

អេស៊ីលីដា
ACLEDA BANK



THE FOURTH QUARTERLY REPORT

AS OF 31 DECEMBER 2023

Financial Highlight

Financial Position (in KHR million)	Quarter 4 – 2023	2022	2021
Total assets	39,804,405	37,181,299	32,002,298
Total liabilities	34,158,850	31,760,660	27,092,985
Total equity	5,645,555	5,420,639	4,909,313
Profit/(Loss) (in KHR million)	Quarter 4 – 2023	Quarter 4 – 2022	Quarter 4 - 2021
Total revenue	874,102	804,158	673,569
Profit/ (Loss) before Tax	186,107	250,851	236,120
Profit/ (Loss) after Tax	150,612	201,402	189,468
Total Comprehensive Income	91,509	194,031	150,132
Financial Ratios (%)	Quarter 4 – 2023	2022	2021
Solvency ratio	18.45%	19.25%	22.36%
Debt to equity ratio	605.06%	585.92%	551.87%
Liquidity Coverage Ratio	180.13%	154.96%	155.65%
Nonperforming loans ratio ^(*)	6.39%	2.90%	2.33%
Loan to deposit ratio	92.11%	100.51%	94.97%
Book value per share (KHR)	12,977	12,456	11,277
	Quarter 4 – 2023	Quarter 4 – 2022	Quarter 4 - 2021
Return on average assets (ROAA) ^(**)	0.38%	0.56%	0.61%
Return on average equity (ROAE) ^(**)	2.70%	3.80%	3.87%
Interest Coverage ratio (Times)	1.52	1.92	2.23
Earnings per share (KHR)	347.49	465	437.37
Dividend per share	N/A	N/A	N/A
Other Important Ratios	N/A	N/A	N/A

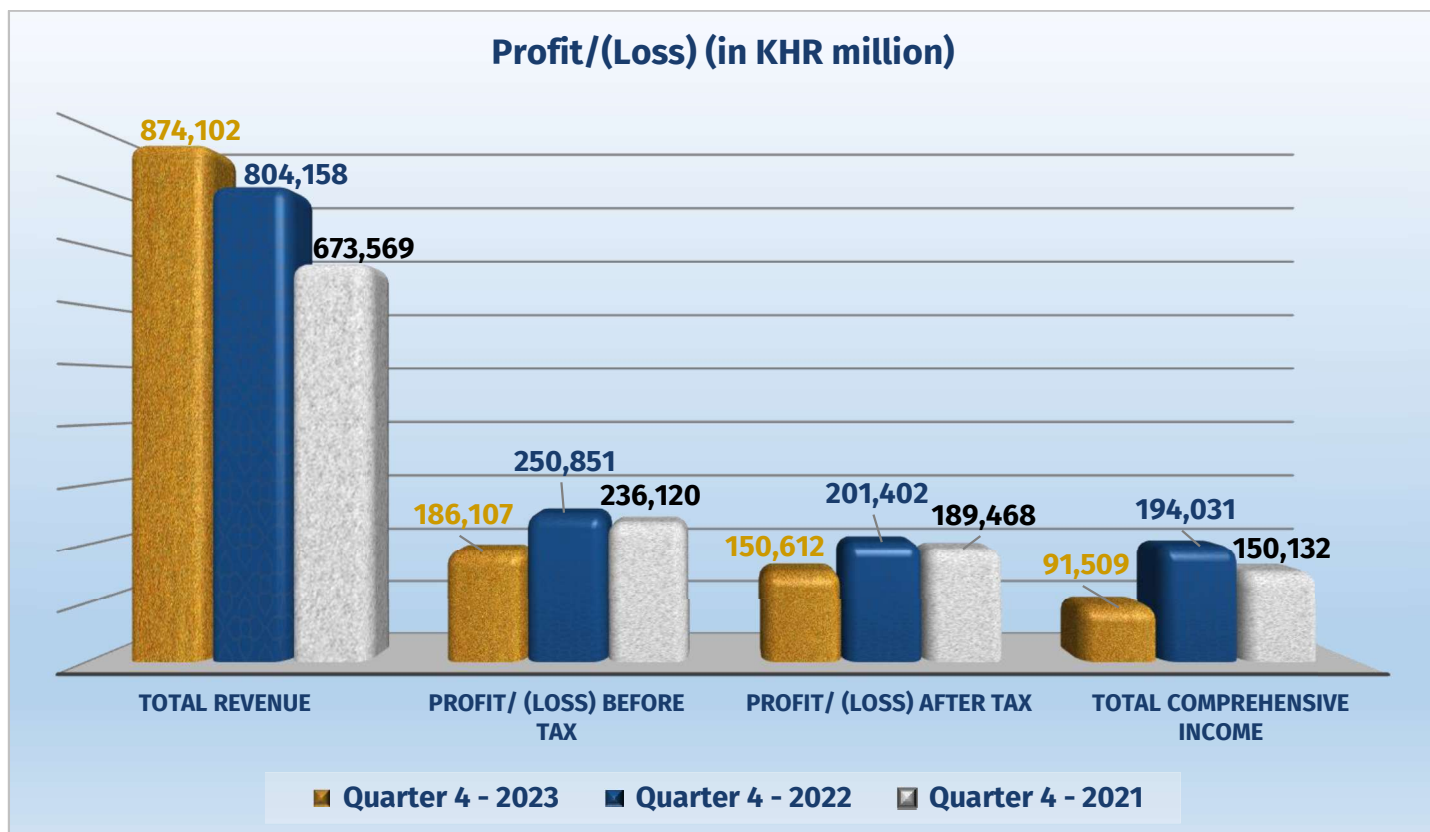
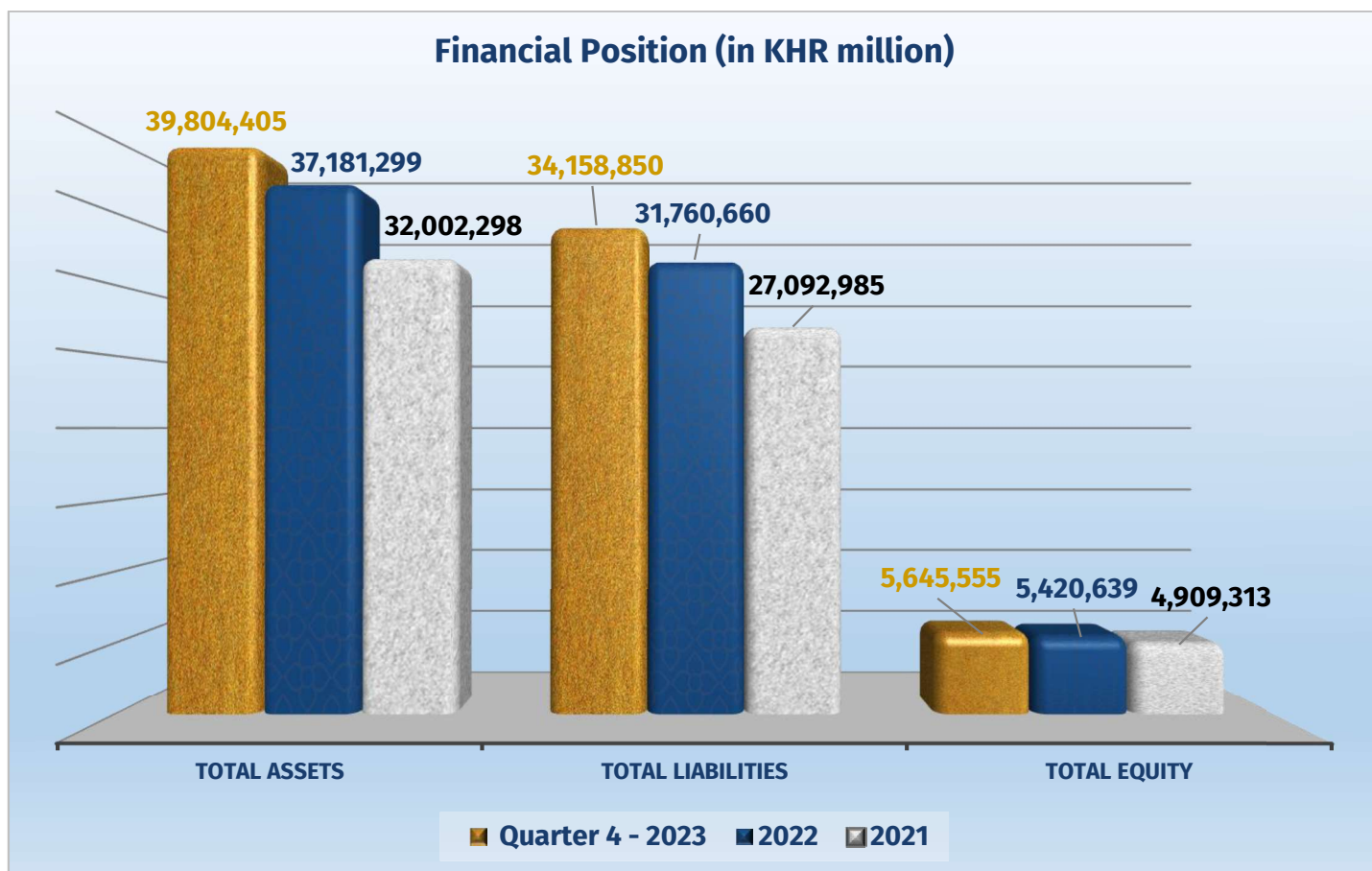
(*) Nonperforming loan = loan in stage 3

(**) . These ratios are not annualized and were calculated using the three-month period of profit attributable to owners of the Bank figures from 01 October to 31 December 2023.

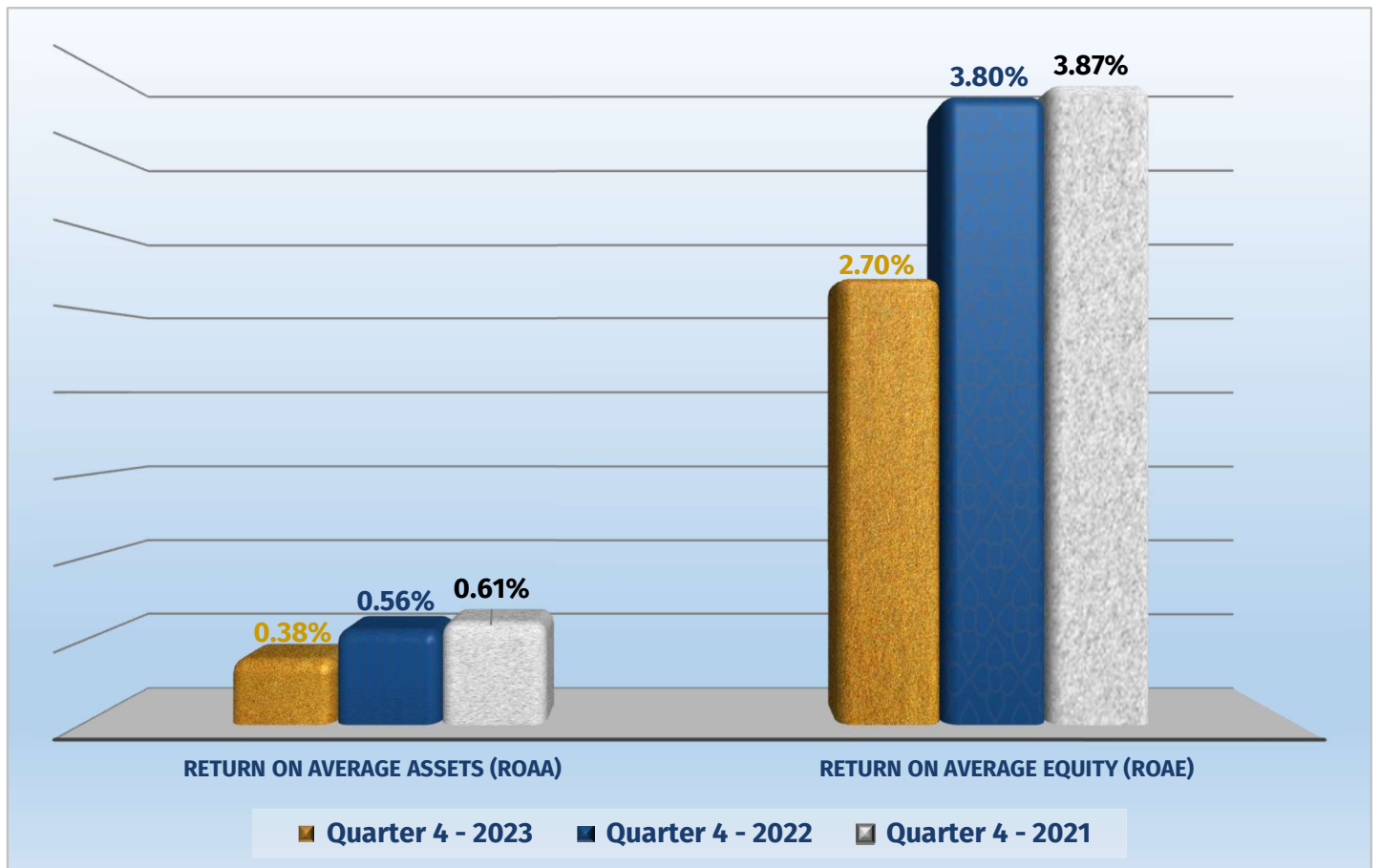
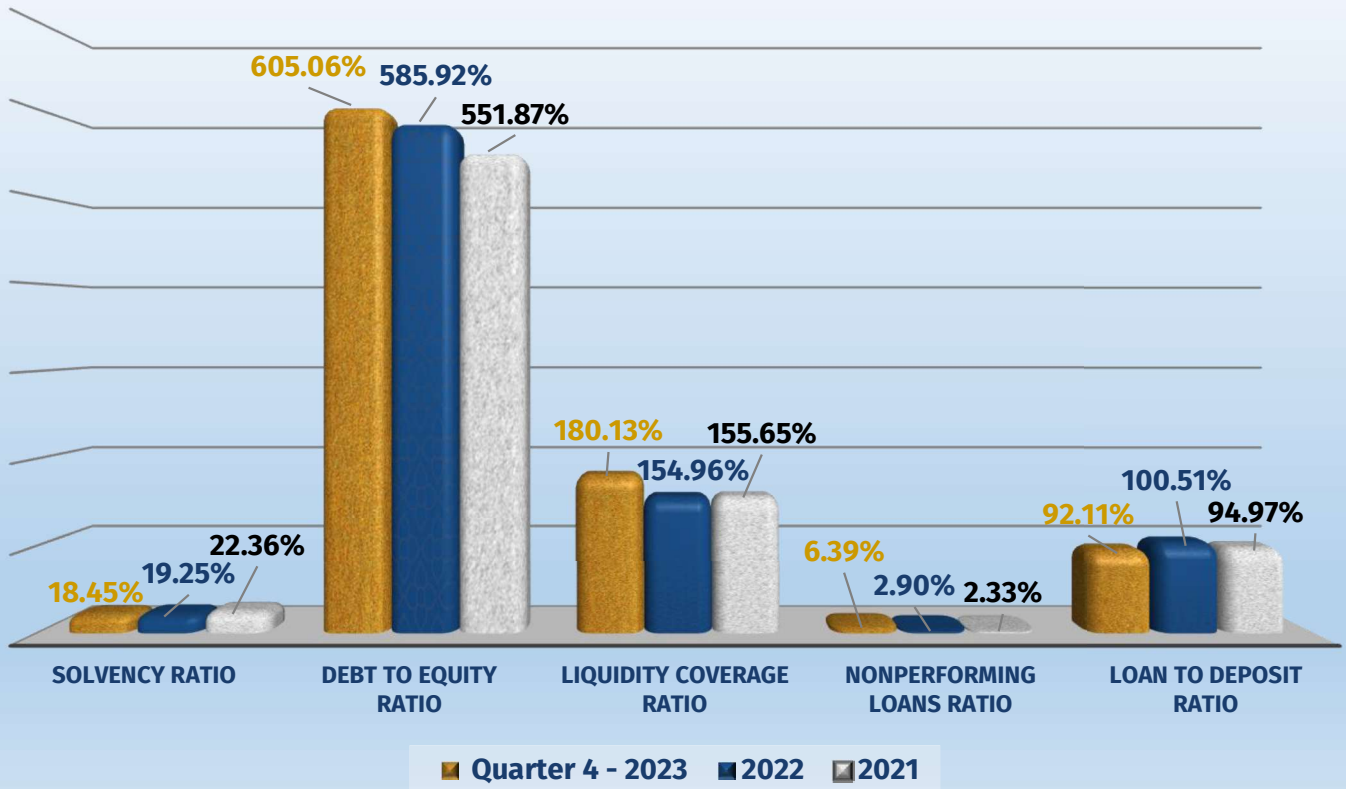
. ROAA = profit for the period attributable to owners of the Bank / average total assets.

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

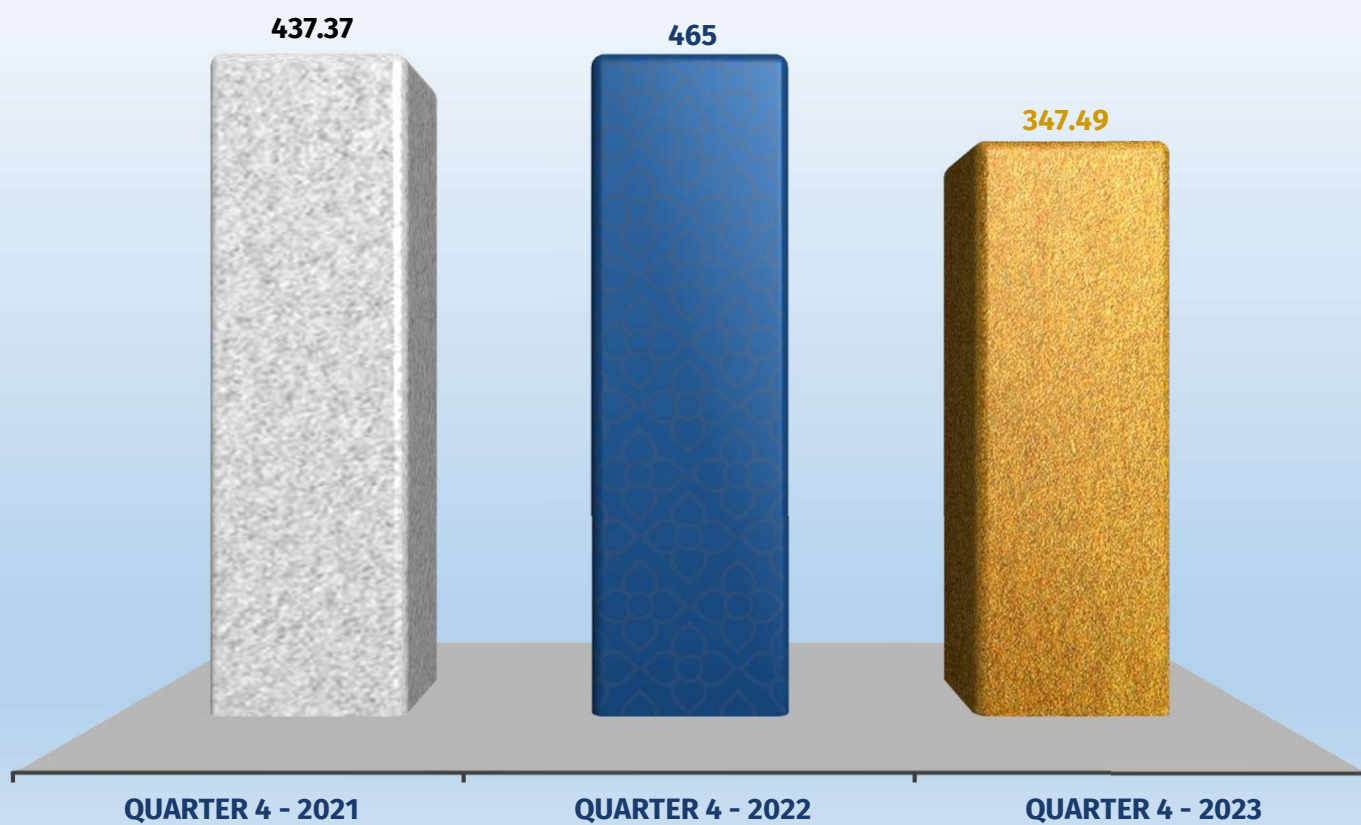
Financial Summary Charts



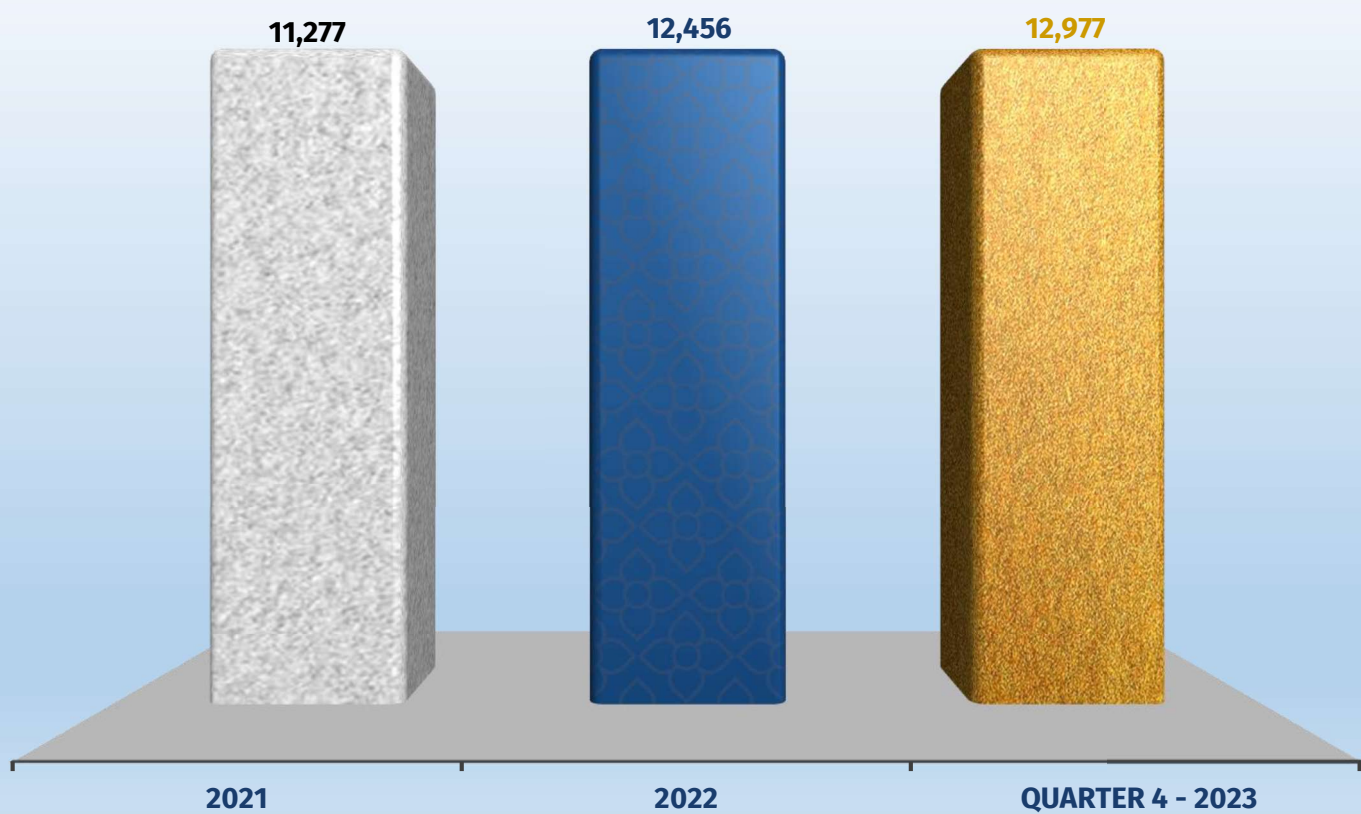
Financial Ratios (%)



Earnings per share (KHR)



Book value per share (KHR)



Board of Directors



Mr. Chhay Soeun
Chairman



Dr. In Channy
Executive Director



Mr. Stéphane Mangiavacca
Non-Executive Director



Mr. Kyosuke Hattori
Non-Executive Director



Dr. Albertus Bruggink
Non-Executive Director



Mr. Kay Lot
Non-Executive Director



Drs. Pieter Kooi
Independent Director



Ms. Phurik Ratana
Independent Director



Dr. Heng Dyna
Independent Director

Message from Chairman

On behalf of ACLEDA Bank Plc. ("ACLEDA Bank") and the Board of Directors, I am pleased to present the fourth-quarter report for 2023 of ACLEDA Bank Plc. and its subsidiaries ("the Group") for the period starting from 01 October 2023, to 31 December 2023, to all stakeholders.

In the fourth quarter of 2023, the global economy, marked by slower growth, continued to face uncertainty, primarily stemming from the impacts of monetary policy tightening, escalating global geopolitical tensions, the conflict between Hamas and Israel, the prolonged Russia-Ukraine war, the property market slump in China, and an unexpectedly sharp downturn in global trade attributed to weak demand from China. Meanwhile, the uncertainty of global economy also affected the economic recovery of ASEAN countries.

Nonetheless, the Cambodian economy has maintained its positive momentum through the ongoing recovery from the pandemic, driven by robust performances in manufacturing exports, a gradual revival of the services sector supported by rising foreign and domestic tourist arrivals, and an increased approval of new investments. The newly established Royal Government of Cambodia continues efforts to incentivize and support both local and foreign investors across various sectors, including agriculture, agro-processing, non-garment manufacturing, the high-tech sector, tourism, and more. The government's focus extends to enhancing professional human capital, aiming for greater diversification, strengthened competitiveness, and heightened productivity to ensure sustained inclusive and high economic growth in the long term.

During the fourth quarter of 2023, ACLEDA Bank received the report from Global Ratings Agency Standard & Poor's (S&P) which ACLEDA Bank has maintained the Credit Ratings at "**B+/Stable/B**". This stable rating outlook reflects that ACLEDA Bank maintains its long-term financial profile with sufficient capital buffers to prevent all economic conditions from COVID-19 and macroeconomic hurdles. Moreover, ACLEDA Bank and Japan-Cambodia Association (JCA) has organized business matching between Cambodia and Japan Investors. This business-matching event is also a platform to exchange knowledge about financial management, technical knowledge, and essential innovation for business Cambodian and Japanese investors introduce one another.

ACLEDA Bank has continuously improved many functions of self-service operations on **ACLEDA mobile**, QR codes, ATMs, and POSs in line with the customers' needs and the evolution of digital technology. In the meantime, ACLEDA Bank expanded its **177** self-service banking (**61** locations in Phnom Penh and **116** locations in the provinces) adding to its existing **264** branches across the country. ACLEDA Bank has equipped **1,393** ATMs, **4,728** POS machines, and QR codes based on customers' requests for transactions of transfers and settlements in markets, shops, hotels, educational institutions, hospitals, travel agencies, gas stations, and other areas throughout the country. By the end of the fourth quarter of 2023, ACLEDA Bank has more than **0.33** million business partners and **3.3** million **ACLEDA mobile** subscribers.

At the end of the fourth quarter of 2023, the Group's total assets and total loan assets increased by **US\$712.88** million or **7.89%** and **US\$235.66** million or **3.67%** respectively compared to the year ended 2022.

The Group (for October, November, and December 2023) reaped a profit of **US\$36.54** million whilst Return on Average Assets (ROAA) was **0.38%** and Return on Average Equity (ROAE) was **2.70%**.

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

Phnom Penh, 08 February 2024
Signature and seal

Mr. Chhay Soeun



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PART 1. General Information of the Listed Entity

A. Identity of the Listed Entity

Entity Name in Khmer	ធនាគារ អេស៊ីលីដា ភីអិលស៊ី
In Latin	ACLEDA Bank Plc.
Standard Code	KH1000100003
Address	Building N° 61, Preah Monivong Blvd., Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Kingdom of Cambodia
Phone number	+855 (0)23 998 777 / 430 999
Fax	+855 (0)23 430 555
Website	www.acledabank.com.kh
Email	acledabank@acledabank.com.kh
Company registration number	00003077 dated 05 June 2000, issued by Ministry of Commerce
License number	C.B.06 dated 07 December 2023, issued by National Bank of Cambodia
Disclosure Document registration number	053/20 SECC/SSR dated 19 March 2020, issued by Securities and Exchange Regulator of Cambodia "SERC" (Previously known as the Securities and Exchange Commission of Cambodia "SECC")
Representative of the listed entity:	Dr. In Channy

B. Nature of Business

ACLEDA Bank is a commercial bank with the largest branch and office network in the Kingdom of Cambodia. It is the first commercial bank listed on the CSX on 25 May 2020. Currently, it has 4 subsidiaries: (1) ACLEDA Bank Lao Ltd., (2) ACLEDA MFI Myanmar Co., Ltd., (3) ACLEDA Securities Plc., and (4) ACLEDA Institute of Business and 1 representative office in Myanmar.

C. Quarter's Key Events

- On 11 October 2023, ACLEDA Bank received the **Asian Leadership Awards** for the "**Best Use of Mobile Technology in Financial Services**" and "**Bank with Leading Financial Inclusion Initiatives**".
- On 01 November 2023, ACLEDA Bank received the Straight-through Processing (STP) Award 2022 from BNY Mellon.
- On 04 November 2023, ACLEDA Bank received the report from Global Ratings Agency **Standard & Poor's (S&P)** which ACLEDA Bank has maintained the Credit Ratings at "**B+/Stable/B**". This stable rating outlook reflects that ACLEDA Bank maintains its long-term financial profile with sufficient capital buffers to prevent all economic conditions from COVID-19 and macroeconomic hurdles.
- On 11 November 2023, ACLEDA Bank received Certificate of appreciation from the Royal University of Law and Economics to ACLEDA Bank for supporting their program "**The 2023 RULE's Education Fair**".
- On 11 November 2023, ACLEDA Bank received Letter of appreciation from the Cambodia Women Entrepreneurs Association to ACLEDA Bank for supporting their program "**Cambodia Women Entrepreneur's Day**" under the topic: The Challenges of Taxation on Women Entrepreneurs and

Future Outlook.

- On 20 November 2023, ACLEDA Bank and Japan-Cambodia Association (JCA) has organized business matching between Cambodia and Japan Investors. This business-matching event is also a platform to exchange knowledge about financial management, technical knowledge, and essential innovation for business Cambodian and Japanese investors introduce one another. Approximately 60 companies, both local and foreign Japanese investors participated in this event including SMEs, Industries, Automotive repair & maintain technicians, Cosmetology School, Information Technology, Influencer Marketing and Advertising/sales promotion, Medical, Agriculture, Real Estate, Financial, Tourism, and Hospitality, etc.
- On 01 December 2023, ACLEDA Bank received Leadership awards in 2023 from **Mastercard**. These awards are: Leadership in Credit Growth 2023, Leadership in Debit Volume 2023, and Leadership in Cross-Border Volume 2023.
- On 03 December 2023, the National Bank of Cambodia (NBC) and the State Bank of Vietnam (SBV) announced the official launch of Cross-Border QR Payment between Cambodia and Vietnam, with the Cross-Border QR Payment between the Socialist Republic of Vietnam and the Kingdom of Cambodia. ACLEDA Bank and Bank for Investment and Development of Vietnam (BIDV) have been chosen as the Sponsoring Bank for Cross-Border Payment via QR Code in Cambodia and Vietnam in order to ease goods and services payment, to promote the wide use of KHR for settlement in local region and financial inclusion in line with integration of ASEAN Economic Community (AEC).
- On 22 December 2023, the ACLEDA Bank's management & staff at Headquarters and branches in Phnom Penh voluntarily participated in the blood donation to rescue all patients who need the blood transfusions. The blood donation is very important to rescue the victims and patients who need blood to treat illness. Taking part in this crucial social activity, ACLEDA Bank voluntarily and charitably participated in social and human activities for its 07 times in order to meet the needs of blood to rescue people's lives in case of emergency to the National Blood Transfusion Center Cambodia.
- On 23 December 2023, ACLEDA Bank received Certificate of appreciation from the Cambodia Securities Exchange to ACLEDA Bank Plc. for supporting their program "**CSX Fun Run 2023**" to contribute the sport and donate to the Cambodia Kantha Bopha Foundation.

PART 2. Information on Business Operation Performance

A. Business Operation Performance including business segments information

▪ Banking Sector's Performance:

As of December 2023, there were 58 commercial banks (29 local incorporated banks, 18 subsidiary banks, and 11 foreign branch banks), 09 specialized banks (04 locally Incorporated and 05 foreign Banks), 87 microfinance institutions (04 MDI, and 83 MFI), 16 leasing companies, 5 Representative Offices of Foreign Banks in Cambodia, 33 payment service providers, 114 rural credit operator and 2,915 Money Exchanger. (Source: NBC Report, CMA Report, Actually Updated)

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

As of December 2023, ACLEDA bank maintained market share on deposit and loan of 15.37% and 12.49% respectively.

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

Key Performance	Actual Data		
	Quarter 4 – 2023	2022	2021
Loan			
Number of Loans	661,941	591,494	541,184
Total Loan Outstanding (Million KHR)	27,195,120	26,437,928	22,116,013

Key Performance	Actual Data		
	Quarter 4 – 2023	2022	2021
Deposit			
Number of Accounts	4,550,582	3,865,749	3,298,382
Deposit Balances (Million KHR)	29,525,616	26,303,475	23,287,064
E-Banking Product/Channel			
ATM Card			
Number of Cards	1,939,098	1,799,909	1,585,449
Number of Txns	19,851,801	21,058,609	19,448,837
Value of Txns (Million KHR)	17,145,411	18,683,335	16,173,990
ACLEDA mobile			
Number of Registers	3,451,606	2,845,886	2,278,220
Number of Txns	373,036,336	148,799,661	78,726,895
Value of Txns (Million KHR)	383,043,596	206,660,262	115,242,638
ACLEDA INTERNET BANKING			
Number of Users	24,825	22,164	13,557
Number of Txns	3,529,209	2,318,789	1,466,822
Value of Txns (Million KHR)	26,529,381	26,158,705	19,799,864
ACLEDA E-CMMERCE			
Number of Partners	88	73	59
Number of Txns	3,983,167	3,619,936	3,215,207
Value of Txns (Million KHR)	2,019,001	1,804,136	1,206,529
ACLEDA ATM & CRM			
Number of Terminals	1,314	1,114	901
Number of Txns	41,554,993	35,298,214	27,129,252
Value of Txns (Million KHR)	46,801,982	39,160,976	26,477,341
Term Deposit Machine			
Number of Terminals	26	26	26
Number of Txns	304	1,487	4,120
Value of Txns (Million KHR)	16,143	111,134	343,158
Virtual Teller Machine			
Number of Terminals	96	43	25
Number of Txns	130,987	43,089	34,092

Key Performance	Actual Data		
	Quarter 4 – 2023	2022	2021
Value of Txns (Million KHR)	5	16	70
Cash Bag Deposit Machine			
Number of Terminals	17	17	14
Number of Txns	88,908	75,020	94,713
Value of Txns (Million KHR)	506,550	571,098	555,257
ACLEDA POS			
Number of Terminals	4,728	4,358	4,462
Number of Txns	1,900,400	2,159,175	2,033,283
Value of Txns (Million KHR)	614,403	591,603	479,613
QR Merchant			
Number of Merchants	382,217	239,751	125,309
Number of Txns	110,148,848	16,459,377	3,194,443
Value of Txns (Million KHR)	63,175,720	7,777,491	638,240
ACLEDA Virtual Card			
Number of Virtual Cards	27,106	8,898	3,684
Number of Txns	182,376	34,907	2,491
Value of Txns (Million KHR)	18,818	3,018	161
i-bank PayBand			
Number of PayBands	10,603	4,960	-
Number of Txns	12,710	18,742	-
Value of Txns (Million KHR)	14,511	31,762	-
Network Operations and Staffs			
ACLEDA Bank Plc.			
Number of Branch Operations	264	264	262
Number of Self-Services Banking	177	125	73
Number of Staffs	12,045	12,083	12,081
Subsidiaries (Local & Overseas)			
Number of Branch Offices	56	56	57
Number of Staffs	1,458	1,499	1,593

B. Revenue Structure

№	Source of Revenue (in KHR million)	Quarter 4 – 2023		Quarter 4 – 2022		Quarter 4 – 2021	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Interest Income	800,950	91.63%	734,460	91.33%	602,128	89.39%
2	Fee and commission Income	47,902	5.48%	46,789	5.82%	42,968	6.38%
3	Other Income, net	25,250	2.89%	22,909	2.85%	28,473	4.23%
Total revenue		874,102	100%	804,158	100%	673,569	100%

PART 3. Financial Statements Audited by the External Auditor

Please refer to the Annex

For Financial Statements Audited by the Independent Auditor

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

The discussion and analysis focused on the operational and financial results based on the Interim Financial Statements as at 31 December 2023 audited by the Independent Auditor. The Interim Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). Only the key components of the Interim Financial Statements and key factors that affect the profitability of ACLEDA Bank Plc. and its subsidiaries (“the Group”) were discussed and analysed.

A. Overview of Operations

1- Revenue Analysis

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

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

2- Revenue by segment analysis

№	Source of Revenue (in KHR million)	Quarter 4 – 2023		Quarter 4 – 2022		Quarter 4 – 2021	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Interest Income	800,950	91.63%	734,460	91.33%	602,128	89.39%
2	Fee and commission Income	47,902	5.48%	46,789	5.82%	42,968	6.38%
3	Other Income, net	25,250	2.89%	22,909	2.85%	28,473	4.23%
Total revenue		874,102	100%	804,158	100%	673,569	100%

In Q4 2023, Total Revenue increased by KHR69.94 billion or 8.70% compared to Q4 2022 due to the effectiveness of a broad range of banking products and services in digital era and the increase in customers.

3- Gross profit margin analysis

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

4- Profit/ (Loss) before tax analysis

Statement of Profit or loss (in KHR million)	Quarter 4 2023	Quarter 4 2022	Variance	
			Amount	Percentage
Interest Income	800,950	734,460	66,490	9.05%
Interest expense	(358,643)	(271,292)	(87,351)	32.20%
Net interest income	442,307	463,168	(20,861)	(4.50%)
Fee and commission income	47,902	46,789	1,113	2.38%
Fee and commission expense	(3,873)	(4,807)	934	(19.43%)
Net fee and commission income	44,030	41,982	2,048	4.88%
Allowances for impairment losses on loans and advances, deposits and placements with other banks, other receivables and investment securities	(47,933)	(2,444)	(45,489)	1,861.25%
(Allowances for)/reversal of impairment losses on off-balance sheet commitments	(2)	1	(3)	300%
Net impairment losses	(47,935)	(2,443)	(45,492)	1,862.14%
Income after impairment losses	438,402	502,707	(64,305)	(12.79%)
Other income, net	25,250	22,909	2,341	10.22%
General and administrative expenses	(277,545)	(274,764)	(2,781)	1.01%
Profit before income tax	186,107	250,851	(64,744)	(25.81%)

The Increase in customer confidence in the Group, the deposit as of December 2023 grew to KHR29.53 trillion which increased by KHR3.22 trillion or 12.25% from December 2022. Following the requirement of regulation related to the loan reclassifications, and in order to withstand and absorb all risks which would have impact on loans and advances to customers, especially deriving from COVID-19

pandemic, the Bank increased the allowance for impairment losses by KHR45.49 billion comparing to the Q4 2022.

5- Profit/ (Loss) after tax analysis

Statement of Profit or loss (in KHR million)	Quarter 4 2023	Quarter 4 2022	Variance	
			Amount	Percentage
Profit before income tax	186,107	250,851	(64,744)	(25.81%)
Income tax expense	(35,496)	(49,449)	13,953	(28.22%)
Profit for the period	150,612	201,402	(50,790)	(25.22%)

6- Total comprehensive income (loss) analysis

Total comprehensive income (in KHR million)	Quarter 4 2023	Quarter 4 2022	Variance	
			Amount	Percentage
Profit for the period	150,612	201,402	(50,790)	(25.22%)
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurement of employee benefit obligations	-	1,936	(1,936)	(100%)
Exchange differences	(51,030)	(2,457)	(48,573)	(1,976.92%)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences-foreign subsidiaries	4,304	(4,748)	9,052	190.65%
Remeasurement of the effective portion of derivatives arising from cash flow hedge	(12,377)	(2,102)	(10,275)	(488.82%)
Other comprehensive income for the period	(59,103)	(7,371)	(51,732)	(701.83%)
Total comprehensive income for the period	91,509	194,031	(102,522)	(52.84%)

7- Factors and trends analysis affecting financial conditions and results

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

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

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

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

Recovery in manufacturing exports and expansion of agricultural commodity exports will augur well for ACLEDA Bank as bulk of borrowers are involved in the agri-related businesses. The Bank can do better in 2024 because the Bank has invested heavily in our digital infrastructure, built a large high security data centre to store. The construction of Disaster Recovery Data Centre will help data storage in a highly protected environment. With the digital infrastructure and upgraded products and services, the Bank is confident in facing future challenges.

B. Significant Factors Affecting Profit

1- Demand and supply conditions analysis

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

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

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

The Group has been diversifying hybrid infrastructure of choices with 320 offices, gradually transforming them to self-service centres with 177 banking self-service, 1,314 **ACLEDA ATM & CRM**, 26 **Term Deposit Machine**, 96 **Virtual Teller Machine**, 17 **Cash Bag Deposit Machine** and 4,728 **POS** terminals. It’s interesting to note that the Group issued 1.94 million **ACLEDA ATM** cards to its customers. Meanwhile, the digitized **ACLEDA mobile** has proved very popular which number of registered users has reached 3.45 million users as at the end of December 2023, all enabling the rapid circulation of money in the economy.

Enriching customer experience and strengthening cyber security are at the heart of the Group’s focus at present. To achieve solid progress in pursuing these objectives, the Group will continue to enhance our robust information technology infrastructure by investing in advanced technologies, fortify the Group’s human resource capacities, and expand and improve business processes. Strategically, the Group is developing a payment platform to enable licensed partners of all sizes, locally as well as internationally, to join forces in servicing its customers mutually and beyond borders. This will not only benefit to our valued customers directly but their own business partners as well, recognizing that they are an important link for extending the Group’s outreach and growth together.

ACLEDA mobile has been extensively improved and redesigned to be more modern, convenient and highly secure with many unique features. Now, users can make deposits (current, saving and fixed/term) through **ACLEDA mobile** immediately and get high interest rates.

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

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

2- Fluctuations in prices of raw materials analysis

None Applicable.

3- Tax Analysis

The Bank and its subsidiaries are under Law on Taxation of respective country jurisdictions. Therefore, the Bank and its subsidiaries have their obligation to pay taxes in according to the tax regulations of their jurisdictions.

Tax payment commitment to the tax departments not just a role model and awarding with Certificate of Tax Compliance Type awarded “Gold” for 2022-2023, but also a contributor to society and economic growth.

Tax revenue is the most important source of revenue for a country. The more the government collects taxes, the greater the contribution to the country's development. ACLEDA Bank Plc. was the third highest tax payer among all taxpayers and the fourth highest tax payer among all taxpayers that paid Tax on Income in 2022. ACLEDA Bank Plc. is proud to be able to contribute to the economic development of our country.

4- Exceptional and extraordinary items analysis

The Group did not experience any items, transactions or events of a material and unusual nature. However, economic conditions that impacted by COVID-19 community outbreak especially COVID-19 new variant may affect the repayment capacity of customer as result the Group loan quality may be slightly impacted.

C. Material Changes in Sales and Revenue

In order to support the business growth of customers, the Group has offered very competitive interest rate for all new loan applications and by making it easier for its customers, all loan applications can be made through **ACLEDA mobile**. As a result, gross loan outstanding at the end of the fourth quarter of 2023 increased by KHR757.19 billion or 2.86% compared to the end of the fourth quarter of 2022.

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

For fourth quarter of 2023, the KHR exchange rate against the USD has fluctuated between KHR4,106 – KHR4,133 per USD, depreciated slightly compared to the same period last year (between KHR4,118 – KHR4,142 per USD). The appreciation of the KHR was partly due to increased economic activities, especially in tourism and other services, which has led to an increase in demand of the KHR, and another crucial part was due to the control support and intervention of the National Bank of Cambodia in the exchange market to maintain the stability of the KHR. Looking ahead, the KHR value is expected to remain stable in line with market demand and supply trends, a recovery in economic activity, public confidence in the use of the KHR, and continued implementation of measures to improve the KHR of the National Bank of Cambodia, which has been continuing to strengthen its cash management policy in the financial sector – has put in place various mechanisms and procedures to maintain the value of the KHR.

Regarding to ACLEDA Bank, the bank has measured, monitored and managed on a daily basis, operates within proper and enough open currency position, follows the regulatory requirements of the NBC and its internal risk policies, hence, there has been no material impact to the bank.

In terms of interest rate: The interest rates of both local and international markets have continued stable, even stays at abit high level. These were go along with the three consecutive suspensions of rate hikes , as of the December 2023 policy meeing of the US Feeral Reserve, followed the drop of inflation of the United States. Moreover, Federal Reserve officials have signaled a cut in interest rates for 2024. However, there has been no material impact to ACLEDA Bank as the bank has been operating its business almost entirely by matching both sides of asset and liability on a fixed interest rates and the bank has monitored on a regular basis for taking appropriate and timely action to avoid the impacts on the bank's business.

For commodity prices, the bank does not provide such services, so there is no impact on the bank.

E. Impact of Inflation

2023 inflation is equal to 2.1% and Inflation has been projected to reach 2.5 percent in 2024, higher by 0.4 percentage points compared to 2023 due to the expectation of a return to normal international oil prices. However, risks posed by uncertainties, such as geopolitical, economic and political tensions, could cause inflation to rebound, as evidenced by market demand and supply factors. However, the bank has been operating not directly related to the level of inflation. Therefore, the impact is minimal and manageable.

F. Economic / Fiscal / Monetary Policy of Royal Government

■ Economic Policy:

The National Bank of Cambodia (NBC) has reported that for Cambodia 2023, the economy is expected to grow by 5.5%, supported by strong growth in tourism and growth in non-garment manufacturing:

- (1) Tourism grew at a good rate of 19.8%, with the number of international visitors reaching 5.5 million.
- (2) The manufacturing sector grew at a rate of 7.4%, with manufacturing products for export up 4.3%, especially non-garment products such as electronics increased 1.3 times and vehicles and vehicle accessories increased 3.2 times while manufacturing products for the domestic market decreased by 7%.
- (3) The agricultural sector grew by 1.1%, supported by growth in rice, rubber and fisheries sub-sectors.
- (4) The construction and real estate sectors continued to grow at a slower pace of 1.1% and 0.5%, respectively.
- (5) Cambodia's balance sheet is estimated to have a surplus of USD 226.1 million, supported by a net inflow of financial accounts, while current and capital balances have shifted from deficit to surplus. The surplus contributed to the increase in international reserves to 20 billion US dollars, equivalent to seven months of imports of goods and services for the next period, higher than the minimum for developing countries (3 months).

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

Refer to the release news with some well-known institutions still predict the Cambodia's GDP 2023. The Asian Development Bank (ADB), Cambodia's economic growth in 2023 will be slightly lower than earlier forecast, down to 5.3% from 5.5%, mainly due to slower-than-expected industry growth in the first half, according to an update to the Asian Development Bank's (ADB) flagship economic report. The ADB report maintained the country's 2024 growth forecast at 6%. The Asian Development Outlook (ADO) September 2023 notes that exports of garments, footwear, and travel items declined by 18.6% year-on-year in the first half of 2023. This was partly offset by a 22.9% increase in exports of manufactures other than garments, such as automotive parts, solar panels, and furniture. The International Monetary Fund (IMF), IMF forecasted GDP for Cambodia is 5.6% for 2023 and 6.1% for 2024 according to the post on their website (World Economic Outlook). (WB) In 2024, WB forecasted GDP for Cambodia is 5.8% for 2024 and 6.1% for 2025 according to the post on their website (Global Economic Prospect). ^{(3), (4), (5)}

■ Fiscal Policy:

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

- (1) Continue to pay attention and strengthen the implementation of work in accordance with the recommendations of **His Excellency the Deputy Prime Minister, Minister of Economy and Finance** as the implementation direction for 2023 of the General Department of Taxation at the meeting to summarize the results of tax collection in 2022 on 31 January 2023.
- (2) Implement the action plan to disseminate the new tax law to the public taxpayers and continue to update tax regulations in accordance with the new tax law.
- (3) Continue to strengthen the provision of consulting services and dissemination of tax laws and regulations in all forms, especially the provision of telephone consulting services (Call Center-1277) and organizing the "Cambodian Tax" program (GDT Facebook Live) to explain and solve the difficulties and questions of the people.

- (4) Organize a workshop with the Young Entrepreneurs Association under the chairmanship of **HE Dr. HUN Manet** on topics related to fiscal compliance during June or July 2023.
- (5) Request to cooperate with the Ministry of Commerce on strengthening the registration of new enterprises, as well as strengthening the efficiency and role of the business registration agency.
- (6) Continue to strengthen the management of tax collection, transparency and free competition in the production of beverages and tobacco products and tobacco to ensure the sustainability of tax revenue, which is the benefit of the national budget.
- (7) Establish a digital administration (E-Administration) operating system and support infrastructure to allow fiscal administration to perform hierarchical tasks using digital formats and ensure speed and efficiency in the performance of work.
- (8) Continue to implement measures to collect and tighten tax debts in accordance with the procedures in force for enterprises that owe tax debts and do not come to pay or settle properly.
- (9) Continue to strengthen tax registration and update enterprise information, and continue to work together to improve and promote the business registration of information technology (CamDX) to be more efficient and comprehensive.
- (10) Continue to disseminate and strengthen the implementation of billing rules among taxpayers and the GDT Lucky Draw program to increase public participation to ensure efficiency and transparency in the management of tax revenue collection.
- (11) Continue to strengthen the management of the enterprise, request for a temporary suspension or request for reopening and/suspend or activate the VAT certificate.
- (12) Continue to strengthen and pay attention to the request to close the enterprise permanently and strengthen the audit work for the enterprise requesting the closure.
- (13) Continue to participate in the anti-money laundering and terrorist financing and genocide financing framework with the National Coordinating Committee against anti-money laundering and terrorist financing and genocide financing and the Sub-Committee on the Implementation of the Joint Action Plan of the Asia-Pacific Joint Monitoring Group on International Cooperation.
- (14) Continue to modernize information technology systems and programs with a proactive spirit through the development and updating of new systems and programs to promote the level of tax compliance by making it easier to fulfill tax obligations but it is difficult to distinguish through the continuous development of some functions through the user received from all environments to be more comprehensive and easy to use.
- (15) Continue to implement additional measures of the Royal Government to continue to manage the impact and support the recovery of tourism in the Kingdom of Cambodia in order to continue to reduce the impact on the socio-economic situation, as well as continue to support and restore with recovery business.
- (16) Implement the Royal Government's measures to support the development of the construction and real estate sector to maintain the stability of the construction and real estate sector, which is considered a priority sector to support overall economic growth.
- (17) Continue to implement the necessary measures as set out in the Circular on the Implementation of the Law on Finance for Management 2023 and continue to implement carefully the revenue collection strategy 2019-2023. ⁽⁶⁾

As of 12 months of 2023, the tax revenue collected by the General Department of Taxation according to the online revenue management system of the General Department of Taxation was 14,629.10 billion riels (approximately 3,612.12 million US dollars), equivalent to 101.13% of the Financial Law Plan for Management 2023. The results of tax revenue management show that in December 2023, all types of tax revenue collected by the General Department of Taxation through the online revenue management system of the General Department of Taxation amounted to 1,072.31 billion riels (approximately 264.77 million US dollars), equivalent to 7.41% Of the Financial Law Plan for Management 2023. ⁽⁷⁾

▪ **Monetary Policy:**

For year 2023, the National Bank of Cambodia has set 5 monetary policy implementations to support the royal government’s policy for restoring economic growth such as:

- (1) Managing monetary supply at an appropriate level;
- (2) Maintaining a stable exchange rate to contribute to the price stability and public trust;
- (3) Pushing the use of the riel through market mechanisms;
- (4) Develop new monetary policy tools; and
- (5) Promoting the development of the interbank market in order to improve the effectiveness of monetary policy.⁽⁸⁾

Reference:

- (1) https://www.nbc.gov.kh/download_files/publication/annual_rep_kh/Annual_Report_2023_KHM.pdf
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- (3) <https://www.adb.org/news/adb-adjusts-2023-growth-forecast-cambodia-maintains-2024-outlook>
- (4) <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>
- (5) <https://www.worldbank.org/en/publication/global-economic-prospects>
- (6) <https://www.tax.gov.kh/u6rhf7ogbi6/gdtstream/4a00be95-27f8-48cb-a476-f3b7dcdcfa26>
- (7) <https://www.tax.gov.kh/u6rhf7ogbi6/gdtstream/2e8790c9-020b-453f-b743-4b1bad3729a8>
- (8) https://www.nbc.gov.kh/download_files/publication/annual_rep_kh/Semi%20Annual%20Report%202023%20Publish_KHM.pdf

Signature of Directors of Listed Entity
Phnom Penh, 08 February 2024
Read and Approved



Mr. Chhay Soeun
Chairman





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