



The Second Quarterly Report

(End 30 June 2020)

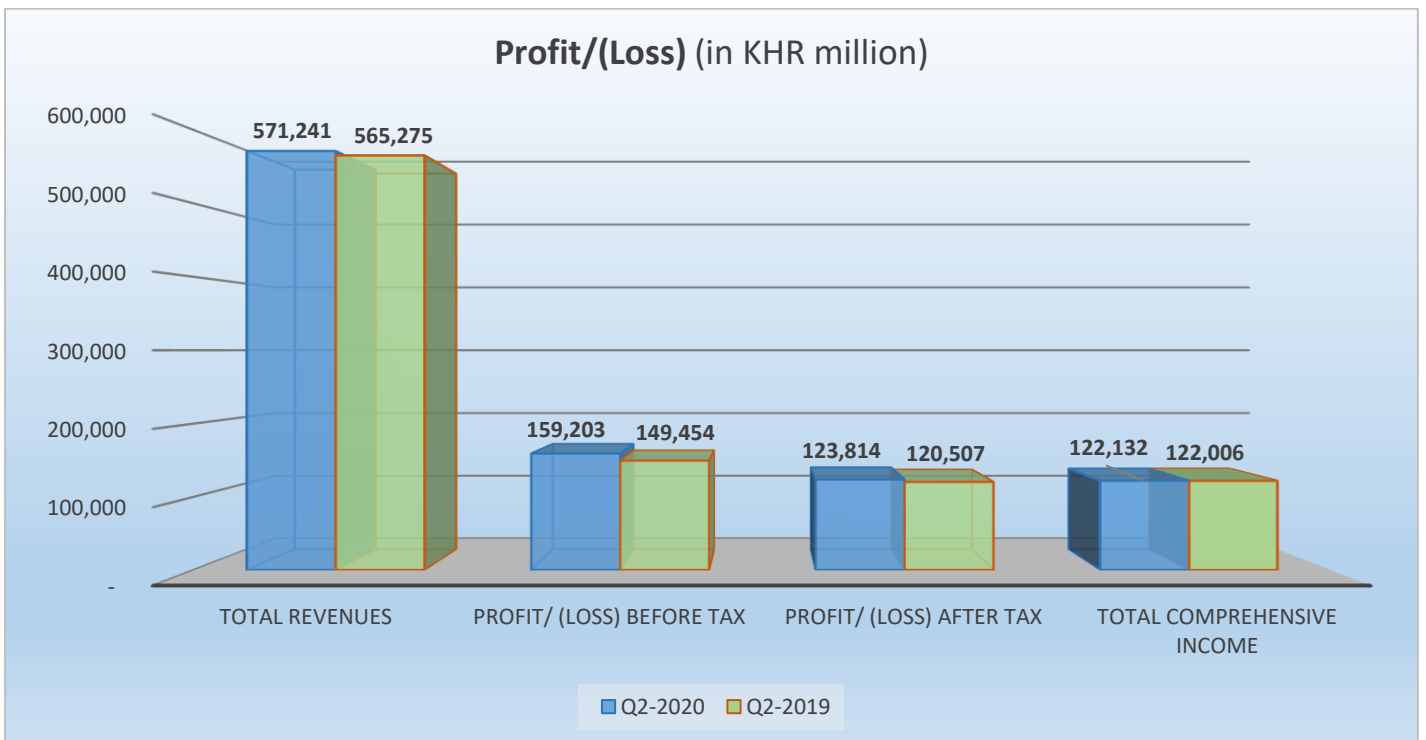
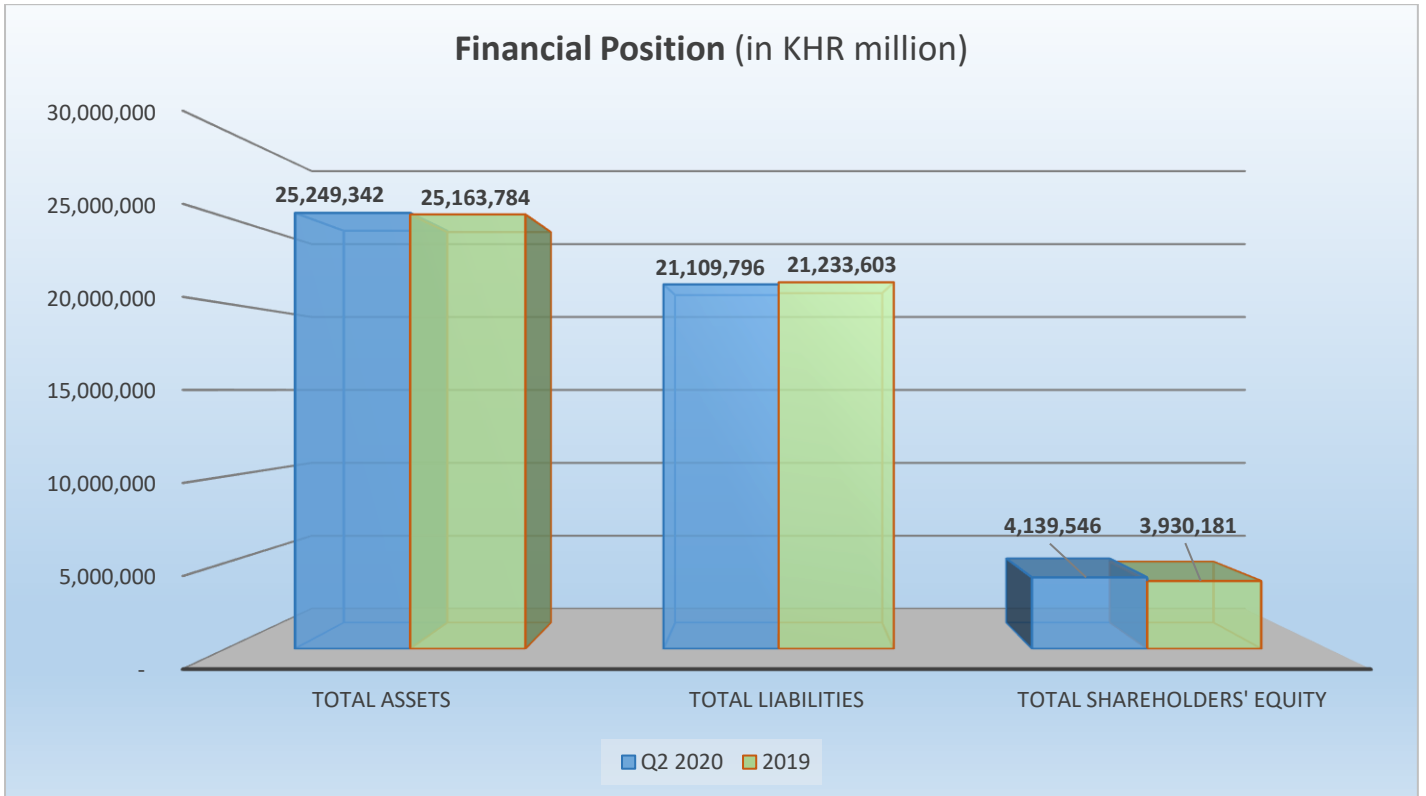
Financial Highlight

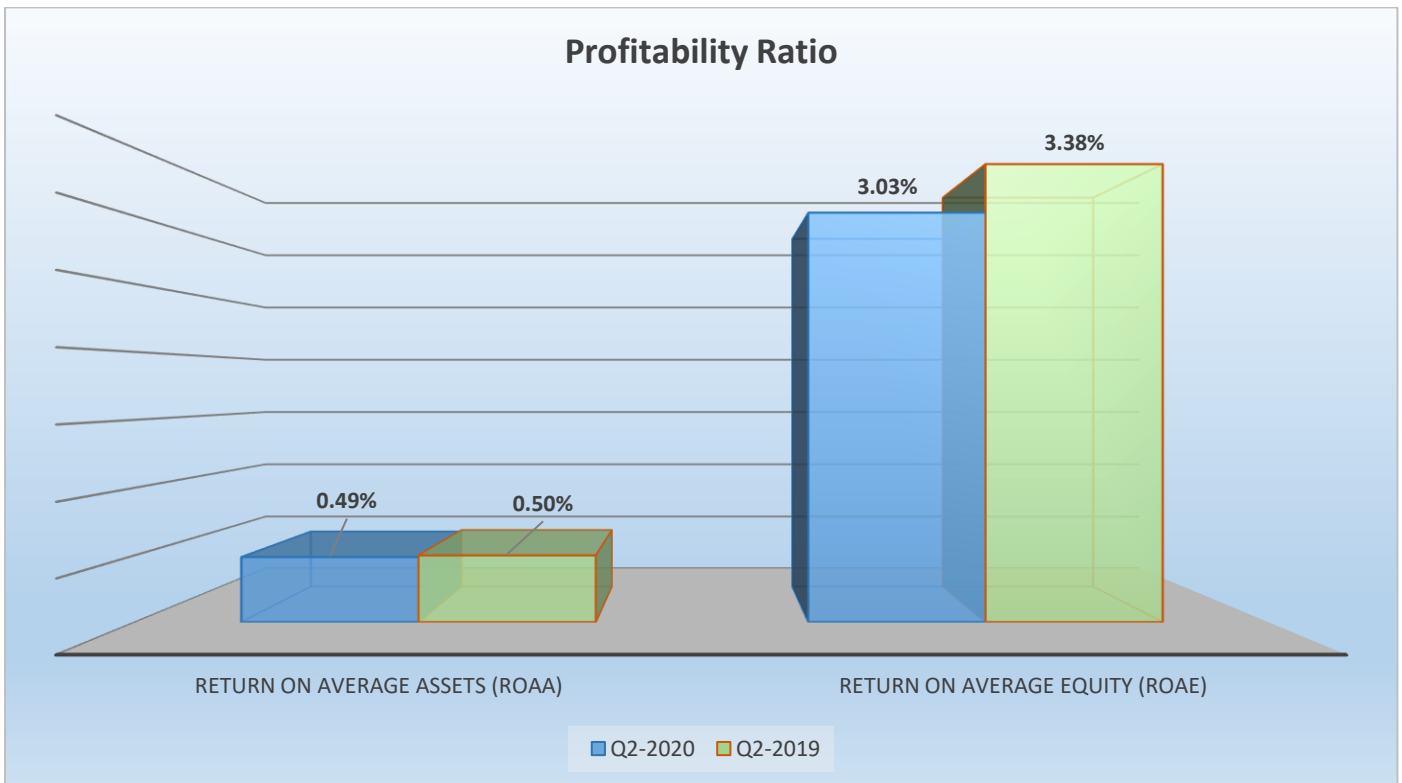
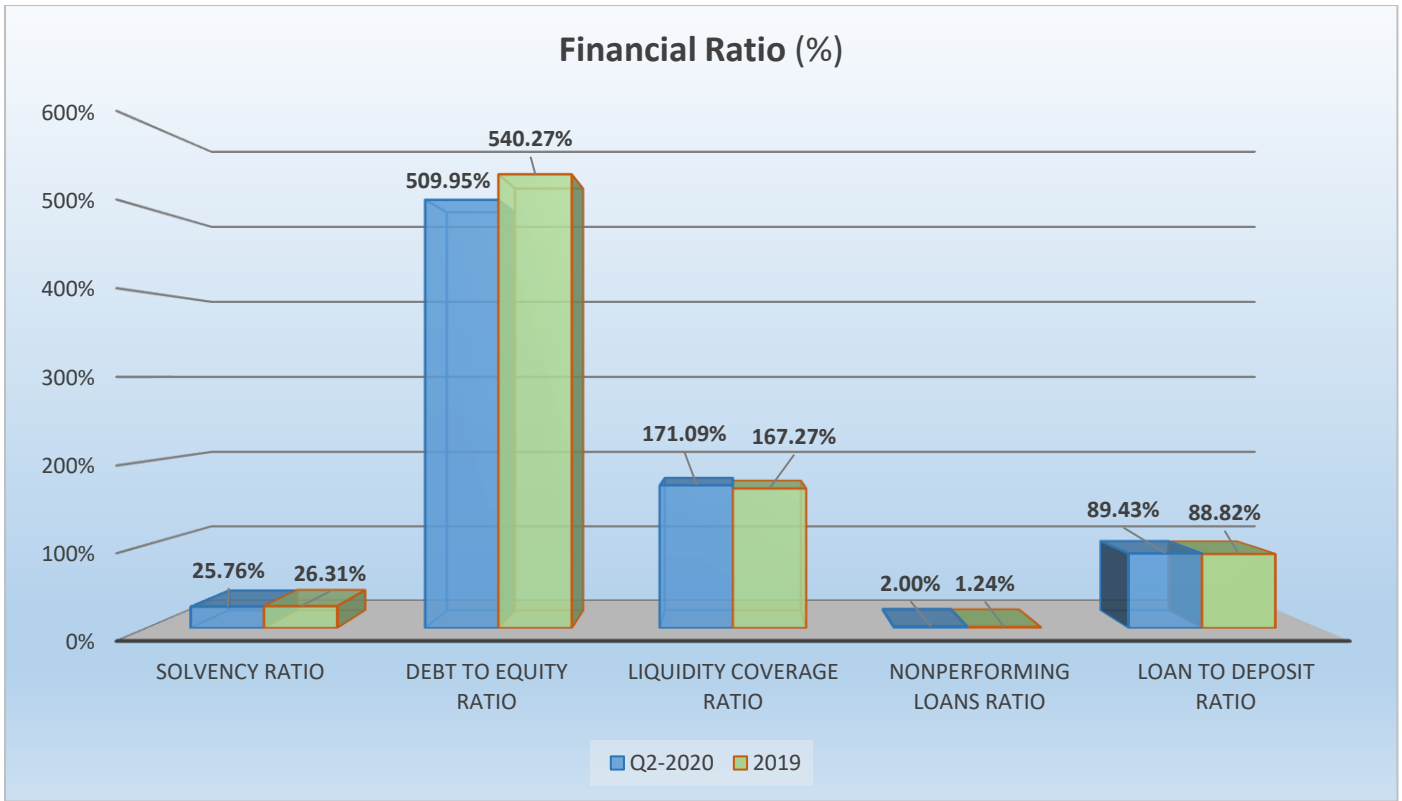
Financial Position (in KHR million)	Quarter 2 2020	2019
Total assets	25,249,342	25,163,784
Total liabilities	21,109,796	21,233,603
Total shareholders' equity	4,139,546	3,930,181
Profit/(Loss) (in KHR million)	Quarter 2 2020	Quarter 2 2019
Total revenue	571,241	565,275
Profit/ (Loss) before Tax	159,203	149,454
Profit/ (Loss) after Tax	123,814	120,507
Total Comprehensive Income	122,132	122,006
Financial Ratio (%)	Quarter 2 2020	2019
Solvency ratio	25.76%	26.31%
Debt to equity ratio	509.95%	540.27%
Liquidity Coverage Ratio	171.09%	167.27%
Nonperforming loans ratio ^(*)	2.00%	1.24%
Loan to deposit ratio	89.43%	88.82%
Profitability Ratio	Quarter 2 2020	Quarter 2 2019
Return on average assets (ROAA) ^(**)	0.49%	0.50%
Return on average equity (ROAE) ^(**)	3.03%	3.38%
Interest Coverage ratio (times)	2.03	1.91
Earnings per share (KHR)	283.64	305.28
Dividend per share	N/A	N/A
Other Important Ratios	N/A	N/A

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

(**) The ratio is not annualized and was calculated using the three-month period of total comprehensive income figures from 01 April to 30 June 2020.

Financial Summary Charts





Board of Directors



Mr. Chhay Soeun
Chairman



Dr. In Channy
Executive Director



Mr. Rath Yumeng
Executive Director



Drs. Pieter Kooi
Independent Director



Mr. Ian Samuel Lydall
Independent Director



Mr. Stéphane Mangiavacca
Non-Executive Director



Mr. Kenichiro Mori
Non-Executive Director



Ms. Mirjam Janssen
Non-Executive Director

Message from Chairman

I, on behalf of ACLEDA Bank Plc. (“the Bank”), the first bank listed on the Cambodia Securities Exchange (“CSX”) and the Board of Directors, am pleased to present to all stakeholders the Second Quarter of 2020 Report for the three-month period starting from 01 April 2020 to 30 June 2020.

The COVID-19 pandemic has affected on almost all business sectors including banking and financial sector in Cambodia; however, ACLEDA Bank Plc. has managed its group business growth with quality within that context. It has followed its business strategies enhancing customers' service quality, and produced positive results below:


As of 30 June 2020, total deposit increased by USD 7.83 million while total loan outstanding increased by USD 33.66 million compared to the year ended 2019.

During the second quarter of 2020, the Bank achieved a net profit of USD 30.16 million, an increase of 3.74% equivalent to USD 1.09 million compared to Q2 2019. Return on average assets (ROAA) was 0.49%, a decrease of 0.01% compared with the same Q2 2019, and return on average equity (ROAE) was 3.03%, a decrease of 0.35% compared with the same Q2 2019.

We also express our sincerest gratitude to all stakeholders for their support to the Bank and its development in the new era of listed company and achieving its plan. *Chhay*

Phnom Penh, 13 August 2020

Signature and seal *Chhay*



Mr. Chhay Soeun

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PART 1. General Information of the Listed Entity

A. Identity of the Listed Entity

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

B. Nature of Business

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

C. Quarter's Key Events

- The Bank received an award of Gold Certificate on Tax Compliance validity for 2-year period (2020 and 2021) from General Department of Taxation for complying with applicable laws and regulations on tax payment.
- It launched Remittance Services from Japan to Cambodia with SBI Remit Co., Ltd. Under this partnership, people are living in Japan and especially Cambodian workers are able to have an additional choice for sending money back to Cambodia with SBI Remit Co., Ltd. and ACLEDA Bank Plc.
- It updated the functions of ACLEDA Unity ToanChet with the new version 4.0 which offers customers' experiences with more convenience and secure, and especially it's more friendly and attractive for young generation customers.

- The Bank is officially listed its shares on the CSX on 25th May 2020. The listing on the CSX marks a new chapter of the 27 years of ACLEDA Bank success story in Cambodia and become the 1st commercial bank listed on the CSX.
- It had contributed to social and humanitarian activities combating and preventing from the COVID-19 spread, supporting charitable causes of the Cambodia Kantha Bopha Foundation and to support humanitarian activities of the Cambodian Red Cross.

PART 2. Information on Business Operation Performance

A. Business Operation Performance including business segments information

▪ Banking Sector's Performance:

There were 52 commercial banks (19 local incorporated banks, 17 subsidiary banks, 14 foreign branch banks, and 02 state Owned banks), 14 specialized banks (06 locally Incorporated, and 08 foreign Banks), 80 microfinance institutions (06 MDI, and 74 MFI), 15 leasing companies, 6 Representative Offices of Foreign Banks in Cambodia, 24 payment service providers, and 246 rural credit operator.

▪ The Bank's Business Operation Performance and market share in banking sector:

The Bank maintained market share of 15.5% and 14.1% respectively for deposit and loan as at the end of 2019.

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

Key Performance	Actual Data ¹	
	2 nd Quarter 2020	2019
Loan		
Number of Loan	542,949	536,891
Total Loan Outstanding (Million KHR)	16,016,423	15,808,814
Deposit		
Number of Account	2,736,682	2,620,778
Deposit Balance	17,909,865	17,799,184
E-Banking Product/Channel		
ATM Card		
Number of Card	1,345,216	1,277,725
Number of Txn	10,041,280	20,403,200
Value of Txn (Million KHR)	6,822,447	12,548,066
Mobile Banking		
Number of Register	1,555,117	1,276,528
Number of Txn	21,917,080	28,264,972
Value of Txn (Million KHR)	26,095,974	37,303,137
Internet Banking		
Number of User	11,861	11,331
Number of Txn	381,186	510,297
Value of Txn (Million KHR)	4,931,257	5,235,616

¹ - Data of 2019 is an actual of annual achievement.

- Data of 2020 is a 1st half-year achievement.

- Number of loan and outstanding, account and deposit balance, card, register, user, partner, machine, merchant, branch operation and staff, are cumulated data.

- Number and value of transaction, are monthly consolidated data.

Key Performance	Actual Data ²	
	2 nd Quarter 2020	2019
E-Commerce		
Number of partners	43	48
Number of Txn	193,859	467,668
Value of Txn (Million KHR)	158,582	213,262
ATM Machine		
Number of Machine	688	683
Number of Txn	12,099,802	24,181,231
Value of Txn (Million KHR)	8,613,670	15,929,197
POS Machine		
Number of Machine	4,350	4,289
Number of Txn	1,174,159	2,412,938
Value of Txn (Million KHR)	349,571	849,392
QR Merchant		
Number of merchants	41,982	30,989
Number of Txn	1,020,874	735,312
Value of Txn (Million KHR)	85,753	90,886
Other		
Number of Branch Operation	263	262
Number of Staff	11,992	11,997
Subsidiaries (Local & Overseas)		
Number of branch Office	56	53
Number of Staff	1,658	1,658

B. Revenue Structure

N ^o	Source of Revenue (in KHR million)	Quarter 2 2020		Quarter 2 2019	
		Amount	Percentage	Amount	Percentage
1	Interest Income	512,176	89.66%	499,005	88.28%
2	Fee and commission Income	41,334	7.24%	47,856	8.47%
3	Other Income	17,731	3.10%	18,414	3.26%
Total revenue		571,241	100%	565,275	100%

² - Data of 2019 is an actual of annual achievement.

- Data of 2020 is a 1st half-year achievement.

- Number of loan and outstanding, account and deposit balance, card, register, user, partner, machine, merchant, branch operation and staff, are cumulated data.

- Number and value of transaction, are monthly consolidated data.

PART 3. Financial Statements Reviewed by the External Auditor

Please refer to the Annex

For Interim Financial Statements Reviewed by Independent Auditor

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

The analyses focused on the operational and financial results based on Interim Financial Statements as of 30 June 2020 reviewed by Independent Auditors. The Interim Financial Statements had been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”). Only the key components of the Interim Financial Statements and key factors that affect ACLEDA Bank Plc.’s profitability were discussed and analyzed.

A. Overview of operations

1- Revenue Analysis

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

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

2- Revenue by segment analysis

N°	Source of Revenue (in KHR million)	Quarter 2 2020		Quarter 2 2019	
		Amount	Percentage	Amount	Percentage
1	Interest Income	512,176	89.66%	499,005	88.28%
2	Fee and commission Income	41,334	7.24%	47,856	8.47%
3	Other Income	17,731	3.10%	18,414	3.26%
Total revenue		571,241	100%	565,275	100%

The total revenue of KHR 571,241 million in Q2-2020 were mainly from interest income which accounted for 89.66% of its total revenue and with an increase of 1.06% comparing to those of in Q2-2019.

3- Gross profit margin analysis

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

4- Profit/ (Loss) before tax analysis

Statement of Profit or loss (in KHR million)	Quarter 2 2020	Quarter 2 2019	Variance	
			Amount	Percentage
Interest Income	512,176	499,005	13,171	2.64%
Interest expense	(154,837)	(164,621)	9,784	-5.94%
Net interest income	357,339	334,384	22,955	6.86%
Fee and commission income	41,334	47,856	(6,522)	-13.63%
Fee and commission expense	386	(973)	1,359	-139.67%
Net fee and commission income	41,720	46,883	(5,163)	-11.01%

Allowances for impairment losses on loans and advances, deposits and placements with other banks and other receivables	(38,463)	(29,988)	(8,475)	28.26%
Allowance for impairment losses on off-balance sheet	814	956	(142)	-14.85%
Net impairment losses	(37,648)	(29,032)	(8,616)	29.68%
Net income after allowance for impairment	361,411	352,234	9,177	2.61%
Other incomes	17,731	18,414	(683)	-3.71%
General and administrative expenses	(219,940)	(221,195)	1,255	-0.57%
Profit before income tax	159,203	149,454	9,749	6.52%

In Q2-2020, the profit before tax increased by KHR 9,749 million or 6.52% comparing to Q2-2019. The interest income increased by 2.64% while the interest expense decreased by 5.94%, leading to an increase in net interest income of 6.86%.

5- Profit/ (Loss) after tax analysis

Statement of Profit or loss (in KHR million)	Quarter 2 2020	Quarter 2 2019	Variance	
			Amount	Percentage
Profit before income tax	159,203	149,454	9,749	6.52%
Income tax expense	(35,389)	(28,947)	(6,442)	22.25%
Profit for the period	123,814	120,507	3,307	2.74%

In Q2-2020, the profit for the period was KHR 3,307 million with 2.74% more than Q2 2019. This Increase was mainly due to an increase in net interest income of 6.86% equivalent to KHR 22,955 million compared to Q2 2019.

6- Total comprehensive income (loss) analysis

Total comprehensive income (in KHR million)	Quarter 2 2020	Quarter 2 2019	Variance	
			Amount	Percentage
Net Profit for the period	123,814	120,507	3,307	2.74%
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Re-measurement of employee benefit obligations	(4,855)	(1,745)	(3,110)	178.23%
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences	3,173	3,244	(71)	-2.18%
Total comprehensive income for the period	122,132	122,006	126	0.10%

7- Factors and trends analysis affecting financial conditions and results

The Bank was officially listed its shares on the CSX on 25th May 2020 and 4,344,865 shares were subscribed.

B. Significant factors affecting profit

1- Demand and supply conditions analysis

- (a) Global outbreak of COVID-19 has had significant impact on almost all industries including banking and finance. Cambodia economy mainly relied on the export of garment, footwear, and travel bags. Tourism industry including hotels, guesthouses, restaurant, and food related items got heavily affected. Real Estates, and construction were hit hard. All types of enterprises from micro, small, medium to corporate enterprises could not escape from those heavily impact and affect. All those factors caused low demand for loan growth, and local fund transfer as well as remittance.
- (b) In order to support the bank and financial institutions to have more liquidity to meet its funding needs, the NBC has relaxed certain ratios such as solvency, capital buffer, reserve requirement, etc. and the MEF reduced the withholding tax for both foreign borrowing and fixed term deposit stimulate as well as create additional liquidity in the market with lower cost. They open opportunity for price competition that may impact the revenue of the Bank. Even it's negative for the margin, it's positive for longer term.

2- Fluctuations in prices of raw materials analysis

None Applicable.

3- Tax Analysis

The Bank and its subsidiaries are under Law on Taxation of respective country jurisdictions; therefore, the Bank and its subsidiaries have their obligation to pay taxes in according to the tax regulations of their jurisdictions. Tax payment commitment to the tax departments not just a role model awarded with Certificate of Gold 2020-2021, but also a contributor to society and economic growth.

4- Exceptional and extraordinary items analysis

The Bank experienced some low loan asset quality. However, the Bank did not experience any items, transactions or events of a material and unusual nature. Economic conditions that impacted by COVID-19 may affect the financial results of the Bank.

C. Material changes in sales and revenue

The sales and revenue of the Bank's Group for Q2 2020 compared to the same period last year in Q2 2019 was not material.

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

The exchange rate between KHR and USD has been stable around KHR4,000/USD1 at least for the last 3 years. ACLEDA Bank Plc. has strictly followed the regulatory requirements and its internal policy with regards to the Net Open Position of each foreign currency and aggregate of all foreign currencies ($\pm 20\%$) of the bank's Net Worth. Based on that, there has been limited impact caused by the exchange rate's fluctuation, and the impact has been measured, monitored and managed on the daily basis for prompt remedial actions.

The bank has conducted its business operations based on fixed interest rates (for both deposits and loans), and they have no direct link with movement of interest rate in the international financial market. So, the interest rate risk can be regularly measured, monitored and managed to avoid any significant impact to the bank's performance outcomes. There have been some impacts of interest rate risk to the bank's business result due to competition within the local market.

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

E. Impact of inflation

There have been limited impact of inflation on the bank's business as it has been maintained by the Government at the relative low rates between 2.3% and 2.9% for the last few years.

F. Economic / fiscal / monetary policy of Royal Government

■ Economic:

Cambodia's economy may have a contraction of 1.9% this year due to the COVID-19 pandemic impact. It has recorded a strong fall in demand from its trading partners. It used to rely on the exports of garment, footwear, and travel bags, etc. Tourism, construction, and real estate, and except agriculture had slow down drastically. However, it is expected bounce back to 3.5% in 2021 while ADB forecasts for a contraction of 5.5% in 2020 expected to rebound to 5.9% in 2021, and IMF forecasts a contraction of 1.6% in 2020 and expected to rebound to 6.1% in 2021.^{3 4 5}

■ Fiscal:

The Royal Government of Cambodia collected \$2,956 billion as revenue from all sources of taxes, a slight decrease of 0.7 percent compared to the same period last year. From January to June 2020, The General Department of Taxation (GDT) collected \$1.68 billion in tax revenue in the first half of this year, up \$181.68 million or 12 per cent compared to the same period last year or equivalent to 59.09 per cent of the 2020 target. Figures from GDCE showed that it collected \$1,272 billion as customs and excise taxes, down 16 percent. The GDT said two main sources of revenue saw significant growth during the period – value-added tax collection gained 4.83 per cent to about \$339.4 million, while income tax collection ballooned 23.03 percent to \$664.1 million.^{6 7}

■ Monetary:

The general currency (M2) grew 11.5% lower than the same period last year 23.4%, mainly due to lower growth in monetary deposits 7.2% effected by the slowing domestically economic activity although the riel currency continued to rise sharply (41%). In the implementation of monetary policy, the National Bank of Cambodia has reduced the sale of the KHR currency to the banks, financial institutions and money changers to maintain the stability of the KHR currency. The NBC has reduced the reserve requirement rate from 8% for KHR deposits and 12.5% for USD deposits and non-resident loans to 7%, which can provide additionally liquidity to banks and financial institutions about \$1.8 billion in the 6 months from April to September 2020 for injecting credit into the economy. The interest rate of Negotiable Certificate of Deposit (NCD) both denominated in USD and KHR have been reduced to an appropriate level and the interest rate of Liquidity-Providing Collateralized Operation (LPCO) have been lowered since March not only to increase liquidity levels in the banking system but also to reduce the cost of the loan in KHR. NCD inscriptions in KHR increased by 27.2% (KHR 5.1 trillion) and in USD increased by 11.8% (USD 13.4 billion) in response to the growth of NCD's requirement for LPCO collateral coincides with an increase in excess reserves caused by a reduction in the reserve requirement rate. Meanwhile, LPCO bidding were conducted 12 times with the winning amounts increased by 56.4% (KHR 2.8 trillion) due to the increasing in demand for lending in KHR by banks and financial institutions and for preventing KHR-liquidity risk.

³ <https://en.vietnamplus.vn/cambodia-forecasts-economic-contraction-of-19-percent-this-year/174864.vnp>

⁴ <https://www.adb.org/countries/cambodia/economy>

⁵ <https://www.nordeatrade.com/en/explore-new-market/cambodia/economy>

⁶ <https://www.khmertimeskh.com/50746069/cambodia-collects-2-95-billion-as-fiscal-revenue-in-first-half-of-2020/>

⁷ <https://www.phnompenhpost.com/business/govt-collects-168b-tax-revenue>

Additionally, the minimization on bidding interest rate of the Liquidity-Providing Collateralized Operation (LPCO) for all loans by 0.5% has also contributed to the reduction of interest rates in KHR loans from banks and financial institutions to customers.⁸

Signature of Directors of Listed Entity
Date 13 / August / 2020
Read and Approved 

Mr. Chhay Soeun
Chairman

⁸ របាយការណ៍ប្រចាំឆមាសទី១ និងទិសដៅការងារឆមាសទី២ ឆ្នាំ២០២០ របស់ធនាគារជាតិ នៃកម្ពុជា

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