 2017 Commune Election and the July 29, 2018 National Election. In 2017 and to be on the safe side, the Bank maintained, with the express support from BALCO, a high level of liquidity. BALCO agreed with management to maintain a high level of liquidity in 2018 with the LCR level targeted at much higher levels than that required by the National Bank of Cambodia (NBC). This was to cover any contingency funding needs, and to ensure a smooth running of the Bank's business in 2017 and the coming year 2018.
- To support funding needs in 2017, the Bank drew down facilities that were already arranged and approved totaling USD365 million. Due to moderate loan growth during the year, and ample available liquidity, the Bank's new funding activities in 2017 were reduced.
- The NBC's new Prakas on Provision of Credit in Local Currency of Banking and Financial Institutions has been a new challenge. The NBC requires all financial institutions to have at least 10% of their total loan portfolio in local currency by the end of December 2019. So as to support lending growth in KHR, BALCO actively discussed and monitored the development of KHR funding sources. Based on the Bank's current KHR funding sources, BALCO expects that in the short and medium term it can support the funding needs to fully comply with the NBC's stated deadline. However, in the long

run, the Bank might consider issuing KHR denominated bonds as a possible option to secure increased KHR funding.

- Taking into consideration the Bank's interest rate structure and the developments of international interest rates, management and BALCO closely monitored the swap market. With the support and encouragement of BALCO, management successfully finalized interest rate swap transactions with the IFC for long term loans totaling USD45 million in 2017 and an other USD185 million in early 2018.
- BALCO worked with management on the ongoing review of the Bank's five-year business plan 2018 - 2022 with the aim of achieving a sustainable growth rate whilst maintaining strong liquidity and capital ratios.
- The Committee regularly received and reviewed management's Assets and Liabilities Committee monthly reports and monitored the liquidity, maturity mismatch and foreign exchange positions to comply with the Bank's policies and regulatory requirements.
- In the last quarter of 2017, the NBC issued a new Prakas on "Liquidity Risk Management Framework for Banking and Financial Institutions". BALCO discussed intensively this Prakas and gave comments on and guidance for the necessary revisions of the Bank's liquidity risk management framework, so as to be in line with the NBC's requirements.

Audit and Compliance Committee (BACCO)

Scope & Purpose

The BACCO is established by the Board of Directors of ACLEDA Bank Plc. to monitor and review the integrity of the financial statements, the internal financial control system, the internal audit and compliance function, and the service provided by external auditors.

The Committee consists of two independent directors, one of whom is appointed as Chair. On request of the committee, the Group Chief Internal Audit Officer, Head of Compliance Division, and EVP & Group Chief Legal Officer/Corporate Secretary and any such other members of the executive management of the Bank can be invited to attend meetings from time to time to provide information and explanation on various matters pertaining to the scope and purpose of the Committee.

Members

- | | |
|-----------------------------|------------------------|
| 1. Drs. Pieter Kooi (Chair) | Independent Director |
| 2. Mr. Chhay Soeun | Non-executive Director |
| 3. Mr. Ian S. Lydall | Independent Director |

Meetings in 2017

The Committee met eight times both extra and ordinary meetings during the fiscal year 2017, in January, March, May, June, July, September and December. In addition, meetings were held twice by email: one in January to approve the 2016 financial audited report for endorsement to the Board of Directors and once in May to review the draft of the NBC's

onsite inspection report and provide advice to the Board of Directors.

In 2017, the external auditor, PricewaterhouseCoopers Ltd (PwC) participated in the BACCO meetings in January and March to present the 2016 audit report, in May and July to present the progress audit report on engagement for the interim audit 2017, in June to present the CIFRS 2016 audit report and in December to present progress on the financial audit report 2017.

Significant Issues and Activities in 2017

- Reviewed, approved and endorsed to the Board of Directors for final approval, the financial audited statements of 2016 and the interim financial audited statements for the first and second quarters of 2017.
- Reviewed PwC's management letter for 2016 and March 2017 and management's response.
- Recommended to the Board and shareholders to discontinue interim external audits and revised the audit engagement with the external auditor for 2017 and 2018 accordingly.
- Reviewed and approved the internal control report 2016 for submission to the National Bank of Cambodia.
- Reviewed the internal audit reports and analyses of any unusual trends or incidents.
- Approved the incentive 2016 of Group Chief Internal Audit Officer and endorsed to the Board for final approval.
- Reviewed and approved the incentive scheme targets for Internal Audit and endorsed to the Board for final approval.
- Reviewed and approved the internal audit plan for fiscal year 2018.
- Reviewed and approved job descriptions for Group Chief Internal Audit Officer and Head of Compliance Division.
- Reviewed the compliance division reports and received analyses of any suspicious transactions.
- Approved the incentive 2016 for Head of Compliance Division and endorsed to the Board for final approval.
- Reviewed and approved the Compliance Division budget plan for fiscal year 2018.
- Reviewed the NBC's onsite inspection report.
- Reviewed and monitored management's process of IFRS implementation and development.
- Reviewed and approved the updated BACCO's Terms of Reference, the Audit policy, the Internal Control Policy, the Anti-Money Laundering and Combating the Financing of Terrorism Policy, the Compliance Policy, the KYC/Customer Due Diligence Policy, the Whistleblower's Protection Policy, the Customer Complaint Policy, the Conflict of Interest Policy, the Code of Conduct Policy, and the Corporate Governance policy and endorsed these policies to the Board of Directors for final approval.
- Conducted annual BACCO performance self-evaluation and presented the result to the Board of Directors.

Report and Recommendations

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

The Committee is satisfied that PwC has demonstrated independence and professional expertise in auditing the fiscal year 2016 and the Interim 2017 financial statements of ACLEDA Bank Plc. and ACLEDA Group.

Credit Committee (BCC)

Scope & purpose

The BCC is established by the Board of Directors of ACLEDA Bank Plc. to monitor the quality of the loan portfolio, review and monitor compliance with the Credit Policy and applicable laws and regulations from time to time and propose amendments thereof to the full Board. The BCC also has the authority to approve certain credit proposals for amounts over the authority of the Management Credit Committee.

Members

- | | |
|---------------------------|------------------------|
| 1. Mrs. Femke Bos (Chair) | Non-executive Director |
| 2. Mr. Chhay Soeun | Non-executive Director |
| 3. Mr. Cornelius Obert | Independent Director |
| 4. Mr. Marc Robert | Non-executive Director |

Meetings

The Board Credit Committee met four times during the 2017 fiscal year, in March, June, September and December.

At each meeting the Committee closely monitored the quality of the Bank's loan portfolio, discussed the country's economic situation and developments in the agriculture, real estate, construction, garment and tourism sectors. The agriculture sector was a particularly hot topic for discussion at Committee meetings, especially the downturn in commodity prices that has been affecting ACLEDA's business. The Committee focused on risk diversification in the portfolio over-indebtedness issues in some particular market sectors, trends of the market, quality and compliance with the Bank's credit policy, procedures and other issues.

Significant Issues and Activities in 2017

- In March 2017, the National Bank of Cambodia (NBC) issued a Prakas on establishing an Interest Cap for Loans for newly disbursed loans, which from April 1, 2017 onwards are capped at 18% per annum. The BCC discussed the impact of the Prakas on the loan portfolio and P&L of the Bank and advised management and the full Board on this topic.
- The challenges in the agriculture sector (low commodity prices for the main crops, such as rice, cassava and rubber), that started to occur in 2016, continued in 2017. Lower commodity prices affected the repayment capacity of many farmers and lead to an increase in non-performing loans. To reduce the risks associated, the BCC

advised the Bank's management to develop a specific strategy for lending to this sector. Guidelines on Lending to the Agricultural Sector have been developed, with a clear message for implementation including scope of lending, target customers, control limits, loan assessment and sensitivity analysis, risks and mitigation, and monitoring mechanisms.

- The BCC reviewed and amended the Environmental, Social, and Community policies.
- The NBC's Prakas on Provision of Credit in National Currency of Banking and Financial Institutions requires the Bank to have a loan portfolio in Khmer Riel (KHR) for at least 10% of the total loan portfolio in 2019. To reach this target, the BCC has adjusted the control limits in the Credit Policy to gradually increase the loan portfolio in KHR to this limit. Also, the Committee advised management to come up with a clear strategy on lending in KHR to ensure that the Bank could comply with the Prakas before the deadline.
- The NBC issued a new Prakas on Credit Risk Grading and Impairment Provisioning effective as of December 1, 2017. To adopt this new Prakas, the BCC conducted a full review of the Credit Policy, and made amendments in line with the Prakas. The new Prakas led to an increase in the level of provisions and a reclassification of part of the loan portfolio.

Conclusion

Although it's been a challenging year, especially considering the effects of the new regulation on credit risk grading and impairment provisioning, the quality of the loan portfolio remained under control with the non-performing loan ratio at 2.44% while the Bank's loan portfolio increased 9.07% in value by the end of the year.

The Bank has been in full compliance with all credit policies throughout the year.

Information Technology Committee (BITCO)

The Board approved the setting up of this new committee mid year 2017. The purpose, in part, was to further the work started by the Board Ad Hoc Committee for Information Technology set up earlier in 2017. The Board had seen a need to be better informed on IT developments and security issues and the Committee is an important channel through which to achieve this.

The Committee oversees the work of the Information Technology Steering Committee, chaired by the Chief Information Officer. Initial work has focused on progress being made to implement the recommendations of a report on IT governance and cybersecurity by an IT specialist team from an independent firm of consultants. There are many projects being worked on, most of which will be completed by the end of 2018. The Board is encouraged by the energy and enthusiasm of management and staff in both the Information Technology Department and the rest of the Bank to drive the quality, reliability and innovation of the Bank's information technology. This is enhancing customer experience and the security of systems and data.

Members

1. Mr. Ian S. Lydall (Chair) Independent Director
2. Ms Heng Su Yin Non-executive Director
3. Mr. Cornelius Obert Independent Director

Remuneration and Nomination Committee (BRENCO)

Scope & Purpose

The Committee is established by the Board of Directors of ACLEDA Bank Plc. to provide an independent opinion on advising the Board in the matters of:

- Director and executive remuneration; and,
- The selection of suitable candidates for the Board of Directors and the President and Group Managing Director of the parent Bank and its subsidiaries.

Members

1. Mr. Ian S. Lydall (Chair) Independent Director
2. Mr. Marc Robert Non-executive Director
3. Ms. Heng Su Yin Non-executive Director
4. Mr. Yoshiaki Matsuoka Non-executive Director

The Committee from time to time may ask members of management and outside professional advisers to attend all or part of any meeting to provide additional information and explanation as they consider necessary.

Significant Issues and Activities in 2017

BRENCO met four times in 2017, in March, June, September and December. The main proceedings were:

- Reviewed management's proposal for an inflation adjustment and base salary increase for 2017.
- Evaluated the President and Group Managing Director's performance and bonus for 2016 and submitted to the Board a proposal for his Incentive Scheme targets for 2017.
- Reviewed the Chairman's and Non-executive Directors' fees and expenses for 2017 and submitted proposals to the Board and shareholders with respect to the Chairman. Fees for the Chairman and Non-executive Directors are determined by the Shareholders under the Subscription and Shareholders Agreement. They are non-pensionable. During 2017, Directors' fees totalling US\$812,338 were incurred by the Bank and its subsidiary companies with respect to attendance at Board, General and Board Committee meetings.
- Reviewed the fees of the Non-executive members of subsidiary companies and submitted proposals to the Board and shareholders.
- Updated the corporate governance policy and the remuneration and nomination policy and made recommendations to the Board for approval.
- Reviewed the succession plans for the President & Group Managing Director and Executive VP's of the Bank. Also reviewed plans for the managing directors of the subsidiary companies.

In response to a request at the Bank's May 2017 Annual General Meeting, reviewed the Bank's Board seats allocation procedure and made interim recommendations to the Board. A final review will take place following the report of the ad hoc Board Committee on Optimal Future Ownership Structure.

The Committee completed questionnaires as a basis for an annual self-assessment of the performance of the Committee. The Committee also prepared a questionnaire for all Board members to complete as a basis for the annual self-assessment of the Board and summarised the results together with recommendations to the full Board going forward.

Risk Management Committee (BRMC)

Scope & purpose

The Board Risk Management Committee (BRMC) is established by the Board of Directors of ACLEDA Bank Plc. to assist the Board in the effective discharge of its responsibilities for risk management and to regularly review management's ability to assess and manage the Bank's risks.

Members

1. Drs. Pieter Kooi (Chair) Independent Director
2. Mrs. Femke Bos Non-Executive Director
3. Mr. Cornelius Obert Independent Director
4. Mr. Ian S. Lydall Independent Director

Significant Issues and Activities for 2017

The BRMC met four times in 2017 in March, June, September and December.

- At each meeting the Group's overall risk profile was presented by the Risk Management Division and discussed with members and participants to ensure that key risk indicators were fully in compliance with the position limits as approved by the Board.
- Assessed and discussed potential risks in future for ACLEDA Bank and its subsidiaries.
- Further refined the risk analysis process and a series of stress test scenarios allowing for simultaneous occurrence of risks including potential contagion effects.
- Analysed the impacts of possible risk scenarios on the balance sheet, income statement and prudential ratios.
- Reviewed potential risks that could negatively impact a high standard of business conduct towards the community and the environment.
- Discussed strategies to optimally manage these potential risk events in the long-term interest of ACLEDA Bank and its customers.
- Reviewed and analysed the development of the banking industry in Cambodia to assess opportunities and risks.
- Conducted an annual self-assessment of its performance relative to the Risk Management Committee's purpose, duties, and responsibilities in order to ensure the effective discharge of its responsibility.
- The Bank risk management policy was reviewed and updated by the Committee in order for ACLEDA Bank to effectively manage its key risks as well as to ensure the compliance with all applicable laws and regulations.

ENVIRONMENTAL AND SOCIAL DATA AT A GLANCE

Absolute amounts/FTE (Full Time Equivalent)¹

	2017	2016	2015	2014	2013
Environmental Performance Indicators					
Materials					
Paper in kg/FTE	10.42	10.65	11.45	13.16	15.18
Waste					
Waste paper in kg/FTE	2.15	1.92	1.80	1.52	1.42
Energy					
Electricity in kWh/FTE	1,673.46	1,660.19	1,390.51	1,230.80	1,230.33
Gasoline in l/FTE	39.76	40.08	40.87	41.30	47.17
Diesel in l/FTE	49.04	51.70	49.11	53.89	59.69
Lubricant in l/FTE	1.27	1.75	1.31	1.55	1.79
Emission of CO₂ (Equivalents – in thousands of kg)²					
Electricity	11,430	11,138	8,929	7,050	5,870
Gasoline	1,176	1,165	1,137	1,025	978
Diesel	1,672	1,732	1,574	1,541	1,422
Water					
Water in m ³ /FTE	15.87	16.14	15.84	19.16	30.32
Business Travel					
By car in km/FTE	295.98	230.35	223.96	343.40	315.54
By motorcycle in km/FTE	1,941.86	1,824.89	1,791.87	2,216.84	2,426.63
Social Performance Indicators					
Employment					
Number of staff	12,456	12,325	11,926	11,182	9,451
Male	7,370	7,236	7,059	6,664	5,820
Female	5,086	5,089	4,867	4,518	3,631
Number of staff (FTE)	12,419	12,197	11,675	10,415	8,675
Training and Education					
Training – career development and refresher programs	6,517	4,687	5,621	3,929	4,521
Training new recruits – induction program	1,179	1,374	1,717	2,368	2,711
Internships for local students	1,025	1,433	1,241	969	1,220
Internships for international students	5	1	5	2	3
Lower Segment Outreach					
No. of micro business loans outstanding	178,195	208,089	211,490	203,965	210,711
Average micro business loan size (US\$)	1,198	1,214	1,106	932	846

¹ FTE: Average number of full-time co-workers during the year.

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

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY REPORT

Environmental and social sustainability (ESS) 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 constantly 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. (see 'GRI Content Index' on page 115).

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 (CITES rules) and production or trade in radioactive materials or significant volumes of hazardous chemicals. Strict monitoring processes are in place, which require customer contact staff to certify that any business we write conforms to these principles.

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

In addition, ACLEDA Bank supports renewal energy by providing loans to customers related to Biogas and Solar energy.

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 2017, paper usage decreased by 2.16% per co-worker compared to 2016 due to the continuing increased use of electronic data. The Bank now uses AutoOffice System, developed by the Bank's IT Division and launched in late 2014, to send/receive internal information and other internal requests such as user profile, user sign on, office equipment, staff biographies, clearing medical reports, etc.

Waste paper increased by 11.98% per co-worker compared to 2016.

	2017	2016	2015	2014	2013
Materials					
Paper in kg/FTE	10.42	10.65	11.45	13.16	15.18
Waste					
Waste paper in kg/FTE	2.15	1.92	1.80	1.52	1.42

Energy Consumption

Electricity consumption per co-worker increased slightly by 0.80% in 2017 compared to 2016 because more branches were connected to the grid (as opposed to relying on generators). Gasoline, diesel, and lubricant consumption decreased by 0.80%, 5.15% and 27.43% per co-worker compared to 2016.

However, the overall growth of the Bank inevitably led to an increase in CO₂ emissions in absolute terms.

	2017	2016	2015	2014	2013
Energy					
Electricity in kWh/FTE	1,673.46	1,660.19	1,390.51	1,230.80	1,230.33
Gasoline in l/FTE	39.76	40.08	40.87	41.30	47.17
Diesel in l/FTE	49.04	51.70	49.11	53.89	59.69
Lubricant in l/FTE	1.27	1.75	1.31	1.55	1.79
Emission of CO₂ (Equivalents - in thousands of kg)					
Electricity	11,430	11,138	8,929	7,050	5,870
Gasoline	1,176	1,165	1,137	1,025	978
Diesel	1,672	1,732	1,574	1,541	1,422

Water

Water consumption per co-worker decreased slightly by 1.67% in 2017 compared to 2016.

	2017	2016	2015	2014	2013
Water					
Water in m ³ /FTE	15.87	16.14	15.84	19.16	30.32

Business Travel

In 2017, the total distance travelled by car increased by 28.49 % and by motorcycle increased by 6.41% compared to 2016 because the Bank increased promotional activities especially on Saturday to promote a new service, ACLEDA Unity ToanChet, a FinTech Application running on Smart Phone, enabling customers to do banking transactions from anywhere, anytime.

	2017	2016	2015	2014	2013
Business Travel					
By car in km/FTE	295.98	230.35	223.96	343.40	315.54
By motorcycle in km/FTE	1,941.86	1,824.89	1,791.87	2,216.84	2,426.63

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 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, provident fund 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.
- The Audit and Compliance Committee under the chairmanship of the Board of Director has been specifically tasked with the responsibility of setting and monitoring the Bank's moral and ethical standards and respect for human rights.
- 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.
- The staff is 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 two full time nurses. Healthy and 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 Executive Vice President & Group Chief Administrative Officer is in place, which includes a policy supervised by a dedicated committee for the support of our staff who are suffering from HIV/AIDS.

	2017	2016	2015	2014	2013
Employment					
Number of staff	12,456	12,325	11,926	11,182	9,451
Male	7,370	7,236	7,059	6,664	5,820
Female	5,086	5,089	4,867	4,518	3,631
Number of staff (FTE)	12,419	12,197	11,675	10,415	8,675
Training and Education					
Training – career development and refresher programs	6,517	4,687	5,621	3,929	4,521
Training of new recruits – induction program	1,179	1,374	1,717	2,368	2,711
Internships for local students	1,025	1,433	1,241	969	1,220
Internships for international students	5	1	5	2	3

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 include:

- 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 15 years to enable Cambodians, 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 online banking to mobilise savings. The expansion of our 24 hours a day/7 days a week ATM network to all provinces in 2010 has enabled our customers to access their funds at their own convenience, irrespective of the normal opening hours of the Bank or national holidays. In April, 2017 we launched 'ACLEDA Unity ToanChet' — a FinTech Application running on Smart Phone, enabling customers to do all ACLEDA Bank services at anytime. — which extends access to financial services in the Khmer language as well as English to every village and commune in Cambodia. In 2014 and 2015 we launched 'ACLEDA Internet Bank and ACLEDA E-Commerce Payment Gateway' which enable our customers' access to financial services and online payments anywhere anytime.

- From November to December 2017, we conducted an annual survey on our micro, small, and medium-sized enterprise and corporate loan customers' living standards that get loans at least twice from our branches to test the impact of our credit services. This involved 2,519 respondents (female: 50.42%) randomly selected from our 335,371 active borrowers of whom 51.21% were traders, 38.03% were farmers/workers and 10.76% were private companies/NGOs/civil servants. The responses indicated that across all sectors there were 88.13% who considered that their wealth had increased as a result of credit provided by ACLEDA Bank, 7.46% who did not detect any noticeable change while only 4.41% had the perception that they were worse off than before.

	2017	2016	2015	2014	2013
Income Situation					
Growth	88.13%	94.13%	91.96%	90.58%	92.92%
Stability	7.46%	3.27%	5.44%	6.16%	5.14%
Reduction	4.41%	2.60%	2.60%	3.05%	1.94%

- During 2017, ACLEDA Bank Plc. provided loans to the lower segment by a decrease of 29,894 (-14.37%) micro business loans over the previous year.

	2017	2016	2015	2014	2013
No. of micro business loans outstanding	178,195	208,089	213,158	204,406	210,711
Average micro business loan size (US\$)	1,198	1,214	1,106	932	846

- 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, advertising and selling our products and services and full and detailed information is provided through brochures, our website and other promotional materials.
- ACLEDA practices equality in its lending irrespective of gender or race: 52.19% 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 takes 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 that might be open to question on the grounds of probity, including the provision of banking services at non-commercial rates ('policy lending').
- In 2017 ACLEDA Bank Plc. provided 1,025 internships for local students and five for international students from New Zealand and the USA.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS' REPORT

The Board of Directors ("the Directors") hereby submits their report together with the consolidated financial statements of ACLEDA Bank Plc. ("the Bank") and its subsidiaries (collectively referred to as "the Group") and the separate financial statements of the Bank for the year ended 31 December 2017.

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 issued a license for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003. The Bank's license was renewed for an indefinite period on 28 November 2006. The registered office of the Bank is located at No 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, the 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 National Bank of Cambodia.

PRINCIPAL ACTIVITIES

The Bank operates under regulations of the National Bank of Cambodia with special focus on providing lending and other financial services to the citizenry and small and medium size enterprises, and to engage in all other activities which the Directors believe support this objective.

FINANCIAL PERFORMANCE

The audited financial performance of the Group and the Bank for the year ended 31 December 2017 are set out in the consolidated income statement and separate income statement on pages 49 and 55 respectively.

SHARE CAPITAL

The Bank increased its share capital from US\$307,763,911 to US\$358,544,956 through the conversion of retained earnings of US\$50,781,045 during the year.

BAD AND DOUBTFUL LOANS

Before the financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and advances or making of provisions for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and that adequate provisions have been made for bad and doubtful loans and advances.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the provision for bad and doubtful loans and advances in the financial statements of the Group and the Bank inadequate to any material extent.

ASSETS

Before the financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Group and the Bank, have been written down to an amount which they might be expected to realise.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Group and the Bank misleading in any material respect.

VALUATION METHODS

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Group and the Bank misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liabilities of the Group and the Bank has become enforceable, or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the directors, will or may have a material effect on the ability of the Group and the Bank to meet its obligations as and when they become due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and the Bank, which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Bank for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature. There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Group and the Bank for the year in which this report is made.

THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

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

- [Mr. Chhay Soeun](#)
Chairman (Non-executive Director)
- [Dr. In Channy](#)
Member (Executive Director)
- [Mr. Rath Yumeng](#)
Member (Executive Director)
- [Drs. Pieter Kooi](#)
Member (Independent Director)
- [Mr. Cornelius Reinhart Gunter Obert](#)
Member (Independent Director)
- [Mr. Ian Samuel Lydall](#)
Member (Independent Director)
- [Mrs. Femke Bos](#)
Member (Non-executive Director)
- [Ms. Heng Su Yin](#)
Member (Non-executive Director)
- [Mr. Marc Robert](#)
Member (Non-executive Director)
- [Mr. Yoshiaki Matsuoka](#)
Member (Non-executive Director)

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

- [Dr. In Channy](#)
President and Group Managing Director
- [Dr. So Phonnary](#)
Executive Vice President and Group Chief Operations Officer
- [Mrs. Mar Amara](#)
Executive Vice President and Group Chief Financial Officer
- [Mr. Rath Yumeng](#)
Executive Vice President and Group Chief Treasury Officer
- [Mr. Prom Visoth](#)
Executive Vice President & Group Chief Legal Officer and
Corporate Secretary (Resigned on 1 November 2017)
- [Mr. Ly Thay](#)
Executive Vice President & Group Chief Administrative Officer
- [Mrs. Buth Bunsayha](#)
Executive Vice President & Group Chief Legal Officer and
Corporate Secretary (Appointed on 1 November 2017)

THE PRESIDENT & GROUP MANAGING DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The President & Group Managing Director with the advice of the Executive Committee is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

In preparing these financial statements, the President & Group Managing Director with the advice of the Executive Committee is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the disclosure requirements and guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there have been any departures in the interests of 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 Group and the Bank will continue operations in the foreseeable future; and
- v) effectively control and direct the Group and the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The President & Group Managing Director confirms that the Group and the Bank has complied with the above requirements in preparing the financial statements.



Mrs. Mar Amara

Executive Vice President and Group Chief Financial Officer



Dr. In Channy

President and Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 22 March 2018

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2017 and the financial performance and cash flows of the Group and of the Bank 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.

Signed in accordance with a resolution of the Board of Directors.



Mr. Chhay Soeun

Chairman

Phnom Penh, Kingdom of Cambodia

Date: 22 March 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ACLEDA Bank Plc.
Report on the audit of the financial statements

Our opinion

In our opinion, the consolidated financial statements of ACLEDA Bank Plc. ("the Bank") and its subsidiaries (collectively referred to as "the Group") and the separate financial statements of the Bank present fairly, in all material respects, the consolidated and separate financial position as at 31 December 2017, and consolidated and separate financial performance and cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

What we have audited

The financial statements comprise:

Consolidated financial statements

- Consolidated balance sheet as at 31 December 2017;
- Consolidated income statement for the year then ended;
- Consolidated statement of changes in equity for the year then ended;
- Consolidated statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies

Separate financial statements

- Separate balance sheet as at 31 December 2017;
- Separate income statement for the year then ended;
- Separate statement of changes in equity for the year then ended;
- Separate statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the requirements of Kampuchea Institute of Certified Public Accountant and Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ethical requirements of KICPAA Code.

Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is directors' report and appendix notes on requirement of the National Bank of Cambodia's Prakas but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim

Partner

Phnom Penh, Kingdom of Cambodia

Date: 22 March 2018

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

		2017	2016	2017	2016
	Note	US\$	US\$	KHR'000	KHR'000
ASSETS					
Cash on hand	4	321,744,245	286,216,621	1,298,881,517	1,155,456,499
Balances with the central banks	5	1,497,133,324	1,239,883,281	6,043,927,229	5,005,408,806
Balances with other banks	6	120,254,917	86,820,790	485,469,100	350,495,529
Loans and advances to customers	7	3,085,214,651	2,841,390,830	12,455,011,546	11,470,694,781
Other assets	8	49,569,779	51,987,525	200,113,198	209,873,639
Statutory deposits	9	307,159	307,159	1,240,000	1,240,000
Property and equipment	11	133,328,287	125,990,861	538,246,295	508,625,106
Intangible assets	12	11,340,345	11,841,825	45,780,973	47,805,448
Deferred tax assets	13	25,321,024	20,133,459	102,220,974	81,278,774
Other investments		153,529	153,529	619,797	619,797
TOTAL ASSETS		5,244,367,260	4,664,725,880	21,171,510,629	18,831,498,379
LIABILITIES AND EQUITY					
LIABILITIES					
Due to other banks	14	212,455,089	361,414,079	857,681,194	1,459,028,637
Deposits from customers	15	3,117,209,726	2,764,757,416	12,584,175,664	11,161,325,689
Provision for off balance sheet commitments	29	1,814,620	-	7,325,621	-
Other liabilities	16	86,097,342	80,619,149	347,574,970	325,459,505
Borrowings	17	906,378,182	616,064,141	3,659,048,721	2,487,050,937
Subordinated debts	18	108,684,090	109,400,000	438,757,671	441,647,800
Current income tax liabilities	26	23,971,605	35,697,545	96,773,369	144,110,989
Employee benefits	19	47,541,284	35,983,909	191,924,164	145,267,041
TOTAL LIABILITIES		4,504,151,938	4,003,936,239	18,183,261,374	16,163,890,598
EQUITY					
Share capital	20	358,544,956	307,763,911	1,447,445,987	1,242,442,909
General reserves		302,148,410	238,722,359	1,219,773,131	963,722,163
Currency translation reserves		(2,512,499)	(2,082,409)	(10,142,958)	(8,406,685)
Other reserves		(14,132,007)	(14,132,007)	(57,050,912)	(57,050,912)
Retained earnings		91,684,504	126,886,969	370,130,343	512,242,694
		735,733,364	657,158,823	2,970,155,591	2,652,950,169
Minority interest		4,481,958	3,630,818	18,093,664	14,657,612
TOTAL EQUITY		740,215,322	660,789,641	2,988,249,255	2,667,607,781
TOTAL LIABILITIES AND EQUITY		5,244,367,260	4,664,725,880	21,171,510,629	18,831,498,379

"Amounts in these financial statements expressed in Khmer Riel are translation of US Dollar amounts at rates set by the NBC as disclosed in Note 2.5.(iii)"

The accompanying notes on pages 56 to 113 form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

		2017	2016	2017	2016
	Note	US\$	US\$	KHR'000	KHR'000
Interest income	21	425,345,629	411,925,807	1,717,120,304	1,662,944,483
Interest expense	21	(149,641,260)	(124,702,772)	(604,101,767)	(503,425,091)
Net interest income		275,704,369	287,223,035	1,113,018,537	1,159,519,392
Fee and commission income	22	58,862,019	52,863,407	237,625,971	213,409,574
Fee and commission expense	22	(2,867,061)	(4,736,575)	(11,574,325)	(19,121,553)
Net fee and commission income		55,994,958	48,126,832	226,051,646	194,288,021
Provision for loan losses	7	(34,250,324)	(13,655,023)	(138,268,558)	(55,125,328)
Provision for off balance sheet commitments		(1,814,620)	-	(7,325,621)	-
Net provision for loan losses and off balance sheet commitments		(36,064,944)	(13,655,023)	(145,594,179)	(55,125,328)
Net income after provision		295,634,383	321,694,844	1,193,476,004	1,298,682,085
Other incomes	23	10,601,824	10,814,975	42,799,563	43,660,054
Personnel expenses	24	(112,238,869)	(105,784,312)	(453,108,314)	(427,051,268)
General and administrative expenses	25	(52,308,736)	(42,142,228)	(211,170,367)	(170,128,174)
Depreciation charges	11	(21,265,226)	(22,888,987)	(85,847,717)	(92,402,841)
Amortisation charges	12	(4,051,084)	(3,311,079)	(16,354,226)	(13,366,826)
		(189,863,915)	(174,126,606)	(766,480,624)	(702,949,109)
Profit before income tax		116,372,292	158,383,213	469,794,943	639,393,030
Income tax expense	26	(23,844,294)	(31,014,485)	(96,259,415)	(125,205,476)
Profit for the year		92,527,998	127,368,728	373,535,528	514,187,554
Attributable to:					
Equity holders of the Bank		91,684,504	126,886,969	370,130,343	512,242,694
Minority interest		843,494	481,759	3,405,185	1,944,860
		92,527,998	127,368,728	373,535,528	514,187,554

"Amounts in these financial statements expressed in Khmer Riel are translation of US Dollar amounts at rates set by the NBC as disclosed in Note 2.5.(iii)"

The accompanying notes on pages 56 to 113 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Equity holders of the Bank						
	Share Capital	General Reserves	Currency Translation Reserve	Other Reserves	Retained Earnings	Total	Minority Interest
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
For the year ended 31 December 2016							
As at 1 January 2016	265,726,050	186,188,631	(1,682,388)	(14,132,007)	105,067,769	541,168,055	3,327,244
Conversion of retained earnings to share capital	42,037,861	-	-	-	(42,037,861)	-	-
Dividend in cash	-	-	-	-	(10,496,180)	(10,496,180)	-
Transfers to reserves	-	52,533,728	-	-	(52,533,728)	-	-
Profit for the year	-	-	-	-	126,886,969	126,886,969	481,759
Currency translation differences	-	-	(400,021)	-	-	(400,021)	(178,185)
As at 31 December 2016	307,763,911	238,722,359	(2,082,409)	(14,132,007)	126,886,969	657,158,823	3,630,818
In KHR'000 equivalent	1,242,442,909	963,722,163	(8,406,685)	(57,050,912)	512,242,694	2,652,950,169	14,657,612
For the year ended 31 December 2017							
As at 1 January 2017	307,763,911	238,722,359	(2,082,409)	(14,132,007)	126,886,969	657,158,823	3,630,818
Conversion of retained earnings to share capital	50,781,045	-	-	-	(50,781,045)	-	-
Dividend in cash	-	-	-	-	(12,679,873)	(12,679,873)	-
Transfers to reserves	-	63,426,051	-	-	(63,426,051)	-	-
Profit for the year	-	-	-	-	91,684,504	91,684,504	843,494
Currency translation differences	-	-	(430,090)	-	-	(430,090)	7,646
As at 31 December 2017	358,544,956	302,148,410	(2,512,499)	(14,132,007)	91,684,504	735,733,364	4,481,958
In KHR'000 equivalent	1,447,445,987	1,219,773,131	(10,142,958)	(57,050,912)	370,130,343	2,970,155,591	18,093,664

"Amounts in these financial statements expressed in Khmer Riel are translation of US Dollar amounts at rates set by the NBC as disclosed in Note 2.5.(iii)"

The accompanying notes on pages 56 to 113 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

		2017	2016	2017	2016
	Note	US\$	US\$	KHR'000	KHR'000
Cash flows from operating activities					
Net cash inflow from operating activities	28	3,375,011	189,166,600	13,624,919	763,665,564
Cash flows from investing activities					
Capital guarantee with the central banks		(5,078,097)	(4,204,397)	(20,500,278)	(16,973,151)
Purchases of property and equipment	11	(29,812,568)	(23,384,525)	(120,353,337)	(94,403,327)
Purchases of intangible assets	12	(3,591,752)	(4,380,821)	(14,499,903)	(17,685,374)
Proceeds from disposals of property and equipment		99,335	116,880	401,017	471,844
Net cash outflow in investing activities		(38,383,082)	(31,852,863)	(154,952,501)	(128,590,008)
Cash flows from financing activities					
Payment of dividends		(12,679,873)	(10,496,180)	(51,188,647)	(42,373,079)
Repayments of borrowings		(113,977,208)	(65,674,258)	(460,125,989)	(265,126,980)
Proceeds from borrowings		404,581,190	258,150,118	1,633,294,264	1,042,152,026
Proceeds from subordinated debts		8,284,090	23,400,000	33,442,871	94,465,800
Repayments of subordinated debts		(9,000,000)	(5,000,000)	(36,333,000)	(20,185,000)
Net cash inflow from financing activities		277,208,199	200,379,680	1,119,089,499	808,932,767
Net increase in cash and cash equivalents		242,200,128	357,693,417	977,761,917	1,444,008,325
Cash and cash equivalents at the beginning of the year		1,188,230,538	830,537,121	4,796,886,682	3,363,675,340
Exchange differences		-	-	-	(10,796,983)
Cash and cash equivalents at the end of the year	27	<u>1,430,430,666</u>	<u>1,188,230,538</u>	<u>5,774,648,599</u>	<u>4,796,886,682</u>

During the year, the Group converted retained earnings of US\$50,781,045 to share capital, which is excluded from the consolidated statement of cash flows.

"Amounts in these financial statements expressed in Khmer Riel are translation of US Dollar amounts at rates set by the NBC as disclosed in Note 2.5.(iii)"

The accompanying notes on pages 56 to 113 form an integral part of these financial statements.

SEPARATE BALANCE SHEET

As at 31 December 2017

		2017	2016	2017	2016
	Note	US\$	US\$	KHR'000	KHR'000
ASSETS					
Cash on hand	4	310,875,730	276,428,767	1,255,005,322	1,115,942,932
Balances with the central banks	5	1,483,394,409	1,225,525,016	5,988,463,229	4,947,444,490
Balances with other banks	6	121,863,449	82,074,197	491,962,744	331,333,533
Loans and advances to customers	7	2,939,873,756	2,713,635,339	11,868,270,353	10,954,945,863
Other assets	8	46,436,190	48,773,927	187,462,899	196,900,343
Investment in subsidiaries	10	74,961,960	74,961,960	302,621,433	302,621,433
Property and equipment	11	108,271,588	108,534,489	437,092,401	438,153,732
Intangible assets	12	10,737,495	10,952,018	43,347,267	44,213,297
Deferred tax assets	13	25,156,363	19,984,529	101,556,237	80,677,544
Other investments		153,529	153,529	619,797	619,797
TOTAL ASSETS		5,121,724,469	4,561,023,771	20,676,401,682	18,412,852,964
LIABILITIES AND EQUITY					
LIABILITIES					
Due to other banks	14	205,468,276	352,880,320	829,475,430	1,424,577,853
Deposits from customers	15	3,044,484,178	2,698,795,357	12,290,582,627	10,895,036,855
Provision for off balance sheet commitments	29	1,814,203	-	7,323,938	-
Other liabilities	16	81,284,422	76,632,685	328,145,212	309,366,149
Borrowings	17	866,142,860	582,048,491	3,496,618,726	2,349,729,758
Subordinated debts	18	108,684,090	109,400,000	438,757,671	441,647,800
Current income tax liabilities	26	22,710,117	35,349,262	91,680,742	142,704,971
Employee benefits	19	46,955,594	35,543,852	189,559,733	143,490,531
TOTAL LIABILITIES		4,377,543,740	3,890,649,967	17,672,144,079	15,706,553,917
EQUITY					
Share capital	20	358,544,956	307,763,911	1,447,445,987	1,242,442,909
General reserves		299,148,975	240,304,425	1,207,664,412	970,108,964
Retained earnings		86,486,798	122,305,468	349,147,204	493,747,174
TOTAL EQUITY		744,180,729	670,373,804	3,004,257,603	2,706,299,047
TOTAL LIABILITIES AND EQUITY		5,121,724,469	4,561,023,771	20,676,401,682	18,412,852,964

"Amounts in these financial statements expressed in Khmer Riel are translation of US Dollar amounts at rates set by the NBC as disclosed in Note 2.5.(iii)"

The accompanying notes on pages 56 to 113 form an integral part of these financial statements.

SEPARATE INCOME STATEMENT

For the year ended 31 December 2017

		2017	2016	2017	2016
	Note	US\$	US\$	KHR'000	KHR'000
Interest income	21	402,816,095	392,698,584	1,626,168,576	1,585,324,184
Interest expense	21	(142,081,613)	(117,620,014)	(573,583,472)	(474,831,997)
Net interest income		260,734,482	275,078,570	1,052,585,104	1,110,492,187
Fee and commission income	22	51,032,850	45,781,779	206,019,615	184,821,042
Fee and commission expense	22	(2,464,712)	(4,200,985)	(9,950,042)	(16,959,376)
Net fee and commission income		48,568,138	41,580,794	196,069,573	167,861,666
Provision for loan losses	7	(33,215,649)	(12,516,941)	(134,091,575)	(50,530,891)
Provision for off balance sheet commitments		(1,814,203)	-	(7,323,938)	-
Net provision for loan losses and off balance sheet commitments		(35,029,852)	(12,516,941)	(141,415,513)	(50,530,891)
Net income after provision		274,272,768	304,142,423	1,107,239,164	1,227,822,962
Other incomes	23	9,140,680	7,259,978	36,900,926	29,308,531
Personnel expenses	24	(103,853,975)	(96,672,410)	(419,258,497)	(390,266,519)
General and administrative expenses	25	(47,503,142)	(37,311,685)	(191,770,184)	(150,627,272)
Depreciation charges	11	(20,154,783)	(21,519,832)	(81,364,859)	(86,875,562)
Amortisation charges	12	(3,755,478)	(3,077,228)	(15,160,865)	(12,422,769)
		(175,267,378)	(158,581,155)	(707,554,405)	(640,192,122)
Profit before income tax		108,146,070	152,821,246	436,585,685	616,939,371
Income tax expenses	26	(21,659,272)	(30,515,778)	(87,438,481)	(123,192,196)
Profit for the year		86,486,798	122,305,468	349,147,204	493,747,175

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share Capital	General Reserves	Retained Earnings	Total
	US\$	US\$	US\$	US\$
For the year ended 31 December 2016				
As at 1 January 2016	265,726,050	186,679,020	106,159,446	558,564,516
Conversion of retained earnings to share capital	42,037,861	-	(42,037,861)	-
Dividend paid	-	-	(10,496,180)	(10,496,180)
Transfer to reserves	-	53,625,405	(53,625,405)	-
Profit for the year	-	-	122,305,468	122,305,468
As at 31 December 2016	307,763,911	240,304,425	122,305,468	670,373,804
In KHR'000 equivalent	1,242,442,909	970,108,964	493,747,175	2,706,299,048
For the year ended 31 December 2017				
As at 1 January 2017	307,763,911	240,304,425	122,305,468	670,373,804
Conversion of retained earnings to share capital	50,781,045	-	(50,781,045)	-
Dividend paid	-	-	(12,679,873)	(12,679,873)
Transfer to reserves	-	58,844,550	(58,844,550)	-
Profit for the year	-	-	86,486,798	86,486,798
As at 31 December 2017	358,544,956	299,148,975	86,486,798	744,180,729
In KHR'000 equivalent	1,447,445,987	1,207,664,412	349,147,204	3,004,257,603

"Amounts in these financial statements expressed in Khmer Riel are translation of US Dollar amounts at rates set by the NBC as disclosed in Note 2.5.(iii)"

The accompanying notes on pages 56 to 113 form an integral part of these financial statements.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

		2017	2016	2017	2016
	Note	US\$	US\$	KHR'000	KHR'000
Cash flows from operating activities					
Net cash inflow from operating activities	28	2,071,834	217,424,200	8,363,994	877,741,495
Cash flows from investing activities					
Capital guarantee with the central banks		(5,078,105)	(4,203,786)	(20,500,310)	(16,970,684)
Purchases of property and equipment	11	(21,082,855)	(20,049,821)	(85,111,486)	(80,941,127)
Purchases of intangible assets	12	(3,573,989)	(3,911,597)	(14,428,194)	(15,791,117)
Investment in subsidiaries		-	(5,000,000)	-	(20,185,000)
Proceeds from disposals of property and equipment		96,271	105,723	388,646	426,803
Net cash outflow in investing activities		(29,638,678)	(33,059,481)	(119,651,344)	(133,461,125)
Cash flows from financing activities					
Payment of dividends		(12,679,873)	(10,496,180)	(51,188,647)	(42,373,079)
Repayments of borrowings		(92,221,923)	(70,934,719)	(372,299,903)	(286,363,461)
Proceeds from borrowings		376,316,292	241,968,142	1,519,188,871	976,825,390
Proceeds from subordinated debts		8,284,090	23,400,000	33,442,871	94,465,800
Repayments of subordinated debts		(9,000,000)	(5,000,000)	(36,333,000)	(20,185,000)
Net cash outflow from financing activities		270,698,586	178,937,243	1,092,810,192	722,369,650
Net increase in cash and cash equivalents		243,131,742	363,301,962	981,522,842	1,466,650,020
Cash and cash equivalents at the beginning of the year		1,163,478,054	800,176,092	4,696,960,904	3,240,713,173
Exchange differences		-	-	-	(10,402,289)
Cash and cash equivalents at the end of the year	27	1,406,609,796	1,163,478,054	5,678,483,746	4,696,960,904

During the year, the Bank converted retained earnings of US\$50,781,045 to share capital, which is excluded from the separate statement of cash flows.

"Amounts in these financial statements expressed in Khmer Riel are translation of US Dollar amounts at rates set by the NBC as disclosed in Note 2.5.(iii)"

The accompanying notes on pages 56 to 113 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. Background information

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 ("NBC") issued a license for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003. The Bank's license was renewed for an indefinite period on 28 November 2006.

The registered office of the Bank is located at No 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, the Kingdom of Cambodia.

The Bank operates under the supervision of the National Bank of Cambodia with special focus on providing lending and other financial services to the citizenry and small and medium enterprises and to engage in all other activities which the Board believes support this objective.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

As at 31 December 2017, the Bank and its subsidiaries had 13,859 employees (2016: 13,633 employees).

The financial statements were authorised for issue by the Board of Directors on 22 March 2018. The Board of Directors has the power to amend and reissue the financial statements.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Group and of the Bank have been prepared using the historical cost convention and in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards ("CAS"). In applying CAS, the Bank also applies CFRS 7: Financial Instruments: Disclosures.

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than Cambodia. Consequently, these financial statements are addressed to only those who are informed about Cambodia accounting principles, procedures and practices.

The preparation of financial statements in accordance with CAS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and

the reported amounts of incomes and expenses during the reporting year. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Although these estimates and judgements are based on the management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2.2 New financial reporting framework

On 28 August 2009, the National Accounting Council of the Ministry of Economy and Finance ("the National Accounting Council") announced the adoption of Cambodian International Financial Reporting Standards ("CIFRS") which are based on all standards published by the International Accounting Standard Board ("IASB"), including the related interpretations and amendments. Public accountable entities are required to prepare their financial statements in accordance with CIFRS for accounting period beginning on or after 1 January 2012.

Circular 058 MoEF.NAC dated 24 March 2016 issued by the National Accounting Council of the Ministry of Economy and Finance allowed banks and financial institutions to further delay adoption of CIFRS until periods beginning on or after 1 January 2019.

2.3 Consolidation

i) Subsidiaries

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries made up to the end of the financial year. Subsidiaries are companies in which the Group has power to exercise control over the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements.

Inter-company transactions, balances and unrealised gain or loss arising from inter-company transactions are eliminated and the consolidated financial statements reflect external transactions only. Losses resulting from intra-group transactions, which indicate an impairment loss, will be recognised in the consolidated income statement. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The gain or loss on disposal of subsidiaries, which are the differences between net disposal proceeds and the Group's share of its net assets as of the date of disposal are recognised in the consolidated income statement.

ii) Changes in ownership interests in subsidiaries without change of control

Transactions with minority interest that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to minority interests are also recorded in equity.

2.4 Investment in subsidiaries

Investment in subsidiaries, which are eliminated on consolidation, is stated at cost in the Bank's separate financial statements. On disposal of such investment, the difference between the net disposal proceeds and its carrying amounts is recognised as the gain or loss on disposal in the income statement of the Bank.

2.5 Foreign currency transaction

i) 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 therefore presented in US\$, which is the Bank's functional and presentation currency.

ii) Transactions and balances

Transactions in currencies other than US\$ are translated into US\$ at the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates at reporting dates from monetary assets and liabilities denominated in currencies other than US\$, are recognised in the income statement.

iii) Presentation in Khmer Riel

For the sole regulatory purpose of complying with the National Bank of Cambodia's Prakas No. B7-07-164 dated 13 December 2007, a translation to Khmer Riel ("KHR") is provided for the balance sheet, the income statement, the statement of changes in equity, the statement of cash flow and the notes to the financial statements as of and for the year ended 31 December 2017 using the official rates of exchange published by the National Bank of Cambodia as at the reporting dates, which was US\$1 to KHR4,037 (31 December 2016: US\$1 to KHR4,037). 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 or any other rate. Amounts in these financial statements expressed in Khmer Riel are translations of US Dollars amounts at rates set by the National Bank of Cambodia.

iv) Group companies

The results of financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Bank's presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rates at the dates of that balance sheet;
- b) share capital for each balance sheet presented is translated at historical rates at acquisition dates;
- c) incomes and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- d) all resulting exchange differences are recognised as a separate component of equity.

2.6 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with original maturities of three months or less, including cash on hand, non-restricted balances with the central banks, and balances with other banks.

2.7 Loans and advances to customers

All loans and advances to customers are stated in the balance sheet as the amount of principal less any amounts written off and the provision for loan losses.

Loans are written off when there is no realistic prospect of recovery. Recovery of loans and advances previously written off or provided for decrease the amount of the provision for loan losses in the income statement.

2.8 Provision for loan losses

The Group and the Bank followed the mandatory loan classification and provisioning as required by the National Bank of Cambodia's Prakas No. B7-09-074, dated on 25 February 2009, on assets classification and provisioning for banks and financial institutions. The National Bank of Cambodia issued Prakas No.B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. Loans and advances, other financial products and off balance sheet financial commitments are classified into five classifications and the regulatory provision is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral, unless other information is available to indicate worsening.

Provision for loans and advances are presented as reduction from loans and advances.

The table below shows the classifications and regulatory provisioning requirements:

New Prakas No. B7-017-344 and Circular No. B7-018-001 Sor Ror
Chor Nor

Facility classification	Number of days past due	Provision
Short term		
General provision:		
Normal	Less than 15 days	1%
Specific provision:		
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	91 days or more	100%
Long term		
General provision:		
Normal	Less than 30 days	1%
Specific provision:		
Special mention	30 days – 89 days	3%
Substandard	90 days – 179 days	20%
Doubtful	180 days – 359 days	50%
Loss	360 days or more	100%

Old Prakas No. B7-09-074

Asset classification	Number of days past due	Provision
General provision:		
Normal	Less than 30 days	1%
Specific provision:		
Special mention	30 days – 89 days	3%
Substandard	90 days – 179 days	20%
Doubtful	180 days – 359 days	50%
Loss	360 days or more	100%

The change in provision during the year followed the requirement of the National Bank of Cambodia's Prakas so the impact of the change applies prospectively.

2.9 Other credit related commitments

In the normal course of business, the Group and the Bank enter into other credit related commitments including loan commitments, letters of credit and guarantees. The accounting policy and regulatory provision followed the National Bank of Cambodia's Prakas No. B7-017-344 and Circular No. B7-018-001 Sor Ror Chor Nor in Note 2.8 above.

Provision for off balance sheet commitments are presented as a separate liability line item.

2.10 Property and equipment

Property and equipment are stated at cost less accumulated 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 probable that future economic benefits associated with the item will flow to the Group and 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 year in which they are incurred.

Land and work-in-progress are not depreciated. Depreciation of other property and equipment are charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets.

	Years
Land improvement	3 - 20
Building and improvement	3 - 20
Leasehold improvements	1 - 3
Office equipment	1 - 10
Computer equipment	1 - 10
Motor vehicles	3 - 5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds within the carrying amount and are recognised in the income statement.

2.11 Intangible assets

Intangible assets, which comprise acquired computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalised on the basis of cost incurred to acquire the specific software and bring it to use. These costs are amortised over their estimated useful lives of 5 years except for license of core banking system which has useful lives of 10 years.

Costs associated with maintaining computer software are recognised as expenses when incurred.

2.12 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

Any impairment loss is charged to the income statement in the period in which it arises. Reversal of impairment loss is recognised in the income statement to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

2.13 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 lease is charged to the income statement on a straight-line basis over the period of the lease.

2.14 Borrowings

Borrowings are stated at the amount of the principal outstanding. Fees paid on the establishment of borrowing facilities are recognised as expenses and charged to the income statement over borrowing period.

2.15 Subordinated debts

Subordinated debts are treated as financial liabilities when there are contractual obligations to deliver cash or financial assets to the other entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank; if otherwise, it is treated as equity. The subordinated debts which are approved by the National Bank of Cambodia are included as a Tier II line item in the calculation of the Bank's net worth in accordance with the guidelines of the National Bank of Cambodia.

Subordinated debts are stated at the amount of the principal outstanding.

2.16 Employee benefits

(i) Staff provident fund

The Bank and below subsidiaries provide its employees with a provident fund. The fund is a monthly contribution that is determined based on monthly salary of an employee. The contribution is summarised as below:

	2017		2016	
	Entity	Employee	Entity	Employee
ACLEDA Bank Plc.	10%	5%	10%	5%
ACLEDA Securities Plc.	10%	5%	10%	5%
ACLEDA Institute of Business	10%	5%	10%	5%

The Group contributes interest on the cumulative balance of the provident fund at rate of 5% per annum (2016: 5% per annum). The interest is accrued on a monthly basis and capitalised into the fund. The provident fund will be fully paid to the employee upon termination of employment.

(ii) Retirement benefits

The Bank and its subsidiaries, except ACLEDA MFI Myanmar Co., Ltd, provide an unfunded retirement benefit plan for eligible employees, upon reaching the retirement age, as follows:

- When employee, who have worked for the Group or the Bank for 15 years or more, reach a retirement age of 58 years and 60 years for unskilled and skilled respectively, are entitled to the retirement benefits equivalent to 12 months of last salary; or
- When employee, who have worked for the Group or the Bank for 15 years or more, reach the early retirement age of 55 years and 57 years for unskilled and skilled respectively, are entitled to the retirement benefits equivalent to 6 months of last salary.

No separate fund is maintained and interest contributed for the retirement benefits.

The liability was recognised at the present value of defined obligation at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Group and the Bank of the benefit that employees have earned in return for their service in the current and prior periods. The Group and the Bank attributes benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Group and the Bank expects to pay in future reporting periods.

The present value of the retirement benefit obligations is determined by discounting the estimated future payments by reference to the Bank's six years fixed deposit interest rate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in income statement in the period in which they arise. The cost associated with providing these benefits is recognised in income statement so as to spread the cost over the period of employment in which the entitlement to the benefit is earned. Past-service costs are recognised immediately in the income statement.

2.17 General reserves

General reserves are set up for any overall financial risk of the Group. The Board of Directors exercises its discretion for the use and maintenance of the general reserves by transferring from retained earnings.

2.18 Provisions

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to the passage of time is recognised as interest expense.

2.19 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in country where the Group and the Bank operates and generates taxable income.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.20 Revenue recognition

(i) Interest income

Interest income on loans and advances to customers, balances with the central banks and balances with other banks are recognised on an accrual basis, except where serious doubt exists as to the collectability, in which case, interest is suspended until it is realised on a cash basis. The policy on the suspension of interest is in conformity with the National Bank of Cambodia's guidelines on the suspension of interest on non-performing loans and provision for loan losses.

(ii) Fee and commission income

Fee and commission income comprise loan processing fee, income received from inward and outward bank transfers, bank guarantees, letters of credit, ATM fee charges, broker fees and others.

Loan processing fees are recognised in the income statement over the period of loans and advances to customers. Unamortised loan fees are presented as reduction to loans and advances to customers. Other fee and commission income are recognised when the services rendered.

(iii) Training and consultancy services

The Group recognises revenue when it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured. Revenue from training services and consultancy services are recognised when services are delivered.

2.21 Interest expense

Interest expense on due to other banks, deposits from customers, borrowings and subordinated debts are recognised on an accrual basis.

2.22 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Bank and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

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 of the Bank or voting rights and include any individual who participates in the administration, direction, management or internal control of the Bank.

3. Critical accounting estimates, assumptions and judgments

The Group and the Bank make estimates and assumptions and judgments that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgments are continually evaluated and based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment losses on loans and advances to customers

The Group and the Bank follow the mandatory loan classification and provisioning as required by the National Bank of Cambodia's Prakas No.B7-017-344 and Circular No. B7-018-001 Sor Ror Chor Nor on credit risk classification and provision on impairment for banks and financial institutions. Loans and advances, other financial products and off balance sheet financial commitments are classified into five classifications and the regulatory provision is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral. The Directors believe that the loan aging (by past due days) as a basis to determine the loan classification is appropriate to determine the adequacy of its impairment losses on loans and advances so as to follow this Prakas.

b) Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expenses will be made following inspection by tax authorities.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made.

c) Retirement benefits

The present value of the retirement benefit obligation depends on a number of factors that are determined by management using a number of assumptions such as salary growth rates, turnover rates and mortality rates. The assumptions used in determining the net cost for retirement benefits include discount rate. The management used their six-year fixed deposit interest rate as a discount rate to determine the present value of the estimated future cash outflows expected to be required to settle the retirement benefit obligation. Any changes in these assumptions will affect the value of retirement benefit obligation.

4. Cash on hand

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Cash on hand:								
US Dollar	220,429,347	185,268,074	889,873,274	747,927,215	218,532,881	183,182,630	882,217,241	739,508,277
Khmer Riel	76,213,263	59,934,847	307,672,943	241,956,977	76,209,167	59,931,397	307,656,407	241,943,050
Thai Baht	15,417,138	32,777,777	62,238,986	132,323,886	13,397,124	30,635,174	54,084,190	123,674,197
Euro	1,834,800	2,096,528	7,407,088	8,463,684	1,804,802	2,053,193	7,285,986	8,288,740
Others	7,849,697	6,139,395	31,689,226	24,784,737	931,756	626,373	3,761,498	2,528,668
	<u>321,744,245</u>	<u>286,216,621</u>	<u>1,298,881,517</u>	<u>1,155,456,499</u>	<u>310,875,730</u>	<u>276,428,767</u>	<u>1,255,005,322</u>	<u>1,115,942,932</u>

5. Balances with the central bank

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Balances with National Bank of Cambodia:								
Reserve requirement (i)	457,453,666	381,044,157	1,846,740,450	1,538,275,262	457,453,666	381,044,157	1,846,740,450	1,538,275,262
Current accounts	280,493,356	323,597,829	1,132,351,678	1,306,364,436	280,493,356	323,597,829	1,132,351,678	1,306,364,436
Capital guarantee (ii)	35,854,496	30,776,391	144,744,600	124,244,290	35,854,496	30,776,391	144,744,600	124,244,290
Negotiable certificates of deposit (iii)	709,592,891	490,106,639	2,864,626,501	1,978,560,502	709,592,891	490,106,639	2,864,626,501	1,978,560,502
	<u>1,483,394,409</u>	<u>1,225,525,016</u>	<u>5,988,463,229</u>	<u>4,947,444,490</u>	<u>1,483,394,409</u>	<u>1,225,525,016</u>	<u>5,988,463,229</u>	<u>4,947,444,490</u>
Balances with Bank of Lao:								
Reserve requirement (iv)	2,177,425	2,451,567	8,790,265	9,896,976	-	-	-	-
Current accounts	9,560,887	11,906,087	38,597,301	48,064,873	-	-	-	-
Capital guarantee (v)	603	611	2,434	2,467	-	-	-	-
Fixed deposits (vi)	2,000,000	-	8,074,000	-	-	-	-	-
	<u>13,738,915</u>	<u>14,358,265</u>	<u>55,464,000</u>	<u>57,964,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total balances with the Central banks - Current	<u>1,497,133,324</u>	<u>1,239,883,281</u>	<u>6,043,927,229</u>	<u>5,005,408,806</u>	<u>1,483,394,409</u>	<u>1,225,525,016</u>	<u>5,988,463,229</u>	<u>4,947,444,490</u>

(i) Reserve requirement

The reserve requirement represents the minimum reserve which is calculated at 8% for KHR and 12.50% for other currencies of the total amount of deposits from customers, non-residential banks and financial institution deposits, and non-residential borrowings. The 4.50% reserve requirement in currencies other than KHR is interest bearing while the remaining 8% of the reserve requirement in KHR and other currencies bear no interest.

(ii) Capital guarantee

Pursuant to the National Bank of Cambodia's Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001; the banks are required to maintain 10% of its registered capital as a statutory deposit with the Central Bank. The deposit, which is not available for use in the Bank's day-to-day operations, is refundable should the Bank voluntarily cease its operations in Cambodia.

(iii) Negotiable certificate of deposits

The Bank has pledged negotiable certificate of deposit (NCD) amounting to US\$8,215,630 (31 December 2016: US\$8,729,378) with the National Bank of Cambodia as collateral for settlement clearing facility. The other NCD amounting to US\$701,377,261 with the National Bank of Cambodia is for the purpose of earning interest. The terms of the NCDs are for a period of less than or equal to three months. As at 31 December 2017, the Bank

had yet to utilise the overdraft on settlement clearing facility.

(iv) This represents reserve requirement ofACLEDA Bank Lao Ltd maintained with the Bank of Lao ("BOL") in compliance with BOL regulations. Reserve requirement is calculated at 5% of customers' deposits in local currency and 10% of foreign currencies, bearing no interest.

(v) This represents capital guarantee ofACLEDA Bank Lao Ltd maintained with BOL in compliance with BOL regulations on capital guarantee of the share capital, bearing no interest.

(vi) Fixed deposits have maturity within one year.

(vii) Interest rate

Annual interest rates of balances with the central banks are as follows:

	2017	2016
Current accounts	Nil	Nil
Reserve requirement	0.38% - 0.78%	0.21% - 0.38%
Fixed deposits	2.30% - 3.25%	0.25% - 2.98%
Capital guarantee	0.32% - 0.36%	0.20% - 0.22%
Negotiable certificates of deposit	0.29% - 1.63%	0.29% - 1.50%

6. Balances with other banks

a) By residency status

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Balances with local banks	6,123,010	5,286,004	24,718,591	1,808,953	13,584,210	7,302,743
Balances with overseas banks	114,131,907	81,534,786	460,750,509	80,265,244	478,378,534	324,030,790
	120,254,917	86,820,790	485,469,100	82,074,197	491,962,744	331,333,533

b) By account types

	The Group				The Bank			
	2017		2016		2017		2016	
	US\$		US\$	KHR'000	US\$		KHR'000	KHR'000
Balances with local banks:								
Current accounts	3,122,922		2,597,954	12,607,236	364,927		808,953	1,473,210
Savings accounts	88		-	355	-		-	-
Fixed deposits	3,000,000		2,688,050	12,111,000	3,000,000		1,000,000	4,037,000
Capital Guarantee (*)	-		-	-	-		-	-
Reserve requirement (**)	-		-	-	-		-	-
Total balances with local banks	6,123,010		5,286,004	24,718,591	3,364,927		1,808,953	7,302,743
Balances with overseas banks:								
Current accounts	78,532,924		80,705,049	317,037,415	77,899,539		79,435,507	314,480,440
Savings accounts	598,983		829,737	2,418,094	598,983		829,737	2,418,094
Fixed deposits	35,000,000		-	141,295,000	40,000,000		-	161,480,000
Total balances with overseas banks	114,131,907		81,534,786	460,750,509	118,498,522		80,265,244	324,030,790
	120,254,917		86,820,790	485,469,100	121,863,449		82,074,197	331,333,533

All fixed deposit accounts have maturity within one year.

c) By interest rate

	The Group		The Bank	
	2017		2016	
Local banks	0.00% - 8.25%	0.00% - 7.00%	0.00% - 3.00%	0.00% - 5.50%
Overseas banks	0.00% - 4.20%	0.00% - 1.65%	0.00% - 4.20%	0.00% - 1.65%

7. Loans and advances to customers

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Commercial loans	2,538,587,173	2,316,460,554	10,248,276,417	9,351,551,257	2,393,485,103	2,187,480,134	9,662,499,361	8,830,857,301
Real estate loans	205,535,366	208,349,490	829,746,273	841,106,891	205,535,366	208,349,490	829,746,273	841,106,891
Home improvement loans	70,357,656	42,053,591	284,033,857	169,770,347	70,357,656	42,053,591	284,033,857	169,770,347
Staff loans	110,372,958	78,413,263	445,575,631	316,554,343	106,981,018	75,438,725	431,882,370	304,546,133
Credit revolving loans	105,765,870	129,604,966	426,976,817	523,215,248	105,765,870	129,604,966	426,976,817	523,215,248
Overdrafts	46,899,794	38,366,803	189,334,468	154,886,784	46,899,794	38,366,803	189,334,468	154,886,784
Consumer loans	76,962,622	77,251,954	310,698,105	311,866,138	76,962,622	77,251,954	310,698,105	311,866,138
Loans to related parties (Note 30 (b.ii))	16,167,582	11,947,229	65,268,529	48,230,963	15,232,236	11,009,596	61,492,537	44,445,739
Motor vehicle loans	1,338,841	1,540,655	5,404,901	6,219,624	1,338,841	1,540,655	5,404,901	6,219,624
	3,171,987,862	2,903,988,505	12,805,314,998	11,723,401,595	3,022,558,506	2,771,095,914	12,202,068,689	11,186,914,205
Provision for loan losses:								
Specific	(29,563,491)	(10,763,974)	(119,347,813)	(43,454,163)	(29,164,458)	(10,378,750)	(117,736,917)	(41,899,014)
General	(30,873,789)	(28,779,058)	(124,637,486)	(116,181,057)	(29,394,002)	(27,465,201)	(118,663,586)	(110,877,017)
	(60,437,280)	(39,543,032)	(243,985,299)	(159,635,220)	(58,558,460)	(37,843,951)	(236,400,503)	(152,776,031)
	3,111,550,582	2,864,445,473	12,561,329,699	11,563,766,375	2,964,000,046	2,733,251,963	11,965,668,186	11,034,138,174
Unamortised loan fees	(26,335,931)	(23,054,643)	(106,318,153)	(93,071,594)	(24,126,290)	(19,616,624)	(97,397,833)	(79,192,311)
	3,085,214,651	2,841,390,830	12,455,011,546	11,470,694,781	2,939,873,756	2,713,635,339	11,868,270,353	10,954,945,863

a) Provision for loan losses

Movements of provision for loan losses are as follows:

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
At the beginning of the year	39,543,032	31,642,361	159,635,220	37,843,951	152,776,031	121,774,825
Provision for the year						
Specific	32,084,676	10,337,555	129,525,837	31,305,638	126,380,861	38,276,049
General	2,165,648	3,317,468	8,742,721	1,910,011	7,710,714	12,254,842
	34,250,324	13,655,023	138,268,558	33,215,649	134,091,575	50,530,891
Written off during the year	(13,302,046)	(5,888,915)	(53,700,360)	(12,505,938)	(50,486,472)	(19,079,568)
Currency translation difference	(54,030)	134,563	(218,119)	4,798	19,369	(59,235)
Exchange differences	-	-	-	-	-	(390,882)
At the end of the year	60,437,280	39,543,032	243,985,299	58,558,460	236,400,503	152,776,031

The National Bank of Cambodia issued Prakas No.B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions as stated in Note 2.8. The change in provision during the year followed the new requirement of the National Bank of Cambodia's Prakas so the impact of the change applies prospectively. Should the provision for loan losses have not been changed by the new Prakas, the provision charges for the year should have been decreased by US\$6,162,346 and US\$6,146,562 for the Group and the Bank, respectively.

The impact to income statement for the Group and the Bank are US\$7,976,966 and US\$7,960,765 (provision for loan losses and provision for off balance sheet commitments in Note 29 (a)).

b) By classification

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Normal loans						
Secured	3,062,190,545	2,861,666,730	12,362,063,228	2,936,902,848	11,856,276,797	11,076,638,605
Unsecured	25,188,361	16,239,136	101,685,413	2,497,365	10,081,863	11,063,023
Special mention loans						
Secured	16,663,456	6,340,835	67,270,372	16,276,393	66,707,799	23,425,738
Unsecured	111,694	31,870	450,909	25,270	102,015	128,659
Substandard loans						
Secured	38,593,691	4,619,944	155,802,731	38,234,479	154,352,592	17,099,287
Unsecured	48,911	46,861	197,454	48,596	196,182	189,178
Doubtful loans						
Secured	15,655,671	10,749,203	63,201,944	15,046,218	60,741,582	41,036,856
Unsecured	63,307	58,193	255,570	63,307	255,570	233,205
Loss loans						
Secured	13,346,125	4,197,524	53,878,307	13,338,143	53,846,083	16,945,404
Unsecured	126,101	38,209	509,070	125,887	508,206	154,250
	3,171,987,862	2,903,988,505	12,805,314,998	3,022,558,506	12,202,068,689	11,186,914,205

c) By industry

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Wholesale and retail	1,281,688,420	1,097,506,251	5,174,176,152	1,271,755,115	1,091,614,309	4,406,846,965
Services	624,900,560	621,986,135	2,522,723,561	593,931,982	593,329,033	2,395,269,306
Agriculture	580,795,660	562,120,019	2,344,672,079	570,109,107	549,532,640	2,218,463,268
Housing loans	208,787,970	211,487,531	842,877,035	208,523,829	211,369,629	853,299,192
Manufacturing	100,357,618	109,782,205	405,143,704	93,206,644	103,843,553	419,216,423
Financial institutions	10,400,000	3,110,000	41,984,800	10,400,000	3,110,000	12,555,070
Others	365,057,634	297,996,364	1,473,737,667	274,631,829	218,296,750	881,263,981
	3,171,987,862	2,903,988,505	12,805,314,998	3,022,558,506	2,771,095,914	11,186,914,205

d) By exposure

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Non-large exposure	3,171,987,862	2,903,988,505	12,805,314,998	3,022,558,506	2,771,095,914	11,186,914,205
	3,171,987,862	2,903,988,505	12,805,314,998	3,022,558,506	2,771,095,914	11,186,914,205

Large exposure is defined as overall credit exposure to any single beneficiary that exceeds 10% of the net worth. The exposure is higher of the outstanding loans or commitments and the authorised loans or commitments.

e) By maturity

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Not later than 1 year	1,000,786,433	1,050,293,383	4,040,174,829	924,587,124	3,732,558,220	3,955,938,142
Later than 1 year and not later than 3 years	1,169,810,086	1,126,204,346	4,722,523,317	1,113,360,082	4,494,634,651	4,355,449,812
Later than 3 years and not later than 5 years	596,916,152	526,323,951	2,409,750,506	581,538,608	2,347,671,360	2,069,200,388
Later than 5 years	404,475,191	201,166,825	1,632,866,346	403,072,692	1,627,204,458	806,325,863
	3,171,987,862	2,903,988,505	12,805,314,998	3,022,558,506	12,202,068,689	11,186,914,205

f) By relationship

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Related parties including staff loans	123,148,600	87,385,954	497,150,898	122,213,254	493,374,906	348,991,872
Non-related parties	3,048,839,262	2,816,602,551	12,308,164,100	2,900,345,252	11,708,693,783	10,837,922,333
	3,171,987,862	2,903,988,505	12,805,314,998	3,022,558,506	12,202,068,689	11,186,914,205

g) interest rate

	The Group		The Bank	
	2017	2016	2017	2016
Overdrafts	7.00% - 18.00%	7.00% - 18.00%	10.00% - 18.00%	10.00% - 18.00%
Loans	7.00% - 30.00%	7.00% - 36.00%	7.50% - 18.00%	10.00% - 36.00%
Housing loans	7.76% - 12.00%	8.08% - 12.00%	7.76% - 11.00%	8.08% - 12.00%
Staff loans	7.50% - 11.00%	7.50% - 11.00%	7.50%	7.50%

8. Other assets

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Interest receivables	23,648,069	23,687,734	95,467,255	22,467,867	22,527,446	90,943,300
Prepayments and advances	19,836,611	23,743,049	80,080,399	18,083,444	21,910,040	88,450,831
Receivable from Western Union	966,923	887,753	3,903,468	919,871	877,614	3,542,928
Others	5,118,176	3,668,989	20,662,076	4,965,008	3,458,827	13,963,284
	49,569,779	51,987,525	200,113,198	46,436,190	48,773,927	196,900,343
Current	37,742,659	34,755,386	152,367,115	34,992,706	32,338,851	130,551,941
Non-current	11,827,120	17,232,139	47,746,083	11,443,484	16,435,076	66,348,402
	49,569,779	51,987,525	200,113,198	46,436,190	48,773,927	196,900,343

9. Statutory deposits

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Non-current:						
Security deposit	307,159	307,159	1,240,000	-	-	-

i) In compliance with the Securities and Exchange Commission of Cambodia ("SECC")'s Prakas No. 009 on the licensing of securities firms and securities representatives, ACLEDA Securities Plc. is required to place a security deposit into SECC's bank account maintained with the National Bank of Cambodia amounting to KHR1,000,000,000 (equivalent to US\$ 247,709) for operating as a securities broker in Cambodia.

ii) In compliance with the MOEY'S Prakas No. 295 on the licensing of a private higher education institution, ACLEDA Institute of Business is required to place a minimum deposit into bank account of the General Department of National Treasury maintained with the National Bank of Cambodia amounting to KHR240,000,000 (equivalent to US\$59,450) for operating as a private higher education institution in Cambodia.

10. Investment in subsidiaries

	The Bank		
	2017	2016	2017
	US\$	US\$	KHR'000
ACLEDA Bank Lao Ltd.	49,389,566	49,389,566	199,385,678
ACLEDA Securities Plc.	2,010,000	2,010,000	8,114,370
ACLEDA Institute of Business	17,805,000	17,805,000	71,878,785
ACLEDA MFI Myanmar Co., Ltd.	5,752,394	5,752,394	23,222,415
ACLEDA Properties Ltd.	5,000	5,000	20,185
Total investment in subsidiaries - Non-current	74,961,960	74,961,960	302,621,433

a) ACLEDA Bank Lao Ltd.

ACLEDA Bank Lao Ltd. ("ACLEDA Lao") was established in Lao PDR on 13 December 2007 under a preliminary license from the Bank of Lao PDR ("BOL"). The Bank owned 99.90% of ACLEDA Lao shares.

ACLEDA Lao's principal business is providing banking and related financial services in Lao PDR.

b) ACLEDA Securities Plc.

On 1 March 2010, ACLEDA Securities Plc. ("ACLEDA Securities") was established in the Kingdom of Cambodia and registered with the Ministry of Commerce under the Registration No. Co.0448KH/2010. On 20 October 2010, the Securities and Exchange Commission of Cambodia ("SECC") granted a brokerage license to ACLEDA Securities. The registered share capital of ACLEDA Securities was US\$2,010,000 which divided to 2,010,000 shares with par value of US\$1 each. ACLEDA Securities is wholly owned by ACLEDA Bank Plc.

ACLEDA Securities' principal business is providing securities brokerage and other services approved by SECC.

c) ACLEDA Institute of Business

ACLEDA Institute of Business ("AIB") (previously known as ACLEDA Training Center Ltd.) was established in the Kingdom of Cambodia under a primary license from the Ministry of Commerce under the Registration No. Co.1332KH/2011 dated 8 June 2011. The registered share capital of AIB is US\$17,805,000 which divided to 17,805,000 shares with par value of US\$1 each. AIB is wholly owned by ACLEDA Bank Plc.

AIB is recognised as the establishment of a private higher education institution under the sub-decree No. 13 ANKr. BK dated 25 January 2016 from the Royal Government of Cambodia. AIB provides training and education for Associate's degree, Bachelor's degree, and Master's degree on Department of Business Administration, majoring in Banking and Finance.

In the future, AIB can open branches, new colleges, new departments, new specialties, new levels or classes, new types of education and training, change to a new name and location by sending relevant documents to request for approval from the Ministry of Education, Youth and Sport.

d) ACLEDA MFI Myanmar Co., Ltd.

ACLEDA MFI Myanmar Co., Ltd. ("ACLEDA MFI") was incorporated in the Union of Myanmar under the Republic of the Union of Myanmar Foreign Investment Law on 6 September 2012 to provide services per the Registration No. 96 FC/2012-2013.

According to the Permit to Trade No. 109/2012 dated 6 September 2012 issued by the Ministry of National Planning and Economic Development, which valid from 6 September 2012 to 5 September 2015. This permit was renewed on 7 May 2015 and is valid for a period from 6 September 2015 to 5 September 2020. ACLEDA MFI is permitted to operate as a deposit-taking microfinance institution providing microfinance services to lower income segments of the Myanmar market and other activities allowed by the Microfinance Supervisory Authority at 45 townships in Yangon Region and 28 townships in Bago Region.

ACLEDA MFI started its operations on 18 February 2013. The Bank owns 55% of ACLEDA MFI shares.

e) ACLEDA Properties Ltd.

ACLEDA Properties Ltd. ("ACLEDA Properties") was established in the Kingdom of Cambodia with the Ministry of Commerce under the Registration No. Co.0651KH/2015 dated 16 February 2015 with the registered capital of KHR20 million (equivalent to US\$5,000) by issuing 5,000 shares at KHR4,000 each. ACLEDA Properties is wholly owned by ACLEDA Bank Plc.

ACLEDA Properties's principal business is purchasing, selling, renting of movable and immovable asset, purchasing, selling and supplying office supplies; other business permitted by laws aiming to improve the progress of the ACLEDA Properties, and all other activities reasonably incident to that objective in the judgment of the Board of Directors.

f) ACLEDA Bank Plc. (Representative Office)

On 7 April 2016, ACLEDA Bank Plc. received the foreign bank representation office registration certificate FB/R.O-1/(04)2016 from the central bank of Myanmar and received certificate of incorporation as representative office from the Ministry of Planning and Finance in Myanmar on 6 May 2016 with permit N° 58FC/2016-2017 (YGN), the validity of certificate is until 5 May 2021. The representation office is permitted on the following activities:

- a. Marketing, promotion, negotiation and documentation for business purposes for customers of ACLEDA Bank Plc;
- b. Referring customer of ACLEDA Bank Plc. to banks operating in Myanmar; and Monitoring and supervising offshore loans granted by ACLEDA Bank Plc.

11. Property and equipment

The Group

Non-current	Land		Land improvement		Building and improvement		Leasehold improvement		Office equipment		Computer equipment		Motor vehicles		Construction in progress		Total	
	US\$		US\$		US\$		US\$		US\$		US\$		US\$		US\$		US\$	
Cost																		
As at 1 January 2016	14,542,280			184,259	67,197,249		4,582,572		44,025,656		40,102,140		15,483,448		2,847,674		188,965,278	
Additions	-			1,081,201	343,466		400,052		3,903,062		8,336,176		1,225,602		8,094,966		23,384,525	
Disposals/written off	-			-	-		(129,471)		(479,788)		(683,584)		(215,579)		-		(1,508,422)	
Reclassifications	-			-	-		16,322		50,689		884,378		-		(951,389)		-	
Currency translation difference	-			-	-		(9,821)		(12,993)		(22,217)		(9,234)		-		(54,265)	
Adjustments	-			-	-		(335)		335		-		(59)		(82,192)		(82,251)	
As at 31 December 2016	14,542,280			1,265,460	67,540,715		4,859,319		47,486,961		48,616,893		16,484,178		9,909,059		210,704,865	
Less: Accumulated depreciation																		
As at 1 January 2016	-			2,901	1,847,562		3,234,720		19,450,679		27,561,510		11,271,305		-		63,368,677	
Charge for the year	-			24,039	3,575,931		792,623		7,388,839		8,859,038		2,248,517		-		22,888,987	
Disposals	-			-	-		(114,448)		(467,471)		(672,089)		(213,092)		-		(1,467,100)	
Currency translation difference	-			(6)	(731)		(14,919)		(19,987)		(29,407)		(11,818)		-		(76,868)	
Adjustments	-			-	-		-		487		(119)		(60)		-		308	
As at 31 December 2016	-			26,934	5,422,762		3,897,976		26,352,547		35,718,933		13,294,852		-		84,714,004	
Net book value as at 31 December 2016	14,542,280			1,238,526	62,117,953		961,343		21,134,414		12,897,960		3,189,326		9,909,059		125,990,861	
In KHR'000 equivalent	58,707,184			4,999,929	250,770,177		3,880,942		85,319,629		52,069,065		12,875,309		40,002,871		508,625,106	

The Group

Non-current	Land	Land improvement	Building and improvement	Leasehold improvement	Office equipment	Computer equipment	Motor vehicles	Construction in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost									
As at 1 January 2017	14,542,280	1,265,460	67,540,715	4,859,319	47,486,961	48,616,893	16,484,178	9,909,059	210,704,865
Additions	-	98,467	6,463,926	449,524	5,689,908	7,244,416	1,171,329	8,694,998	29,812,568
Disposals/written off	-	-	(505,482)	(523,759)	(768,485)	(836,235)	(122,147)	-	(2,756,108)
Reclassifications	-	-	3,302,196	-	930,343	2,017,777	-	(6,250,316)	-
Currency translation difference	-	-	-	(10,158)	(22,433)	(52,801)	(20,363)	-	(105,755)
Adjustments	-	-	-	-	-	-	-	(838,012)	(838,012)
As at 31 December 2017	14,542,280	1,363,927	76,801,355	4,774,926	53,316,294	56,990,050	17,512,997	11,515,729	236,817,558
Less: Accumulated depreciation									
As at 1 January 2017	-	26,934	5,422,762	3,897,976	26,352,547	35,718,933	13,294,852	-	84,714,004
Charge for the year	-	66,298	3,604,888	653,293	7,476,290	7,738,831	1,725,626	-	21,265,226
Disposals	-	-	(196,474)	(473,547)	(747,960)	(830,351)	(122,147)	-	(2,370,479)
Currency translation difference	-	(14)	(4,725)	(4,614)	(28,470)	(55,953)	(19,985)	-	(113,761)
Adjustments	-	-	-	(5,719)	-	-	-	-	(5,719)
As at 31 December 2017	-	93,218	8,826,451	4,067,389	33,052,407	42,571,460	14,878,346	-	103,489,271
Net book value as at 31 December 2017	14,542,280	1,270,709	67,974,904	707,537	20,263,887	14,418,590	2,634,651	11,515,729	133,328,287
In KHR'000 equivalent	58,707,184	5,129,852	274,414,687	2,856,327	81,805,312	58,207,848	10,636,086	46,488,999	538,246,295

The Bank

Non-current	Land		Land improvement		Building and improvement		Leasehold improvement		Office equipment		Computer equipment		Motor vehicles		Construction in progress		Total	
	US\$		US\$		US\$		US\$		US\$		US\$		US\$		US\$		US\$	
Cost																		
As at 1 January 2016	2,328,344		184,259		67,197,249		3,551,763		42,001,930		36,153,985		13,730,642		1,723,558		166,871,730	
Additions	-		-		343,466		366,568		3,753,027		7,701,720		1,212,311		6,672,729		20,049,821	
Disposals/written off	-		-		-		(85,862)		(429,098)		(645,964)		(211,522)		-		(1,372,446)	
Reclassifications	-		-		-		16,322		50,689		884,378		-		(951,389)		-	
Adjustments	-		-		-		(335)		335		-		(59)		(82,192)		(82,251)	
As at 31 December 2016	2,328,344		184,259		67,540,715		3,848,456		45,376,883		44,094,119		14,731,372		7,362,706		185,466,854	
Less: Accumulated depreciation																		
As at 1 January 2016	-		2,901		1,847,562		2,507,513		17,982,043		24,338,290		10,108,012		-		56,786,321	
Charge for the year	-		9,238		3,575,931		634,612		7,072,605		8,278,941		1,948,505		-		21,519,832	
Disposals	-		-		-		(85,688)		(425,333)		(640,723)		(211,522)		-		(1,363,266)	
Currency translation difference	-		(6)		(731)		(397)		(4,035)		(4,542)		(1,119)		-		(10,830)	
Adjustments	-		-		-		-		487		(119)		(60)		-		308	
As at 31 December 2016	-		12,133		5,422,762		3,056,040		24,625,767		31,971,847		11,843,816		-		76,932,365	
Net book value as at 31 December 2016	2,328,344		172,126		62,117,953		792,416		20,751,116		12,122,272		2,887,556		7,362,706		108,534,489	
In KHR'000 equivalent	9,399,525		694,874		250,770,175		3,198,983		83,772,255		48,937,612		11,657,064		29,723,244		438,153,732	

The Bank

Non-current	Land	Land improvement	Building and improvement	Leasehold improvement	Office equipment	Computer equipment	Motor vehicles	Construction in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost									
As at 1 January 2017	2,328,344	184,259	67,540,715	3,848,456	45,376,883	44,094,119	14,731,372	7,362,706	185,466,854
Additions	-	98,467	6,463,926	331,454	5,514,762	5,507,041	1,108,440	2,058,765	21,082,855
Disposals/written off	-	-	(505,482)	(506,636)	(668,397)	(825,779)	(120,812)	-	(2,627,106)
Reclassifications	-	-	3,302,196	-	930,343	2,017,777	-	(6,250,316)	-
Adjustments	-	-	-	-	-	-	-	(838,012)	(838,012)
As at 31 December 2017	2,328,344	282,726	76,801,355	3,673,274	51,153,591	50,793,158	15,719,000	2,333,143	203,084,591
Less: Accumulated depreciation									
As at 1 January 2017	-	12,133	5,422,762	3,056,040	24,625,767	31,971,847	11,843,816	-	76,932,365
Charge for the year	-	12,275	3,604,888	538,283	7,237,795	7,236,369	1,525,173	-	20,154,783
Disposals	-	-	(196,474)	(460,593)	(650,693)	(820,110)	(120,812)	-	(2,248,682)
Currency translation difference	-	(14)	(4,725)	5,008	(8,830)	(9,363)	(1,820)	-	(19,744)
Adjustments	-	-	-	(5,719)	-	-	-	-	(5,719)
As at 31 December 2017	-	24,394	8,826,451	3,133,019	31,204,039	38,378,743	13,246,357	-	94,813,003
Net book value as at 31 December 2017	2,328,344	258,332	67,974,904	540,255	19,949,552	12,414,415	2,472,643	2,333,143	108,271,588
In KHR'000 equivalent	9,399,525	1,042,886	274,414,687	2,181,009	80,536,341	50,116,993	9,982,061	9,418,899	437,092,401

The Bank is a cash settlement agent of SECC for clearing and settlement for the exchange between the parties to a transaction for a sale or purchase of securities. There was purchase of property and equipment of US\$400 and depreciation charges of US\$73 for cash settlement for SECC.

12. Intangible assets

Non-current

Cost

As at 1 January 2016				
Additions	24,250,089	1,826,103	26,076,192	
Transfers	4,098,394	282,427	4,380,821	
	1,051,493	(1,051,493)	-	
Currency translation difference	(11,238)	-	(11,238)	
Adjustments	72,000	(118,206)	(46,206)	
As at 31 December 2016	29,460,738	938,831	30,399,569	

Less: Accumulated amortisation

As at 1 January 2016	15,259,007	-	15,259,007	
Charge for the year	3,311,079	-	3,311,079	
Currency translation difference	(14,588)	-	(14,588)	
Adjustment	2,246	-	2,246	
As at 31 December 2016	18,557,744	-	18,557,744	

Net book value as at 31 December 2016

In KHR'000 equivalent

Cost

As at 1 January 2017	29,460,738	938,831	30,399,569	
Additions	2,714,899	876,853	3,591,752	
Disposals	(1,189,774)	-	(1,189,774)	
Transfers	273,967	(273,967)	-	
Currency translation difference	(32,349)	-	(32,349)	
Adjustment	(6,401)	(22,791)	(29,192)	
As at 31 December 2017	31,221,080	1,518,926	32,740,006	

Less: Accumulated amortisation

As at 1 January 2017	18,557,744	-	18,557,744	
Charge for the year	4,051,084	-	4,051,084	
Disposals	(1,181,242)	-	(1,181,242)	
Currency translation difference	(26,642)	-	(26,642)	
Adjustments	(1,283)	-	(1,283)	
As at 31 December 2017	21,399,661	-	21,399,661	

Net book value as at 31 December 2017

In KHR'000 equivalent

	The Group			The Bank		
	Computer software	Work in progress	Total	Computer software	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$
	24,250,089	1,826,103	26,076,192	22,108,216	1,826,103	23,934,319
Additions	4,098,394	282,427	4,380,821	3,629,170	282,427	3,911,597
Transfers	1,051,493	(1,051,493)	-	1,051,493	(1,051,493)	-
Currency translation difference	(11,238)	-	(11,238)	-	-	-
Adjustments	72,000	(118,206)	(46,206)	72,000	(118,206)	(46,206)
As at 31 December 2016	29,460,738	938,831	30,399,569	26,860,879	938,831	27,799,710
	15,259,007	-	15,259,007	13,772,511	-	13,772,511
Charge for the year	3,311,079	-	3,311,079	3,077,228	-	3,077,228
Currency translation difference	(14,588)	-	(14,588)	(4,293)	-	(4,293)
Adjustment	2,246	-	2,246	2,246	-	2,246
As at 31 December 2016	18,557,744	-	18,557,744	16,847,692	-	16,847,692
	10,902,994	938,831	11,841,825	10,013,187	938,831	10,952,018
	44,015,386	3,790,062	47,805,448	40,423,236	3,790,061	44,213,297
	29,460,738	938,831	30,399,569	26,860,879	938,831	27,799,710
Additions	2,714,899	876,853	3,591,752	2,697,136	876,853	3,573,989
Disposals	(1,189,774)	-	(1,189,774)	(1,189,774)	-	(1,189,774)
Transfers	273,967	(273,967)	-	273,967	(273,967)	-
Currency translation difference	(32,349)	-	(32,349)	-	-	-
Adjustment	(6,401)	(22,791)	(29,192)	(6,401)	(22,791)	(29,192)
As at 31 December 2017	31,221,080	1,518,926	32,740,006	28,635,807	1,518,926	30,154,733
	18,557,744	-	18,557,744	16,847,692	-	16,847,692
Charge for the year	4,051,084	-	4,051,084	3,755,478	-	3,755,478
Disposals	(1,181,242)	-	(1,181,242)	(1,181,242)	-	(1,181,242)
Currency translation difference	(26,642)	-	(26,642)	(3,407)	-	(3,407)
Adjustments	(1,283)	-	(1,283)	(1,283)	-	(1,283)
As at 31 December 2017	21,399,661	-	21,399,661	19,417,238	-	19,417,238
	9,821,419	1,518,926	11,340,345	9,218,569	1,518,926	10,737,495
	39,649,068	6,131,905	45,780,973	37,215,363	6,131,904	43,347,267

Deferred tax liabilities:

	The Group			The Bank		
	Accelerated depreciation	Unrealised exchange gain	Total	Accelerated depreciation	Unrealised exchange gain	Total
	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2016						
Charged/(credited) to income statement	1,507,909	(916)	1,506,993	1,507,013	-	1,507,013
As at 31 December 2016	(942,894)	543	(942,351)	(943,568)	-	(943,568)
As at 31 December 2017	565,015	(373)	564,642	563,445	-	563,445
<i>In KHR'000 equivalent</i>	<i>2,280,966</i>	<i>(1,506)</i>	<i>2,279,460</i>	<i>2,274,628</i>	<i>-</i>	<i>2,274,628</i>
As at 1 January 2017	565,015	(373)	564,642	563,445	-	563,445
Charged/(credited) to income statement	(551,772)	704	(551,068)	(542,318)	-	(542,318)
As at 31 December 2017	13,243	331	13,574	21,127	-	21,127
<i>In KHR'000 equivalent</i>	<i>53,462</i>	<i>1,336</i>	<i>54,798</i>	<i>85,290</i>	<i>-</i>	<i>85,290</i>

14. Due to other banks

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Fixed deposits	40,025,424	150,664,223	161,582,637	31,441,447	141,500,000	126,929,122
Savings deposits	85,139,085	143,149,752	343,706,486	85,124,599	143,149,752	343,648,006
Current accounts	87,290,580	67,600,104	352,392,071	88,902,230	68,230,568	358,898,302
	212,455,089	361,414,079	857,681,194	205,468,276	352,880,320	829,475,430
			1,459,028,637			1,424,577,853

All fixed deposits have maturity within one year.

a) By residency status

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Cambodia	208,856,505	352,249,734	843,153,710	205,468,276	352,880,320	829,475,430
Lao PDR	3,598,584	9,164,345	14,527,484	-	-	-
	212,455,089	361,414,079	857,681,194	205,468,276	352,880,320	829,475,430
			1,459,028,637			1,424,577,853
b) By relationship						
Related parties	-	-	-	1,611,771	630,585	2,545,672
Non-related parties	212,455,089	361,414,079	857,681,194	203,856,505	352,249,735	822,968,710
	212,455,089	361,414,079	857,681,194	205,468,276	352,880,320	829,475,430
			1,459,028,637			1,424,577,853

16. Other liabilities

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Interest payables	39,357,433	37,228,201	158,885,957	150,290,247	37,121,117	35,220,036	149,857,949	142,183,285
Fund transfers	9,798,243	5,630,919	39,555,507	22,732,020	9,796,874	5,625,385	39,549,980	22,709,679
Accrued bonuses	6,486,603	9,376,525	26,186,416	37,853,031	5,974,709	8,956,262	24,119,900	36,156,430
Accrued annual leave	15,240,973	13,506,741	61,527,808	54,526,713	14,761,639	13,020,964	59,592,737	52,565,632
Tax payables	1,271,129	1,340,931	5,131,548	5,413,338	1,223,597	1,331,228	4,939,661	5,374,167
Others	13,942,961	13,535,832	56,287,734	54,644,156	12,406,486	12,478,810	50,084,985	50,376,956
	86,097,342	80,619,149	347,574,970	325,459,505	81,284,422	76,632,685	328,145,212	309,366,149
Current	67,473,883	64,334,910	272,392,066	259,720,032	65,247,440	62,428,899	263,403,916	252,025,465
Non-current	18,623,459	16,284,239	75,182,904	65,739,473	16,036,982	14,203,786	64,741,296	57,340,684
	86,097,342	80,619,149	347,574,970	325,459,505	81,284,422	76,632,685	328,145,212	309,366,149

17. Borrowings

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Current	227,266,611	104,184,562	917,475,309	420,593,077	212,119,044	90,905,634	856,324,581	366,986,044
Non-current	679,111,571	511,879,579	2,741,573,412	2,066,457,860	654,023,816	491,142,857	2,640,294,145	1,982,743,714
Total borrowings	906,378,182	616,064,141	3,659,048,721	2,487,050,937	866,142,860	582,048,491	3,496,618,726	2,349,729,758

The Group and the Bank did not pledge any collaterals for borrowings.

a) By relationship

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Related parties:								
Triodos Microfinance Fund	1,500,298	-	6,056,703	-	-	-	-	-
Triodos Fair Share Fund	1,500,297	-	6,056,699	-	-	-	-	-
SUMITOMO MITSUI BANKING CORPORATION. (SMBC)	-	77,822	-	314,167	-	77,822	-	314,167
	3,000,595	77,822	12,113,402	314,167	-	77,822	-	314,167

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Non-related parties:								
Asian Development Bank	32,142,857	53,571,429	129,760,714	216,267,859	32,142,857	53,571,429	129,760,714	216,267,859
BANK SINOPAC	-	-	-	-	-	-	-	-
Bank of the Lao P.D.R	1,994,450	1,686,363	8,051,595	6,807,847	-	-	-	-
BlueOrchard Microfinance Fund (BlueOrchard Debt Sub-Fund)	20,000,000	20,000,000	80,740,000	80,740,000	20,000,000	20,000,000	80,740,000	80,740,000
China Development Bank Corporation	100,000,000	30,000,000	403,700,000	121,110,000	100,000,000	30,000,000	403,700,000	121,110,000
CIMB THAI BANK-VIENTIANE BRANCH	4,749,035	8,015,640	19,171,854	32,359,139	-	-	-	-
CSMFMC	-	5,500,000	-	22,203,500	-	5,500,000	-	22,203,500
Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	7,338,802	13,162,687	29,626,744	53,137,767	2,500,000	7,500,000	10,092,500	30,277,500
FMO (Syndicated Loan)	85,000,000	102,000,000	343,145,000	411,774,000	85,000,000	102,000,000	343,145,000	411,774,000
Industrial and Commercial Bank of China Limited - Phnom Penh Branch	64,000,000	49,000,000	258,368,000	197,813,000	64,000,000	49,000,000	258,368,000	197,813,000
Industrial And Commercial Bank Of China Limited (Yangon Branch)	2,202,643	-	8,892,070	-	-	-	-	-
International Finance Corporation (IFC)	17,067,574	34,996,934	68,901,796	141,282,623	8,333,333	25,000,000	33,641,665	100,925,000
IFC (Syndicated Loan)	300,416,670	210,000,000	1,212,782,097	847,770,000	300,416,670	210,000,000	1,212,782,097	847,770,000
Kreditanstalt für Wiederaufbau (KfW)	2,382,801	3,217,442	9,619,368	12,988,813	-	-	-	-
Maybank (Yangon) Branch	550,661	-	2,223,018	-	-	-	-	-
MicroVest Short Duration Fund, LP	8,750,000	10,000,000	35,323,750	40,370,000	8,750,000	10,000,000	35,323,750	40,370,000
NORFUND	2,931,950	5,436,584	11,836,282	21,947,490	-	-	-	-
Overseas Private Investment Corporation (OPIC)	155,000,000	50,000,000	625,735,000	201,850,000	155,000,000	50,000,000	625,735,000	201,850,000
PROPARCO	-	2,222,222	-	8,971,110	-	2,222,222	-	8,971,110
ResponsAbility Management Company S.A.	3,500,000	5,000,000	14,129,500	20,185,000	3,500,000	5,000,000	14,129,500	20,185,000
ResponsAbility SICAV	11,500,000	11,500,000	46,425,500	46,425,500	11,500,000	11,500,000	46,425,500	46,425,500
Standard Chartered Bank	-	677,018	-	2,733,122	-	677,018	-	2,733,122
Taiwan Shin Kong Commercial Bank (Syndicated Loan)	75,000,000	-	302,775,000	-	75,000,000	-	302,775,000	-
TMB Bank	8,850,144	-	35,728,031	-	-	-	-	-
	903,377,587	615,986,319	3,646,935,319	2,486,736,770	866,142,860	581,970,669	3,496,618,726	2,349,415,591
	906,378,182	616,064,141	3,659,048,721	2,487,050,937	866,142,860	582,048,491	3,496,618,726	2,349,729,758

b) By interest rate

	The Group		The Bank	
	2017	2016	2017	2016
Annual interest rates	2.92% - 13.00%	2.77% - 13.00%	3.41% - 6.51%	2.77% - 6.26%

c) By Lenders, terms and conditions

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group US\$	The Bank US\$	
Asian Development Bank	22 October 2014	28 May 2019	75,000,000	17,142,857	17,142,857	On 28 May 2014, the Bank obtained a US\$75,000,000 loan. The Bank drew down US\$40,000,000 and US\$35,000,000 on 22 October 2014 and 24 November 2014 respectively. The loan is repaid in seven equal semi-annual instalments starting from 28 May 2016. The Bank repaid US\$21,428,571 of the principal during year ended 31 December 2017 (2016: US\$21,428,571).
	24 November 2014			15,000,000	15,000,000	
Bank of the Lao P.D.R	22 June 2017	17 February 2018	1,994,450	1,994,450	-	The loans will be repaid in full on their maturity date.
BlueOrchard Microfinance Fund (BlueOrchard Debt Sub-Fund)	24 June 2015	24 June 2018	5,000,000	5,000,000	5,000,000	On 19 June 2015, the Bank entered into a US\$5,000,000 loan agreement, which is repaid in full on its maturity date.
	27 December 2016	27 December 2020	15,000,000	15,000,000	15,000,000	On 22 December 2016, the Bank entered into a US\$15,000,000 loan agreement, which is repaid in full on its maturity date.
China Development Bank Corporation	27 December 2016	26 December 2019	100,000,000	30,000,000	30,000,000	On 19 December 2016, the Bank entered into a US\$100,000,000 loan agreement, which is repaid in full on its maturity date.
	18 December 2017			70,000,000	70,000,000	
CIMB THAI BANK-VIENTIANE BRANCH	25 February 2016	25 February 2019	8,085,789	2,374,517	-	On 12 February 2016, ACLEDA Bank Lao entered into a LAK 65,600,000,000 loan agreement equivalent of the amount of US\$8,085,789, which was received and is to be repaid in US\$. The loan was drawn down LAK32,800,000,000 and LAK32,800,000,000 on 25 February 2016 and 25 March 2016 respectively. The loan will be repaid in six equal semi-annual instalments starting from 25 February 2017. ACLEDA Bank Lao repaid LAK26,240,000,000 equivalent of the amount of US\$3,166,023 of the principal during the year ended 31 December 2017 (2016: nil).
	25 March 2016			2,374,517	-	

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group US\$	The Bank US\$	
Credit Suisse Microfinance Fund Management Company	22 November 2013	23 January 2017	2,500,000	-	-	The loans will be repaid in full on their maturity date. The Bank repaid US\$2,500,000 of the principal during the year ended 31 December 2017 (2016: US\$1,000,000).
	23 April 2015	23 April 2018	3,000,000	3,000,000	3,000,000	
Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. (FMO) – syndicated loan	14 August 2013	15 April 2018	15,000,000	2,500,000	2,500,000	On 29 July 2013, The Bank entered into a US\$15,000,000 loan agreement, which is repaid in six equal semi-annual instalments starting from 15 October 2015. The Bank repaid US\$5,000,000 of the principal during year ended 31 December 2017 (2016: US\$5,000,000).
	02 September 2015	15 June 2020	102,000,000	41,666,667	41,666,667	On 4 August 2015, the Bank entered into a US\$102,000,000 syndicated loan agreement, which will be repaid in six equal semi-annual instalments starting from 15 December 2017. The Bank repaid US\$17,000,000 of the principal during year ended 31 December 2017.
	16 December 2015			43,333,333	43,333,333	
	06 June 2014	10 December 2017	6,000,000	-	-	On 5 April 2014, ACLEDA Bank Lao entered into a LAK48,294,000,000 loan agreement equivalent of the amount of US\$6,000,000, which was received and is to be repaid in US\$. The loan is repaid in six equal semi-annual instalments starting from 10 June 2015. ACLEDA Bank Lao repaid US\$1,943,070 of the principal during the year ended 31 December 2017 (2016: US\$1,975,768).
Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	30 September 2015	10 December 2018	6,500,000	1,827,789	-	On 5 April 2014, ACLEDA Bank Lao entered into a LAK52,890,500,000 loan agreement equivalent of the amount of US\$6,500,000, which was received and is to be repaid in US\$. The loan is repaid in seven equal semi-annual instalments starting from 10 December 2015. ACLEDA Bank Lao repaid US\$1,822,213 of the principal during the year ended 31 December 2017 (2016: US\$1,852,427).
				-	-	
	24 February 2017	15 February 2020	3,000,000	3,011,013	-	On 3 February 2017, ACLEDA MFI Myanmar entered into a US\$ 3,000,000 equivalent in MMK loan agreement to be received and repaid in MMK. ACLEDA MFI Myanmar drew down MMK4,101,000,000 equivalent of the amount of US\$3,000,000 on 24 February 2017. The loan will be repaid in four equal semi-annual instalments starting from 15 August 2018.

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group	The Bank	
				US\$	US\$	
Industrial and Commercial Bank of China Limited - Phnom Penh Branch	01 September 2015	31 August 2018	18,000,000	18,000,000	18,000,000	The loans will be repaid in full on their maturity date.
	19 September 2016	19 September 2019	21,000,000	21,000,000	21,000,000	
	01 November 2016	01 November 2019	15,000,000	10,000,000	10,000,000	
	27 February 2017	27 February 2020		5,000,000	5,000,000	
	27 April 2017	27 April 2022	10,000,000	10,000,000	10,000,000	
International Finance Corporation	02 April 2014	15 June 2018	50,000,000	8,333,333	8,333,333	On 31 December 2013, the Bank entered into a US\$50,000,000 loan agreement, which is repaid in six equal semi-annual instalments starting from 15 December 2015. The Bank repaid US\$ 16,666,667 of the principal during year ended 31 December 2017 (2016: US\$16,666,667).
	05 May 2016	15 March 2019	6,000,000	1,953,882	-	On 16 March 2016, ACLEDA MFI Myanmar entered into a US\$ 6,000,000 loan agreement to be received and repaid in MMK. ACLEDA MFI Myanmar drew down MMK3,501,000,000 equivalent of the amount of US\$3,000,000 on 5 May 2016 and MMK 3,595,500,000 equivalent of the amount of US\$3,000,000 on 23 August 2016. The loan will be repaid in four equal semi-annual instalments starting from 15 September 2017. ACLEDA MFI Myanmar repaid MMK1,774,125,000 equivalent in US\$1,302,588 of the principal during the year ended 31 December 2017.
	23 August 2016			1,953,882	-	
	02 March 2016	15 February 2019	50,000,000	3,750,000	3,750,000	On 16 February 2016, the Bank entered into a US\$5,000,000 syndicated loan agreement, which will be repaid in four equal semi-annual instalments starting from 15 August 2017. The Bank repaid US\$1,250,000 of the principal during year ended 31 December 2017.
		15 February 2021		45,000,000	45,000,000	On 16 February 2016, the Bank entered into a US\$45,000,000 syndicated loan agreement, which will be repaid in seven equal semi-annual instalments starting from 15 February 2018.

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group US\$	The Bank US\$	
International Finance Corporation - syndicated loan	21 July 2016	15 December 2020	160,000,000	50,000,000	50,000,000	On 30 May 2016, the Bank entered into a US\$160,000,000 syndicated loan agreement, the Bank drew down US\$50,000,000, US\$99,687,500 and US\$10,312,500 on 21 July 2016, 25 May 2017 and 30 May 2017 respectively. The loan will be repaid in six equal semi-annual instalments starting from 15 June 2018.
	25 May 2017			99,687,500	99,687,500	
	30 May 2017			10,312,500	10,312,500	
	27 March 2015	15 January 2020	110,000,000	75,000,001	75,000,001	On 27 February 2015, the Bank entered into a US\$110,000,000 syndicated loan agreement, which will be repaid in six equal semi-annual instalments starting from 17 July 2017. The Bank repaid US\$18,333,330 of the principal during year ended 31 December 2017.
				16,666,669	16,666,669	
	03 October 2016	15 June 2026	13,000,000	4,826,477	-	On 30 May 2016, ACLEDA Institute of Business entered into a US\$13,000,000 loan agreement and disbursed amount US\$5,000,000 on 3 October 2016, which will be repaid in fourteen equal semi-annual instalments starting from 15 December 2019. The loan is guaranteed by ACLEDA Bank Plc.
Kreditanstalt für Wiederaufbau (KfW)	01 April 2015	31 December 2020	3,240,965	1,181,788	-	On 30 October 2014, ACLEDA Bank Lao entered into a EUR3,000,000 loan agreement, which was disbursed in LAK equivalent of the amount of EUR1,500,000 on 1 April 2015 and of EUR1,500,000 on 27 October 2016. The loan will be repaid in four equal-annual instalments starting from 31 December 2017. ACLEDA Bank Lao repaid US\$794,267 of the principal during the year ended 31 December 2017.
	27 October 2016			1,201,014	-	

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group US\$	The Bank US\$	
MicroVest Short Duration Fund, LP	27 June 2016	15 June 2021	10,000,000	8,750,000	8,750,000	On 27 June 2016, the Bank entered into a US\$10,000,000 loan agreement, which will be repaid in eight equal semi-annual instalments starting from 15 December 2017. The Bank repaid US\$1,250,000 of the principal during year ended 31 December 2017.
NORFUND - THE NORWEGIAN INVESTMENT FUND FOR DEVELOPMENT COUNTRIES (NORFUND)	13 June 2014	10 December 2017	3,000,000	-	-	On 17 April 2014, ACLEDA Bank Lao entered into a LAK24,129,000,000 loan agreement equivalent of the amount of US\$3,000,000, which to be received and repaid in US\$. The loan is repaid in six equal semi-annual instalments starting from 10 June 2015. ACLEDA Bank Lao repaid US\$970,811 of the principal during the year ended 31 December 2017 (2016: US\$987,147).
	03 August 2016	10 December 2019	4,500,000	2,931,950	-	On 17 April 2014, ACLEDA Bank Lao entered into a LAK36,450,000,000 loan agreement equivalent of the amount of US\$4,500,000, which was received and to be repaid in US\$. The loan will be repaid in six equal semi-annual instalments starting from 10 June 2017. ACLEDA Bank Lao repaid US\$1,466,537 of the principal during the year ended 31 December 2017.
Overseas Private Investment Corporation (OPIC)	12 October 2016	15 February 2023	125,000,000	50,000,000	50,000,000	On 1 August 2016, the Bank entered into a US\$125,000,000 loan agreement, which will be repaid in six equal semi-annual instalments starting from 15 August 2020. The loan was drawn down of US\$50,000,000 on 12 October 2016, and the remaining amounts US\$75,000,000 had been drawn down on 24 July 2017.
	24 July 2017			75,000,000	75,000,000	
Overseas Private Investment Corporation	14 December 2017	15 February 2024	30,000,000	30,000,000	30,000,000	On 7 October 2016, the Bank entered into a US\$30,000,000 loan agreement, which will be repaid in eight equal semi-annual instalments starting from 15 August 2020.
Societe de Promotion et de Participation Pour la Cooperation Economique S.A. (PROPARCO)	01 February 2013	30 September 2017	10,000,000	-	-	On 4 September 2012, the Bank entered into a US\$10,000,000 loan agreement. The loan is repaid in nine equal semi-annual instalments starting from 30 September 2013. The Bank repaid US\$2,222,222 of the principal during year ended 31 December 2017 (2016: US\$2,222,222).

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group US\$	The Bank US\$	
ResponsAbility Management Company S.A.	09 September 2015	10 September 2018	5,000,000	5,000,000	5,000,000	The loan will be repaid in full on its maturity date.
ResponsAbility SICAV (Société d'investissement à Capital Variable)	22 November 2013	23 January 2017	4,500,000	-	-	The loans will be repaid in full on their maturity date. The Bank repaid US\$4,500,000 of the principal during year ended 31 December 2017 (2016: US\$4,000,000).
	23 April 2015	23 April 2018	500,000	500,000	500,000	
		23 May 2018	1,500,000	1,500,000	1,500,000	
	09 September 2015	10 September 2018	5,000,000	5,000,000	5,000,000	
Taiwan Shin Kong Commercial Bank-SKB (Syndicated Loan)	15 June 2017	20 December 2019	75,000,000	75,000,000	75,000,000	The loans will be repaid in full on its maturity date.
Triodos Microfinance Fund (TMF)	22 June 2017	22 June 2020	1,500,000	1,500,298	-	On 21 June 2017, ACLEDA MFI Myanmar entered into a US\$3,000,000 equivalent in MMK loan agreement to be received and repaid in MMK. ACLEDA MFI Myanmar drew down MMK 4,086,810,000 equivalent of the amount of US\$3,000,000 on 22 June 2017. The loan will be repaid in four equal semi-annual instalments starting from 22 December 2018.
Triodos Fair Share Fund (TFSF)			1,500,000	1,500,297	-	
Maybank (Yangon) Branch	22 June 2017	21 June 2019	734,214	550,661	-	On 14 June 2017, ACLEDA MFI Myanmar entered into a MMK 1,000,000,000 loan agreement to be received and repaid in MMK. ACLEDA MFI Myanmar drew down MMK1,000,000,000 equivalent of the amount of US\$734,214 on 22 June 2017. The loan will be repaid in four equal semi-annual instalments starting from 22 December 2017. ACLEDA MFI Myanmar repaid MMK 250,000,000 equivalent in US\$183,554 of the principal during the year ended 31 December 2017.
TMB BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH	05 September 2017	05 September 2022	8,850,144	8,849,077	-	On 29 August 2017, ACLEDA Bank Lao entered into a LAK 73,350,000,000 loan agreement equivalent of the amount of US\$8,849,077, which was received and to be repaid in US\$. The loan will be repaid in nine equal semi-annual instalments starting from 5 September 2018.
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED (YANGON BRANCH)	20 December 2017	20 December 2020	2,202,643	2,202,643	-	On 11 December 2017, ACLEDA MFI Myanmar entered into a MMK 3,000,000,000 loan agreement to be received and repaid in MMK. ACLEDA MFI Myanmar drew down MMK 3,000,000,000 equivalent of the amount of US\$ 2,202,643 on 20 December 2017. The loan will be repaid in six semi annual instalments starting from 20 June 2018.

18. Subordinated debts

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Current	43,000,000	9,000,000	173,591,000	43,000,000	173,591,000	36,333,000
Non-current	65,684,090	100,400,000	265,166,671	65,684,090	265,166,671	405,314,800
Total subordinated debt	108,684,090	109,400,000	438,757,671	108,684,090	438,757,671	441,647,800

a) By relationship

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Non-related parties:						
BIO	10,000,000	10,000,000	40,370,000	10,000,000	40,370,000	40,370,000
DEG	21,000,000	30,000,000	84,777,000	21,000,000	84,777,000	121,110,000
IFC	6,000,000	6,000,000	24,222,000	6,000,000	24,222,000	24,222,000
IFC Capitalization (Subordinated Debt) Fund, L.P.	40,000,000	40,000,000	161,480,000	40,000,000	161,480,000	161,480,000
KfW	16,684,090	8,400,000	67,353,671	16,684,090	67,353,671	33,910,800
SIFEM AG (Represented by Obviam DFI AG)	10,000,000	10,000,000	40,370,000	10,000,000	40,370,000	40,370,000
SWEDFUND INTERNATIONAL AB	5,000,000	5,000,000	20,185,000	5,000,000	20,185,000	20,185,000
	108,684,090	109,400,000	438,757,671	108,684,090	438,757,671	441,647,800

The Group and the Bank did not pledge any collaterals for subordinated debts.

Movements of the subordinated debts are as follows:

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
At the beginning of the year	109,400,000	91,000,000	441,647,800	109,400,000	441,647,800	368,550,000
Additions	8,284,090	23,400,000	33,442,871	8,284,090	33,442,871	94,465,800
Repayments	(9,000,000)	(5,000,000)	(36,333,000)	(9,000,000)	(36,333,000)	(20,185,000)
Exchange differences	-	-	-	-	-	(1,183,000)
At the end of the year	108,684,090	109,400,000	438,757,671	108,684,090	438,757,671	441,647,800

b) By interest rate

	The Group		The Bank	
	2017	2016	2017	2016
Annual interest rates	7.00% - 8.48%	7.00% - 8.48%	7.00% - 8.48%	7.00% - 8.48%

c) By Lenders, terms and conditions

Lender	Drawdown Date	NBC's approval Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
					The Group US\$	The Bank US\$	
SOCIETE BELGE D'INVESTISSEMENT POUR LES PAYS EN DEVELOPEMENT-BIO SA/BELGISCHE INVESTERINGSMATTSCHAPPIJ VOOR ONTWIKKELINGSLANDEN NV ("BIO")	15 March 2013	30 April 2013	15 December 2019	10,000,000	10,000,000	10,000,000	On 14 February 2013, the Bank entered into a US\$10,000,000 loan agreement, which will be repaid in four equal semi-annual instalments starting from 15 June 2018.
	12 December 2011	01 December 2011	15 November 2018	10,000,000	5,000,000	5,000,000	On 25 October 2011, the Bank entered into a US\$10,000,000 loan agreement, which will be repaid in four equal semi-annual instalments starting from 15 May 2017. The Bank repaid US\$5,000,000 of the principal during year ended 31 December 2017.
Deutsche Investitions – Und EntwicklungsgesellschaftMbh ("DEG")	24 November 2014	05 February 2015	15 November 2021	20,000,000	16,000,000	16,000,000	On 1 August 2013, the Bank entered into a US\$20,000,000 loan agreement, which will be repaid in five equal annual instalments starting from 15 November 2017. The Bank repaid US\$4,000,000 of the principal during year ended 31 December 2017.
	12 August 2011	30 June 2011	12 August 2018	6,000,000	6,000,000	6,000,000	On 31 May 2011, the Bank entered into a US\$6,000,000 loan agreement, which will be repaid in full on its maturity date.
International Finance Corporation ("IFC")	22 March 2013	30 April 2013	15 October 2019	40,000,000	40,000,000	40,000,000	On 19 December 2012, the Bank entered into a US\$40,000,000 loan agreement, which will be repaid in four equal semi-annual instalments starting from 15 April 2018.
IFC Capitalization (Subordinated Debt) Fund, L.P. Kreditanstalt für Wiederaufbau ("KfW")	19 December 2016	04 January 2017	21 November 2028	8,400,000	8,400,000	8,400,000	On 21 November 2016, the Bank entered into a EUR8,000,000 loan agreement equivalent of the amount of US\$8,400,000, which to be received and repaid in US\$. The loan will be repaid in full on its maturity date.
	20 November 2017	28 December 2017	11 September 2029	2,358,340	2,358,340	2,358,340	On 11 September 2017, the Bank entered into a EUR2,000,000 loan agreement equivalent of the amount of US\$2,358,340, which to be received and repaid in US\$. The loan will be repaid in full on its maturity date.
	28 December 2017	19 February 2018	13 December 2029	5,925,750	5,925,750	5,925,750	On 13 December 2017, the Bank entered into a EUR5,000,000 loan agreement equivalent of the amount of US\$5,925,750, which to be received and repaid in US\$. The loan will be repaid in full on its maturity date.
SIFEM AG (Represented by Obviam DFI AG)	11 January 2016	14 March 2016	14 December 2022	10,000,000	10,000,000	10,000,000	On 14 December 2015, the Bank entered into a US\$10,000,000 loan agreement, which will be repaid in five equal annual instalments starting from 14 December 2018.
SWEDFUND INTERNATIONAL AB	11 January 2016	14 March 2016	14 December 2022	5,000,000	5,000,000	5,000,000	On 14 December 2015, the Bank entered into a US\$5,000,000 loan agreement, which will repaid in five equal annual instalments starting from 14 December 2018.

19. Employee benefits

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
a) Provident fund								
At the beginning of the year	27,993,009	20,319,136	113,007,777	82,292,501	27,963,839	20,290,429	112,890,018	82,176,237
Additions during the year:								
The Group's/Bank's contribution	6,566,090	6,025,525	26,507,305	24,325,044	6,200,366	5,721,458	25,030,878	23,097,526
Employees' contribution	3,385,237	3,089,921	13,666,202	12,474,011	3,100,183	2,860,729	12,515,439	11,548,763
Interest	1,579,965	95,082	6,378,319	383,846	1,579,965	95,082	6,378,319	383,846
Payments during the year	(2,020,325)	(1,527,767)	(8,156,052)	(6,167,595)	(1,562,540)	(1,177,218)	(6,307,974)	(4,752,429)
Balance of subsidiaries	-	-	-	-	180,650	178,532	729,284	720,734
Currency translation difference	(12,332)	(8,888)	(49,784)	(35,881)	(9,649)	(5,173)	(38,954)	(20,883)
Exchange differences	-	-	-	(264,149)	-	-	-	(263,776)
At the end of the year	37,491,644	27,993,009	151,353,767	113,007,777	37,452,814	27,963,839	151,197,010	112,890,018
b) Retirement benefits								
At the beginning of the year	7,990,900	6,389,765	32,259,264	25,878,548	7,580,013	6,069,339	30,600,512	24,580,823
Current service cost	1,039,662	908,570	4,197,115	3,667,897	962,751	795,642	3,886,626	3,212,007
Interest cost	520,661	495,722	2,101,908	2,001,230	493,505	469,937	1,992,280	1,897,136
Benefits paid	(234,120)	(147,960)	(945,142)	(597,315)	(175,236)	(147,960)	(707,428)	(597,315)
Settlement loss	(7,562)	130,731	(30,528)	527,761	(7,588)	130,731	(30,633)	527,761
Remeasurement loss from change in actuarial assumptions	745,281	217,858	3,008,700	879,493	651,897	265,219	2,631,708	1,070,689
Currency translation difference	(5,182)	(3,786)	(20,920)	(15,284)	(2,562)	(2,895)	(10,342)	(11,687)
Exchange differences	-	-	-	(83,066)	-	-	-	(78,901)
At the end of the year	10,049,640	7,990,900	40,570,397	32,259,264	9,502,780	7,580,013	38,362,723	30,600,513
Total – Non-current	47,541,284	35,983,909	191,924,164	145,267,041	46,955,594	35,543,852	189,559,733	143,490,531

Current service cost, interest cost, settlement loss and remeasurement loss from change in actuarial assumptions are recorded as personnel expenses (Note 24).

(i) The principal assumptions used to determine estimated costs and obligations are as follows:

	2017	2016
Salary growth rate	4.20%	5.50%
Inflation rate	1.20%	1.20%
Discount rates	6.50%	7.75%
Mortality rate (*) and staff turnover rate (**)		

Age	2017		2016	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
(*) Mortality rate table is as follows:				
18-29	0 - 0.39	0 - 1.17	0 - 0.39	0 - 1.17
30-39	0	0 - 0.40	0	0 - 3.18
40-49	0	0	0	0
50-59	0	0	0	0
60	0	0	0	0
(**) Staff turnover rate table is as follows:				
18-29	1.55 - 4.44	1.36 - 4.54	2.56 - 4.44	2.80 - 5.68
30-39	0 - 3.92	2.92 - 6.62	0 - 6.26	3.61 - 6.05
40-49	0	0 - 5.90	0 - 9.52	0 - 5.99
50-59	0	0 - 7.41	0	0 - 7.41
60	0	0	0	0

20. Share capital

As at 31 December 2017, the authorised share capital comprised 358,544,956 ordinary shares (2016: 307,763,911) at par value of US\$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank:

	2017			2016		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	93,221,689	93,221,689	26.00%	77,267,575	77,267,575	25.11%
ASA Plc.	89,636,246	89,636,246	25.00%	79,692,026	79,692,026	25.89%
SMBC	65,434,452	65,434,452	18.25%	56,166,912	56,166,912	18.25%
COFIBRED S.A	43,921,756	43,921,756	12.25%	37,701,078	37,701,078	12.25%
ORIX Corporation	43,921,756	43,921,756	12.25%	37,701,078	37,701,078	12.25%
Triodos Microfinance Fund	9,145,802	9,145,802	2.55%	7,850,474	7,850,474	2.55%
Triodos Fair Share Fund	7,821,231	7,821,231	2.18%	6,713,503	6,713,503	2.18%
Triodos Sustainable Finance Foundation	5,442,024	5,442,024	1.52%	4,671,265	4,671,265	1.52%
Total – Non-current	358,544,956	358,544,956	100%	307,763,911	307,763,911	100%
<i>In KHR'000 equivalent – Non-current</i>		<u>1,447,445,987</u>			<u>1,242,442,909</u>	

The Bank increased its share capital from US\$307,763,911 to US\$358,544,956 through the conversion of retained earnings of US\$50,781,045 on 8 August 2017. This conversion was approved by National Bank of Cambodia on 8 August 2017, and the Bank is in the process of revising Memorandum and Articles of Association from Ministry of Commerce.

21. Net interest income

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Interest income:								
Loans and advances to customers	417,641,892	409,085,757	1,686,020,318	1,651,479,200	395,122,253	389,887,622	1,595,108,536	1,573,976,330
Balances with the central banks	7,010,322	2,527,161	28,300,670	10,202,150	6,891,817	2,520,111	27,822,265	10,173,688
Balances with other banks:								
Banks inside Cambodia	145,198	69,447	586,164	280,358	84,375	55,042	340,622	222,205
Banks outside Cambodia	548,217	243,442	2,213,152	982,775	717,650	235,809	2,897,153	951,961
	<u>425,345,629</u>	<u>411,925,807</u>	<u>1,717,120,304</u>	<u>1,662,944,483</u>	<u>402,816,095</u>	<u>392,698,584</u>	<u>1,626,168,576</u>	<u>1,585,324,184</u>
Interest expense:								
Fixed deposits	83,612,268	75,791,463	337,542,726	305,970,137	79,369,507	71,317,056	320,414,700	287,906,955
Subordinated debts	9,228,172	8,814,752	37,254,130	35,585,154	9,228,172	8,814,752	37,254,130	35,585,154
Borrowings	48,120,106	32,477,056	194,260,868	131,109,875	44,644,966	29,976,987	180,231,728	121,017,097
Savings deposits	6,988,674	6,218,407	28,213,277	25,103,709	6,970,873	6,101,594	28,141,414	24,632,135
Provident fund	1,403,910	1,177,027	5,667,585	4,751,658	1,579,965	1,185,558	6,378,319	4,786,098
Current accounts	288,130	224,067	1,163,181	904,558	288,130	224,067	1,163,181	904,558
	<u>149,641,260</u>	<u>124,702,772</u>	<u>604,101,767</u>	<u>503,425,091</u>	<u>142,081,613</u>	<u>117,620,014</u>	<u>573,583,472</u>	<u>474,831,997</u>
Net interest income	<u>275,704,369</u>	<u>287,223,035</u>	<u>1,113,018,537</u>	<u>1,159,519,392</u>	<u>260,734,482</u>	<u>275,078,570</u>	<u>1,052,585,104</u>	<u>1,110,492,187</u>

22. Net fee and commission income

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Fee and commission income:								
Commission fees	16,414,244	13,694,878	66,264,303	55,286,222	16,222,264	13,528,594	65,489,280	54,614,934
Loan processing fees	19,012,013	17,472,695	76,751,496	70,537,270	16,514,028	14,682,860	66,667,131	59,274,706
Early loan redemption fees	2,655,822	2,159,974	10,721,553	8,719,815	1,798,751	1,419,155	7,261,558	5,729,129
Commission fee collected for insurance agency	6,414,892	6,257,786	25,896,919	25,262,682	6,331,450	6,239,067	25,560,064	25,187,113
Training fees	2,242,357	1,820,441	9,052,395	7,349,120	-	-	-	-
ATM Fee	4,988,091	4,558,680	20,136,923	18,403,392	4,983,436	4,497,459	20,118,131	18,156,242
Others	7,134,600	6,898,953	28,802,382	27,851,073	5,182,921	5,414,644	20,923,451	21,858,918
	58,862,019	52,863,407	237,625,971	213,409,574	51,032,850	45,781,779	206,019,615	184,821,042
Fee and commission expense	(2,867,061)	(4,736,575)	(11,574,325)	(19,121,553)	(2,464,712)	(4,200,985)	(9,950,042)	(16,959,376)
Net fee and commission income	55,994,958	48,126,832	226,051,646	194,288,021	48,568,138	41,580,794	196,069,573	167,861,666

There was settlement fees amounting to KHR1,856,000 (US\$459) for cash settlement for SECC.

23. Other income

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Foreign exchange gain	6,171,372	5,386,613	24,913,829	21,745,757	6,104,215	5,247,458	24,642,716	21,183,988
Recoveries from loans written off	3,104,367	2,548,756	12,532,330	10,289,328	2,528,551	1,422,789	10,207,760	5,743,799
Others	1,620,911	2,804,048	6,543,617	11,319,941	798,599	493,188	3,223,945	1,991,000
	10,896,650	10,739,417	43,989,776	43,355,026	9,431,365	7,163,435	38,074,421	28,918,787
(Loss)/gain on disposals of property and equipment	(294,826)	75,558	(1,190,213)	305,028	(290,685)	96,543	(1,173,495)	389,744
	10,601,824	10,814,975	42,799,563	43,660,054	9,140,680	7,259,978	36,900,926	29,308,531

24. Personnel expenses

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Salaries and wages	81,569,498	74,741,523	329,296,063	301,731,528	73,898,643	67,081,745	298,328,822	270,809,005
Bonuses and incentives	13,090,799	15,359,345	52,847,556	62,005,676	11,614,312	13,877,114	46,886,978	56,021,909
Contributions to provident fund (Note 19 (a))	6,566,090	6,025,525	26,507,305	24,325,044	6,200,366	5,721,458	25,030,878	23,097,526
Retirement benefits	2,298,192	1,752,956	9,277,801	7,076,683	2,100,715	1,661,604	8,480,586	6,707,895
Annual leave	2,349,087	1,944,748	9,483,264	7,850,948	2,285,170	1,369,708	9,225,231	5,529,511
Other benefits	6,365,203	5,960,215	25,696,325	24,061,389	7,754,769	6,960,781	31,306,002	28,100,673
	112,238,869	105,784,312	453,108,314	427,051,268	103,853,975	96,672,410	419,258,497	390,266,519

There was salaries and wages expense amounting to US\$ 27,203 for cash settlement for SECC.

25. General and administrative expenses

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Rental expenses	10,625,134	9,923,903	42,893,666	40,062,796	9,438,703	8,764,274	38,104,044	35,381,374
Repairs and maintenance	10,208,078	7,684,506	41,210,011	31,022,351	9,595,209	7,262,746	38,735,859	29,319,706
Utilities	4,895,847	4,754,904	19,764,534	19,195,547	4,520,299	4,386,184	18,248,447	17,707,025
Office supplies	3,232,790	3,132,143	13,050,773	12,644,461	2,735,908	2,581,596	11,044,861	10,421,903
Communication	3,709,511	3,309,653	14,975,296	13,361,069	3,244,545	2,815,707	13,098,228	11,367,009
Furniture and fixtures	3,060,318	2,882,607	12,354,504	11,637,084	2,784,412	2,576,409	11,240,671	10,400,963
Travelling	2,156,735	2,108,167	8,706,739	8,510,670	1,751,028	1,688,131	7,068,900	6,814,985
Marketing	792,762	682,383	3,200,380	2,754,780	721,300	585,852	2,911,888	2,365,085
Legal and professional fees*	5,361,329	1,019,682	21,643,685	4,116,456	4,962,271	824,817	20,032,688	3,329,786
License fees	1,147,649	1,137,074	4,633,059	4,590,368	1,114,311	1,102,045	4,498,474	4,448,956
Others	7,118,583	5,507,206	28,737,720	22,232,592	6,635,156	4,723,924	26,786,124	19,070,480
	<u>52,308,736</u>	<u>42,142,228</u>	<u>211,170,367</u>	<u>170,128,174</u>	<u>47,503,142</u>	<u>37,311,685</u>	<u>191,770,184</u>	<u>150,627,272</u>

There were expenses for cash settlement for SECC related to repairs and maintenance of US\$9,721, office supplies of US\$106, furniture and fixtures of US\$11 and membership fees of US\$12,773 (KHR51,666,667).

* In 2017, the amount includes penalties and fines paid to NBC for non-compliance of Prakas and/or banking regulations amounting to US\$2,982,413 (KHR12,040,000,000).

26. Income tax expenses

a) Current income tax liabilities

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
At the beginning of the year	35,697,545	26,442,852	144,110,989	107,093,551	35,349,262	26,173,939	142,704,971	106,004,453
Income tax expense	29,031,859	39,677,047	117,201,615	160,176,239	26,831,106	39,133,768	108,317,174	157,983,022
Income tax paid	(40,757,799)	(30,422,354)	(164,539,235)	(122,815,043)	(39,470,251)	(29,958,445)	(159,341,403)	(120,942,242)
Exchange difference	-	-	-	(343,758)	-	-	-	(340,262)
At the end of the year	<u>23,971,605</u>	<u>35,697,545</u>	<u>96,773,369</u>	<u>144,110,989</u>	<u>22,710,117</u>	<u>35,349,262</u>	<u>91,680,742</u>	<u>142,704,971</u>

b) Income tax expense

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Current income tax	29,031,859	39,677,047	117,201,615	160,176,239	26,831,106	39,133,768	108,317,174	157,983,022
Deferred tax	(5,187,565)	(8,662,562)	(20,942,200)	(34,970,763)	(5,171,834)	(8,617,990)	(20,878,693)	(34,790,826)
	<u>23,844,294</u>	<u>31,014,485</u>	<u>96,259,415</u>	<u>125,205,476</u>	<u>21,659,272</u>	<u>30,515,778</u>	<u>87,438,481</u>	<u>123,192,196</u>

c) Reconciliation between income tax expense and accounting profit

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Profit before income tax	116,372,292	158,383,213	469,794,943	108,146,070	152,821,246	616,939,371
Tax calculated at domestic tax rates applicable to profits in the respective countries	23,586,513	31,957,779	95,218,753	21,629,214	30,564,249	123,387,873
Tax effect of reconciling items:						
Non-deductible expense	257,781	220,467	1,040,662	30,058	181,961	734,577
Utilisation of tax losses	-	(933,329)	-	-	-	-
Exchange Currency translation	-	(230,432)	-	-	(230,432)	(930,254)
	23,844,294	31,014,485	96,259,415	21,659,272	30,515,778	123,192,196

d) Other tax matters

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

27. Cash and cash equivalents

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Cash on hand	321,744,245	286,216,621	1,298,881,517	310,875,730	276,428,767	1,115,942,932
Balances with the central banks:						
Current accounts	290,054,243	335,503,916	1,170,948,979	280,493,356	323,597,829	1,306,364,436
Negotiable certificate of deposits, maturities of three months or less	701,377,261	481,377,261	2,831,460,003	701,377,261	481,377,261	1,943,320,003
Balances with other banks:						
Current accounts	81,655,846	83,303,003	329,644,650	78,284,466	80,244,460	323,946,885
Savings accounts	599,071	829,737	2,418,450	598,983	829,737	3,349,648
Fixed deposits, maturities of three months or less	35,000,000	1,000,000	141,295,000	35,000,000	1,000,000	4,037,000
	1,430,430,666	1,188,230,538	5,774,648,599	1,406,609,796	1,163,478,054	4,696,960,904

28. Cash flows from operating activities

	Note	The Group			The Bank		
		2017	2016	2017	2016	2017	2016
		US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
Cash flows from operating activities							
Profit before income tax		116,372,292	158,383,213	469,794,943	639,393,030	108,146,070	152,821,246
Adjustments for:							
Depreciation charge	11	21,265,226	22,888,987	85,847,717	92,402,841	20,154,783	21,519,832
Amortisation charge	12	4,051,084	3,311,079	16,354,226	13,366,826	3,755,478	3,077,228
Adjustments of property and equipment		832,293	82,559	3,359,967	333,291	832,293	82,559
Adjustments of intangible assets		27,909	48,452	112,669	195,601	27,909	48,452
Provident fund expenses (the Group/the Bank contribution)	19(a)	6,566,090	6,025,525	26,507,305	24,325,044	6,200,366	5,721,458
Provision for loan losses	7(a)	34,250,324	13,655,023	138,268,558	55,125,328	33,215,649	12,516,941
Provision for off balance sheet commitments		1,814,620	-	7,325,621	-	1,814,203	-
Retirement benefits expenses		2,298,042	1,752,881	9,277,195	7,076,381	2,100,565	1,661,529
Currency translation reserves		(422,444)	(578,206)	(1,705,406)	(2,334,218)	-	-
Net interest income	21	(275,704,369)	(287,223,035)	(1,113,018,537)	(1,159,519,392)	(260,734,482)	(275,078,570)
Loss/(gain) on disposals of property and equipment	23	294,826	(75,558)	1,190,213	(305,028)	290,685	(96,543)
Unrealised exchange gain		(309,754)	(569,908)	(1,250,478)	(2,300,719)	(35,362)	(23,191)
		(88,663,861)	(82,298,988)	(357,936,007)	(332,241,015)	(84,231,843)	(77,749,059)
Change in working capitals							
Loans and advances to customers		(278,074,145)	(347,158,680)	(1,122,585,323)	(1,401,479,591)	(259,454,066)	(320,687,575)
Balances with the central banks		513,748	(2,177,526)	2,074,001	(8,790,672)	513,748	(2,177,526)
Reserve requirement with the central banks		(76,135,367)	(59,814,860)	(307,358,477)	(241,472,590)	(76,409,509)	(57,363,293)
Balances with other banks		(3,311,950)	(34,009)	(13,370,342)	(137,294)	(8,000,000)	500,000
Other assets		2,378,081	(9,222,676)	9,600,313	(37,231,943)	2,278,158	(8,779,727)
Deposits from customers		352,452,310	340,962,355	1,422,849,975	1,376,465,027	345,688,821	357,469,993
Due to other banks		(148,958,990)	89,568,849	(601,347,443)	361,589,443	(147,412,044)	77,844,669
Provident fund		4,965,202	3,185,003	20,044,520	12,857,857	4,860,798	3,134,343
Other liabilities		3,348,961	(3,454,293)	13,519,756	(13,944,980)	2,750,656	(3,619,040)
Net cash used in operations		(231,486,011)	(70,444,825)	(934,509,027)	(284,385,758)	(219,415,281)	(31,427,215)
Interest income received		425,385,294	409,249,306	1,717,280,432	1,652,139,448	402,875,674	390,491,914
Interest expenses paid		(147,512,028)	(117,539,800)	(595,506,057)	(474,508,173)	(140,180,532)	(110,356,876)
Income tax paid	26(a)	(40,757,799)	(30,422,354)	(164,539,235)	(122,815,043)	(39,470,251)	(29,958,445)
Provident fund paid	19(a)	(2,020,325)	(1,527,767)	(8,156,052)	(6,167,595)	(1,562,540)	(1,177,218)
Retirement benefits paid	19(b)	(234,120)	(147,960)	(945,142)	(597,315)	(175,236)	(147,960)
Net cash inflow from operating activities		3,375,011	189,166,600	13,624,919	763,665,564	2,071,834	217,424,200
						8,363,994	877,741,495

29. Commitments and contingencies

The Group and the Bank had the contractual amounts of the Group and the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities as follows:

a) Loan commitment, guarantee and other financial liabilities

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Unused portion of overdrafts	111,820,677	96,365,540	451,420,073	389,027,685	111,820,677	96,365,540	451,420,073	389,027,685
Bank guarantees	47,061,149	42,348,394	189,985,859	170,960,467	47,019,492	42,334,335	189,817,689	170,903,710
Letters of credits	13,592,124	15,855,401	54,871,405	64,008,254	13,592,124	15,855,401	54,871,405	64,008,254
Forward foreign exchange	684,085	-	2,761,651	-	684,085	-	2,761,651	-
	<u>173,158,035</u>	<u>154,569,335</u>	<u>699,038,988</u>	<u>623,996,406</u>	<u>173,116,378</u>	<u>154,555,276</u>	<u>698,870,818</u>	<u>623,939,649</u>

The Group and the Bank have made provision of US\$1,814,620 and US\$1,814,203 for 31 December 2017 which impact income statement (the provision was nil as at 31 December 2016), respectively for off balance sheet financial commitments following the National Bank of Cambodia's Prakas No.B7-017-344 and Circular No.B7-018-001 Sor Ror Chor Nor on credit risk classification and provision on impairment for banks as stated in Note 2.8.

b) Operating lease commitments – as lessee

The Group and the Bank have non-cancellable operating lease commitments in respect of branch and office premises with third parties, as follows:

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Not later than 1 year	9,654,591	9,723,051	38,975,584	39,251,957	8,890,745	8,989,896	35,891,938	36,292,210
Later than 1 but not later than 5 years	22,383,860	23,043,664	90,363,643	93,027,272	20,492,896	20,893,711	82,729,821	84,347,911
Later than 5 years	10,641,014	11,195,963	42,957,774	45,198,103	6,718,571	7,415,281	27,122,871	29,935,489
	<u>42,679,465</u>	<u>43,962,678</u>	<u>172,297,001</u>	<u>177,477,332</u>	<u>36,102,212</u>	<u>37,298,888</u>	<u>145,744,630</u>	<u>150,575,610</u>

c) Capital expenditure commitment

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Not later than 1 year	13,979,181	22,798,397	56,433,954	92,037,129	1,809,361	10,686,647	7,304,390	43,141,994
Later than 1 but not later than 5 years	913,000	6,164,709	3,685,781	24,886,930	-	-	-	-
	<u>14,892,181</u>	<u>28,963,106</u>	<u>60,119,735</u>	<u>116,924,059</u>	<u>1,809,361</u>	<u>10,686,647</u>	<u>7,304,390</u>	<u>43,141,994</u>

The significant balances of these commitments are related to construction contract to build AIB's building and purchase of other equipment.

d) Other commitment

On 30 May 2016, the Bank guaranteed on borrowing agreement of AIB with International Finance Corporation for a facility of US\$13,000,000, which will mature on 15 June 2026. AIB has drawn down US\$5,000,000 on 3 October 2016.

30. Related party transactions and balances

a) Related parties and relationships

The related parties of and their relationships with the Bank are as follows:

Related parties	Relationship
ACLEDA Bank Plc.	Holding company
Subsidiaries of the Bank as disclosed in Note 10	Subsidiaries
Shareholders as disclosed in Note 20	Shareholders
Key management personnel	The key management personnel are those person having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all Directors of the Bank and members of senior management of the Bank.

b) Related parties balances

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
i). Loans and advances						
Key management	US\$	US\$	KHR'000	US\$	KHR'000	KHR'000
	16,167,582	11,947,229	65,268,529	15,232,236	61,492,537	44,445,739
ii). Balance with related parties						
SMBC	20,623,550	254,424	83,257,271	20,623,550	254,424	1,027,110
ACLEDA Bank Lao Ltd	-	-	-	5,000,000	-	-
	20,623,550	254,424	83,257,271	25,623,550	254,424	1,027,110
iii). Receivables from/payables to related parties						
Key Management						
Interest receivables	17,219	20,752	69,513	16,910	19,908	80,369
Key Management						
Interest payables	20,639	19,584	83,320	19,604	19,584	79,061
SMBC	5,117	-	20,657	5,117	-	-
ASA Plc.						
Other Payables	2,231	1,517	9,007	2,231	1,517	6,124
ACLEDA Bank Lao Ltd.						
Other receivables	-	-	-	202,064	17,181	69,360
ACLEDA Securities Plc.						
Other payables	-	-	-	34,439	42,512	171,621
ACLEDA Institute of Business						
Other receivables	-	-	-	60,809	-	-
Other payables	-	-	-	80,562	92,550	373,624
ACLEDA MFI Myanmar Co., Ltd.						
Other receivables	-	-	-	139,210	97,850	395,020
	45,206	41,853	182,497	560,946	291,102	1,175,179
iv). Deposits from related parties						
Key management	3,071,785	3,256,165	12,400,796	2,831,337	11,430,107	12,282,540
SMBC	66,421	95,604	268,142	66,421	268,142	385,953
ACLEDA Financial Trust	398,455	2,532,124	1,608,563	398,455	2,532,124	10,222,185
ASA Plc.						
Saving accounts	84,806	107,927	342,362	84,806	107,927	435,701
Fixed deposits	251,000	193,000	1,013,287	251,000	193,000	779,141
ACLEDA Bank Lao Ltd.						
Current accounts	-	-	-	1,611,771	630,585	2,545,672
ACLEDA Securities Plc.						
Savings accounts	-	-	-	69,479	115,839	467,642
Fixed deposits	-	-	-	1,890,000	1,740,000	7,024,380
ACLEDA Institute of Business						
Current accounts	-	-	-	363,502	112,371	453,642
Fixed deposits	-	-	-	4,280,000	10,050,000	40,571,850
ACLEDA Properties Ltd.						
Savings accounts	-	-	-	2,067	3,225	13,019
	3,872,467	6,184,820	15,633,150	11,848,838	18,623,167	75,181,725
v). Borrowings from related parties						
Shareholders (Note 17(a))	3,000,595	77,822	12,113,402	-	77,822	314,167

c) Related party transactions

	The Group			The Bank		
	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
i). Interest income from related parties						
Loans and advances to key management	572,629	807,863	2,311,703	3,261,343	472,028	1,905,577
SMBC	5,117	-	20,657	-	5,117	20,657
Deposits with ACLEDA Bank Lao Ltd	-	-	-	-	176,055	710,734
	577,746	807,863	2,332,360	3,261,343	653,200	2,636,968
					716,257	2,891,530
ii). Fee and commission income from related parties						
ACLEDA Financial Trust	24,000	24,000	96,888	96,888	24,000	96,888
ASA, Plc.	500	500	2,019	2,019	500	2,019
ACLEDA Bank Lao Ltd.	-	-	-	-	3,405	13,746
ACLEDA Securities Plc	-	-	-	-	350	1,413
ACLEDA Institute of Business	-	-	-	-	4,159	16,790
ACLEDA Properties Ltd.	-	-	-	-	120	484
	24,500	24,500	98,907	98,907	32,534	131,340
					80,465	324,837
iii). Interest expenses to related parties						
Deposits of key management	140,984	155,176	569,152	626,446	132,950	536,719
Borrowing from shareholders	255,048	83,702	1,029,629	337,905	14,639	59,098
Deposits of ASA Plc.	11,351	11,818	45,824	47,709	11,351	45,824
Deposits of ACLEDA Bank Lao Ltd.	-	-	-	-	-	8,531
Deposits of ACLEDA Securities Plc.	-	-	-	-	108,598	438,410
Deposits of ACLEDA Institute of Business	-	-	-	-	308,035	1,243,537
	407,383	250,696	1,644,605	1,012,060	575,573	495,349
					2,323,588	1,999,724
iv). Fee and commission expenses to related parties						
Board of directors	784,123	536,541	3,165,505	2,166,016	642,123	2,592,251
Key management	9,705,614	9,809,855	39,181,564	39,602,355	6,945,891	28,040,562
ACLEDA Institute of Business	-	-	-	-	1,706,120	6,887,606
	10,489,737	10,346,396	42,347,069	41,768,401	9,294,134	37,520,419
					9,080,488	36,657,930

31. Financial risk management

a) Introduction and overview

For the purpose of the risk management policy, risk is defined as the possibility that the outcome of an action or event could adversely affect the ability to meet business objectives or capital of the Bank.

The Bank's approach to the identification and assessment of key risk and controls is undertaken across all business areas of the Bank. This risk management process is consistent with the principles of the Enterprise Risk Management Integrated Framework issued by the Committee of Sponsoring Organisations of the Tread way Commission (COSO). COSO defines Enterprise Risk Management as a process, effected by the entity's Board of Directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within the risk appetite, provide reasonable assurance regarding the achievement of objectives. In the policy, risk appetite is defined as the amount of risk, on a broad level; an organisation is willing to accept in pursuit of long-term shareholder value.

Changes in certain macro-economic variables represent environmental stresses which may reveal systemic credit, market risk sensitivities and risk contagion. These stress tests do include worst case scenarios to test the (combined) risks that could break the Bank and to test what combined set of events would be needed to break the Bank (reverse stress test).

b) Objective and principles

The objective of the risk management policy is to set standards for the Bank's enterprise-wide risk management in a way that optimally balances managing risk while adding value to the Bank, and this policy is applicable to all levels of the Bank.

The risk management policy distinguishes different risk categories in line with the categories identified by the Basel Accords as issued by the Basel Committee on Banking Supervision. The policy sets position limits per individual risk category. The position limits are validated by estimating the Bank's sensitivity to macro-economic and internal events using stress testing, and scenario analysis. For the purpose of the policy, the Board sets specific principles and position limits for the following major categories of risk.

At all times the Bank shall adhere to the prudential ratios and requirements as stipulated by the superintendent.

At all times, unless specifically mentioned otherwise, the Bank shall adhere to the position limits, as set by the Board in the risk management policy, in order to limit potential loss.

The Group and the Bank's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk), and liquidity risk. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

The Group and the Bank holds the following financial assets and liabilities:

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Financial assets								
Cash on hand	321,744,245	286,216,621	1,298,881,517	1,155,456,499	310,875,730	276,428,767	1,255,005,322	1,115,942,932
Balances with the central banks	1,001,647,134	825,610,555	4,043,649,480	3,332,989,811	990,086,247	813,704,468	3,996,978,179	3,284,924,938
Balances with other banks	120,254,917	86,820,790	485,469,100	350,495,529	121,863,449	82,074,197	491,962,744	331,333,533
Loans and advances to customers	3,085,214,651	2,841,390,830	12,455,011,546	11,470,694,781	2,939,873,756	2,713,635,339	11,868,270,353	10,954,945,863
Other assets	31,539,087	34,567,892	127,323,294	139,550,580	30,465,669	33,483,610	122,989,906	135,173,334
Total financial assets	4,560,400,034	4,074,606,688	18,410,334,937	16,449,187,200	4,393,164,851	3,919,326,381	17,735,206,504	15,822,320,600
Financial liabilities								
Due to other banks	212,455,089	361,414,079	857,681,194	1,459,028,637	205,468,276	352,880,320	829,475,430	1,424,577,853
Deposits from customers	3,117,209,726	2,764,757,416	12,584,175,664	11,161,325,689	3,044,484,178	2,698,795,357	12,290,582,627	10,895,036,855
Other liabilities	59,569,413	50,315,591	240,481,720	203,124,041	56,123,737	47,860,510	226,571,526	193,212,879
Borrowings	906,378,182	616,064,141	3,659,048,721	2,487,050,937	866,142,860	582,048,491	3,496,618,726	2,349,729,758
Subordinated debts	108,684,090	109,400,000	438,757,671	441,647,800	108,684,090	109,400,000	438,757,671	441,647,800
Total financial liabilities	4,404,296,500	3,901,951,227	17,780,144,970	15,752,177,104	4,280,903,141	3,790,984,678	17,282,005,980	15,304,205,145
Net financial assets	156,103,534	172,655,461	630,189,967	697,010,096	112,261,710	128,341,703	453,200,524	518,115,455

31.1 Credit risk

Credit risk is the risk of suffering a financial loss should any of the Group and the Bank's customers or counterparties fail to fulfill their contractual obligations to the Bank which arise from the Bank's lending activities, placing funds on deposits or settlement of transactions.

Principles of the credit risk:

- The Board recognises that the loan book is the main sources of income for the Bank and, conversely, also constitutes the greatest risk for losses.
- The Board considers that lending to the lower segments of the market of small business loans, provided the existing policies are implemented properly, carries a credit risk which is smaller than for larger loans as history has shown that losses due to default on these loans have been minimal. The Board considers the risk return equation favorable for loans provided to the lower segments in the market and considers this the core product of the Bank.
- The Board considers that management has freedom to adjust, adapt or develop existing products and product lines but requires that new product lines need to be approved by the Board.
- The day-to-day responsibility for the credit risk lies with the senior management of the Credit Division and with branch management and branch credit officers.
- The credit risk is regularly measured by calculating the expected loss taking probability of customer defaults, exposure in the event of default and severity of loss given default of the customer base where credit scoring is applied for.
- The Board requires that credit risk is spread across different sectors (like trade, agriculture, services, industrial, infrastructure etc.) and products to avoid undue over exposure to one particular sector or industry.
- Systemic risk is the risk of system wide breakdown of the financial sector. The Board requires that credit risk on counterparty financial institutions should be subject to the same principles of the prudential assessment and controls as with other forms of lending and prudential position limits should be set to sufficiently protect the Bank for a systemic risk.

Position limits of the credit risk:

The position limits on credit products should be set by the Board Risk Management Committee and approved by the Board. The position limits will be in line with the risk appetite of the Board and are written down in the Bank's Credit Policy.

The Risk Management Division regularly reviews all position limits as set and approved by the Board and advises on any change deemed appropriate.

In order to maintain the credit growth with a prudent and reasonable way and to ensure the maintenance of portfolio quality, various control limits have been imposed to credit products, which must be strictly complied with:

- Open Exposure: the open exposure, defined as the total portfolio at risk divided by the net worth will be less than 25%.

- Ceilings on lending to sectors and by product to put limits on concentration risk.
- The maximum exposure to a single client or group of clients is up to 5% of the Bank's net worth.
- Counterparty financial institutions

a) Credit risk management

The Boards of Directors has delegated responsibility for oversight of credit risk to its Credit Committee (BCC). A separate Credit Division, reporting to the BCC, is responsible for management of the credit risk based on the following:

- Separation of roles between the persons involved in dealing with the clients that are responsible for the credit application and the persons involved in the authorisation of the credits.
- Separation of roles between the persons involved in dealing directly with clients and the credit administration.
- Principle of double authorisation to ensure a good balance of the interests of the clients and objectivity in the risk assessment process.
- Timely and full documentation of the agreements made with the client together with all needed information, which is relevant in the assessment and control phase of the credit process.
- Careful credit control systems, with periodical reviews, through which timely signals can be derived, for relevant information regarding risk management.
- Independent control to ensure conformity with approved procedures and regulations in the credit process (formal control) but also monitoring the quality of risk aspects and credit control (material control).
- The Bank will maintain a diversified loan assets portfolio in terms of industry sector, geographical area, and currency and loan size.
- Loan analysis will focus strongly on the client's ability and willingness to repay the loan through character and cash flow based on assessment and in applying green-lining methodology.
- The Bank's total exposure to a single client or group of clients (one obligor principle) acting in concert shall not exceed 5% of the bank's net worth. "Exposure" includes the aggregate of (i) the face amount of the assets of the Borrower with respect to which such Person is the obligor and (ii) any claim of such Person against the Borrower comprising any commitment to provide funds or credit to, or on behalf of such Person including, but not limited to, loan guarantees, letters of credit and derivatives.

b) Risk limit control and mitigation policies

The Group and the Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia, Lao PDR, and the Republic of the Union of Myanmar. The Group and the Bank manages, limits and controls concentration of credit risk whenever they are identified. Large exposure is defined by the National Bank of Cambodia as overall exposure to any individual beneficiary which exceeds 10% of the net worth.

The Bank is required, under the conditions of Prakas No. B7-06-226 of the National Bank of Cambodia, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any individual beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 300% of the Bank's net worth.

The Group and the Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans and advances to customers, which is common practice. The Group and the Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets such as land and buildings;
- Cash in the form of margin deposits.

c) Impairment and provisioning policies

The Group and the Bank follow the mandatory loan classification and provisioning as required by the National Bank of Cambodia's Prakas No. B7-09-074, dated on 25 February 2009, on assets classification and provisioning for banks and financial institutions. The National Bank of Cambodia issued Prakas No.B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions, facilities including loans and advances, other financial products and off balance financial commitments are classified into five classifications and the regulatory provision is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral, unless other information is available to indicate worsening.

d) Maximum exposure to credit risk before collateral held or other credit enhancements

For financial assets reflected in the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Credit risks exposures relating to on-balance sheet assets:								
Balances with other banks	120,254,917	86,820,790	485,469,100	350,495,529	121,863,449	82,074,197	491,962,744	331,333,533
Loans and advances to customers	3,085,214,651	2,841,390,830	12,455,011,546	11,470,694,781	2,939,873,756	2,713,635,339	11,868,270,353	10,954,945,863
Other assets	31,539,087	34,567,892	127,323,294	139,550,580	30,465,669	33,483,610	122,989,906	135,173,334
	<u>3,237,008,655</u>	<u>2,962,779,512</u>	<u>13,067,803,940</u>	<u>11,960,740,890</u>	<u>3,092,202,874</u>	<u>2,829,193,146</u>	<u>12,483,223,003</u>	<u>11,421,452,730</u>
Credit risk exposures relating to off-balance sheet items:								
Unused portion of overdrafts	110,621,913	96,365,540	446,580,663	389,027,685	110,621,913	96,365,540	446,580,663	389,027,685
Bank guarantees	46,575,954	42,348,394	188,027,126	170,960,467	46,534,297	42,334,335	187,858,957	170,903,710
Letters of credit	13,461,880	15,855,401	54,345,610	64,008,254	13,461,880	15,855,401	54,345,610	64,008,254
Forward foreign exchange	684,085	-	2,761,651	-	684,085	-	2,761,651	-
	<u>171,343,832</u>	<u>154,569,335</u>	<u>691,715,050</u>	<u>623,996,406</u>	<u>171,302,175</u>	<u>154,555,276</u>	<u>691,546,881</u>	<u>623,939,649</u>
Total maximum credit risk exposure	<u>3,408,352,487</u>	<u>3,117,348,847</u>	<u>13,759,518,990</u>	<u>12,584,737,296</u>	<u>3,263,505,049</u>	<u>2,983,748,422</u>	<u>13,174,769,884</u>	<u>12,045,392,379</u>

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank at 31 December 2017 and 31 December 2016, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

As shown above, 90.52% for the Group and 90.08% for the Bank of total maximum exposure is derived from loans and advances to customers (2016: 91.15% and 90.95% for the Group and for the Bank).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from its loans and advances on the followings.

Approximately 98.23% of loans and advances of the Bank are collateralised. Loan size must not exceed 75% of estimated saleable value of the pledged collateral.

e) Concentration of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

i) Geographical sector

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2017 and 31 December 2016 are as follows:

	The Group								
	Cambodia	France	Germany	Lao	Singapore	USA	Myanmar	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2017									
Balances with other banks	3,364,926	15,747,477	690,780	896,669	21,357,813	70,648,515	1,908,583	5,640,154	120,254,917
Loans and advances to customers	2,939,873,756	-	-	123,017,861	-	-	22,323,034	-	3,085,214,651
Other assets	30,066,742	-	-	1,118,805	-	-	353,540	-	31,539,087
As at 31 December 2017	2,973,305,424	15,747,477	690,780	125,033,335	21,357,813	70,648,515	24,585,157	5,640,154	3,237,008,655
<i>In KHR'000 equivalent</i>	<u>12,003,233,997</u>	<u>63,572,565</u>	<u>2,788,679</u>	<u>504,759,573</u>	<u>86,221,491</u>	<u>285,208,055</u>	<u>99,250,279</u>	<u>22,769,301</u>	<u>13,067,803,940</u>
31 December 2016									
Balances with other banks	2,439,538	1,223,253	129,708	2,043,863	748,969	74,179,506	220,601	5,835,352	86,820,790
Loans and advances to customers	2,713,635,339	-	-	114,523,429	-	-	13,232,062	-	2,841,390,830
Other assets	33,496,367	-	-	950,461	-	-	121,064	-	34,567,892
As at 31 December 2016	2,749,571,244	1,223,253	129,708	117,517,753	748,969	74,179,506	13,573,727	5,835,352	2,962,779,512
<i>In KHR'000 equivalent</i>	<u>11,100,019,112</u>	<u>4,938,272</u>	<u>523,631</u>	<u>474,419,169</u>	<u>3,023,588</u>	<u>299,462,666</u>	<u>54,797,136</u>	<u>23,557,316</u>	<u>11,960,740,890</u>

	The Bank								
	Cambodia	France	Germany	Lao	Singapore	USA	Myanmar	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2017									
Balances with other banks	3,364,926	15,747,477	690,780	5,000,000	21,357,813	70,648,515	47,168	5,006,770	121,863,449
Loans and advances to customers	2,939,873,756	-	-	-	-	-	-	-	2,939,873,756
Other assets	30,124,035	-	-	202,424	-	-	139,210	-	30,465,669
As at 31 December 2017	2,973,362,717	15,747,477	690,780	5,202,424	21,357,813	70,648,515	186,378	5,006,770	3,092,202,874
<i>In KHR'000 equivalent</i>	<u>12,003,465,289</u>	<u>63,572,565</u>	<u>2,788,679</u>	<u>21,002,186</u>	<u>86,221,491</u>	<u>285,208,055</u>	<u>752,408</u>	<u>20,212,330</u>	<u>12,483,223,003</u>
31 December 2016									
Balances with other banks	1,808,953	1,223,253	129,708	-	748,969	74,179,506	48,583	3,935,225	82,074,197
Loans and advances to customers	2,713,635,339	-	-	-	-	-	-	-	2,713,635,339
Other assets	33,483,610	-	-	-	-	-	-	-	33,483,610
As at 31 December 2016	2,748,927,902	1,223,253	129,708	-	748,969	74,179,506	48,583	3,935,225	2,829,193,146
<i>In KHR'000 equivalent</i>	<u>11,097,421,940</u>	<u>4,938,272</u>	<u>523,631</u>	<u>-</u>	<u>3,023,588</u>	<u>299,462,666</u>	<u>196,130</u>	<u>15,886,503</u>	<u>11,421,452,730</u>

ii) Industry sector

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) at carrying amount as at 31 December 2017 and 31 December 2016 based on the industry sectors of the counterparty are as follows:

	The Group							
	Financial institutions	Wholesale and retail	Services	Housing	Manufacturing	Agriculture	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2017								
Balances with other banks	120,254,917	-	-	-	-	-	-	120,254,917
Loans and advances to customers	10,215,847	1,244,881,319	607,318,438	204,575,186	97,317,309	564,167,495	356,739,057	3,085,214,651
Other assets	5,727,535	8,941,658	4,283,085	1,351,711	698,557	5,633,245	4,903,296	31,539,087
As at 31 December 2017	136,198,299	1,253,822,977	611,601,523	205,926,897	98,015,866	569,800,740	361,642,353	3,237,008,655
<i>In KHR'000 equivalent</i>	<u>549,832,533</u>	<u>5,061,683,358</u>	<u>2,469,035,348</u>	<u>831,326,883</u>	<u>395,690,051</u>	<u>2,300,285,587</u>	<u>1,459,950,180</u>	<u>13,067,803,940</u>
31 December 2016								
Balances with other banks	86,820,790	-	-	-	-	-	-	86,820,790
Loans and advances to customers	3,057,160	1,074,754,152	608,819,751	207,595,923	106,884,479	549,534,108	290,745,257	2,841,390,830
Other assets	8,007,615	8,671,291	4,874,017	1,410,066	668,290	6,001,618	4,934,995	34,567,892
As at 31 December 2016	97,885,565	1,083,425,443	613,693,768	209,005,989	107,552,769	555,535,726	295,680,252	2,962,779,512
<i>In KHR'000 equivalent</i>	<u>395,164,026</u>	<u>4,373,788,513</u>	<u>2,477,481,741</u>	<u>843,757,178</u>	<u>434,190,528</u>	<u>2,242,697,726</u>	<u>1,193,661,178</u>	<u>11,960,740,890</u>

The Bank

	Financial institutions	Wholesale and retail	Services	Housing	Manufacturing	Agriculture	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2017								
Balances with other banks	121,863,449	-	-	-	-	-	-	121,863,449
Loans and advances to customers	10,215,847	1,235,146,399	577,204,948	204,318,623	90,365,035	553,715,906	268,906,998	2,939,873,756
Other assets	5,927,241	8,785,940	4,001,941	1,349,551	634,272	5,486,538	4,280,186	30,465,669
As at 31 December 2017	<u>138,006,537</u>	<u>1,243,932,339</u>	<u>581,206,889</u>	<u>205,668,174</u>	<u>90,999,307</u>	<u>559,202,444</u>	<u>273,187,184</u>	<u>3,092,202,874</u>
In KHR'000 equivalent	<u>557,132,390</u>	<u>5,021,754,853</u>	<u>2,346,332,211</u>	<u>830,282,418</u>	<u>367,364,202</u>	<u>2,257,500,266</u>	<u>1,102,856,663</u>	<u>12,483,223,003</u>

31 December 2016

Balances with other banks	82,074,197	-	-	-	-	-	-	82,074,197
Loans and advances to customers	3,057,160	1,068,978,787	581,281,392	207,482,830	101,177,844	537,360,770	214,296,556	2,713,635,339
Other assets	8,016,325	8,574,633	4,612,971	1,409,070	614,537	5,859,965	4,396,109	33,483,610
As at 31 December 2016	<u>93,147,682</u>	<u>1,077,553,420</u>	<u>585,894,363</u>	<u>208,891,900</u>	<u>101,792,381</u>	<u>543,220,735</u>	<u>218,692,665</u>	<u>2,829,193,146</u>
In KHR'000 equivalent	<u>376,037,192</u>	<u>4,350,083,157</u>	<u>2,365,255,543</u>	<u>843,296,600</u>	<u>410,935,842</u>	<u>2,192,982,107</u>	<u>882,862,289</u>	<u>11,421,452,730</u>

f) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, modification and deferral of payments. Following restructuring, the loan is still kept in its current classification unless there is strong evidence of improvement in the customer's financial condition.

As at 31 December 2017, the Bank restructured loans and advances amounting to US\$7,546,441 of which US\$2,602,913 were reclassified as performing loans and the remaining US\$4,943,528 were reclassified as non-performing loans (31 December 2016, the Group and the Bank restructured loans and advances amounting to US\$397,486 of which US\$297,486 were reclassified as special mention and the remaining US\$100,000 were reclassified as normal loans).

g) Repossessed collateral

Repossession properties have to be sold within one year as required by the National Bank of Cambodia. Repossessed property is classified in the balance sheet as foreclosed properties, if any.

During the year, the Group and the Bank did not obtain assets by taking possession of collateral held as security (2016: nil).

h) Credit quality of loans and advances

As at the balance sheet date, exposures of the Group and of the Bank to credit risk arising from loans and advances to customers (without taking into account of any collateral held or other credit enhancements and provision for loan losses) are as follows:

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Loans and advances:								
Neither past due nor impaired	3,083,905,384	2,874,697,586	12,449,726,035	11,605,154,155	2,936,208,191	2,743,838,475	11,853,472,467	11,076,875,924
Past due but not impaired	20,248,672	9,580,985	81,743,889	38,678,436	19,493,685	8,516,250	78,696,006	34,380,101
Individually impaired	<u>67,833,806</u>	<u>19,709,934</u>	<u>273,845,075</u>	<u>79,569,004</u>	<u>66,856,630</u>	<u>18,741,189</u>	<u>269,900,216</u>	<u>75,658,180</u>
Gross	3,171,987,862	2,903,988,505	12,805,314,999	11,723,401,595	3,022,558,506	2,771,095,914	12,202,068,689	11,186,914,205
Less: Provision for loan losses	(60,437,280)	(39,543,032)	(243,985,299)	(159,635,220)	(58,558,460)	(37,843,951)	(236,400,503)	(152,776,031)
Unamortised loan fees	<u>(26,335,931)</u>	<u>(23,054,643)</u>	<u>(106,318,153)</u>	<u>(93,071,594)</u>	<u>(24,126,290)</u>	<u>(19,616,624)</u>	<u>(97,397,833)</u>	<u>(79,192,311)</u>
Net loans and advances	<u>3,085,214,651</u>	<u>2,841,390,830</u>	<u>12,455,011,547</u>	<u>11,470,694,781</u>	<u>2,939,873,756</u>	<u>2,713,635,339</u>	<u>11,868,270,353</u>	<u>10,954,945,863</u>

i) Loans and advances neither past due nor impaired

Loans and advances not past due are not considered impaired, unless other information is available to indicate the contrary.

ii) Loans and advances past due but not impaired

Loans and advances past due up to special mention are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances to customers by classification that were past due but not impaired were as follows:

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Normal	3,192,022	3,208,280	12,886,193	12,951,826	3,192,022	2,681,621	12,886,193	10,825,704
Special mention	17,056,650	6,372,705	68,857,696	25,726,610	16,301,663	5,834,629	65,809,813	23,554,397
	<u>20,248,672</u>	<u>9,580,985</u>	<u>81,743,889</u>	<u>38,678,436</u>	<u>19,493,685</u>	<u>8,516,250</u>	<u>78,696,006</u>	<u>34,380,101</u>

iii) Loans and advances individually impaired

In accordance with Prakas No. B7-017-344 dated 1 December 2017 and on credit risk classification and provision on impairment, loans and advances past due from substandard are considered impaired.

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Substandard	38,642,601	4,666,805	156,000,180	18,839,892	38,283,075	4,282,503	154,548,775	17,288,465
Doubtful	15,718,979	10,807,396	63,457,518	43,629,458	15,109,525	10,222,953	60,997,152	41,270,061
Loss	13,472,226	4,235,733	54,387,377	17,099,654	13,464,030	4,235,733	54,354,289	17,099,654
	<u>67,833,806</u>	<u>19,709,934</u>	<u>273,845,075</u>	<u>79,569,004</u>	<u>66,856,630</u>	<u>18,741,189</u>	<u>269,900,216</u>	<u>75,658,180</u>

31.2 Market risk

The Group and the Bank take on exposure to market risk, which is the risk of changes in the level or volatility of market rates or prices such as interest rates, credit spreads, foreign currency exchange rates, commodity prices and equity prices that could adversely affect the Group's and the Bank's future earnings, capital, or ability to meet business objectives.

The primary categories of market risk for the Group and the Bank are:

i) Interest rate risk: can lead to losses when there is an imbalance between assets and liabilities on which interest rates change periodically or at different intervals.

(ii) Foreign exchange rate risk: can lead to losses when there is an imbalance between assets and liabilities in any particular currency.

The Board Risk Management Committee (BRMC) is established by the board of directors to assist the Board in the effective discharge of its responsibilities for risk management and to regularly review management's ability to assess and manage the Bank's risks. The market risk is managed based on the following principles and position limits.

Principles of the market risk:

- In line with sound banking principles the Group and the Bank will actively manage currencies and interest rate risk positions to hedge positions by matching assets and liabilities.
- The Group and the Bank shall not engage in activities to derive income from proprietary trading or speculation on the movements of exchange rates, interest rates or value of securities.
- The position limits as set by the central banks are meant to limit the adverse impact of market risk and are not meant to create an opportunity for proprietary trading.
- The day to day responsibility for market risk lies with the senior management of the Treasury Department.

Position limits of the market risk:

- The regulatory limits on foreign exchange currency mismatch per currency and cumulative should be observed at all times.
- The Bank will have, at all times, internal position limits that are higher than the regulatory limits to allow for a safety margin to ensure permanent full compliance with regulatory limits.
- Setting the level of the internal position limit is at the discretion of the Management Assets and Liabilities Committee (MALCO) and needs to be both 1) stated and motivated in the MALCO minutes and 2) formally approved by the President & Group Managing Director.
- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the limits. Any breaches of internal position limit should be reported to the MALCO and President & Group Managing Directors.
- Any change in level of internal position limit will need to be reported by e-mail to the Chair of the Board Assets and Liabilities Committee (BALCO) and BRMC on the same day the change has been made.
- At all time, the Bank will have a contingency plan to be executed when it is perceived by the President & Group Managing Director that the safety margin may not be sufficient and there is a risk that the regulatory limit on foreign exchange currency mismatch could be reached. Such contingency plan should be sufficient to ensure that the regulatory limits on foreign exchange currency mismatch will not be breached.

As of 31 December 2017 and 31 December 2016, the Group and the Bank did not have financial instruments carried at fair value. The Group uses derivative financial instruments such as foreign exchange contract and interest rate swaps to hold its risk exposures.

i) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of the changes in the market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The management of the Group and the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch.

The Group's and the Bank's interest rate risk arise from borrowings. Borrowings issued at variable rates expose the Group and the Bank to

cash flow interest rate risk. The Group and the Bank manage cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates and recognising the interest expense based on that fixed interest rate. The Group and the Bank raise borrowings at floating rates and swaps them into fixed rate that are lower than those available if the Group and the Bank borrowed at fixed rates directly. Under the interest rate swaps, the Group agreed with other parties to exchange, at specified intervals (primarily semi-annually), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts.

The table below summarises the Group's and the Bank's exposure to interest rate risks. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2017							
Financial assets							
Cash on hand	-	-	-	-	-	321,744,245	321,744,245
Balances with the central banks	471,652,217	239,940,674	-	-	-	290,054,243	1,001,647,134
Balances with other banks	107,861,104	-	3,000,000	-	-	9,393,813	120,254,917
Loans and advances to customers	100,841,724	233,324,013	648,026,817	1,734,156,862	330,592,050	38,273,185	3,085,214,651
Other assets	-	-	-	-	-	31,539,087	31,539,087
Total financial assets	680,355,045	473,264,687	651,026,817	1,734,156,862	330,592,050	691,004,573	4,560,400,034
Financial liabilities							
Due to other banks	104,205,056	5,320,369	10,684,276	-	-	92,245,388	212,455,089
Deposits from customers	1,401,566,867	310,705,078	742,070,108	264,636,963	63,754,968	334,475,742	3,117,209,726
Other liabilities	-	-	791,021	-	-	58,778,392	59,569,413
Borrowings	18,333,331	120,058,620	348,457,994	396,281,666	23,246,571	-	906,378,182
Subordinated debts	-	-	43,000,000	49,000,000	16,684,090	-	108,684,090
Total financial liabilities	1,524,105,254	436,084,067	1,145,003,399	709,918,629	103,685,629	485,499,522	4,404,296,500
Total interest rate repricing gap	(843,750,209)	37,180,620	(493,976,582)	1,024,238,233	226,906,421	205,505,051	156,103,534
In KHR'000 equivalent	(3,406,219,594)	150,098,163	(1,994,183,462)	4,134,849,747	916,021,222	829,623,891	630,189,967
As at 31 December 2016							
Financial assets							
Cash on hand	-	-	-	-	-	286,216,621	286,216,621
Balances with the central banks	379,083,478	111,023,161	-	-	-	335,503,916	825,610,555
Balances with other banks	76,607,807	1,844,025	844,025	-	4,022	7,520,911	86,820,790
Loans and advances to customers	114,734,843	265,776,121	650,865,416	1,622,793,629	178,274,648	8,946,173	2,841,390,830
Other assets	-	-	-	-	-	34,567,892	34,567,892
Total financial assets	570,426,128	378,643,307	651,709,441	1,622,793,629	178,278,670	672,755,513	4,074,606,688
Financial liabilities							
Due to other banks	171,760,701	11,776,637	110,276,637	-	-	67,600,104	361,414,079
Deposits from customers	1,218,776,760	257,053,338	760,068,928	222,935,416	37,072,946	268,850,028	2,764,757,416
Other liabilities	-	-	189,652	791,021	-	49,334,918	50,315,591
Borrowings	7,381,682	8,632,860	136,920,020	435,044,444	28,085,135	-	616,064,141
Subordinated debts	-	-	9,000,000	89,000,000	11,400,000	-	109,400,000
Total financial liabilities	1,397,919,143	277,462,835	1,016,455,237	747,770,881	76,558,081	385,785,050	3,901,951,227
Total interest rate repricing gap	(827,493,015)	101,180,472	(364,745,796)	875,022,748	101,720,589	286,970,463	172,655,461
In KHR'000 equivalent	(3,340,589,302)	408,465,565	(1,472,478,778)	3,532,466,834	410,646,018	1,158,499,759	697,010,096

	The Bank						Total
	Up to 1	1 to 3	3 to 12	1 to 5	Over 5	Non-interest	
	month	months	months	years	years	bearing	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2017							
Financial assets							
Cash on hand	-	-	-	-	-	310,875,730	310,875,730
Balances with the central banks	471,652,217	237,940,674	-	-	-	280,493,356	990,086,247
Balances with other banks	107,861,016	5,000,000	3,000,000	-	-	6,002,433	121,863,449
Loans and advances to customers	93,111,583	217,007,624	597,748,575	1,664,200,573	330,113,229	37,692,172	2,939,873,756
Other assets	-	-	-	-	-	30,465,669	30,465,669
Total financial assets	672,624,816	459,948,298	600,748,575	1,664,200,573	330,113,229	665,529,360	4,393,164,851
Financial liabilities							
Due to other banks	103,225,318	114,771	8,271,149	-	-	93,857,038	205,468,276
Deposits from customers	1,370,817,699	307,607,810	726,565,664	243,824,132	62,950,978	332,717,895	3,044,484,178
Other liabilities	-	-	791,021	-	-	55,332,716	56,123,737
Borrowings	18,333,331	115,178,571	338,190,476	373,607,149	20,833,333	-	866,142,860
Subordinated debts	-	-	43,000,000	49,000,000	16,684,090	-	108,684,090
Total financial liabilities	1,492,376,348	422,901,152	1,116,818,310	666,431,281	100,468,401	481,907,649	4,280,903,141
Total interest rate repricing gap	(819,751,532)	37,047,146	(516,069,735)	997,769,292	229,644,828	183,621,711	112,261,710
In KHR'000 equivalent	(3,309,336,935)	149,559,328	(2,083,373,520)	4,027,994,632	927,076,171	741,280,848	453,200,524
As at 31 December 2016							
Financial assets							
Cash on hand	-	-	-	-	-	276,428,767	276,428,767
Balances with the central banks	379,083,478	111,023,161	-	-	-	323,597,829	813,704,468
Balances with other banks	76,607,807	1,000,000	-	-	4,022	4,462,368	82,074,197
Loans and advances to customers	108,147,330	251,481,200	603,796,947	1,564,019,759	177,827,664	8,362,439	2,713,635,339
Other assets	-	-	-	-	-	33,483,610	33,483,610
Total financial assets	563,838,615	363,504,361	603,796,947	1,564,019,759	177,831,686	646,335,013	3,919,326,381
Financial liabilities							
Due to other banks	171,149,752	7,500,000	106,000,000	-	-	68,230,568	352,880,320
Deposits from customers	1,189,655,443	253,593,364	749,182,351	202,949,012	37,072,946	266,342,241	2,698,795,357
Other liabilities	-	-	189,652	791,021	-	46,879,837	47,860,510
Borrowings	7,381,682	6,188,933	126,085,019	417,392,857	25,000,000	-	582,048,491
Subordinated debts	-	-	9,000,000	89,000,000	11,400,000	-	109,400,000
Total financial liabilities	1,368,186,877	267,282,297	990,457,022	710,132,890	73,472,946	381,452,646	3,790,984,678
Total interest rate repricing gap	(804,348,262)	96,222,064	(386,660,075)	853,886,869	104,358,740	264,882,367	128,341,703
In KHR'000 equivalent	(3,247,153,932)	388,448,472	(1,560,946,723)	3,447,141,290	421,296,233	1,069,330,115	518,115,455

Fair value sensitivity analysis for fixed-rate instruments

The Group and the Bank do not account for any fixed-rate financial assets or financial liabilities at fair value. Therefore, a change in interest rates at the reporting date would not affect income statement.

Cash flow sensitivity analysis for variable-rate instruments

Income statement is sensitive to higher/lower interest expenses from borrowings as a result of changes in interest rates. The change of 25 basis points ("bp") in interest rates of borrowings at the reporting date would not have material effect on income statement of the Group and the Bank.

31 December 2016	The Group							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
Financial assets								
Cash on hand	59,934,847	185,268,074	32,777,777	2,096,528	176,914	5,247,517	714,964	286,216,621
Balances with the central banks	254,054,976	562,464,994	3,548,954	-	-	5,541,631	-	825,610,555
Balances with other banks	-	78,943,585	5,314,698	1,492,936	152,690	271,393	645,488	86,820,790
Loans and advances to customers	117,272,864	2,571,194,535	30,687,609	-	-	109,003,760	13,232,062	2,841,390,830
Other assets	1,914,507	31,088,964	431,171	106	-	914,230	218,914	34,567,892
Total financial assets	433,177,194	3,428,960,152	72,760,209	3,589,570	329,604	120,978,531	14,811,428	4,074,606,688
Financial liabilities								
Due to other banks	87,353,078	246,414,656	18,478,577	93	618	9,164,345	2,712	361,414,079
Deposits from customers	337,854,512	2,314,937,037	53,498,228	3,180,521	2,104	54,771,893	513,121	2,764,757,416
Other liabilities	4,984,438	42,713,682	385,168	300,640	9,265	1,694,270	228,128	50,315,591
Borrowings	-	586,846,524	-	-	-	24,018,716	5,198,901	616,064,141
Subordinated debts	-	109,400,000	-	-	-	-	-	109,400,000
Total financial liabilities	430,192,028	3,300,311,899	72,361,973	3,481,254	11,987	89,649,224	5,942,862	3,901,951,227
Net on-balance sheet position	2,985,166	128,648,253	398,236	108,316	317,617	31,329,307	8,868,566	172,655,461
In KHR'000 equivalent	12,051,115	519,352,997	1,607,679	437,272	1,282,220	126,476,412	35,802,401	697,010,096
Unused portion of overdrafts	901,527	95,044,147	419,866	-	-	-	-	96,365,540
Guarantees, acceptances and other financial facilities	1,402,756	54,999,940	-	1,553,821	43,180	8,683	195,415	58,203,795
Credit commitment	2,304,283	150,044,087	419,866	1,553,821	43,180	8,683	195,415	154,569,335
In KHR'000 equivalent	9,302,390	605,727,980	1,694,999	6,272,775	174,318	35,053	788,891	623,996,406

31 December 2017	The Bank							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
Financial assets								
Cash on hand	76,209,167	218,532,881	13,397,124	1,804,802	255,256	1,174	675,326	310,875,730
Balances with the central banks	231,829,003	758,257,244	-	-	-	-	-	990,086,247
Balances with other banks	-	117,685,323	789,667	1,979,692	121,163	-	1,287,604	121,863,449
Loans and advances to customers	159,298,565	2,748,191,460	32,383,731	-	-	-	-	2,939,873,756
Other assets	2,057,830	28,035,446	372,393	-	-	-	-	30,465,669
Total financial assets	469,394,565	3,870,702,354	46,942,915	3,784,494	376,419	1,174	1,962,930	4,393,164,851
Financial liabilities								
Due to other banks	55,057,541	143,302,451	7,108,284	-	-	-	-	205,468,276
Deposits from customers	411,900,215	2,590,682,415	38,900,624	2,958,661	365	-	41,898	3,044,484,178
Other liabilities	6,604,518	49,103,146	220,033	113,664	783	-	81,593	56,123,737
Borrowings	-	866,142,860	-	-	-	-	-	866,142,860
Subordinated debts	-	108,684,090	-	-	-	-	-	108,684,090
Total financial liabilities	473,562,274	3,757,914,962	46,228,941	3,072,325	1,148	-	123,491	4,280,903,141
Net on-balance sheet position	(4,167,709)	112,787,392	713,974	712,169	375,271	1,174	1,839,439	112,261,710
In KHR'000 equivalent	(16,825,041)	455,322,702	2,882,313	2,875,026	1,514,969	4,739	7,425,816	453,200,524
Unused portion of overdrafts	1,597,907	110,056,904	165,866	-	-	-	-	111,820,677
Forward foreign exchange	-	-	-	684,085	-	-	-	684,085
Guarantees, acceptances and other financial facilities	1,549,159	57,460,437	175,394	1,338,272	-	-	88,354	60,611,616
Credit commitment	3,147,066	167,517,341	341,260	2,022,357	-	-	88,354	173,116,378
In KHR'000 equivalent	12,704,705	676,267,506	1,377,667	8,164,255	-	-	356,685	698,870,818

The Bank

In US\$ equivalent

31 December 2016	KHR	USD	THB	EUR	AUD	LAK	Others	Total
Financial assets								
Cash on hand	59,931,397	183,182,630	30,635,174	2,053,193	165,401	2,456	458,516	276,428,767
Balances with the central banks	254,054,976	559,649,492	-	-	-	-	-	813,704,468
Balances with other banks	-	78,875,299	1,077,863	1,492,936	152,690	-	475,409	82,074,197
Loans and advances to customers	117,272,864	2,567,931,601	28,430,874	-	-	-	-	2,713,635,339
Other assets	1,914,502	31,163,985	405,017	106	-	-	-	33,483,610
Total financial assets	433,173,739	3,420,803,007	60,548,928	3,546,235	318,091	2,456	933,925	3,919,326,381
Financial liabilities								
Due to other banks	87,353,078	247,037,348	18,486,470	93	618	-	2,713	352,880,320
Deposits from customers	337,858,299	2,317,449,871	40,246,928	3,180,521	2,104	-	57,634	2,698,795,357
Other liabilities	4,981,924	42,327,451	225,931	300,640	9,265	-	15,299	47,860,510
Borrowings	-	582,048,491	-	-	-	-	-	582,048,491
Subordinated debts	-	109,400,000	-	-	-	-	-	109,400,000
Total financial liabilities	430,193,301	3,298,263,161	58,959,329	3,481,254	11,987	-	75,646	3,790,984,678
Net on-balance sheet position								
In KHR'000 equivalent								
	2,980,438	122,539,846	1,589,599	64,981	306,104	2,456	858,279	128,341,703
	12,032,028	494,693,359	6,417,211	262,328	1,235,742	9,915	3,464,872	518,115,455
Unused portion of overdrafts	901,527	95,044,147	419,866	-	-	-	-	96,365,540
Guarantees, acceptances and other financial facilities	1,402,756	54,994,564	-	1,553,821	43,180	-	195,415	58,189,736
Credit commitment								
In KHR'000 equivalent								
	2,304,283	150,038,711	419,866	1,553,821	43,180	-	195,415	154,555,276
	9,302,390	605,706,277	1,694,999	6,272,775	174,318	-	788,890	623,939,649

Sensitivity analysis

The Group and the Bank is exposed to changes in US\$ and other foreign currencies exchange rate. Due to a reasonably possible strengthening (weakening) of the US\$ against foreign currencies, the Group and the Bank's exposure to other foreign exchange movement is not material.

iii) Price risk

The Group is not exposed to securities price risk because it does not hold any investment held and classified on the balance sheet at fair value.

31.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity and funding management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large distribution network and strategic marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand, and fixed deposits. This provides the Group a large stable funding base.

a) Liquidity risk management process

The day-to-day responsibility for liquidity risk management and control is delegated to the MALCO which monthly report to BALCO. BALCO meets not less than four times a year to discuss the liquidity risk and funding profile of the Group. BALCO works with management in the on-going review of the Funding Policy with the aim of achieving safe and sound practices for long-term liquidity and funding management. BALCO regularly receives and reviews the MALCO) monthly reports and monitors liquidity, timing mismatch and foreign exchange positions for with the Bank's policy and regulatory requirements.

For day-to-day liquidity management, the treasury operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis. Besides, the process of managing liquidity risk also includes:

Principles of the liquidity risk:

- At all times senior management of the Treasury Department shall ensure that the Bank's operations can meet its current and future funding needs. The Treasury Department shall stress-test its liquidity position on a daily basis.
- The Treasury Department has established a risk control framework and procedures to ensure that liquidity risk is managed in accordance with the requirements of the Board. Policies are set by the MALCO.
- Stress testing is performed regularly to assess various scenarios which may put the Bank's liquidity at risk.
- The Treasury Department monitors, manages, and control intraday liquidity and makes cash flow measurements and projections for the next day, week, and month as these are key period for liquidity management. The Treasury Department develops and implements stress tests on the projected cash flows. The outputs are used to inform the Bank's contingency funding plan.

Position limits of the liquidity risk:

- The regulatory limit on the Liquidity Coverage Ratio (LCR) should be observed at all times.
- The Bank will have, at all times, an internal position limit that is higher than the regulatory limit to allow for a safety margin to ensure permanent full compliance with regulatory limit.
- Setting the level of the internal position limit is at the discretion of the MALCO and needs to be both 1) stated and motivated in the MALCO minutes and 2) formally approved by the President & Group Managing Director.
- Relevant divisions and departments should regularly assess and monitor the perceived risks of non-compliance to the limits. Any breaches of internal position limit should be reported to the MALCO for remedial actions and President & Group Managing Director for approval.
- Any change level of internal position limit will need to be reported by e-mail to the Chair of the BALCO and BRMC on the same day the change has been made.
- At all time, the Bank, will have a contingency plan to be executed when it is perceived by the President & Group Managing Director that the safety margin may not be sufficient and there is a risk that the regulatory limit on liquidity could be breached. Such contingency plan should be sufficient to ensure that the regulatory limits on liquidity will not be breached.

The Bank's contingency liquidity plan (CLP) is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The objective of contingency liquidity plan is to ensure that the bank has a framework for managing the liquidity sufficiently and robustly in the event of liquidity crisis based on the result of liquidity stress testing.

The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Liquidity Coverage Ratio (LCR). The Bank shall calculate Liquidity Coverage Ratio (LCR) using new reporting template from 1 January 2016 via a phase-in period until fully comply by 1 January 2020. The Bank shall, at all time, maintain an adequate stock of eligible liquid assets to fulfil the LCR limits as determined in accordance with the following timeline:

With effect from	1 September 2016	1 September 2017	1 September 2018	1 June 2019	1 January 2020
Minimum LCR	60%	70%	80%	90%	100%

The purpose of the LCR aims at promoting short-term resilience of each institution's liquidity risk profile, ensuring that each institution has an adequate stock of unencumbered liquid assets that can be converted into cash at no or little loss of value in markets, to meet its liquidity needs for a 30-day liquidity stress scenario, and ensuring that prompt corrective actions are taken by the institution's management when the LCR potentially falls below the minimum requirement.

The Bank also uses a range of tools such as liquidity ratio, liquidity gap analysis, safety margin, and monthly cash flow projection to measure, monitor and manage its liquidity positions. In addition, The Bank also performs daily and monthly liquidity stress test in order to identify and quantify its exposures to possible future liquidity stresses, analysing possible impacts on the Bank's cash flows, liquidity position, profitability and solvency.

b) Funding approach

The Group's main sources of liquidities arise from shareholder's paid-up capital, borrowings, subordinated debts, due to other banks and deposits from customers. The sources of liquidity are regularly reviewed daily through management's review of maturity of fixed deposits and key depositors. For borrowings and subordinated debts are also regularly reviewed daily via management's review of interest and principal repayments and maturity.

c) Non-derivative cash flows

The table below presents the cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on contractual undiscounted cash flows.

	The Group					
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2017						
Financial liabilities						
Due to other banks	196,940,671	5,413,484	11,232,602	-	-	213,586,757
Deposits from customers	1,731,902,560	332,569,128	795,600,007	311,705,660	86,455,117	3,258,232,472
Other liabilities	19,100,133	259,093	836,676	-	16,078	20,211,980
Borrowings	21,222,258	21,352,829	235,976,991	714,565,402	39,389,858	1,032,507,338
Subordinated debts	-	-	50,292,029	57,992,871	21,654,102	129,939,002
Total financial liabilities (contractual maturity dates)	<u>1,969,165,622</u>	<u>359,594,534</u>	<u>1,093,938,305</u>	<u>1,084,263,933</u>	<u>147,515,155</u>	<u>4,654,477,549</u>
In KHR'000 equivalent	<u>7,949,521,616</u>	<u>1,451,683,134</u>	<u>4,416,228,937</u>	<u>4,377,173,498</u>	<u>595,518,681</u>	<u>18,790,125,866</u>
Assets held for managing liquidity risk						
(contractual maturity dates)	<u>1,344,150,178</u>	<u>537,641,280</u>	<u>892,910,777</u>	<u>2,220,441,012</u>	<u>423,197,796</u>	<u>5,418,341,043</u>
In KHR'000 equivalent	<u>5,426,334,269</u>	<u>2,170,457,847</u>	<u>3,604,680,807</u>	<u>8,963,920,365</u>	<u>1,708,449,502</u>	<u>21,873,842,790</u>
At 31 December 2016						
Financial liabilities						
Due to other banks	239,627,794	11,888,591	113,800,291	-	-	365,316,676
Deposits from customers	1,489,292,952	273,022,192	810,177,503	260,239,428	50,937,375	2,883,669,450
Other liabilities	11,770,192	230,538	293,407	791,021	2,232	13,087,390
Borrowings	10,988,833	7,792,764	121,362,281	538,585,577	30,201,831	708,931,286
Subordinated debts	-	-	17,411,852	103,509,040	16,028,542	136,949,434
Total financial liabilities (contractual maturity dates)	<u>1,751,679,771</u>	<u>292,934,085</u>	<u>1,063,045,334</u>	<u>903,125,066</u>	<u>97,169,980</u>	<u>4,107,954,236</u>
In KHR'000 equivalent	<u>7,071,531,236</u>	<u>1,182,574,901</u>	<u>4,291,514,013</u>	<u>3,645,915,891</u>	<u>392,275,210</u>	<u>16,583,811,251</u>
Assets held for managing liquidity risk						
(contractual maturity dates)	<u>1,245,564,433</u>	<u>443,198,562</u>	<u>889,798,344</u>	<u>2,050,494,447</u>	<u>222,682,479</u>	<u>4,851,738,265</u>
In KHR'000 equivalent	<u>5,028,343,616</u>	<u>1,789,192,595</u>	<u>3,592,115,915</u>	<u>8,277,846,083</u>	<u>898,969,166</u>	<u>19,586,467,375</u>

The Bank

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2017						
Financial liabilities						
Due to other banks	197,532,553	130,323	8,735,842	-	-	206,398,718
Deposits from customers	1,699,134,152	328,896,775	777,881,999	286,424,156	85,637,897	3,177,974,979
Other liabilities	18,087,872	83,583	831,165	-	-	19,002,620
Borrowings	21,222,258	15,541,061	222,793,728	688,091,349	36,600,681	984,249,077
Subordinated debts	-	-	50,292,029	57,992,871	21,654,102	129,939,002
Total financial liabilities (contractual maturity dates)	1,935,976,835	344,651,742	1,060,534,763	1,032,508,376	143,892,680	4,517,564,396
In KHR'000 equivalent	7,815,538,483	1,391,359,082	4,281,378,838	4,168,236,314	580,894,749	18,237,407,466
Assets held for managing liquidity risk						
(contractual maturity dates)	1,310,697,737	520,794,027	831,712,011	2,137,219,417	422,052,468	5,222,475,660
In KHR'000 equivalent	5,291,286,764	2,102,445,487	3,357,621,388	8,627,954,786	1,703,825,813	21,083,134,238
At 31 December 2016						
Financial liabilities						
Due to other banks	239,632,441	7,564,617	109,415,392	-	-	356,612,450
Deposits from customers	1,457,154,637	268,903,464	797,309,132	235,512,659	50,937,375	2,809,817,267
Other liabilities	11,502,593	107,439	239,421	791,021	-	12,640,474
Borrowings	10,988,833	4,818,522	108,053,067	517,696,020	26,514,833	668,071,275
Subordinated debts	-	-	17,411,852	103,509,040	16,028,542	136,949,434
Total financial liabilities (contractual maturity dates)	1,719,278,504	281,394,042	1,032,428,864	857,508,740	93,480,750	3,984,090,900
In KHR'000 equivalent	6,940,727,321	1,135,987,748	4,167,915,324	3,461,762,783	377,381,788	16,083,774,964
Assets held for managing liquidity risk						
(contractual maturity dates)	1,212,629,706	424,972,190	832,256,700	1,980,625,158	221,576,693	4,672,060,447
In KHR'000 equivalent	4,895,386,123	1,715,612,731	3,359,820,298	7,995,783,763	894,505,109	18,861,108,024

d) Off-balance sheet items

i) Loan commitments, and guarantee

The dates of the contractual amounts of the Group and the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 29) are summarised in table below:

The Group

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2017						
Unused portion of overdrafts	111,820,677	-	-	-	-	111,820,677
Bank guarantees	3,354,779	6,714,605	25,211,668	11,776,171	3,926	47,061,149
Letters of credit	2,834,699	9,663,166	1,094,259	-	-	13,592,124
Gross settled (forward foreign exchange contracts - cash flow hedges)						
- (inflow)	(678,216)	-	-	-	-	(678,216)
- outflow	684,085	-	-	-	-	684,085
- Net	5,869	-	-	-	-	5,869
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	(266,933)	(93,589)	(959,501)	(2,981,641)	-	(4,301,664)
- outflow	294,617	96,043	967,193	3,024,831	-	4,382,684
- Net	27,684	2,454	7,692	43,190	-	81,020
Total	118,043,708	16,380,225	26,313,619	11,819,361	3,926	172,560,839

The Group

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2016						
Unused portion of overdrafts	96,365,540	-	-	-	-	96,365,540
Bank guarantees	4,324,573	6,263,471	20,413,810	11,346,540	-	42,348,394
Letters of credit	4,709,192	8,738,280	2,407,929	-	-	15,855,401
Gross settled (forward foreign exchange contracts - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
- Net	-	-	-	-	-	-
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	-	(179,685)	(2,402,825)	-	(2,582,510)
- outflow	-	-	294,617	3,541,783	-	3,836,400
- Net	-	-	114,932	1,138,958	-	1,253,890
Total	105,399,305	15,001,751	22,936,671	12,485,498	-	155,823,225

The Bank

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2017						
Unused portion of overdrafts	111,820,677	-	-	-	-	111,820,677
Bank guarantees	3,354,779	6,689,233	25,195,383	11,776,171	3,926	47,019,492
Letters of credit	2,834,699	9,663,166	1,094,259	-	-	13,592,124
Gross settled (forward foreign exchange contracts - cash flow hedges)						
- (inflow)	(678,216)	-	-	-	-	(678,216)
- outflow	684,085	-	-	-	-	684,085
- Net	5,869	-	-	-	-	5,869
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	(266,933)	(93,589)	(959,501)	(2,981,641)	-	(4,301,664)
- outflow	294,617	96,043	967,193	3,024,831	-	4,382,684
- Net	27,684	2,454	7,692	43,190	-	81,020
Total	118,043,708	16,354,853	26,297,334	11,819,361	3,926	172,519,182

At 31 December 2016

Unused portion of overdrafts	96,365,540	-	-	-	-	96,365,540
Bank guarantees	4,324,573	6,263,471	20,399,751	11,346,540	-	42,334,335
Letters of credit	4,709,192	8,738,280	2,407,929	-	-	15,855,401
Gross settled (forward foreign exchange contracts - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
- Net	-	-	-	-	-	-
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	-	-	(179,685)	(2,402,825)	-	(2,582,510)
- outflow	-	-	294,617	3,541,783	-	3,836,400
- Net	-	-	114,932	1,138,958	-	1,253,890
Total	105,399,305	15,001,751	22,922,612	12,485,498	-	155,809,166

ii) Other financial facilities

Other financial facilities (Note 29) are also included as above based on the earliest contractual date.

31.4 Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

The Group and the Bank did not have financial instruments measured at fair value.

b) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

i) Balances with other banks

Balances with other banks include current accounts which are non-interest bearing, saving deposits and short-term deposits. The fair value of balances with other banks approximates the carrying amount at the reporting date due to the relatively short maturity of these instruments.

ii) Loans and advances to customers

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loan and advances to customers might approximate to their carrying value as reporting date.

iii) Due to other banks and deposits from customers

The fair value of due to other banks and deposits from customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of due to other banks and deposits from customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Group and the Bank offered similar interest rate of the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

iv) Other assets, other investments and other liabilities

The carrying amounts of other financial assets, other investments and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

v) Borrowings and subordinated debts

The fair value of borrowings and subordinated debts are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Group and the Bank believed that the contractual interest rates were not significantly different to the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration on the Group and the Bank's credit risk profile as at reporting date. On this basis, the fair value of borrowings and subordinated debts approximate their carrying values at the reporting date.

31.5 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheet, are:

- To comply with the capital requirement set by the National Bank of Cambodia;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of business.

The National Bank of Cambodia requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth at least equal to minimum capital, and iii) comply with solvency ratio, liquidity coverage ratio and other prudential ratios.

The table below summarises the composition of regulatory capital:

	The Bank			
	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000
Tier 1 capital				
Share capital	358,544,956	307,763,911	1,447,445,987	1,242,442,909
Retained earnings	86,486,798	122,305,468	349,147,204	493,747,174
General reserves	299,148,975	240,304,425	1,207,664,412	970,108,964
Less: Intangible assets	(10,737,495)	(10,952,018)	(43,347,267)	(44,213,297)
Less: Loans to related parties	(15,249,145)	(11,029,504)	(61,560,798)	(44,526,108)
	<u>718,194,089</u>	<u>648,392,282</u>	<u>2,899,349,538</u>	<u>2,617,559,642</u>
Tier 2 complementary capital				
General provision	29,394,002	27,465,201	118,663,586	110,877,017
Subordinated debts (*)	58,958,340	65,400,000	238,014,819	264,019,800
Less: Equity participation in banking or financial institutions	(57,151,960)	(57,151,960)	(230,722,463)	(230,722,463)
	<u>31,200,382</u>	<u>35,713,241</u>	<u>125,955,942</u>	<u>144,174,354</u>
	<u>749,394,471</u>	<u>684,105,523</u>	<u>3,025,305,480</u>	<u>2,761,733,996</u>

(*) This represents subordinated debts approved by the National Bank of Cambodia.

32. Subsequent events

On 29 December 2017, the Group and the Bank revised the policy and stopped providing provident fund from 1 January 2018. The provident fund amounts as at 31 December 2017 have been paid to employees on 25 January 2018.

CREDIT RATINGS

ACLEDA Bank is the first bank in Cambodia to have been assigned ratings by the top international credit rating agency — Standard & Poor's.

Ratings Detail (as of December 20, 2017)

ACLEDA Bank Plc.

Counterparty Credit Rating	B/Stable/B
ASEAN Regional Scale	NR/--/NR
Counterparty Credit Ratings History	
31-Oct-2011	B/Stable/B
09-Jan-2008	B+/Stable/B
21-Aug-2017 ASEAN Regional Scale	NR/--/NR
31-Oct-2011	axBB/--/axB
14-Jul-2009	axBB/--/axB



Dry fish business in Siem Reap province.



Longan farm in Battambang province.

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N/R = Not Relevant

N/A = Not Available

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AS OF APRIL 24, 2018

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Tel: +855 (0)15 900 243

E-mail: chk@acledabank.com.kh

And 2 branches: Chhuk District Branch - Trapeang Phleang Commune, Chum Kiri District Branch - Trapeang Reang Commune

Kampong Trach District Branch - Kampong Trach Khang Kaeut Commune

Street 33, Kampong Trach Ti Muoy Village, Kampong Trach Khang Kaeut Commune, Kampong Trach District, Kampot Province.

Tel: +855 (0)15 900 767

E-mail: ktr.kpt@acledabank.com.kh

And 2 branches: Banteay Meas District Branch - Tuk Meas Khang Lech Commune, Dang Tong District Branch - Dang Tong Commune

KANDAL

Kandal Branch

#15, National Road No. 2, Group 2, Takhmao Village, Sangkat Takhmao, Krong Takhmao, Kandal Province.

Tel: +855 (0)23 425 623 / 425 995, +855 (0)15 900 265

E-mail: tkm@acledabank.com.kh

And 1 branch: S'ang District Branch - Svay Rolum Commune

Angk Snoul District Branch - Baek Chan Commune

Baek Chan Village, Baek Chan Commune, Angk Snoul District, Kandal Province.
Tel: +855 (0)24 688 7777, +855 (0)15 900 213
E-mail: asn_kdl@acledabank.com.kh

And 1 branch: Angk Snoul District Branch - Mkak Commune

Angk Snoul District Branch - Damnak Ampil Commune

Thnal Totueng Village, Damnak Ampil Commune, Angk Snoul District, Kandal Province.
Tel: +855 (0)23 729 401, +855 (0)15 700 525
E-mail: dna@acledabank.com.kh

Kandal Stueng District Branch - Anlong Romiet Commune

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Tel: +855 (0)15 900 745
E-mail: kds@acledabank.com.kh

And 1 branch: Kandal Stueng District Branch - Boeng Khyang Commune

Kaoh Thum District Branch - Preaek Thmei Commune

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E-mail: kohthom@acledabank.com.kh

And 2 branches: Kaoh Thum District Branch - Kampong Kong Commune, Kaoh Thum District Branch - Sampeou Poun Commune

Khsach Kandal District Branch - Preaek Ta Meak Commune

Knong Village, Preaek Ta Meak Commune, Khsach Kandal District, Kandal Province.
Tel: +855 (0)15 900 897
E-mail: kkd.admin@acledabank.com.kh

And 2 branches: Khsach Kandal District Branch - Svay Romiet Commune, Khsach Kandal District Branch - Vihear Suork Commune

Kien Svay District Branch - Kokir Commune

National Road No. 1, Group 50 khnorng Ti Pram, Kokir Village, Kokir Commune, Kien Svay District, Kandal Province.
Tel: +855 (0)24 397 575 / +855 (0)15 700 805
E-mail: ksv@acledabank.com.kh

And 4 branches: Kien Svay District Branch - Chheu Teal Commune, Kien Svay District Branch - Samraong Thum Commune, Lvea Aem District Branch - Peam Oknha Ong Commune, Lvea Aem District Branch - Tuek Khleang Commune

Mukh Kampul District Branch - Preaek Anhchanh Commune

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Tel: +855 (0)23 363 355, +855 (0)24 393 936, +855 (0)15 900 319
E-mail: mkp@acledabank.com.kh

And 2 branches: Mukh Kampul District Branch - Roka Kaong 1 Commune, Mukh Kampul District Branch - Sambuor Meas Commune

S'ang District Branch - Preaek Koy Commune

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E-mail: saang@acledabank.com.kh

And 2 branches: S'ang District Branch - Preaek Ambel Commune, S'ang District Branch - Traeuy Sla Commune

KOH KONG

Koh Kong Branch

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KRATIE

Kratie Branch

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And 2 branches: Preaek Prasab District Branch - Preaek Prasab Commune, Sambour District Branch - Sambour Commune

Chhloung District Branch - Chhloung Commune

Chrouy Thma Kraom Village, Chhloung Commune, Chhloung District, Kratie Province.
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E-mail: chl@acledabank.com.kh

And 1 branch: Chhloung District Branch - Khsach Andeth Commune

Snuol District Branch - Snuol Commune

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MONDULKIRI

Mondulkiri Branch

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E-mail: mki@acledabank.com.kh

And 1 branch: Kaoh Nheaek District Branch - Srae Sangkum Commune

Kaev Seima District Branch - Srae khtum Commune

Ou Am Village, Srae Khtum Commune, Kaev Seima District, Mondul Kiri Province.
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OTDAR MEANCHEY

Otdar Meanchey Branch

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And 3 branches: Banteay Ampil District Branch - Kouk Mon Commune, Chong Kal District Branch - Chong Kal Commune, Krong Samraong Branch

Anlong Veaeng District Branch - Anlong Veaeng Commune

Ou Chenhchien Village, Anlong Veaeng Commune, Anlong Veaeng District, Oddar Meanchey Province.
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And 1 branch: Trapeang Prasat District Branch - Trapeang Prasat Commune

PAILIN

Pailin Branch

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PREAH SIHANOUK

Sihanouk Branch

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And 5 branches: Botumsakor District Branch - Thma Sa Commune, Prey Nob District Branch - Ou Oknha Heng Commune, Prey Nob District Branch - Veal Renh Commune, Srae Ambel District Branch - Srae Ambel Commune, Stueng Hav District Branch - Tomnub Rolok Commune

PREAH VIHEAR

Preah Vihear Branch

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And 7 branches: Chey Saen District Branch - S'ang Commune, Chhaeb District Branch - Chhaeb Muoy Commune, Choam Ksant District Branch - Choam Ksant Commune, Choam Ksant District Branch - Sror Aem Commune, Kuleaen District Branch - Kuleaen Tboung Commune, Rovieng District Branch - Robieb Commune, Sangkum Thmei District Branch - Chamraeun Commune

PREY VENG

Prey Veng Branch

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And 3 Branches: Kamchay Mear District Branch - Kranhung Commune, Kanhchriech District Branch - Kanhchriech Commune, Svay Antor District Branch - Svay Antor Commune

Kampong Trabaek District Branch - Prasat Commune

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And 2 branches: Me Sang District Branch - Chi Phoch Commune, Preah Sdach District Branch - Angkor Reach Commune

Pea Reang District Branch - Roka Commune

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And 2 branches: Pea Reang District Branch - Kampong Popil Commune, Sithor Kandal District Branch - Preaek Changkran Commune

Peam Ro District Branch - Preaek Khsay 'Kha' Commune

Phum 1, Preaek Khsay 'Kha' Commune, Peam Ro District, Prey Veng Province.
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And 5 branches: Ba Phnum District Branch - Chheu Kach Commune, Leuk Daek District Branch - Kampong Phnum Commune, Leuk Daek District Branch - K'am Samnar Commune, Leuk Daek District Branch - Preaek Dach Commune, Peam Chor District Branch - Svay Phluoh Commune

PURSAT

Pursat Branch

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E-mail: pur@acledabank.com.kh

And 5 branches: Kandiang District Branch - Kandiang Commune, Krakor District Branch - Anlong Tnaot Commune, Krakor District Branch - Chheu Tom Commune, Krakor District Branch - Tnaot Chum Commune, Phnum Kravanh District Branch - Leach Commune

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And 2 branches: Bakan District Branch - Ou Ta Paong Commune, Bakan District Branch - Ta Lou Commune

RATANAK KIRI

Ratanak Kiri Provincial Branch

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E-mail: rki@acledabank.com.kh

And 2 branches: Bar Kaev District Branch - La Minh Commune, Koun Mom District Branch - Trapeang Chres Commune

SIEM REAP

Siem Reap Branch

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And 2 branches: Banteay Srei District Branch - Khnar Sanday Commune, Banteay Srei District Branch - Preah Dak Commune

Krong Phsar Leu Branch

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And 1 branch: Prasat Bakong District Branch - Kantreang Commune

Krong Siem Reap Branch

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Puok District Branch - Puok Commune

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And 5 branches: Angkor Chum District Branch - Char Chhuk Commune, Kralanh District Branch - Kampong Thkov Commune, Puok District Branch - Sasar Sdam Commune, Srei Snam District Branch - Chruoy Neang Nguon Commune, Varin District Branch - Srae Noug Commune

Sotr Nikom District Branch - Damdaek Commune

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And 3 Branches: Chi Kraeng District Branch - Kampong Kdei Commune, Chi Kraeng District Branch - Sang Vaeuy Commune, Svay Leu District Branch - Svay Leu Commune

STUNG TRENG

Stung Treng Branch

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And 2 branches: Siem Pang District Branch - Sekong Commune, Thala Barivat District Branch - Sam Ang Commune

SVAY RIENG

Svay Rieng Branch

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And 6 branches: Kampong Rou District Branch - Nhor Commune, Romeas Haek District Branch - Kampong Trach Commune, Rumduol District Branch - Kampong Chak Commune, Svay Chrum District Branch - Doun Sa Commune, Svay Chrum District Branch - Kraol Kou Commune, Svay Teab District Branch - Kandieng Reay Commune

Krong Bavet Branch

National Road No. 1, Phum Bavet Kandal, Sangkat Bavet, Krong Bavet, Svay Rieng Province.

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E-mail: bavet@acledabank.com.kh

And 3 branches: Chantrea District Branch - Me Sar Thngak Commune, Kampong Rou District Branch - Samlei Commune, Krong Bavet Branch - Sangkat Prey Angkunh

TAKEO

Takeo Branch

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And 1 branch: Treang District Branch - Prey Sloek Commune

Bati District Branch - Trapeang Sab Commune

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Tel: +855 (0)15 800 792
E-mail: bti@acledabank.com.kh

And 3 branches: Bati District Branch - Pot Sar Commune, Samraong District Branch - Rovieng Commune, Samraong District Branch - Samraong Commune

Kiri Vong District Branch - Preah Bat Choan Chum Commune

National Road No. 2, Kampong Village, Preah Bath Choan Chum Commune, Kiri Vong District, Takeo Province.

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And 4 branches: Borei Cholsar District Branch - Kouk Pou Commune, Kaoh Andaet District Branch - Romenh Commune, Kiri Vong District Branch - Prey Rumdeng Commune, Treang District Branch - Smaong Commune

Prey Kabbas District Branch - Prey Lvea Commune

Prey Lvea Kaeut Village, Prey Lvea Commune, Prey Kabbas District, Takeo Province.

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And 3 branches: Angkor Borei District Branch - Angkor Borei Commune, Prey Kabbas District Branch - Angkanh Commune, Prey Kabbas District Branch - Prey Phdau Commune

Tram Kak District Branch - Angk Ta Saom Commune

National Road No. 3, Prey Rumdeng Village, Angk Ta Saom Commune, Tram Kak District, Takeo Province.

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E-mail: trk@acledabank.com.kh

And 3 branches: Samraong District Branch - Boeng Tranh Khang Cheung Commune, Tram Kak District Branch - Cheang Tong Commune, Tram Kak District Branch - Tram Kak Commune

TBOUNG KHMUM

Tboung Khmum Branch

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E-mail: sog@acledabank.com.kh

And 2 branches: Tboung Khmum District Branch - Roka Po Pram Commune, Tboung Khmum District Branch - Sralab Commune

Memot District Branch - Memot Commune

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Tel: +855 (0)42 394 546, +855 (0)15 800 771
E-mail: memot@acledabank.com.kh

And 1 branch: Memot District Branch - Dar Commune

Ou Reang Ov District Branch - Ampil Ta Pok Commune

Lekh Bei Village, Ampil Ta Pok Commune, Ou Reang Ov District, Tboung Khmum Province.
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E-mail: oro@acledabank.com.kh

And 1 branch: Kaoh Soutin District Branch - Pongro Commune

Ponhea Kraek District Branch - Kaong Kang Commune

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E-mail: phk.admin@acledabank.com.kh

And 3 branches: Dambae District Branch - Chong Cheach Commune, Dambae District Branch - Dambae Commune, Ponhea Kraek District Branch - Kraek Commune

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Bokeo Office

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And 1 office: Bolikhan

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Chanthabouly Branch

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And 1 office: Sivilay

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And 1 office: Thangone

Khammouane Branch

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And 3 offices: Nongbok, Gnommalath, Hinboon

Kongsedon Branch

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Louangnumtha Office

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And 1 office: Xayboully

Paksong Office

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And 1 office: Laongarm

Savannakhet Branch

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And 1 office: Champhone

Suanmon Branch

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And 1 office: Hadxayfong

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And 1 office: Saphanthong

Xaysettha Branch

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Tel: (+95-052) 2750707 / (+95) 09425029798

Tharketa Sub-Branch

#14 (B), Aye Yar Won Road, A Naw Mar 1st Street, 1st Ward, Tharketa Township, Yangon Region.

Tel: (+95) 09259340992

Thingangyun Sub-Branch

#482, Ground Floor, Aung Thu Kha Road, Kyi Pwar Yay Ward, Thingangyun Township, Yangon Region.

Tel: (+95) 09259340048

Yonegyi Sub-Branch

No. 252, Ground Floor, 31 Street, Yonegyi Ward, Bago Township, Bago Region.

Tel: (+95) 09421593104

CORRESPONDENT BANKS

Principal Correspondents

Currency	Name of Bank	Location	SWIFT/BIC
CNY	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD., SHENZHEN BRANCH	SHENZHEN	ICBKCNBJSZN
EUR	ING BELGIUM SA/NV (FORMERLY BANK BRUSSELS LAMBERT SA), BRUSSELS	BRUSSELS	BBRUBEBB
	SOCIETE GENERALE	PARIS	SOGEFRPP
	STANDARD CHARTERED BANK	FRANKFURT	SCBLDEFX
GBP	STANDARD CHARTERED BANK	LONDON	SCBLGB2L
JPY	SUMITOMO MITSUI BANKING CORPORATION	TOKYO, JAPAN	SMBCJPJT
SGD	UNITED OVERSEAS BANK LIMITED	SINGAPORE	UOVBSGSG
THB	BANGKOK BANK PUBLIC COMPANY LIMITED	BANGKOK	BKKBTHBK
	KRUNG THAI BANK PUBLIC COMPANY LIMITED	BANGKOK	KRTHTHBK
	THANACHART BANK PUBLIC COMPANY LIMITED	BANGKOK	THBKTHBK
	UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED	BANGKOK	UOVBTBHK
USD	BANGKOK BANK PUBLIC COMPANY LIMITED	BANGKOK	BKKBTHBK
	BANK OF AMERICA, N.A.	NEW YORK-NY	BOFAUS3N
	KEB HANA BANK	SEOUL	KOEXKRSE
	KOOKMIN BANK	SEOUL	CZNBKRSE
	STANDARD CHARTERED BANK	NEW YORK-NY	SCBLUS33
	THE BANK OF NEW YORK MELLON	NEW YORK-NY	IRVTUS3N
	WELLS FARGO BANK, N.A.(FORMERLY KNOWN AS WACHOVIA)	NEW YORK-NY	PNBPUS3NNYC
VND	VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	HANOI	VBAAVNVX

Correspondent Banks

335 correspondent banks in 47 countries as of April 26, 2018:

Country (No. of Correspondents)	Name of Bank (City)
ARGENTINA (1)	BANCO CREDICOOP COOPERATIVO LIMITADO (BUENOS AIRES)
AUSTRALIA (6)	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED (MELBOURNE)
	BANK OF AMERICA, N.A. SYDNEY (SYDNEY)
	CITIGROUP PTY LIMITED (SYDNEY)
	COMMONWEALTH BANK OF AUSTRALIA SYDNEY (SYDNEY) * - AUD
	JPMORGAN CHASE BANK, N.A. (SYDNEY)
	KEB AUSTRALIA LIMITED (SYDNEY)
AUSTRIA (3)	ALLGEMEINE SPARKASSE OBEROESTERREICH BANKAKTIENGESellschaft (LINZ)
	BANK FUER TIROL UND VORARLBERG A.G (INNSBRUCK)
	RAIFFEISEN BANK INTERNATIONAL AG (VIENNA)
BAHRAIN (1)	WOORI BANK, MANAMA (MANAMA)
BANGLADESH (3)	MIDLAND BANK LIMITED (DHAKA)
	STANDARD CHARTERED BANK (DHAKA)
	WOORI BANK, DHAKA (DHAKA)
BELGIUM (7)	BANK OF AMERICA MERRILL LYNCH INTERNATIONAL LIMITED, ANTWERP BRANCH (ANTWERPEN)
	BEOBANK NV/SA (BRUSSELS)
	BNP PARIBAS FORTIS (FORTIS BANK SA/NV) (ALL BELGIAN OFFICES) (BRUSSELS)
	COMMERZBANK AG, THE, BRUSSELS BRANCH (BRUSSELS)
	ING BELGIUM NV/SA (FORMERLY BANK BRUSSELS LAMBERT SA), BRUSSELS (BRUSSELS) * - EUR
	KBC BANK NV (BRUSSELS)
	THE BANK OF NEW YORK MELLON SA/NV (BRUSSELS)
BRUNEI DARUSSALAM (1)	BANK ISLAM BRUNEI DARUSSALAM BERHAD (BANAR SERI BEGAWAN)
BULGARIA (2)	INTERNATIONAL ASSET BANK AD (SOFIA)
	UNICREDIT BULBANK AD (SOFIA)
CAMBODIA (16)	ADVANCED BANK OF ASIA LIMITED (PHNOM PENH)
	BANK FOR INVESTMENT AND DEVELOPMENT OF CAMBODIA PLC (PHNOM PENH)
	BANK OF CHINA LIMITED PHNOM PENH BRANCH (PHNOM PENH)
	BRED BANK (CAMBODIA) PLC (PHNOM PENH)
	CAMBODIA MEKONG BANK PUBLIC LIMITED (PHNOM PENH)
	CAMBODIAN COMMERCIAL BANK LIMITED (PHNOM PENH)
	CIMB BANK PLC (PHNOM PENH)
	FOREIGN TRADE BANK OF CAMBODIA (PHNOM PENH)

	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED PHNOM PENH BRANCH (PHNOM PENH)
	MAYBANK (CAMBODIA) PLC.
	PHILLIP BANK PLC
	PHNOM PENH COMMERCIAL BANK (PHNOM PENH)
	SATHAPANA BANK PLC.
	SHB PLC PHNOMPENH BRANCH, CAMBODIA (PHNOM PENH)
	SHINHAN KHMER BANK (PHNOM PENH)
	VATTANAC BANK (PHNOM PENH)
CANADA (2)	BANK OF AMERICA, NATIONAL ASSOCIATION, CANADA BRANCH (TORONTO)
	KEB HANA BANK CANADA (TORONTO)
CHINA (32)	AGRICULTURAL BANK OF CHINA, THE (BEIJING)
	AUSTRALIA AND NEW ZEALAND BANK (CHINA) COMPANY LIMITED (SHANGHAI)
	BANCA MONTE DEI PASCHI DI SIENA S.P.A. (SHANGHAI)
	BANK OF BEIJING (BEIJING)
	BANK OF CHINA (BEIJING)
	BANK OF COMMUNICATIONS (SHANGHAI)
	BANK OF NINGBO (NINGBO)
	BANK OF RUIFENG(FORMERLY ZHEJIANG SHAOXING COUNTY RURAL COOPERATIVE BANK) (SHAOXING)
	BANK OF YINGKOU (YINGKOU)
	CHENGDU RURAL COMMERCIAL BANK (CHENGDU)
	CHINA CONSTRUCTION BANK CORPORATION (BEIJING)
	CHINA MERCHANTS BANK (SHENZHEN)
	COMMERZBANK AG (SHANGHAI)
	COMMONWEALTH BANK OF AUSTRALIA (SHANGHAI)
	HANA BANK (CHINA) COMPANY LIMITED (BEIJING)
	INDUSTRIAL AND COMMERCIAL BANK OF CHINA (BEIJING)
	INTESA SANPAOLO SPA SHANGHAI (SHANGHAI)
	JPMORGAN CHASE BANK (CHINA) COMPANY LIMITED BEIJING BRANCH (BEIJING)
	PING AN BANK CO., LTD. (SHENZHEN)
	SHENGJING BANK CO.,LTD (SHENYANG)
	STANDARD CHARTERED BANK (CHINA) LIMITED (SHANGHAI)
	SUMITOMO MITSUI BANKING CORPORATION (CHINA) LIMITED (BEIJING, GUANGZHOU, SHANGHAI, SUZHOU, TIANJIN)
	THE BANK OF NEW YORK MELLON, SHANGHAI BRANCH (SHANGHAI)
	UNICREDIT SPA-SHANGHAI BRANCH (SHANGHAI)
	UNITED OVERSEAS BANK (CHINA) LIMITED (SHANGHAI)
	WELLS FARGO BANK, N.A., SHANGHAI BRANCH (SHANGHAI)
	WOORI BANK (CHINA) LIMITED (BEIJING)
	YINZHOU BANK (NINGBO)
CZECH REPUBLIC (6)	CESKA SPORITELNA A.S. (PRAGUE)
	CESKOSLOVENSKA OBCHODNI BANKA, A.S. (HEAD OFFICE) (PRAGUE)
	COMMERZBANK AG (PRAGUE)
	KOMERCNI BANKA A.S. (PRAGUE)
	RAIFFEISENBANK A.S. (PRAGUE)
	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S. (PRAGUE)
EGYPT (1)	MASHREQ BANK (CAIRO)
FRANCE (7)	BNP-PARIBAS SA (FORMERLY BANQUE NATIONALE DE PARIS S.A.) (PARIS)
	COMMERZBANK AG (PARIS)
	CREDIT AGRICOLE CIB
	CREDIT AGRICOLE SA (MONTRouGE)
	INTESA SANPAOLO SPA (PARIS)
	KEB HANA BANK (PARIS)
	SOCIETE GENERALE (PARIS) * - EUR
GERMANY (15)	BANK OF AMERICA, N.A. (FRANKFURT AM MAIN)
	BERLINER SPARKASSE-LANDERSBANK BERLIN AG (BERLIN)
	COMMERZBANK AG (FRANKFURT AM MAIN)
	COMMERZBANK AG (FORMERLY DRESDNER BANK AG) (FRANKFURT AM MAIN)
	DEUTSCHE BANK AG (BERLIN, ESSEN, FRANKFURT AM MAIN)
	HAMBURGER SPARKASSE AG (HAMBURG)
	INTESA SANPAOLO S.P.A.-FRANKFURT (FRANKFURT AM MAIN)
	KEB HANA BANK (D) AG (FRANKFURT AM MAIN)
	LANDESBANK BADEN-WUERTTEMBERG (STUTT GART)
	LANDESBANK HESSEN-THUERINGEN GIROZENTRALE (FRANKFURT AM MAIN)
	STANDARD CHARTERED BANK GERMANY BRANCH (FRANKFURT AM MAIN) * - EUR
	THE BANK OF NEW YORK MELLON, FRANKFURT BRANCH (FRANKFURT AM MAIN)
	UNICREDIT BANK AG (HYPOVEREINSBANK) (MUENCHEN)
HONG KONG (17)	AXIS BANK LIMITED (HONG KONG)
	BANCA MONTE DEI PASCHI DI SIENA SPA HONG KONG (HONG KONG)
	BANK OF AMERICA, N.A. HONG KONG (HONG KONG)
	BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (HONG KONG)
	CITIBANK N.A. (HONG KONG)
	COMMERZBANK AG (HONG KONG)
	DEUTSCHE BANK AG (HONG KONG)
	HABIB BANK ZURICH (HONG KONG) LIMITED (HONG KONG)
	INTESA SANPAOLO SPA HONG KONG (HONG KONG)
	KDB ASIA LIMITED (HONG KONG)
	KEB HANA BANK (HONG KONG)
	SIAM COMMERCIAL BANK PCL,THE (HONG KONG)
	STANDARD CHARTERED BANK (HONG KONG) LIMITED (HONG KONG)
	SUMITOMO MITSUI BANKING CORPORATION (HONG KONG)

	THE BANK OF NEW YORK MELLON, HONG KONG BRANCH (HONG KONG) WELLS FARGO BANK, N.A., HONG KONG BRANCH (FORMERLY KNOWN AS WACHOVIA) (HONG KONG) WOORI BANK, HONG KONG (HONG KONG)
INDIA (7)	AXIS BANK LIMITED (MUMBAI) BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (NEW DELHI) CANARA BANK (MUMBAI) CITIBANK N.A. (MUMBAI) MASHREQ BANK (MUMBAI) STANDARD CHARTERED BANK (MUMBAI) YES BANK LIMITED (MUMBAI)
INDONESIA (4)	PT. BANK PEMBANGUNAN DAERAH JAWA BARAT DAN BANTEN, TBK (BANDUNG) PT. BANK RAKYAT INDONESIA (JAKARTA) STANDARD CHARTERED BANK (JAKARTA) WOORI BANK, INDONESIA P.T. JAKARTA (JAKARTA)
IRELAND (3)	BANK OF AMERICA MERRILL LYNCH INTERNATIONAL LIMITED (DUBLIN) INTESA SANPAOLO BANK IRELAND PLC (DUBLIN) WELLS FARGO BANK INTERNATIONAL (DUBLIN)
ITALY (10)	BANCA MONTE DEI PASCHI DI SIENA S.P.A. (SIENA) BANCA POPOLARE DI SONDRIO (SONDRIO) BAPER BANCA S.P.A. (MODENA) COMMERZBANK AG (MILANO) CREDITO EMILIANO S.P.A. (REGGIO NELL'EMILIA) CREDITO SICILIANO SPA (PALERMO) INTESA SANPAOLO SPA (HEAD OFFICE) (MILANO) THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A. ITALIAN BRANCH (MILANO) UBI BANCA S.P.A. (BERGAMO) UNICREDIT S.P.A. (MILANO)
JAPAN (11)	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED (TOKYO) BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (TOKYO) COMMERZBANK AG TOKYO (TOKYO) GIFU SHINKIN BANK, THE (GIFU) INTESA SANPAOLO SPA TOKYO (TOKYO) KEB HANA BANK (TOKYO) STANDARD CHARTERED BANK (TOKYO) SUMITOMO MITSUI BANKING CORPORATION (TOKYO) * - JPY THE BANK OF NEW YORK MELLON, TOKYO BRANCH (TOKYO) WELLS FARGO BANK, N.A., TOKYO BRANCH (TOKYO) WOORI BANK, TOKYO (TOKYO)
KOREA, REPUBLIC OF (11)	INDUSTRIAL BANK OF KOREA (SEOUL) JPMORGAN CHASE BANK, N.A., SEOUL BRANCH (SEOUL) KEB HANA BANK (SEOUL) * - USD KOOKMIN BANK (SEOUL) * - USD KOREA EXCHANGE BANK (SEOUL) NONGHYUP BANK (FORMERLY KNOWN AS NATIONAL AGRICULTURAL COOPERATIVE FEDERATION) (SEOUL) STANDARD CHARTERED BANK KOREA LIMITED (SEOUL) SUMITOMO MITSUI BANKING CORPORATION (SEOUL) THE BANK OF NEW YORK MELLON, SEOUL BRANCH (SEOUL) WELLS FARGO BANK, N.A., SEOUL BRANCH (SEOUL) WOORI BANK, SEOUL (SEOUL)
LAO PDR (3)	ACLEDA BANK LAO LTD (VIENTIANE) BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC (VIENTIANE) MAYBANK LAO (VIENTIANE)
LUXEMBOURG (2)	THE BANK OF NEW YORK MELLON (INTERNATIONAL) LTD, LUXEMBOURG BRANCH (LUXEMBOURG) THE BANK OF NEW YORK MELLON (LUXEMBOURG) SA, LUXEMBOURG (LUXEMBOURG)
MALAYSIA (10)	BANK MUAMALAT MALAYSIA BERHAD (6175-W) (KUALA LUMPUR) BANK PERTANIAN MALAYSIA BERHAD-AGROBANK (KUALA LUMPUR) CIMB BANK BERHAD (KUALA LUMPUR) CITIBANK BERHAD (KUALA LUMPUR) HONG LEONG BANK BERHAD (KUALA LUMPUR) MALAYAN BANKING BERHAD (MAYBANK) (KUALA LUMPUR) RHB BANK BERHAD (KUALA LUMPUR) RHB ISLAMIC BANK BERHAD (KUALA LUMPUR) STANDARD CHARTERED BANK MALAYSIA BERHAD (KUALA LUMPUR) SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD (KUALA LUMPUR)
MOROCCO (1)	CREDIT IMMOBILIER ET HOTELIER
NETHERLANDS (4)	COMMERZBANK AG KANTOOR AMSTERDAM (AMSTERDAM) ING BANK N.V. (AMSTERDAM) KEB HANA BANK, AMSTERDAM BRANCH (AMSTELVEEN) SOCIETE GENERALE (AMSTERDAM)
NEW ZEALAND (1)	ANZ BANK NEW ZEALAND LIMITED (WELLINGTON)
PAKISTAN (1)	STANDARD CHARTERED BANK (PAKISTAN) LIMITED (KARACHI)
PHILIPPINES (2)	ASIAN DEVELOPMENT BANK (MANILA) KEB HANA BANK (MAKATI CITY)
POLAND (6)	ALIOR BANK SPOLKA AKCYJNA (WARSZAWA) BANK BPH SA (GDANSK) BANK POLSKA KASA OPIEKI SA - BANK PEKAO SA (WARSZAWA) BANK ZACHODNI WBK SA (WROCLAW) DEUTSCHE BANK POLSKA S.A. (WARSZAWA) RAIFFEISEN BANK POLSKA S.A. (WARSZAWA)
PORTUGAL (2)	BANCO BPI SA (PORTO)

	BANCO SANTANDER TOTTA, SA (LISBON)
QATAR (1)	MASHREQ BANK (DOHA)
RUSSIAN FEDERATION (3)	AO WOORI BANK MOSCOW (MOSCOW) ASIAN-PACIFIC BANK (BLAGOVESHCHENSK) COMMERZBANK (EURASIA) SAO (MOSCOW)
SINGAPORE (18)	AXIS BANK LIMITED (SINGAPORE) BANK OF AMERICA, N.A. SINGAPORE (SINGAPORE) BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (SINGAPORE) CITIBANK, N.A. (SINGAPORE) COMMERZBANK AG, SINGAPORE BRANCH (SINGAPORE) DEUTSCHE BANK AG (SINGAPORE) KBC BANK SINGAPORE BRANCH (SINGAPORE) KEB HANA BANK, SINGAPORE BRANCH (SINGAPORE) MIZUHO BANK LTD. SINGAPORE BRANCH (SINGAPORE) NATIXIS (SINGAPORE) RHB BANK BERHAD (SINGAPORE) STANDARD CHARTERED BANK (SINGAPORE-2 BRANCHES) SUMITOMO MITSUI BANKING CORPORATION (SINGAPORE) THE BANK OF NEW YORK MELLON, SINGAPORE BRANCH (SINGAPORE) UNITED OVERSEAS BANK LIMITED (SINGAPORE) * - SGD WELLS FARGO BANK, NA (SINGAPORE) WOORI BANK, SINGAPORE (SINGAPORE)
SLOVAKIA (1)	KOMERCNI BANKA, A.S., POBOCKA ZAHRANICNEJ BANKY (BRATISLAVA)
SPAIN (6)	BANCO DE SABADELL, S.A. (SABADELL) BANCO SANTANDER S.A. (MADRID) BANCO SANTANDER S.A. FORMERLY BANCO ESPANOL DE CREDITO (BOADILLA DEL MONTE) CAIXABANK, S.A. (BARCELONA) COMMERZBANK AG (MADRID) INTESA SANPAOLO S.P.A. (FORMER SANPAOLO IMI), MADRID BRANCH, MADRID (MADRID)
SRI LANKA (2)	BANK OF CEYLON (COLOMBO) DFCC VARDHANA BANK PLC (COLOMBO)
SWEDEN (1)	SKANDINAVISKA ENSKILDA BANKEN AB (STOCKHOLM)
SWITZERLAND (2)	BANK COOP AG (BASLE) ZUERCHER KANTONALBANK (ZURICH)
TAIWAN (14)	BANK OF PANHSIN (TAIPEI) BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (TAIPEI) BANK SINOPAC (TAIPEI) CATHAY UNITED BANK (TAIPEI) CITIBANK TAIWAN LIMITED (TAIPEI) CTBC BANK CO., LTD (TAIPEI) E. SUN COMMERCIAL BANK LTD. (TAIPEI) MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. (TAIPEI) STANDARD CHARTERED BANK (TAIWAN) LIMITED (TAIPEI) STANDARD CHARTERED BANK, TAIPEI BRANCH (TAIPEI) SUMITOMO MITSUI BANKING CORPORATION TAIPEI BRANCH (TAIPEI) TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD. (TAIPEI) THE BANK OF NEW YORK MELLON, TAIPEI BRANCH (TAIPEI) WELLS FARGO BANK, N.A., TAIPEI BRANCH (FORMERLY KNOWN AS WACHOVIA) (TAIPEI)
THAILAND (18)	BANGKOK BANK PUBLIC COMPANY LIMITED (BANGKOK) * - USD & THB BANK FOR AGRICULTURE AND AGRICULTURAL COOPERATIVES (BANGKOK) BANK OF AMERICA, N.A. BANGKOK (BANGKOK) BANK OF AYUDHYA PUBLIC COMPANY LIMITED, BANGKOK SATHORN BRANCH (EX-THE BANK OF TOKYO-MITSUBISHI UFJ LTD) (BANGKOK SATHORN BRANCH) (BANGKOK) CIMB THAI BANK PUBLIC COMPANY LIMITED (FORMERLY BANKTHAI PUBLIC COMPANY LIMITED) (BANGKOK) CITIBANK N.A. (BANGKOK) DEUTSCHE BANK AG, BANGKOK BRANCH (BANGKOK) EXPORT-IMPORT BANK OF THAILAND (BANGKOK) JPMORGAN CHASE BANK, N.A., BANGKOK BRANCH (BANGKOK) KASIKORNBANK PUBLIC COMPANY LIMITED (BANGKOK) KRUNG THAI BANK PUBLIC COMPANY LIMITED (BANGKOK) * - THB MIZUHO BANK, LTD., BANGKOK BRANCH (BANGKOK) SIAM COMMERCIAL BANK PCL., THE (BANGKOK) STANDARD CHARTERED BANK (THAI) PCL (BANGKOK) SUMITOMO MITSUI BANKING CORPORATION (BANGKOK) THANACHART BANK PUBLIC COMPANY LIMITED (BANGKOK) * - THB TMB BANK PUBLIC COMPANY LIMITED (BANGKOK) UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED (BANGKOK) * - THB
TURKEY (1)	TURKIYE FINANS KATILIM BANKASI A.S. (ISTANBUL)
UNITED ARAB EMIRATES (5)	AXIS BANK LIMITED, DIFC BRANCH (REGULATED BY DFSA) (DUBAI) BLOM BANK FRANCE S.A. (DUBAI) MASHREQBANK PSC. (DUBAI) NATIONAL BANK OF RAS AL-KHAIMAH, THE (RAS AL KHAIMAH) STANDARD CHARTERED BANK (DUBAI)
UNITED KINGDOM (13)	BANCA MONTE DEI PASCHI DI SIENA SPA - LONDON BRANCH (LONDON) BANK OF AMERICA, N.A. LONDON (LONDON) BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (LONDON) ICBC STANDARD BANK PLC (FORMERLY STANDARD BANK PLC) (LONDON) INTESA SANPAOLO SPA LONDON (FORMERLY BANCA INTESA S.P.A. LONDON) (LONDON) INTL FCSTONE LTD (FORMERLY INTL GLOBAL CURRENCIES LTD) (LONDON) JPMORGAN CHASE BANK, N.A. (LONDON)

	KEB HANA BANK (LONDON) STANDARD CHARTERED BANK (LONDON) * - GBP THE BANK OF NEW YORK MELLON (INTERNATIONAL) LTD (LONDON) THE BANK OF NEW YORK MELLON (LONDON) WELLS FARGO BANK, N.A., LONDON BRANCH (LONDON) WOORI BANK, LONDON (LONDON)
UNITED STATES (28)	BANK OF AMERICA, N.A. (NEW YORK-NY, SAN FRANCISCO, CA) BNP PARIBAS U.S.A - NEW YORK BRANCH (NEW YORK-NY) CHINA CONSTRUCTION BANK NEW YORK BRANCH (NEW YORK-NY) CITIBANK N.A. (NEW YORK-NY) CITIZENS BANK, NA (PROVIDENCE-RI) COMMONWEALTH BANK OF AUSTRALIA (NEW YORK-NY) DEUTSCHE BANK TRUST COMPANY AMERICAS (NEW YORK-NY) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WASHINGTON-DC) INTERNATIONAL FINANCE CORPORATION (WASHINGTON-DC) INTESA SANPAOLO SPA (FORMERLY BANCA INTESA SPA NEW YORK) (NEW YORK-NY) JPMORGAN CHASE BANK, N.A. (NEW YORK-NY) MASHREQBANK PSC., NEW YORK BRANCH (NEW YORK-NY) MONTE DEI PASCHI DI SIENA - NEW YORK (NEW YORK-NY) STANDARD CHARTERED BANK (NEW YORK-NY) * - USD SUMITOMO MITSUI BANKING CORPORATION (NEW YORK-NY) THE BANK OF NEW YORK MELLON (EVERETT-MA, NEW YORK-NY) UMB BANK, N.A. (KANSAS CITY-MO) WELLS FARGO BANK, N.A. (FOREIGN EXCHANGE SETTLEMENTS) (SAN FRANCISCO,CA) WELLS FARGO BANK, N.A. (LOS ANGELES-CA, MIAMI-FL, PHILADELPHIA-PA, SAN FRANCISCO-CA) WELLS FARGO BANK, N.A.(NEW YORK INTERNATIONAL BRANCH) (NEW YORK,NY) WOORI AMERICA BANK, NEW YORK (NEW YORK-NY) WOORI BANK, LOS ANGELES (LOS ANGELES-CA) WOORI BANK, NEW YORK (NEW YORK-NY)
VIETNAM (24)	AN BINH COMMERCIAL JOINT STOCK BANK (HANOI) ASIA COMMERCIAL BANK (HO CHI MINH CITY) BAOVIET JOINT STOCK COMMERCIAL BANK (HANOI) COMMONWEALTH BANK OF AUSTRALIA HO CHI MINH CITY (HO CHI MINH CITY) DONGA BANK (HO CHI MINH CITY) INDOVINA BANK LTD. (HO CHI MINH CITY) JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM (HANOI) JOINT STOCK COMMERCIAL BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM (HANOI) JPMORGAN CHASE BANK, N.A. (HO CHI MINH CITY) KEB HANA BANK, HANOI BRANCH (HANOI) MILITARY COMMERCIAL JOINT STOCK BANK (HANOI) NAM A COMMERCIAL JOINT STOCK BANK (HO CHI MINH CITY) OCEAN COMMERCIAL ONE MEMBER LIMITED LIABILITY BANK (HAI DUONG) SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK (SACOMBANK) (HO CHI MINH CITY) SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK STANDARD CHARTERED BANK (VIETNAM) LIMITED (HANOI) THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. HANOI BRANCH (HANOI) VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (HANOI) * - VND VIETNAM EXPORT IMPORT COMMERCIAL JOINT-STOCK BANK (HO CHI MINH CITY) VIETNAM INTERNATIONAL COMMERCIAL JOINT STOCK BANK (HANOI) VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE (FORMERLY VIETNAM BANK FOR INDUSTRY AND TRADE) (HANOI) VIETNAM PUBLIC JOINT STOCK COMMERCIAL BANK (PVCOMBANK) (HANOI) WOORI BANK, HANOI (HANOI) WOORIBANK HOCHIMINH (HO CHI MINH CITY)

Those banks marked with (*) have clearing accounts in the stated currencies.

AWARDS & RECOGNITIONS



1. Certificate of Appreciation from Cambodia Women Entrepreneurs Association (CWEA).
2. Client Protection Certification from Smart Campaign.
3. Certificate of Appreciation from the Cambodian Red Cross for a contribution of KHR 80,000,000 on the 154th anniversary of World Red Cross Day on May 8, 2017.
4. Certificate of Tax Compliance.
5. Corporation Award in Recognition for Outstanding Performance in Proactive Collaboration and Quick Responsiveness in Day-To-Day Support by Credit Bureau (Cambodia).
6. Operational Excellence Award 2016 from Wells Fargo.
7. PCI Data Security Standard Certificate from ControlCase.
8. Leadership in Merchant Sales Volume and Debit Payment Volume 2016 Awards from VISA.
9. Trade Finance Program Award 2017 (Leading Partner Bank in Cambodia) from the Asian Development Bank (ADB).

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P.O. Box: 1149 | SWIFT Code: ACLBKHPP

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