



ធនាគារ អេស៊ីលីដា ភីអិលស៊ី
ACLEDA Bank Plc.

The bank you can trust, the bank for the people



DISCLOSURE DOCUMENTS

Grow your wealth with ACLEDA Bank, the most sizeable, profitable, and healthiest bank in Cambodia.

2020



Lead manager
យ៉ាន់តា ស៊ីឃ្យូរីធី
Yuanta Securities (Cambodia)

"THE COMPANY AND THE RELATED ENTITIES THAT HAVE PREPARED THIS DISCLOSURE DOCUMENT SHALL BE RESPONSIBLE FOR THE INFORMATION CONTAINED HEREIN."

ចក្ខុវិស័យ អេស៊ីស៊ីតា កម្ពុជា

ACLEDA Bank Plc.

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Registration Number : 00003077
Date : 05 June 2000
License Number : 06
Date : 28 November 2006

Equity Securities Issuance

Registration Number:.....
Issued by the SECC, Date:

Lead Manager

Yuanta Securities (Cambodia) Plc.

This Disclosure Document and any supplementary materials can be obtained at:

- ACLEDA Bank Plc : #61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
- Yuanta Securities (Cambodia) Plc. : 4th Floor, Emerald Building, #64 (Corner St. 178), Preah Norodom Boulevard, Sangkat Chey Chumneah, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
- Cambodia Securities Exchange : CSX Building, St. Preah Mohaksat Treiyani Kossamak (St.106), Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia

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Note to Investors

The Company's Board of Directors has approved the Khmer version of the Disclosure Document for the public issuance of equity securities. The Board of Directors jointly and severally takes full responsibility for the accuracy of the information contained in the Khmer version of the Disclosure Document. Having made all reasonable inquiries and to the best of his/ her knowledge and belief, the Board assures that there is no false or misleading statement or other facts if omitted would make any statement in the Khmer version of the Disclosure Document false or misleading.

The Securities and Exchange Commission of Cambodia ("SECC") has approved our public offering in principle and a final copy of the Khmer version of this Disclosure Document will be registered and filed with the SECC. The approval and registration of the Khmer version of this Disclosure Document is not an indication that the SECC recommends the investment in this securities offering or assumes responsibility for the accuracy of information, opinion or statement contained in this Disclosure Document.

The SECC is neither liable for any non-disclosed information and the content of this Disclosure Document, nor certifies its accuracy or completeness. The SECC is not liable for any loss that investors may suffer from a whole or part of the content of this Disclosure Document.

Investors should rely on his/ her own valuations to assess the accuracy and risks related to the investment in the Company by considering the objective of the investment, risk profile, his/ her own financial position, and more. If investors have any doubt about this Disclosure Document or in considering the investment, they should consult with securities firms, investment advisors, or other professional advisers.

Phnom Penh, 31 December 2019

Mr. Chhay Socun
Chairman of the Board of Directors

The Tentative Timetable for the Offering

Events	Tentative Date
Book Building	03/03/2020 – 14/03/2020
Notice Date to Successful Investors in Book Building	23/03/2020
Subscription	24/03/2020 – 24/04/2020
Announcement on the Subscription Result	28/04/2020
Allotment of Subscribed Equities Securities	28/04/2020
Listing Date	04/05/2020

Note: Subscription start from 8:00 am to 5:00 pm from Monday to Friday except for Saturday and Sunday and official national holidays in the Kingdom of Cambodia.

The tentative timetable is subject to change if necessary, to facilitate the implementation of the procedures.

In case the closing date of subscription is delayed and notification is made, the date of allotment and listing date shall be extended accordingly. ACLEDA Bank will notify the public via both Khmer and English newspapers.

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Guideline on the Book Building and Subscription of Equity Securities

I. Book Building Stage

1. Introduction

Book Building Period	03 March 2020 – 14 March 2020 - From 08:00 AM to 05:00 PM and from Monday to Saturday
Number of Shares Available in the Book Building	4,375,696 shares
Minimum Subscription Amounts	100 shares with additional shares in increments of 10
Book Building Price Range	KHR 15,000 – KHR 17,400
Tick Price	KHR 100

2. How to participate in Book Building

a. Investors shall have an Investor ID Number and a Trading Account to participate in the Book Building (price determination of the equity security).

b. Book Building Application Form:

- An investor shall complete the Book Building Application Form with the Selling Agents as attached in the Appendix 8 of this disclosure document.
- The investor shall select a single bid price within the given book building price range.
- The investor shall also indicate the quantity of the equity securities to which the investor intends to subscribe.

c. Book Building Deposit:

- Investors shall deposit 10% of the total value of equity securities (quantity x bid price) that the investor has bid on the Book Building Application Form (the “10% Deposit”) to the Issuer’s Book Building account below:

Account Name	: ACLEDA Bank Plc. – Book Building account
Account Number (KHR)	: 00010357176914
Swift Code	: ACLBKHPP

- Investors shall attach proof document on 10% deposit (i.e. deposit/transfer slip, reference number of electronic transfer etc.) to the Book Building Application Form and submit them to the selling agents.
 - The purpose of deposit/ transfer shall be “ACLEDA Bank Book Building.” Overseas transfer shall arrive at ACLEDA Bank by the last day of the Book Building period before 05:00 PM (Cambodia time: UTC +07:00).
 - There shall be no interest accrued on the Book Building deposits.
- d.** Investors shall acknowledge that the Issuer is entitled to deny the Book Building application if it does not comply with the Book Building terms and conditions.

3. Price Determination Mechanism of Equity Securities

The final offering price is determined by using the weighted-average method on the price and the quantity of equity securities that investors have indicated in the Book Building Application Forms. The final offering price may be adjusted to reflect the market demand by obtaining approval from the SECC.

4. Reserve and Refund

- a. After the final offering price is determined, investors who participated in the Book Building are divided into two groups. Investors who have quoted a price equal to or higher than the final offering price are referred to as Successful Investors, and investors who have quoted a price below the final offering price are referred to as Unsuccessful Investors.
- b. The number of shares available in the Book Building, 4,375,696 shares, will be reserved for the Successful Investors.
- c. In accordance with the Prakas and regulations of the SECC, in order to give priority to Cambodian investors:
 - 20% of total equity securities reserved for Book Building will be first reserved for Cambodian Successful Investors on a pro-rata basis.
 - Then, 80% of total equity securities reserved for Book Building will be reserved for Cambodian and Non-Cambodian Successful Investors on a pro-rata basis.
- d. In case of over-subscription, the equity securities reserved for Book Building shall be reserved for Successful Investors on a pro-rata basis.
- e. In the case of under-subscription, the remaining equity securities reserved for Book Building shall be transferred to the Subscription process.
- f. Successful Investors shall participate in the Subscription process and subscribe to an amount that is at least equal to the number of reserved equity securities. In case Successful Investors do not participate in the Subscription process, Successful Investors shall be deemed to have automatically subscribed to the reserved quantity of equity securities or equal to 10% deposit, whichever is lower.

II. Subscription Stage

1. Subscription Detail

Subscription Period	• Mar. 24th – Apr. 24th 2020 • From 08:00 AM to 05:00 PM and from Monday to Friday
Number of Shares reserved in Subscription	• New equity securities: 4,375,695 shares • Existing equity securities: Up to 13,127,086 shares (depends on shareholders' decision based on the Book Building and Subscription results)
Minimum Subscription Amount	• 1 share with additional shares in increment of 1 share
Offering price	• KHR 16,200

2. How to Participate in Subscription

- a. Investors shall have an Investor ID Number and a Trading Account to participate in the Subscription.
- b. Subscription Application Form:

- An investor shall complete the Subscription Application Form with the Selling Agents at the locations as specified in Appendix 8 of the Disclosure Document.
- **Successful Investors in Book Building:** Successful Investors in Book Building may subscribe to a number of equity securities in excess of the quantity that has been reserved in the Book Building by making additional required deposits in respect of the actual quantity of equity securities to which the investors intend to subscribe.
- **Unsuccessful Investors in Book Building:** Unsuccessful Investors in Book Building wishing to continue to participate in the subscription may subscribe for the equity securities by making additional required deposits in respect of the actual quantity of equity securities to which the investors intend to subscribe.
- **Investors who did not participate in the Book Building:** Investors who did not participate in the Book Building may participate in the subscription by depositing the amount that is not less than 100% of the total value of the number of equity securities that the investors intend to subscribe.

c. Subscription Deposit:

- Investors shall deposit 100% of the total amount of the subscribed equity securities (quantity x offering price) to the Issuer's Subscription account below:

Account Name	:	ACLEDA Bank Plc. – Subscription account
Account Number (KHR)	:	00010357176936
Swift Code	:	ACLBKHP

- Investors shall attach proof document on 100% deposit (i.e. deposit/ transfer slip, reference number of electronic transfer etc.) to the Subscription Application Form and submit them to the Selling Agents.
 - The purpose of deposit/ transfer shall be “ACLEDA Bank Subscription.” Overseas transfer shall arrive at ACLEDA Bank by the last day of the Subscription period before 05:00 PM (Cambodia time: UTC +07:00).
 - There shall be no interest accrued on the Subscription deposits.
- d.** Investors shall acknowledge that the Issuer is entitled to deny the Subscription application if it does not comply with the Subscription terms and conditions.

3. Allotment of Equity Securities

a. Step 1:

The equity reserved for Successful Investors in the Book Building shall be allocated to Successful Investors according to their reserved portions.

b. Step 2:

Total equity securities reserved in Subscription process as well as the remaining equity securities from Book Building (if any) (“**Reserved equity securities in Subscription**”) shall be allocated to all investors in two steps as follows:

1) Priority Stage for Cambodian Investors:

- 1.1** 20% of total reserved equity securities in Subscription shall be allocated to Cambodian investors first.

1.2 Adjusted Pro-Rata Method:

- 20% of total reserved equity securities in Subscription shall be first allocated to Cambodian investors with a minimum threshold of 1,000 equity securities (“**minimum threshold**”) or at the subscribed quantity, whichever is lower.
- If the 20% of total reserved equity securities in Subscription is more than the number of equity securities required for the allocation of minimum threshold, the remaining equity securities shall be allocated to all Cambodian investors on a pro-rata basis, or
- If the 20% of total reserved equity securities in Subscription is less than the number of equity securities required for the allocation of minimum threshold, the adjusted pro-rata method shall not be used. A pro-rata method shall be used instead.

2) Final Allotment:

2.1 80% of total reserved equity securities in Subscription shall be allocated to Cambodian and Non-Cambodian investors.

2.2 Adjusted Pro Rata Method:

- 80% of total reserved equity securities in Subscription shall be allocated to Cambodian and Non-Cambodian investors with a minimum threshold of 1,000 equity securities (“**minimum threshold**”) or at the subscribed quantity, whichever is lower.
- Cambodian investors who received fewer equity securities than the minimum threshold during the stage above, shall first receive additional equity securities to meet the minimum threshold. For the subscribed equity securities in excess of the minimum threshold (if any), the allocation of such excess equity securities shall be based on a pro-rata basis.
- Non-Cambodian Successful Investors who received reserved equity securities in Book Building less than the minimum threshold and subscribed to more than the minimum threshold, shall be first allocated up to the minimum threshold. For the subscribed equity securities in excess of the minimum threshold (if any), the allocation of such excess equity securities shall be based on a pro-rata basis.

2.3 The remaining equity securities after allocation of the minimum threshold shall be allocated to Cambodian and Non-Cambodian investors on a pro-rata basis.

The Issuer reserves the right to amend the "minimum threshold" to ensure a sufficient number of equity securities for allotment using the adjusted pro-rata method as described above. In the event that there are too many investors participating in subscription, the average number of securities per investor (the total equity securities reserved in Subscription divided by the number of investors participating in the subscription) may be less than 1,000 equity securities. In this case, to avoid the shortage of equity securities to be allocated through the adjusted pro-rata method, the "minimum threshold" shall be the average number of equity securities per investor and rounded to the nearest integer.

4. Refund

After the completion of the subscription process, if there are subscribers who did not receive their respective portions of equity securities to which they have subscribed, the Issuer shall refund the overpaid amount from the subscription to the corresponding subscribers.

Abbreviations

ABL	ACLEDA Bank Lao Ltd.
AGM	Annual General Meeting of Shareholders
AIB	ACLEDA Institute of Business
API	Application Programming Interface
APN	Asian Payment Network
ATM	Automated Telling Machine
Bn	Billion
CAGR	Compound Annual Growth Rate
CAR	Capital Adequacy Ratio
CDM	Cash Deposit Machine
CIFRS	Cambodian International Financial Reporting Standards
CRM	Customer Relationship Management
CSS	Cambodian Shared Switch
CSX	Cambodia Securities Exchange
EBA	Everything But Arms
EMV	Europay, Master Card, and Visa Card
EU	European Union
EVP	Executive Vice President
FDM	Fixed Deposit Machine
GDP	Gross Domestic Product
GDT	General Department of Taxation
ICC	International Chamber of Commerce
IT	Information Technology
ITSC	Information Technology Steering Committee
JCB	Japan Credit Bureau
LCR	Liquidity Coverage Ratio
MAoA	Memorandum and Articles of Association
MDI	Microfinance Deposit-taking Institution
MEF	Ministry of Economy and Finance
MFI	Microfinance Institution

Mn	Million
MOC	Ministry of Commerce
MoLVT	Ministry of Labour and Vocational Training
NBC	National Bank of Cambodia
NGO	Non-governmental Organization
NPL	Non-performing Loan
OSD	Operator of Securities Depository
POS	Point of Sale
PSP	Payment Services Provider
Q1 / 1Q	First Quarter
Q2 / 2Q	Second Quarter
Q3 / 3Q	Third Quarter
Q4 / 4Q	Fourth Quarter
SECC	Securities and Exchange Commission of Cambodia
SMBC	Sumitomo Mitsui Banking Corporation
SST	Self Service Terminal
UPI	Union Pay International
VTM	Virtual Teller Machine
WU	Western Union
YSC	Yuanta Securities (Cambodia) Plc
Triodos MF	Triodos Microfinance Fund
Triodos FSF	Triodos Fair Share Fund
Triodos SFF	Triodos Sustainable Finance Foundation

Definitions

- **Audit Committee:** A committee of the Board responsible for review and oversight of the company's financial statements, internal and external controls, and audit.
- **Board of Directors:** Refers to a group of ten (10) members elected by the shareholders of the company at their annual meeting.
- **Business Day:** A day in which normal business is conducted in the country in question. This is generally considered to be Monday through Friday and excludes weekends and public holidays.
- **Director:** A person who serves on a company's board of directors. Any person who leads or supervises a project or entity.
- **Disclosure Document:** A document that describes a financial security for potential buyers with a description of the company's business, financial statements, biographies of officers and directors, detailed information about their compensation, any litigation that is taking place, a list of material properties and any other material information.
- **Independent Director:** A member of a company's board of directors who was brought in from outside the company. Because an independent outside director has not worked with the company for a period of time (typically for at least the previous year), he or she is not an existing manager and is generally not tied to the company's existing way of doing business.
- **Nomination Committee:** A committee that acts under the corporate governance area of an organization. A nomination committee is focused on evaluating the board of directors of its respective firm and on examining the skills and characteristics that are needed in board candidates. Nomination committees may also have other duties, which vary from company to company.
- **Record Date:** The date on which a holder of the security must be registered with the issuer in order to receive a coupon or dividend payment on the next payment date.
- **Securities and Exchange Commission of Cambodia:** The government agency that regulates and supervises the securities industry. The commission administers laws related securities, formulates and enforces rules to protect against malpractice, and seeks to ensure that companies provide the fullest possible disclosure to investors. All of the national exchanges and virtually all institutions in the securities industry fall under its jurisdiction.
- **Securities Market:** The organized trading of stocks through exchanges as well as over-the-counter.
- **Shareholders' Equity:** A company's total assets minus total liabilities.
- **Subscriber:** An investor who promises to buy a specific number of shares of a newly issued security.

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Disclaimer

General

This Disclosure Document is based on information and materials provided by ACLEDA Bank and other sources that ACLEDA Bank believes to be reliable. The Lead Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of such information and materials, and nothing contained in this Disclosure Document is, or shall be relied upon or construed as a promise, undertaking or representation by the Lead Manager. The Lead Manager assumes no responsibility or liability for the accuracy or completeness of the information and materials that are contained or referred to in this Disclosure Document.

Each person receiving or viewing this Disclosure Document acknowledges that such person has not relied on the Lead Manager or any person affiliated with the Lead Manager in connection with its investment decisions or the investigation of the accuracy or completeness of the information or materials contained in this Disclosure Document. Neither ACLEDA Bank nor the Lead Manager is making any representation to the aforementioned person regarding the legality of the bid, subscription and purchase of, or investment in, ACLEDA Bank's equity securities by such person. This Disclosure Document and all information and materials contained herein and their distribution or transmission must not, under any circumstances, be considered as legal, business or investment advice.

The investors and all other readers of this Disclosure Document hereby acknowledge and understand that only the Khmer version of this Disclosure Document has been approved in principle from and will be registered with the SECC and that this English version of the Disclosure Document and all the English translations contained herein are, for all intents and purposes, purely for reference only and for the convenience of the readers whose primary language is not Khmer. Such investors and readers further acknowledge and understand that, with any kind of translation between two different languages, the translation of a particular word or a phrase in one language may not completely and/ or accurately convey the full meaning of the corresponding word or a phrase in the other language. ACLEDA Bank and the Lead Manager and any of their respective directors, officers, employees, representatives or affiliates, shall not take or assume any kind of liability or responsibility whatsoever in connection with any matters that arise due to or as a result of any inaccuracy, incompleteness or omissions in the English translations of the Disclosure Document as between the Khmer version of the Disclosure Document.

FORWARD-LOOKING STATEMENTS

This Disclosure Document includes forward-looking statements that reflect ACLEDA Bank's current views with respect to future events and financial and operational performance, including, but not limited to, statements relating to the risks specific to ACLEDA Bank's business, the strengths of ACLEDA Bank, and the implementation of strategic initiatives, as well as other statements relating to ACLEDA Bank's future business development and financial performance. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historical facts. They appear in a number of places throughout this Disclosure Document and include statements regarding ACLEDA Bank's intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industry in which ACLEDA Bank operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that ACLEDA Bank's actual financial position, operating results and liquidity, and the development of the industry in which ACLEDA Bank operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Disclosure Document. ACLEDA Bank cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

The effect of changes in demand and pricing for ACLEDA Bank's service; the potential number of customers and the capital cost of expansion; earnings, cash flow, dividends and other expected financial results and conditions; technological changes and new products and services introduced into ACLEDA Bank's market and industry; fluctuations of exchange rates; changes in general economic and industry conditions; political, governmental, social, legal and regulatory changes; access to funding; and taxation audits and reassessments.

Some of the risks that could affect ACLEDA Bank's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 3: "Risk Factors."

The information contained in this Disclosure Document, including the information set out under Section 3: "Risk Factors," identifies additional factors that could affect ACLEDA Bank's financial position, operating results, liquidity and performance. Prospective investors are urged to read all sections of this Disclosure Document and, in particular, Section 3: "Risk Factors" for a more complete discussion of the factors that could affect ACLEDA Bank's future performance and the industry in which ACLEDA Bank operates when considering an investment in ACLEDA Bank.

Save as required by Cambodian Law, ACLEDA Bank and the Lead Manager undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to ACLEDA Bank or to persons acting on ACLEDA Bank's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Disclosure Document.

DISCLAIMER IN RELATION TO REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE DOCUMENT

No person has been given the authorization to give any information or to make any representation, except as expressly contained in this Disclosure Document. If given or made, any such information or representation may not be relied upon as having been authorized by ACLEDA Bank or the Lead Manager.

PROSPECTIVE INVESTORS IN JURISDICTIONS OUTSIDE THE KINGDOM OF CAMBODIA

The distribution of this Disclosure Document and the offer and sale of the offered securities may be illegal in certain jurisdictions. ACLEDA Bank and the Lead Manager require persons into whose possession this Disclosure Document may come, to inform themselves of and observe any restrictions which may apply to this Disclosure Document and the offer and sale of the offered securities in the relevant jurisdiction. This Disclosure Document does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of ACLEDA Bank in any jurisdiction, to or from any person to whom it is unlawful to make such an offer in such jurisdiction.

Any person in any jurisdiction outside the Kingdom of Cambodia, in which the distribution of the Disclosure Document and the offer and sale of the offered securities is not restricted, must seek professional advice in relation to the contents of this Disclosure Document, and the relevant laws and system of taxation in the Kingdom of Cambodia.

STATUS OF THE ENGLISH VERSION OF THE DISCLOSURE DOCUMENT

The English version of this Disclosure Document is entirely translated for the convenience of the public investors who are unable to read Khmer. The prospective investor should use the Khmer version as material for making decision and the English version is served as a reference purpose only. The Khmer version of this Disclosure Document is the official version of the Disclosure Document that is approved and registered with the SECC.

TRANSLATION OF AMOUNTS INTO KHMER RIEL OR OTHER CURRENCIES

In this Disclosure Document, references to "\$," "USD," "US\$," or "U.S. dollars" are to United States Dollars. The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Bank transacts and maintains its accounting records primarily in United States Dollars, the management has determined the USD to be the Bank's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

Transactions in currencies other than USD are translated into USD at the exchange rates prevailing at the dates of transactions, unless otherwise indicated.

No representation is made that the KHR, USD or any other currency amounts referred to in this Disclosure Document herein could have been or could be converted into KHR, USD or any other currency, as the case may be, at this rate, at any particular rate, or at all.

DISTRIBUTION

The electronic Disclosure Document in Khmer can be viewed or downloaded from the CSX website at www.csx.com.kh or ACLEDA Bank's website at www.acledabank.com.kh. The electronic Disclosure Document may also be delivered to prospective investors or viewers by email upon their request. By receiving this Disclosure Document through electronic transmission such as, but not necessarily limited to, as an attachment of an e-mail that was dispatched or circulated by ACLEDA Bank or the Lead Manager or any of their affiliates, or by downloading this Disclosure Document from the websites described in the foregoing, the investors or any other viewers are deemed to have given their full acknowledgment and consent to all notices, disclaimers, conditions and statements contained or disclosed in this Disclosure Document. Such investors or viewers are reminded of the fact that this Disclosure Document and any of the content contained herein may subsequently be altered, changed or updated either (i) during the process of electronic transmission, (ii) pursuant to the applicable laws and regulations, (iii) for the purposes of final registration with the SECC or (iv) at the discretion of ACLEDA Bank under proper authority, without informing or alerting such investors or viewers in advance.

The aforementioned investors and viewers are further reminded that none of ACLEDA Bank or the Lead Manager or any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any real or potential discrepancies between the hard copy of the Disclosure Document that has been printed with the proper authority from ACLEDA Bank and any electronic copy of the Disclosure Document that has not been obtained directly from the authorized websites prescribed herein. ACLEDA Bank and the Lead Manager will provide a hard copy version to such investors and viewers upon due request.

The aforementioned investors and viewers fully acknowledge that they will view the Disclosure Document only on the basis that they are lawfully allowed to do so under the laws of the jurisdiction in which they are located and are reminded that they are not authorized to deliver or forward this Disclosure Document, electronically or otherwise, to any other person.

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and rejected. The e-mail containing the Disclosure Document or any subsequent e-mails related thereto are intended only for the recipient(s) that are expressly indicated on such e-mails and any other unintended recipients should immediately notify ACLEDA Bank or the Lead Manager and destroy the relevant e-mails from their system.

The investors and viewers who receive or otherwise come across the Disclosure Document hereby acknowledge and undertake that the Disclosure Document will not be forwarded or distributed to any other person and will not be reproduced in any manner whatsoever. Any forwarding, distribution or reproduction of the Disclosure Document in whole or in part is unauthorized. Failure to comply with this directive may result in a violation of the applicable laws and regulations of the jurisdiction in which they are in, and none of ACLEDA Bank or the Lead Manager or any of their respective directors, officers, employees, representatives or affiliates will be liable or responsible for such violation.

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Conventions

Unless stated otherwise, certain financial data, where appropriate and applicable, in this Disclosure Document including, in particular, those contained under Section 7 are derived from audited financial statements for the years ended 31 December 2017, 2018, and interim financial statements for the nine-month period ended 30 September 2019. These financial statements have been prepared in accordance with Cambodian Accounting Standards (“CAS”) and relevant accounting regulations and guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

ACLEDA Bank's fiscal year commences on 1 January and ends on 31 December of each year. Unless otherwise stated herein, references to a year is 31 December of that year. For example, a reference to 2018 in a table would be a reference to 31 December 2018.

All references to "Cambodia" contained in this Disclosure Document are to the Kingdom of Cambodia.

All references to KHR are to Khmer Riel, the official currency of the Kingdom of Cambodia.

All references to “we,” “our,” “ACLEDA Bank,” the “Bank,” the “Company,” and the “Issuer” are to ACLEDA Bank Plc.

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Section 1: Summary of Disclosure Document

This section does not fully convey all the information necessary to make an informed investment decision and evaluate the prospects of ACLEDA Bank, and it does not necessarily contain or represent a summary of every aspect of this Disclosure Document. It is important that all readers including the prospective investors read the Disclosure Document in its entirety, and, in particular, the sections entitled Section 3: “Risk Factors” and Section 7: “Financial Information” for further discussions on the factors that could affect the future performance of the Bank.

1. Overview of ACLEDA Bank

Incorporated under the Law on Banking and Financial Institutions of the Kingdom of Cambodia, ACLEDA Bank Plc., a public limited company, was formally founded as a national NGO for micro and small enterprises’ development and credit in 1993. It was transformed into a specialized bank in 2000 and a commercial bank on 01 December 2003 and changed its name to “ACLEDA Bank Plc.”

Through many transformations in the legal forms, business operations, business strategies, and shareholders over the years, ACLEDA emerged as one of the largest and leading banks in Cambodia. As of the end of September 2019, it has one of the largest physical banking networks in the Kingdom with 262 branches and 11,930 employees. It is the leading commercial bank that serves more than 311 thousand active borrowers, 2 million depositors, and 1 million mobile banking application users in all provinces and towns of the Kingdom of Cambodia.

As of December 2018, it was the largest bank in Cambodia in terms of gross loan portfolio (USD 3.63 billion) and equity (USD 806 million), while it was the second-largest in terms of customer deposits (USD 3.55 billion) and assets (USD 5.64 billion). During the same year, it earned the most interest and non-interest income of USD 423 million and USD 79 million, respectively.

ACLEDA Bank Group currently has 4 wholly-owned subsidiaries: ACLEDA Bank Lao Ltd., ACLEDA MFI Myanmar Co, Ltd., ACLEDA Securities Plc., and ACLEDA Institute of Business. It was the highest-rated company in Cambodia with “B+” rating and an outlook of “stable” by Standard & Poor’s as of 13 December 2019.

With a slogan “the Bank You Can Trust, the Bank for the People,” ACLEDA Bank continues to improve cost efficiency, maximize benefits, and mitigate risks while striving to become a regional commercial bank with a competitive edge in relevant banking markets. The Bank dedicates all its efforts on achieving a sustainable and robust growth, delivering on its strategic goals, enhancing future returns as well strengthening the position of the Bank in the Kingdom of Cambodia and within the region. These entail constant investments in its people and systems including staff capacity building, physical infrastructure, and banking technology. Over the past few years, ACLEDA has focused on building its digital banking capabilities to facilitate the delivery of enhanced banking services to its clients with added conveniences.

Below are some of the notable achievements of the Bank as of 30 September 2019:

ACLEDA Bank’s Achievements (Cambodia only)	As of 30 September 2019
Total number of branches	262
Total number of staffs	11,970
ATMs	624
POS terminals	4,213
Debit cards	1,178,030
ToanChet users	1,075,919
Credit	
Number of active borrowers	311,475

Percentage of female borrowers	54.91%
Total loan portfolio	\$ 3,605,406,078
<i>Revolving credit line</i>	\$ 33,244,319
<i>Small-sized enterprise loan</i>	\$ 1,766,731,677
<i>Medium-sized enterprise and corporate loan</i>	\$ 1,181,673,422
<i>Personal loan</i>	\$ 103,708,359
<i>Housing loan</i>	\$ 189,788,970
<i>Other loan</i>	\$ 330,259,331
Deposits	
<i>Total number of all account types</i>	2,261,601
<i>Amount in US Dollars</i>	\$ 4,240,497,775

1.1. Vision and Mission

Vision

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

Mission

ACLEDA Bank's 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, the Bank will ensure a sustainable and growing benefits to its shareholders, employees, and the community at large. ACLEDA Bank will observe the highest principles of ethical behavior, respect for society, the law, and the environment at all times.

1.2. Competitive Strengths

ACLEDA Bank has been leading the Cambodian banking industry by differentiating itself from competitors by leveraging on the following competitive strengths:

- Undisputed leader in the market with unmatched physical banking networks
- The highest credit rating in the country with healthy financial growth and performance
- Partnerships with reputable institutions and government agencies to increase non-interest income as well as the Bank's reputation
- Diversified sources of revenue
- Experienced management team and the Board of Directors
- Leader in FinTech and continued investments for the future

1.3. Business Strategy and Future Plan

ACLEDA Bank aims to (1) become a leading regional digital bank and (2) continue to generate superior and sustainable returns for the shareholders by strengthening its unique capabilities in an ever-changing external environment. These entail leveraging on its strong brand and leading market position, backed by experienced and talented management and employees, and pursuing further growth through digital and fee-based services.

ACLEDA Bank plans to focus on the following strategic priorities for the medium and long-term:

- ✓ Development of digital bank
 - Development of additional functions on ACLEDA Unity ToanChet and new internet banking system
 - Development and reorganization of human resources
 - Remodeling of physical branches to fit with digital banking requirements
 - Digitalization of files and documents including approval processes
 - Strengthening of IT systems and security

- ✓ Partnership with reputable institutions and the government for business growth
- ✓ Enhancement of subsidiaries' capacity and performance
 - ACLEDA Bank Lao Ltd.
 - ACLEDA MFI Myanmar Co., Ltd.
 - ACLEDA Securities Plc.
 - ACLEDA Institute of Business

2. Board of Directors, Senior Management, and Shareholders

2.1. Member of the Board of Directors

The table below shows all members of the Board of Directors of ACLEDA Bank as of 30 September 2019:

No.	Name	Position
1	Mr. Chhay Soeun	Chairman of the Board of Directors
2	Dr. In Channy	Executive Director
3	Mr. Rath Yumeng	Executive Director
4	Mrs. Mirjam Janssen	Non-executive Director
5	Mr. Mori Kenichiro	Non-executive Director
6	Mr. Marc Robert	Non-executive Director
7	Mr. Ryoji Nishimura	Non-executive Director
8	Drs. Pieter Kooi	Independent Director
9	Mr. Cornelius Obert	Independent Director
10	Mr. Ian S. Lydall	Independent Director

2.2. Senior Management

The table below shows all members of the Bank's senior management as of 30 September 2019:

No.	Name	Position
1	Dr. In Channy	President & Group Managing Director
2	Dr. So Phonnyary	Executive Vice President & Group Chief Operations Officer
3	Mrs. Mar Amara	Executive Vice President & Group Chief Financial Officer
4	Mr. Rath Yumeng	Executive Vice President & Group Chief Treasury Officer
5	Mr. Ly Thay	Executive Vice President & Group Chief Administrative Officer
6	Mrs. Buth Bunsayha	Executive Vice President & Group Chief Legal Officer and Corporate Secretary
7	Mr. Mach Terry	Executive Vice President & Group Chief Information Officer
8	Dr. Loeung Sopheap	Executive Vice President & Group Chief Risk Officer

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2.3. Shareholders

The table below shows all shareholders of ACLEDA Bank before and after the IPO:

No.	Shareholder	Pre-IPO		Post-IPO*		Lock-up Period
		Number of Shares	Ownership	Number of Shares	Ownership	
1	ACLEDA Financial Trust	111,492,719	26.00%	111,492,719	25.48%	6 months
2	ASA, Plc.	107,204,547	25.00%	107,204,547	24.50%	6 months
3	SMBC	78,259,310	18.25%	78,259,310	17.89%	6 months
4	COFIBRED	52,530,223	12.25%	52,530,223	12.01%	-
5	ORIX Corporation	52,530,223	12.25%	52,530,223	12.01%	-
6	Triodos MF	10,938,339	2.55%	10,938,339	2.50%	-
7	Triodos FSF	9,354,157	2.18%	9,354,157	2.14%	-
8	Triodos SFF	6,508,636	1.52%	6,508,636	1.49%	-
9	New Offered Shares	-	-	8,751,391	2.00%	-
Total		428,818,154	100%	437,569,545	100%	-

*The number of shares Post-IPO does not take any existing share sale during the IPO into account.

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3. Audited / Reviewed Financial Information

3.1. Consolidated Balance Sheet

Unit in USD	2016	2017	2018	Q3-2019
Assets				
Cash on hand	286,216,621	321,744,245	407,864,703	427,688,708
Balances with the central banks	1,239,883,281	1,497,133,324	1,470,592,514	1,733,631,077
Balances with other banks	86,820,790	120,254,917	26,567,692	134,964,832
Loans and advances to customers	2,841,390,830	3,085,214,651	3,513,593,815	3,659,264,594
Other assets	51,987,525	49,569,779	51,351,402	51,149,822
Statutory deposits	307,159	307,159	248,880	244,141
Property and equipment	125,990,861	133,328,287	137,862,097	133,276,277
Intangible assets	11,841,825	11,340,345	11,197,887	9,105,080
Deferred tax assets	20,133,459	25,321,024	21,939,917	23,118,831
Other investments	153,529	153,529	153,529	153,529
Total Assets	4,664,725,880	5,244,367,260	5,641,372,436	6,172,596,891
Liabilities and Equity				
Due to other banks and financial institutions	361,414,079	212,455,089	286,941,309	294,053,218
Deposits from customers	2,764,757,416	3,117,209,726	3,548,889,040	4,049,581,515
Provision for off balance sheet commitments	-	1,814,620	1,666,147	1,541,672
Other liabilities	80,619,149	86,097,342	103,963,704	118,540,382
Borrowings	616,064,141	906,378,182	784,671,879	712,673,099
Subordinated debts	109,400,000	108,684,090	77,101,490	64,601,490
Current income tax liabilities	35,697,545	23,971,605	13,810,997	23,206,135
Employee benefits	35,983,909	47,541,284	17,952,505	18,073,199
Total Liabilities	4,003,936,239	4,504,151,938	4,834,997,071	5,282,270,710
Equity				
Share capital	307,763,911	358,544,956	395,224,105	428,818,154
General reserves	238,722,359	302,148,410	348,162,806	390,159,752
Currency translation reserves	(2,082,409)	(2,512,499)	(6,741,470)	(7,939,966)
Other reserves	(14,132,007)	(14,132,007)	(14,279,344)	(14,279,344)
Retained earnings	126,886,969	91,684,504	84,009,268	93,567,585
	657,158,823	735,733,364	806,375,365	890,326,181
Minority interest	3,630,818	4,481,958	-	-
Total Equity	660,789,641	740,215,322	806,375,365	890,326,181
Total Liabilities and Equity	4,664,725,880	5,244,367,260	5,641,372,436	6,172,596,891

3.2. Consolidated Income Statement

Unit in USD	2016	2017	2018	Q3-2019
Interest income	411,925,807	425,345,629	423,256,184	341,346,333
Interest expense	(124,702,772)	(149,641,260)	(151,404,682)	(116,100,221)
Net interest income	287,223,035	275,704,369	271,851,502	225,246,112
Fee and commission income	52,863,407	58,862,019	64,413,418	54,010,653
Fee and commission expense	(4,736,575)	(2,867,061)	(749,501)	(548,793)
Net fee and commission income	48,126,832	55,994,958	63,663,917	53,461,860
Provision for loan losses and balances with other banks	(13,655,023)	(34,250,324)	(40,711,110)	(9,707,150)
Provision for off balance sheet commitments	-	(1,814,620)	142,248	131,029
Net provision for loan losses, balances with other banks and off balance sheet commitments	(13,655,023)	(36,064,944)	(40,568,862)	(9,576,121)
Net income after provision	321,694,844	295,634,383	294,946,557	269,131,851
Other incomes	10,814,975	10,601,824	14,933,916	12,545,490
Personnel expenses	(105,784,312)	(112,238,869)	(125,922,231)	(104,410,727)
General and administrative expenses	(42,142,228)	(52,308,736)	(51,865,658)	(39,734,260)
Depreciation charges	(22,888,987)	(21,265,226)	(21,934,848)	(16,005,104)
Amortization charges	(3,311,079)	(4,051,084)	(3,550,055)	(2,696,308)
	(174,126,606)	(189,863,915)	(203,272,792)	(162,846,399)
Profit before income tax	158,383,213	116,372,292	106,607,681	118,830,942
Income tax expense	(31,014,485)	(23,844,294)	(22,598,413)	(25,263,357)
Net Profit	127,368,728	92,527,998	84,009,268	93,567,585
Attributable to:				
Equity holders of the bank	126,886,969	91,684,504	84,009,268	93,567,585
Non-controlling interest	481,759	843,494	-	-
	127,368,728	92,527,998	84,009,268	93,567,585

4. Information Related to Public Issuance of Equity Securities

4.1. Offering Terms

ACLEDA Bank is offering 2% or 8,751,391 new shares and up to 3% existing which are up to 13,127,086 shares based on the Book Building and Subscription results. These shares are being offered to the public pursuant to the regulations of the Kingdom of Cambodia.

The table below shows the details of the offering terms:

Type of Offered Securities	: Common (voting) shares
Par Value	: KHR 4,000 (USD 1.00)
Offering Price	: KHR 16,200
New Share Issuance	: 8,751,391 shares
Existing Share Offering	: Up to 13,127,086 shares (depends on shareholders' decision based on the Book Building and Subscription results)
Book Building Period	: 03 March 2020 – 14 March 2020
Subscription Period	: 24 March 2020 – 24 April 2020
Selling Agents' Address	: Please see Appendix 8 as attached in this disclosure document

4.2. Use of Proceeds

Through the new share issuance of 8,751,391 (Voting) shares with the offering price of KHR 16,200, ACLEDA Bank expects the net proceeds from the IPO to be approximately KHR 137.8 billion (about USD 34.45 million).

The Bank intends to use the net proceeds that it receives from this offering for general corporate purposes.

5. Summary of the Risk Factors

Below is the summary of the Risk Factors which may not be complete or may not include management risk mitigation. All persons should read the full Risk Factors in "Section 3: Risk Factors" in conjunction with the sections entitled "Section 4: Company's Information" and "Section 7: Financial Information" together with all of the other financial and statistical information contained in this Disclosure Document.

5.1. Risks Relating to ACLEDA Bank's Business and Industry

RISKS RELATED TO GENERAL ECONOMY AND FINANCIAL STABILITY

- ACLEDA Bank's business, results of operations, financial condition, and prospects are dependent on the general macroeconomic and political conditions in Cambodia.
- Current risks and challenges to the general macroeconomy in Cambodia include, but are not limited to, high concentration of exports in the garment, textile, and footwear (GTF) sectors and potential suspension of preferential access to the EU and the US, and high growth in credit to construction and real estate sectors.

CREDIT AND COUNTERPARTY RISK

- Any inability of ACLEDA Bank's counterparties to meet their financial obligations could have a material adverse effect on its business, results of operations, financial condition, and prospects.

BUSINESS RISK

- If the Bank is unable to implement its strategies successfully, this could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

- Competitive pressures could result a loss of market share and may thus have a material adverse effect on the Bank's business, financial condition, and profitability.
- Failure to compete successfully in the digital banking market segment could adversely affect the profitability and financial position of the Bank.

LIQUIDITY RISK

- ALEDA Bank has a continuous demand for liquidity to fund its business activities. Lack of liquidity is a risk to the Bank's business and may have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

MARKET RISK

- Changes in market interest and foreign exchange rates may materially and adversely affect ACLEDA Bank's business, results of operations, financial condition, and cash flows.

OPERATIONAL RISK

- Failure to effectively manage the operational risk inherent in ACLEDA Bank's businesses could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.
- Failure to retain or attract qualified human resources could have a material adverse effect on the Bank's business and performance.
- Changes in financial reporting standards or policies could materially and adversely affect the Bank's reported results of operations and financial condition.

IT Risks

- Data breaches, interruptions, and failures could have a material adverse effect on the Bank's business, results of operations, and financial condition.

LITIGATION / REPUTATIONAL RISK

- Claims, investigations, litigations or other proceedings or actions may have a material adverse effect on ACLEDA Bank's business, results of operations, financial condition, and prospects.
- Brand and reputation of ACLEDA Bank is an integral factor of its success. Damage to its brands and reputation may cause business and deposit outflows, which could have a material adverse effect on its business, results of operations, financial condition, and prospects.

RISKS RELATING TO REGULATORY ENVIRONMENT

- ACLEDA Bank operates in an industry that is highly regulated and subject to significant changes. While full compliance with the new regulations may involve high costs that may affect the financial performance of the Bank, non-compliance could result in regulatory fines and reputational damage.

5.2. Risks Relating to the Offering and Offered Securities

- There is no guarantee that any active and liquid market for the common shares will develop.
- Future sales or the possibility of future sales of a substantial number of common shares by the selling shareholders may adversely affect the market price of the common shares.
- The price of the Bank's common shares may be affected by several factors, some of which are beyond the Bank's control.
- The Bank may seek to raise capital in the future through follow-on offerings, which may dilute investors' ownership in the Bank.

- Future dividend payments depend on the Company's financial performance, external environment, and dividend policies.
- Cambodia securities-related laws are evolving rapidly.
- There could be a possible enactment of law on capital gains tax.
- There is a withholding tax on dividend income for non-resident shareholders.

6. Dividend Policy

ACLEDA Bank is committed to distributing dividends properly and effectively to shareholders by putting in place a policy on dividend distribution towards providing a consistent dividend stream to shareholders while allowing capital for growth. The Bank classifies dividends into the following categories:

- Cash dividend;
- Stock dividend; and
- Other forms determined by the decisions of the Board of Directors and Shareholders, and permitted by applicable laws, regulations and international best practices.

Dividend Payout Ratio

The Bank determines a dividend payout ratio which does not exceed 50% (fifty percent) of Net Profit After Tax of the preceding fiscal year. Dividend payments will be carried out in accordance with the Bank's business plan and applicable regulations. For more details on dividend policy, see Section 2: Details of Public Offering, under part 10: Dividend Policy.

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Section 2: Details of Public Offering

1. General Information of the Issuer

Company Name	ACLEDA Bank Plc.
Address	#61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
Phone Number	+855 (0)23 998 777; +855 (0)23 430 999
Fax Number	+855 (0)23 430 555
P.O. Box	1149
Email	acledabank@acledabank.com.kh
Website	https://www.acledabank.com.kh
Registration Number at the MOC	00003077
License Number at the NBC	06

2. General Information of the Lead Manager

Company Name	Yuanta Securities (Cambodia) Plc.
Address	4th Fl, Emerald Building, #64 (corner St. 178), Preah Norodom Blvd., Sangkat Chey Chumneah, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
Phone Number	+855 (0)23 860 800
Fax Number	+855 (0)23 224 126
Email	yuanta@yuantacambodia.com
Website	https://www.yuantacambodia.com
Registration Number at the MOC	00014552
License Number at the SECC	007 SECC/KT

3. General Information of the Legal Advisor

Company Name	Sithisak Law Office
Name of Lawyers	1. Mr. Son Sokeng 2. Mr. Tann Mengsroy 3. Mrs. Peng Maneth
Address	Level 3, Millennium Building (#68), Street 57, Sangkat Boeung Kengkong I, Khan Chamkamorn, Phnom Penh, Kingdom of Cambodia
Phone Number	+855 (0)23 6373 168
Fax Number	N/A
Email	sokeng.son@sithisak-lawoffice.com
Website	https://www.sithisak-lawoffice.com
Registration Number at the BAKC	L0078/19
License Number at the SECC	003 គ.ម.ក. កា.ម

4. General Information of the Independent Auditor

Company Name	KPMG Cambodia Ltd
Name of Auditor	Mr. Nge Huy
Address	PO Box 2352, 4th Floor, Delano Center, No. 144, Street 169, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Kingdom of Cambodia
Phone Number	+855 (0)23 216 899
Fax Number	+855 (0)23 217 279
Email	kpmg@kpmg.com.kh
Website	https://www.kpmg.com.kh
KICPAA membership number	I-00005
License Number at the SECC	008SECC/ស.ង

5. Underwriting

None of the shares offered has been underwritten by Yuanta Securities (Cambodia) Plc (“YSC”) or anyone. YSC is the sole lead manager and book-runner with respect to this offering. YSC and the Issuer have entered into a best effort agreement allowing YSC to act as their lead manager and book-runner, in its best effort to sell the shares to the public.

6. Expenses related to the IPO

The total expenses associated with the IPO of ACLEDA Bank amounted to approximately USD 1,000,000. The table below shows the details of the expenses:

Lead Manager Fee	USD 567,090
Legal Advisor Fee	USD 61,440
Accounting Advisor Fee	USD 93,150
Printing and Advertising Fee	USD 68,868
Registration of Disclosure Document Fee*	USD 3,000
Listing Eligibility Review Fee*	USD 1,000
Listing Fee	USD 189,316
Other Expenses	USD 16,136

* The actual payment is in Khmer Riel. We assume the exchange rate of 4,000 KHR/USD.

7. Share ownership before and after the IPO

No.	Shareholders	Pre-IPO		Post-IPO*		Lock-up Period
		Number of Shares	Ownership	Number of Shares	Ownership	
1	ACLEDA Financial Trust	111,492,719	26.0000%	111,492,719	25.4800%	6 months
2	ASA, Plc.	107,204,547	25.0000%	107,204,547	24.5000%	6 months
3	SMBC	78,259,310	18.2500%	78,259,310	17.8850%	6 months
4	COFIBRED	52,530,223	12.2500%	52,530,223	12.0050%	-
5	ORIX Corporation	52,530,223	12.2500%	52,530,223	12.0050%	-
6	Triodos MF	10,938,339	2.5508%	10,938,339	2.4998%	-
7	Triodos FSF	9,354,157	2.1814%	9,354,157	2.1378%	-
8	Triodos SFF	6,508,636	1.5178%	6,508,636	1.4875%	-
9	New Offered Shares	-	-	8,751,391	2.0000%	-
Total		428,818,154	100%	437,569,545	100%	-

*The number of shares Post-IPO does not take any existing share sales during the IPO into consideration.

8. Description of Equity Securities

8.1. Information of the Offered Securities

In accordance with the extract of the resolution of the full board of directors meeting on 21-22 March 2019, the Board approved and recommended to the Shareholders the Bank's IPO with an offering of not exceeding 20% of the Bank's total shares on the Cambodia Securities Exchange.

ACLEDA Bank and its shareholders have decided to issue new shares of 2% or 8,751,391 new shares, and up to 3% existing shares which are up to 13,127,086 existing shares based on the book building and subscription results during the IPO.

Offering Term

Type of shares	:	Common (Voting) Share
Par Value Per Share	:	KHR 4,000
Offering Price	:	KHR 16,200
Number of new shares offered	:	8,751,391
Number of existing shares available	:	Up to 13,127,086 shares depending on shareholders' decision on the Book Building and Subscription results
Book Building Period	:	03 March 2020 – 14 March 2020
Subscription Period	:	24 March 2020 – 24 April 2020
Location for Book Building and Subscription	:	See annex 8 of this disclosure document

8.2. Allotment

The shares offered by ACLEDA Bank will be available to investors in two stages: Book Building and Subscription as follows.

Items	Number of Shares	Types
Book Building	4,375,696	Common (voting) shares
Subscription	From 4,375,695 to 17,502,781	Common (voting) shares
Total	At least 8,751,391	

8.3. Offering Price

The book building price range between KHR 15,000 and KHR 17,400 is based on relative valuation models by comparing the Bank to the peer group with a commercial banking business in the region.

YSC reasonably believes that a relative valuation model using market multiples is a more appropriate method compared to an absolute model, or a discounted cash flow model, which requires estimation on both cash flows and discount rate. Material information for estimating the cost of equity (such as beta, equity risk premium, risk-free rate, and others) is not readily available in the Kingdom of Cambodia as there is no publicly traded government bond and the capital market is in its infancy. Therefore, it will entail many assumptions that would make the overall valuation less reliable.

The final offering price of ACLEDA Bank's shares is KHR 16,200. The Bank and YSC has determined the final offering price according to the Procedure on the Book Building and Subscription of Equity Securities. The Offering Price has been approved by the CSX and the SECC.

8.4. Price Multiple

Description	2017	2018	2019e	2020e
1 Book Value Per Share (A-B)/(C)	\$1.68	\$1.84	\$2.10	\$2.43
(A): Total Equity	740,215,322	806,375,365	918,379,390	1,065,112,912
(B): Minority Interest	4,481,958	-	-	-
(C): Total Voting Shares*	437,569,545	437,569,545	437,569,545	437,569,545
2 Price to Book Value Per Share (A)/(B)	2.41x	2.20x	1.93x	1.66x
(A): Offering Price	4.05	4.05	4.05	4.05
(B): Book Value Per Share	1.68	1.84	2.10	2.43
3 Earnings Per Share (A-B)/(C)	\$0.21	\$0.19	\$0.28	\$0.33
(A): Net Profit	92,527,998	84,009,268	121,263,395	143,253,504
(B): Net Profit Attributable to Non-controlling Interest	843,494	-	-	-
(C): Total Voting Shares*	437,569,545	437,569,545	437,569,545	437,569,545
4 Price to Earnings Per Share (A)/(B)	19.29x	21.32x	14.46x	12.27x
(A): Offering Price	4.05	4.05	4.05	4.05
(B): Earnings Per Share	0.21	0.19	0.28	0.33
5 Dividend Per Share (A/B)**	\$0.0209	\$0.0192	\$0.0693	\$0.0982
(A): Cash Dividend Paid in t+1	9,142,897	8,418,273	30,315,849	42,976,051
(B): Total Voting Shares*	437,569,545	437,569,545	437,569,545	437,569,545
6 Dividend Yield Per Share (A)/(B)**	0.52%	0.47%	1.71%	2.42%
(A): Dividend Per Share	0.0209	0.0192	0.0693	0.0982
(B): Offering Price	4.05	4.05	4.05	4.05

* Total Voting Shares are adjusted to Total Voting Shares after the IPO for comparison purpose.

** NPAT of 2019 will be distributed as cash dividend to shareholders as of 31 December 2019 only. For investors who become shareholders of the Bank by subscribing to the shares in the IPO / in the secondary market, such investors are entitled to dividend distributed out of NPAT of 2020 onwards.

8.5. Use of Proceeds

Through the issuance of new 8,751,391 (Voting) shares with the offering price of KHR 16,200, ACLEDA Bank expects the net proceeds from the IPO to be approximately KHR 137.8 billion (about USD 34.45 million).

We intend to use the net proceeds that we receive from this offering for general corporate purposes.

9. Rights as a Shareholder

Repurchase of Shares

The Bank may repurchase its own shares upon the prior approval with affirmative votes at least 2/3 (two-thirds) of total members of the Board and affirmative votes of majority 2/3 (two-thirds) of shareholders who have the voting right and participate in the vote, in accordance with relevant laws and regulations.

Location of Shareholder Meetings

The General Meeting of shareholders shall be held at the Head Office or at any other place as determined by the Board of Directors or shareholders who called for the meeting.

Notice of Shareholder Meetings

The Chairman or the Board of Directors shall notify by written invitation or other electronic means to all shareholders about each General Meeting of Shareholders not less than 20 (twenty) days but not more than 50 (fifty) days prior to the date of the meeting. The notice shall state the date, time, and place of the meeting and shall include an agenda of items to be discussed and decided.

Modification of Agenda for Shareholders Meetings

Shareholders present in person or by proxy holding at least 75% (seventy-five percent) of the outstanding shares may, at or before the meeting, amend the agenda to discuss and decide new matters.

Record Date

For the purpose of determining the number of shareholders who are entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other purpose, the Board of Directors may fix record date for such determination of shareholders, not less than 50 (fifty) days, and in case of a meeting of shareholders not less than 20 (twenty) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken.

If the Board of Directors has not established a record date, the record date shall be at the end of the business day before notice of the meeting is given; or if no notice is given, the day which the meeting is held.

The record date to determine the number of shareholders for any matters, other than the right to receive notice of a meeting or the right to vote, shall be at the end of the business day that the Board of Directors passes the resolution relating to the matter.

When the determination of the number of shareholders entitled to vote in the General Meeting of Shareholders is made as provided in this Article, this shall apply to adjournment of the meeting unless the Board of Directors has set a new record date.

Quorum

The quorum for any shareholders' meetings shall be shareholders present in person or by proxy, holding at least 51% (fifty-one percent) of total voting shares. Shares that are present by proxy shall be counted toward determining the presence of a quorum. If a quorum cannot be obtained at a properly convened shareholders' meeting, the meeting shall be adjourned for 30 (thirty) days. Notice of the adjournment shall be sent to all shareholders. At the resumption of the adjourned meeting, a quorum shall be all shareholders present at such adjourned meeting.

Proxies

Any shareholder may give a written proxy to any person to attend and vote at any shareholders' meeting. The proxy shall be valid only for one such General Meeting (the adjourned shareholders' meeting is considered as the same part of the General Meeting of Shareholders). The proxy may be revoked at any time and automatically if the shareholder who gave the proxy personally attends a General Meeting of shareholders. In the case a proxy

proposes to vote at a General Meeting of shareholders, the instrument of appointment of the proxy shall be provided to the Chairman of the Board of Directors at or before the commencement of that meeting.

The instrument appointing a proxy shall be dated and signed by the shareholder who gave the proxy and shall contain at least the following:

1. The number of shares held by the shareholder who gave the proxy;
2. The full name and address of the proxy; and
3. The meeting for which the proxy is appointed.

Dissolution and Liquidation

The Bank may cease carrying out its business and is liquidated in accordance with a special resolution of shareholders in the following cases:

1. Bank's bankruptcy; or
2. Resolution of shareholders holding a majority of not less than 75% (seventy-five percent) of total voting shares.

The decision of the court may also dissolve the Bank.

In the event of liquidation, the Board of Directors shall prepare a dissolution plan which shall be implemented upon receiving approval from shareholders. Dissolution and liquidation shall be in accordance with the applicable laws and regulations.

Payment of Dividends under the Dividend Policy

The Bank shall pay dividends to its shareholders as set out in the General Policy of the Bank regarding the Declaration and Payment of Dividends of the Bank upon approval by a majority of not less than 2/3 (two-thirds) of votes cast by shareholders who voted on that resolution.

Pre-emptive rights

In case that ACLEDA Bank issues additional shares, all existing shareholders shall have a pre-emptive right to acquire the offered shares in proportion to their respective holding of such class of shares at a price and on the terms that would have been offered to third parties. Thus, ACLEDA Bank shall offer new shares of each class on uniform terms to all holders of such class of shares who have preemptive rights and are listed on ACLEDA Bank's register of shareholders as of the record date.

The record date will be on the close of trading day that ACLEDA Bank elects to close its share register to determine which shareholders are entitled to receive the pre-emptive rights. The ex-rights date will be one (1) trading day before the record date. To be entitled to pre-emptive rights, a shareholder must purchase the shares before the ex-rights date. If shares are purchased on or after the ex-rights date, the previous owner of the shares is entitled to the rights.

After the IPO, ACLEDA Bank may, through a BOD resolution and after obtaining approval from its shareholders, issue additional shares to third parties without considering the preemptive rights of the existing holders of each class of shares, in case of:

- Public offering
- Offering to the employee of ACLEDA Bank
- Offering in order to achieve a special business purpose, including, without limitation, the introduction of new technology or improvement of financial condition
- Offering in the form of depositary receipts in accordance with applicable laws and regulations.

Rights to Demand Appraisal

In case of a merger, the Law on Commercial Enterprises stipulates that shareholders of a dissolving company may have the rights to require a surviving company to demand appraisal of their shares and to purchase such shares. To exercise such right, shareholders of a dissolving company need to meet all of the following conditions:

- Such shareholders must have owned the shares of a dissolving company before the approval of the merger is effected through a general meeting of shareholders;
- Such shareholders must not have voted in favor of the merger;
- Such shareholders must have made a written demand to the surviving company after the request for the merger is filed with the MOC; and
- Such shareholders must have surrendered the share certificate to the surviving company at the time of making a demand for appraisal.

The purchase price for the shares is determined through a negotiation of up to 90 (ninety) days between the shareholders of the dissolving company and the surviving company. If it is not possible to agree on a fair price, the court shall decide on the fair price and the shareholders of the dissolving company shall be entitled to such price.

Right to Access to Information

The general public may either access the official websites of the Company, the SECC, and the CSX, or submit a request to the Company to peruse the registered version of this Disclosure Document, financial information, and other related documents. Additionally, the Company provides to its shareholders, upon request and payment of a reasonable fee, hard copies of the audited annual financial statements, operating results, quarterly financial reports, information about directors and senior officers and other relevant information about the Company.

10. Dividend Policy

ACLEDA Bank is committed to distributing dividends properly and effectively to shareholders by putting in place a distribution of dividend policy towards providing a consistent dividend stream to shareholders while allowing capital for growth. The Bank classifies dividends into the following categories:

- Cash dividend;
- Stock dividend; and
- Other forms determined by the decisions of the Board of Directors and Shareholders, and permitted by applicable laws, regulations and international best practices.

Dividend Payout Ratio

The Bank determines a dividend payout ratio which does not exceed 50% (fifty percent) of Net Profit After Tax (“NPAT”) of the preceding fiscal year.

Conditions of Distribution of Dividends

To the extent permitted by the applicable laws, dividends are distributed to Shareholders at least once per fiscal year.

Dividends distribution is permitted when there are net profits resulting from the operating outcomes of the Bank and accurately recognized by an independent accountant.

In the event that it is necessary to reserve some profits for investment or any other purposes, upon thorough discussion within the Board of Directors and Shareholders, the Bank shall seek approval from the Securities and Exchange Commission of Cambodia (“SECC”) and publicly disclose the information to the general public.

Dividend Declaration

The dividend shall be declared by a resolution of the Board of Directors based on a vote of at least 75% (seventy-five percent) of directors and approved by a majority of not less than 51% (fifty-one percent) of affirmative votes of Shareholders.

The declaration of dividend shall take a number of factors and information into consideration, including, but not limited to, the following:

- No significant items occurred that affect NPAT;
- The Bank's current and forecast operating earnings and cash needs;
- Required investment for growth plans;
- Financial position, debt covenants;
- Required information from relevant authorities; and
- Other relevant economic factors that may affect the Group.

Dividends Payment

The Bank shall fix the starting and closing dates of the payment of the dividends. The starting date of the payment of the dividends shall be commended no longer than 7 (seven) working days after the Record Date.

The Bank shall pay dividends to all Shareholders whose names are recorded in the official list of Shareholders entitled to receive the dividend within the period of time as mentioned above.

The dividends shall be paid as follows:

- The Cash Dividend shall be paid after the Bank obtains the confirmation of bank's account information of each Shareholder;
- The Stock Dividend shall be paid based on the approval of the National Bank of Cambodia (NBC) after approval of AGM.
- Shareholders are entitled to make a complaint if they are not satisfied with the distribution of dividends within 7 (seven) working days after the closing date of the payment of dividends.

The Bank shall provide a report on the payment of dividends to the SECC no later than 3 (three) working days after the complaint period set forth.

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Section 3: Risk Factors

An equity investment is a high-risk investment. All persons should carefully consider all of the information in this Disclosure Document, and in particular the risks described in this section, prior to making an investment in the Bank's shares. All persons should seek appropriate advice from an accredited investment advisor or advisory firm.

All persons should read this section entitled "Section 3: Risk Factors" in conjunction with the sections entitled, "Section 4: Company's Information" and "Section 7: Financial Information" together with all of the other financial and statistical information contained in this Disclosure Document.

If any of the following risks occur, the Bank's business or financial position may be adversely affected, resulting in the decline in the price of the Bank's shares, and persons who have invested in the Bank may lose all or part of their investment.

The risks discussed in this section are not exhaustive and ACLEDA Bank and persons who have invested in this IPO may come across additional risks. ACLEDA Bank's business could be adversely affected by additional factors that they are not aware of at this time, or that ACLEDA Bank does not presently consider to be material to their business. Unless otherwise stated in the risk factors set forth below, ACLEDA Bank is not in a position to quantify or specify with any precision the impact of the risks mentioned herein.

The risk factors which have been included in this Disclosure Document have been decided having regard to their materiality, and in particular:

- *The materiality of risks which are not individually material, but when considered together with other risks may be material;*
- *The materiality of risks which have a qualitative as opposed to quantitative impact on ACLEDA Bank's operations or financial performance; and*
- *The materiality of risks which may not be material at this point in time, but which may materially impact ACLEDA Bank or persons who invest in this IPO in the future.*

Please be advised that the absence of Management's view and risk mitigation in respect of any risk factor is not an oversight. In respect of many of the risk factors contained herein, risk mitigation is not possible or no actions to mitigate the risk have been taken.

1. Risks Relating to ACLEDA Bank's Business and Industry

RISKS RELATED TO GENERAL ECONOMY AND FINANCIAL STABILITY

ACLEDA Bank's business, results of operations, financial condition and prospects are dependent on the general macroeconomic conditions in Cambodia.

Incorporated under the laws and general provisions of the Kingdom of Cambodia, the Bank currently generates more than 95% of its profits in Cambodia. Accordingly, its business and performance are mainly affected by the overall strength of Cambodia's economy as well as the financial health of its existing and potential customers in Cambodia.

Cambodia has been one of the fastest-growing economies in ASEAN, with real output growth averaging 7.1% over 2011-2018. Real growth is projected to remain robust at 7.0% in 2019, but to moderate gradually to 6.8% in 2021 as export growth is anticipated to ease in line with deceleration in global demand. The robust growth in the short term is propelled partly by a foreseeable increase in government expenditure, a gradual recovery of the agricultural sector (which saw a significant positive contribution to GDP growth in 2018), increasing

diversification in the manufacturing sector, and a steady growth of the tourism sector¹. According to the IMF's World Economic Outlook Database April 2019, the average growth rate over the next five years (2020-2024) is projected to be 6.40%, the fifth-highest in ASEAN after Myanmar, Laos, the Philippines, and Vietnam, while the average inflation rate is expected to remain at a healthy level of about 3%.

However, no assurance can be given that the present health of Cambodia's economy and political stability will be sustained. The long-term outlook depends on Cambodia's ability to capitalize on rising FDI inflows, to continue to promote domestic investments, while coping with certain risks and challenges that include:

a. High concentration of exports in the garment, textile, and footwear (GTF) sector and potential suspension of preferential access to key markets for the GTF sector: The Garment, Textile, and Footwear sector has played a leading role in Cambodia's economy. The sector employs approximately 1 million people and accounted for 74% of the country's total merchandise exports in 2018 (ILO's Cambodia Garment and Footwear Sector Bulletin Issue 8, 9). However, the GTF sector is at risk of losing its competitive advantage due to rising wages and the potential loss of the EU's Everything But Arms (EBA) and the US Generalized System of Preferences (GSP) programs.

b. High growth in credit to construction and real estate sectors: Despite the moderation in the overall credit growth in Cambodia, substantial increases in lending to construction and real estate sectors have been observed over the past few years. Compared to the overall credit growth of 19.7% and 24.1% in 2017 and 2018 respectively, credit to construction and real estate sectors surged by 33.1% in 2017 and 34.8% in 2018. In addition to credit, the FDI inflows seem to have sustained and prolonged a boom in the construction and real estate sectors. However, the FDI inflows may not be sustained in the face of growing global uncertainties and slowdown in the global economy. If FDIs and demand for properties were to be significantly reduced and weakened, there could be potential problems of oversupply and collapse in property prices.

Cambodia's economy could be also vulnerable to various international developments that affect the regional and global economic and political conditions, many of which are outside the control of the Cambodian government and ACLEDA Bank.

Should there be any unexpected event or shock to the general economy or specific circumstance that could adversely affect the repayment capacity of the customers, this could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

CREDIT AND COUNTERPARTY RISK

ACLEDA does business with many counterparties, and any inability of its counterparties to meet their financial obligations could have a material adverse effect on its business, results of operations, financial condition, and prospects.

As a financial institution engaged in lending to individuals and companies, the Bank faces credit risk which arises from the possible failure of repayment by the borrowers. Although the Bank attempts to manage this risk through its credit risk management policies by monitoring the extension of credit to customers and taking of collateral, there is no guarantee that such precautions will be effective, and the Bank could be exposed to more credit risk than it finds acceptable.

In addition, the Bank may fail to assess the inherent risk in each loan application correctly and the credit quality of borrowers or the value of the collateral could decline due to any deterioration in the economic situation in Cambodia. While loans are the most obvious source of credit risk, other sources of credit risk exist throughout the Bank's business activities. ACLEDA Bank is exposed to credit and counterparty risks as a result of holding open positions in various financial instruments other than loans, including acceptance, trade financing,

¹ World Bank's Cambodia Economic Update: October 2017

commitment and guarantee, interbank transaction, settlement of transaction, foreign exchange transaction, and more.

Should any customers, counterparties, or sectors to which the Bank is exposed default or experience a significant deterioration in their business and prospects, this could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

Management view and risk mitigation

ACLEDA Bank recognizes that the loan book is the primary source of income for the Bank and, conversely, also constitutes the most significant source of risk for losses. Thus, ACLEDA Bank considers that lending small business loans to the lower segments of the market, provided that the existing policies are appropriately implemented, carries a credit risk which is smaller than that of larger loans as history has shown that losses due to default on these loans have been minimal.

The Board requires that credit risk is spread across different sectors (such as trade, agriculture, services, industrial, infrastructure, and more) and products to avoid undue overexposure to one particular sector or industry. The day-to-day responsibility of monitoring and managing the credit risk lies with the senior management of the Credit Division, the branch management, and branch credit officers. The internal targets on credit products have been set by the Board's Risk Management Committee and have been approved by the Board. The internal targets will be not only in line with the regulatory requirements, but also risk appetite of the Board, and are documented in the Bank's Credit Policy.

ACLEDA 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 a common practice. ACLEDA Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The management is confident in its ability to continue to control and sustain minimal exposure of credit risk to ACLEDA Bank resulting from its loans and advances. Approximately 98.59% of loans and advances of the Bank are collateralized. According to the Credit Operating Manual, loan size must not exceed 75% of the estimated saleable value of the pledged collateral.

ACLEDA Bank follows the mandatory loan classification and provisioning as required by the National Bank of Cambodia's 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 financial commitments are categorized 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 of credit quality.

BUSINESS RISK

If the Bank is unable to implement its strategy successfully, or if its strategy does not yield anticipated benefits, or if the Bank is unable to pursue targeted business opportunities successfully, this could have a material adverse effect on ACLEDA Bank's business, results of operations, financial condition, and prospects.

The Bank's strategy is based on assumptions and expectations, including in respect of macroeconomic developments, competition, interest rates, revenue, expense, cost of risk and future demand for Bank's services, which may prove to be incorrect. Increased macroeconomic volatility since the global financial crisis in 2008 may make it difficult for many financial institutions, including the Bank, to accurately model and predict the prospects for their businesses and set viable targets. Any failure by the Bank to accurately predict macroeconomic developments, interest rates, revenue, expenses, costs of risk and/ or future demand for Bank's services could lead to misjudgments concerning its strategy and increase the risk of a failed implementation.

While ACLEDA Bank is evolving itself to remain competitive and maintain market leadership, the Bank faces risks associated with the implementation of its strategies. The main pillars of its strategies include 1) facilitating

digital product distribution and services capabilities; 2) developing and reorganizing human resources; and 3) strengthening its subsidiaries' capacity and performance.

Competition in digital banking is becoming increasingly intense, and the success in the area is still indeterminable. The implementation of digital strategy requires complex judgment from the management including anticipation of customer needs and competitors' actions as well as the allocation of adequate financial investment.

ACLEDA Bank could also face risks relating to its human resource development and reorganization to remain competitive in the market and become digitally fit to deliver its digital products and services. This would require complex decision making on crafting and implementing human resource strategies in recruitment, training, and retention by providing various career development opportunities, competitive incentive programs, and building employees' loyalty to the Company.

ACLEDA Bank may also face challenges in strengthening the operations and profitability of its subsidiaries. Their subsidiaries are not only operating in different markets (such as Laos and Myanmar) but also different industries (such as securities brokerage and education).

Management view and risk mitigation

To mitigate strategic risks, ACLEDA Bank develops its business plans and corporate strategies in an inclusive manner. The development process involves consultation with all relevant divisions and units, incorporating their feedback. All annual business plans have to be submitted to the Board of Directors for approval. With this regard, the Board of Directors is responsible for the strategy and business plan by ensuring that the implementation of the strategy is being monitored. Moreover, ACLEDA Bank regularly conducts a competitive analysis within the financial sector as a whole at present and in the future. Furthermore, ACLEDA Bank continually monitors to ensure that major strategic decisions are consistent with developing an optimal business model for the future.

ACLEDA Bank operates in a highly competitive market. Competitive pressures could result in lower margins or a loss of market share and may thus have a material adverse effect on the Bank's business, financial condition, and profitability.

The Cambodian banking sector has seen rising competition with the number of commercial and specialized banks nearly doubling over the last ten years. Many major banks from Malaysia, Thailand, China, Taiwan, Japan, Korea, and France have entered the Cambodian market by establishing a subsidiary or branch office in the Kingdom. For example, in 2017 alone, three new commercial banking licenses were issued to Thailand's Kasikorn Bank Public Company, Japan's Mizuho Bank Branch, and France's BRED Bank (Cambodia). Furthermore, major foreign commercial banks have also entered the market through acquisitions. Established foreign banks with extensive experience, access to lower cost of capital, innovative products and services could pose a threat to ACLEDA Bank's leading position in the industry.

Moreover, the increased competition partially leads to lower lending rates and portfolio yield for financial institutions.

Management view and risk mitigation

ACLEDA Bank's competitive strengths lie in its strong brand, and its largest nation-wide branch network including branches, banking systems, and digital bank. Such infrastructure is further enhanced by investments in modern banking technology, allowing the Bank to provide all types of banking products and services even in remote areas of the country.

Over the past 26 years, ACLEDA Bank has emerged as one of the most trusted and preferred banks in the Kingdom. The public trust the Bank has built over many years has also led to a variety of business partnerships and opportunities with several high-profile institutions and government agencies. The partnerships include custodian for social security fund for civil servants and veterans, payroll for government officers, vehicle tax

collection, payment service for public utilities, and bancassurance. Such partnerships also help the Bank to diversify and increase its non-interest income. Net non-interest income doubled from USD 33mn in 2013 to USD 78.6mn in 2018. ACLEDA management is planning to enter into more strategic partnerships to increase the proportion of non-interest income.

There is a new emerging trend in the market to innovate and provide digital banking services. Failure to compete in the digital banking market segment could adversely affect the profitability and financial position of the Bank.

The success of ACLEDA Bank's business and strategies relies mainly on its branding and image as the leader in Cambodia's banking industry and its expertise in retail banking with the largest branch network.

However, the Bank's market position could be challenged by the emerging trend of providing digital banking services including mobile banking, digital branches, and/ or the utilization of blockchain technology.

Failure to compete in the digital banking market segment could have a material adverse effect on the Bank's market position, results of operations, financial condition, and profitability.

Management view and risk mitigation

The Bank understands and has anticipated the trend in the popularity of digital banking. We launched our first online banking service named ACLEDA Unity in 2010 and developed it to be ACLEDA Unity ToanChet in 2017. By the end of September 2019, the number of ToanChet users reached more than 1 million. We plan to continue to invest in its digital banking capabilities by enhancing user-friendliness and functionalities of ToanChet, remodeling our branches, developing and reorganizing our human resources, and digitalizing documentation and approval processes to provide real digital experiences to our customers. By capitalizing on our reputation, nationwide banking network, and customer trust coupled with our constant investments in digital product innovation, we believe we have a competitive edge to compete in the market and become a leading digital bank in the region.

LIQUIDITY RISK

ACLEDA Bank has a continuous demand for liquidity to fund its business activities. Lack of liquidity is a risk to the Bank's business and may have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

ACLEDA Bank is subject to the risk that it cannot meet its payment obligations or offset positions in a given economic and financial context. Typically, the risk arises from situations where 1) the Bank does not have sufficient cash and/ or cash equivalents to meet the needs of depositors, borrowers, and contingent liabilities, 2) the sale of illiquid assets at prices lower than their market prices, and 3) illiquid assets cannot be sold at the desired time due to a lack of buyers.

Should ACLEDA Bank fail to manage its liquidity effectively, including failing to adjust its mix of funding sources properly, it may not be able to meet its obligations when they fall due, including regulatory requirements, which may materially and adversely affect the Bank's business, results of operations, financial condition, and prospects.

Management view and risk mitigation

The Bank has a highly diversified funding base. The primary source of ACLEDA Bank's funding is deposits from customers (mostly retail customers), which represents approximately 70% of total funds. Borrowings from financial institutions and development funds constitute about 15% and the Bank's capital approximately 15%. As of 30 September 2019, the total number of deposit accounts stood at 2.26 million. The Bank has also established strong relationships with potential lending partners from different parts of the world such as the US, Europe, and Asia.

The Bank also has strong corporate governance in managing liquidity risk. Senior management of the treasury group, the finance group, under review and approval by President and Group Managing Director and the Board, have established a Liquidity Risk Management Framework (LRMF) and procedures that conform with the National Bank of Cambodia's Prakas (No. B7-017-301 dated on 27 September 2017) to ensure that liquidity risk is managed in accordance with the requirements of the Board and the regulatory framework. The LRMF consists of risk appetite, risk tolerance, policies, early warning indicators, and monitoring mechanism to ensure that the Bank maintains sufficient liquidity at all times to support the Bank's business growth as well as to withstand any liquidity stress event.

MARKET RISK

Changes in interest rates and foreign exchange rates may materially and adversely affect ACLEDA Bank's business, results of operations, financial condition, and cash flows.

As a financial institution, the Bank's business is inherently subject to various market risks, including interest rate and foreign exchange rate risks. Whereas interest rate risk² may lead to losses when there is an imbalance between assets and liabilities on which interest rates change periodically or at different intervals, foreign exchange rate risk may lead to losses when there is an imbalance between assets and liabilities in any particular currency. The Bank used forward contract and interest rate swap to hedge foreign currency and interest rate risk exposure, respectively. However, there is no assurance that the Bank will perfectly hedge and manage its positions at all times or it may not be economically sound to do so. Unfavorable market movements in interest rates and foreign exchange rates could materially and adversely affect the Bank's business, results of operations, financial condition, and cash flows.

Management view and risk mitigation

In line with sound banking principles, ACLEDA Bank actively manages and hedges interest rate and currency risks by matching terms and currencies of assets and liabilities. The Bank does not engage in activities that derive income from proprietary trading or speculation on the movements of exchange rates, interest rates, or value of securities.

As of December 2018, the Bank has net foreign asset exposure of only USD-equivalent 14 million, and unhedged interest rate position of only USD 83.75 million (16.8% of our floating rate borrowings). The fluctuation of the foreign exchange rate and interest rate would not have a material impact on our financial position and profitability as the position of foreign exchange is only about 1.9% of our net worth, and the duration of the unhedged floating rate is relatively short. 88% of our unhedged floating rate borrowings will mature in 2019.

The position is actively managed and monitored by the senior management of the treasury group. The Asset and Liabilities Management Committee (ALCO) and President and Group Managing Director review and monitor positions monthly. The Board reviews positions quarterly.

OPERATIONAL RISK

Operational failures and the failure to effectively manage the operational risk inherent in ACLEDA Bank's business could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

The operational risks that the Bank may face include the possibility of inadequate or failed internal or external processes or system failures, human error, regulatory breaches, employee misconduct, or external events.

² Interest rate risk may lead to losses when interest rate increases (or decreases) on a particular key rate duration where the Bank has net financial liabilities (or net financial assets). In some cases, it may lead to losses if the decrease in interest rate increases the repayment of customer loans, leading the Bank to reinvest the funds at a possible lower interest rate.

ACLEDA Bank's technological infrastructure, its technological and administrative processes, risk controls and procedures are critical to the operations of the Bank's business and delivery of products and services to clients, as well as the fulfillment of its regulatory obligations. Inadequacy of control in the technological environment may, for example, lead to failure to detect or report errors, fraud, incidents, risks or materializations thereof, or delay in such detection or reporting. This may lead to losses, fines, claims, regulatory actions and reputational damages, which could have been avoided or reduced if the internal controls and technology had functioned properly or used adequately.

Examples of operational risks include:

- Internal and external fraud
- Compliance risk
- Employment practices and workplace safety
- Clients, products, and business practices
- Disasters and public safety
- Technology and infrastructure failures
- Execution, delivery and process management
- Monitoring
- Reputational

Although ACLEDA Bank has implemented various controls and loss mitigation measures by dedicating substantial resources, there cannot be an assurance that such actions have been and will be effective in controlling each of the operational risks faced by the Bank.

Any failure by the Bank to manage its operational risk exposure could potentially result in financial loss, harm to the Bank's reputation, interruptions in business operations and regulatory fines or other sanctions, all of which could result in material adverse effect on ACLEDA Bank's business, results of operations, financial condition, and prospects.

Management view and risk mitigation

The management maintains dual control principles of 1) limiting the likelihood and impact of operational risks through training and 2) building an organizational culture of trust and integrity. Minimum control requirements have been established for all critical areas of the identified risks. The responsibility of implementing controls and overseeing operational risks can be found throughout the organization. Monitoring and managing operational risks and compliance with the control requirements are the responsibility of the Heads of each Division, Department, and center where the risk may arise.

At minimum, operational risks that could cause losses beyond the established risk appetite as established by the Board will be insured, if such insurance is available and cost-effective. The Board requires the following insurance policies to be in place such as (i) Bankers' Blanket Bond to insure for fraud, specific theft, management liabilities and electronic and computer crime; (ii) Fire insurance; (iii) Property insurance; and (iv) Public liability.

The Bank's ability to retain the management and key employees at any level in the Bank as well as its ability to attract other qualified employees are critical to the success of its business. The failure to retain or attract personnel could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

The Bank's future success depends, in part, on its ability to attract, retain, and motivate qualified and experienced banking and management personnel. Competition for personnel with relevant expertise can be significant, particularly given the increase in the number of financial institutions in recent years and limited pool of potential candidates in Cambodia, as the Bank competes for talented employees with both financial and non-financial companies.

The loss of the services of any key employees with relevant knowledge may significantly delay the Bank's achievement of its business objectives and limit the successful implementation and execution of the Bank's strategic plans. The Bank's failure to retain or attract personnel could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

Management view and risk mitigation

As of the end of 2018, ACLEDA Bank's 12,177 employees constitute 34.7% of the entire workforce in the Cambodian banking industry. As the leading commercial bank in Cambodia, the Bank's reputation and market position give the Bank a relative advantage over its competitors in attracting and retaining employees. Based on the management projection, the staff turnover rate will fluctuate between 3.6% and 4.6% between 2019 and 2023.

While recruiting competent employees with relevant expertise has remained vital, ACLEDA Bank also has been focused on developing the capability of its employees. ACLEDA Bank has continued to provide comprehensive training to both recruits as well as existing employees with an aim to enhance the professional competencies of each employee in accordance with his or her functional roles and responsibilities. Employees are encouraged to continue to strive to expand their knowledge while the managers guide and assist junior employees in mastering the required skills and further develop their abilities. Various training programs are provided and supported by its subsidiary, ACLEDA Institute of Business.

ACLEDA Bank is subject to changes in financial reporting standards or policies which could materially and adversely affect its reported results of operations and financial condition.

ACLEDA Bank's financial statements have been prepared under the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards (CAS). Although the implementation of Cambodian International Financial Reporting Standards (CIFRS) has been delayed in the past, the NBC plans to require all banks to adopt and implement the full Cambodian International Financial Reporting Standards (CIFRS) for their financial statements from October 2019. It is possible that the future accounting standards which ACLEDA Bank is required to adopt, or as a result of choices made by the Bank, could change the current accounting treatment that applies to its financial statements and that such changes could have a material adverse effect on ACLEDA Bank's reported results of operation and financial condition.

Management view and risk mitigation

The Bank's adoption and implementation of CIFRS have been supported by international accounting firms to ensure accurate and timely financial reporting.

LITIGATION / REPUTATIONAL RISK

Claims, investigations, litigations or other proceedings or actions may have a material adverse effect on ACLEDA Bank's business, results of operations, financial condition, and prospects.

ACLEDA Bank is involved in several proceedings and settlement negotiations that arise with customers, counterparties, or others in the ordinary course of business. As of March 2019, the Bank has 295 pending litigation cases with a total value of approximately USD 43.9mn. These cases mainly involved customers' NPLs and the Bank is the plaintiff.

It is difficult for ACLEDA Bank to predict the outcome of many of the pending or future claims, regulatory proceedings, and other adversarial proceedings. The costs and staffing capacity required to defend against future actions may be significant. Counterparties in these proceedings may also seek publicity, over which ACLEDA Bank will have no control, and this publicity could lead to reputational harm to ACLEDA Bank and potentially decrease customer acceptance of the Bank's services, regardless of whether the allegations are valid or whether

ACLEDA Bank is ultimately found liable. Also, the Bank's provisions for defending these claims may not be sufficient.

The defense of such proceedings may be costly and the outcome of such proceedings or settlement negotiations is difficult to predict and may have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects. Even if ACLEDA Bank is able to defend against all claims successfully, it may also suffer reputational damage and negative publicity as a result of the dispute.

Management view and risk mitigation

The pending litigations are generally related to credit problems. Historically, those litigation have been ruled in favor of the Bank by court procedure.

The Legal Division is responsible for providing advice related to legal affairs and contracts while the Litigation Management Department provides guidances related to litigations. When necessary, the Legal Division also consults with external legal advisors and government officials on certain legal matters. The management and staffs will closely communicate with the division and departments, which are under competence of EVP & Group Chief Legal Officer and Corporate Secretary, on legal affairs, contractual and litigation arrangements to ensure that their activities are done in an appropriate and timely manner and are in line with all relevant laws, regulations, internal and external policies and procedures, and other relevant rules or guidelines. All related divisions, departments, and centers are required to ensure that new products/ services are lawful and do not breach any contract with counterparties.

Damage to ACLEDA Bank's brand and reputation may cause business and deposit outflows, which could have a material adverse effect on its business, results of operations, financial condition, and prospects.

The integrity of ACLEDA Bank's brands and the reputation associated with its brands are critical to the Bank's ability to attract and retain customers, businesses, and employees. The Bank's reputation could be damaged by factors such as negative publicity, poor financial performance, poor advice to corporate finance and capital markets clients, litigation, regulatory action, employee misconduct, fraud, claims by former employees or breach of applicable laws and regulations. The negative publicity associated with any of these and other factors could adversely impact the Bank's relationships with existing and potential clients and other business partners. Damage to its brands and reputation would negatively impact the Bank's standing in the industry and may have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

Management view and risk mitigation

The Board is fully aware that damage to the Bank's reputation could have a lasting impact that may result in significant losses. The Board views reputational risk not only in terms of compliance and operation but also corporate responsibility. The Board views that the primary risk (such as credit, operational, market) can cause reputational risks which could have a much more significant, negative impact on the value of ACLEDA Bank. The Bank ensures that there is no general release of information to the public or press without approval from the senior management.

At all times, ACLEDA Bank is fully compliant with the laws and regulations of the Kingdom of Cambodia. The Board's Risk Management Committee monitors overall compliance. ACLEDA Bank is also committed to observing the highest principles of ethical behavior with respect to society, law, and the environment. The management has put in place an early warning system for external social risk and appropriate response mechanisms.

IT RISKS

Data breaches, interruptions, and failures could have a material adverse effect on the Bank's business, results of operations, financial condition.

The Bank's technological infrastructure is critically important to the operation of the Bank's business in delivering its products and services. Over the years, the Bank has been implementing cutting edge technologies to deliver its products and services to customers in an effort to increase customer experience, convenience, and security. ACLEDA Bank provides mobile banking application that allows customers to log into their banking account off-site to carry out banking transactions.

Major risks may arise from any technology interruption, breaches or unauthorized access to the system and customer data loss. Although the Bank has back-up recovery system along with contingency plan, it cannot be assured that interruption, failures and data breach will not occur or, if they do occur, that they would be adequately addressed and solved. Without sufficient countermeasures, this would lead to regulatory scrutiny, fines, media attention and may adversely impact the brand of ACLEDA.

Management view and risk mitigation

To earn the trust of our customers, the Bank has implemented and enhanced IT risk framework by identifying any risk related IT, then put in place security controls to prevent the risk and mitigate risk in a timely manner. Besides this, the Bank has implemented and enhanced security processes and human capabilities to adequately control and prevent any risk which may arise. Amid all the efforts, the Bank has recently fulfilled all requirements and obtained international certifications for security standard ISO 27001: 2013 and PCI:DSS.

RISKS RELATING TO REGULATORY ENVIRONMENT

ACLEDA Bank (including Myanmar and Laos operations) operates in an industry that is highly regulated and subject to significant change, which could result in its failure to comply with certain requirements or with significantly increased legal and compliance costs, and non-compliance could result in monetary and reputational damages, all of which could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

Incorporated under the laws and general provisions of the Kingdom of Cambodia, the Bank is under the supervision of the National Bank of Cambodia and its rules, regulations, laws, and other policies. As the NBC continues to introduce various measures to improve the soundness of the banking system and facilitate sustainable development of the overall financial system in Cambodia, these may place an increasing burden on ACLEDA Bank's resources and employees. The Bank's business operations in Myanmar and Laos are also under the supervision of the banking and finance sector's regulators.

Below is a list of recent regulatory changes, already implemented or in the process of being implemented, in the Cambodian, Myanmar, and Lao banking sectors:

- Implementation of interest rate cap of 18%, effective from 1 Apr 2017;
- Changes in the credit risk grading and impairment provisioning, effective from 1 Dec 2017;
- At least 10% of the loan portfolio to be in Khmer Riel by the end of 2019;
- Submit monthly CIFRS reports to the NBC from October 2019;
- Capital buffer implementation (1.25% before 1 Jan 2019, another 1.25% before 1 Jan 2020, and potentially additional 0%-2.5% of Risk Weighted Assets for countercyclical capital buffer to be decided on a case by case basis by the NBC);
- Change in interest rate cap from 30% to 28% per annum and other fees from 2% to 1.5%, effective from 1 Oct 2019 (ACLEDA MFI Myanmar Co., Ltd.);
- Change in general provision from 1% to 0.5%, effective from 1 Oct 2018 (ACLEDA Bank Lao Ltd.);
- Change in income tax from 24% to 20% (draft, ACLEDA Bank Lao Ltd.).

While better preparing the banking system against potential external shocks, these may also adversely affect efficiency, earnings, and profitability of financial institutions. Regulations to which the Bank is or may become subject may limit its activities and negatively impact its ability to make autonomous decisions concerning its operations and business. This, in turn, may limit the Bank's ability to implement its strategy and further grow its

business. Each of the factors mentioned above may have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

If ACLEDA Bank is in breach of any existing or new laws or regulations, now or in the future, it will be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. ACLEDA Bank could be subject to administrative penalties and other enforcement measures imposed by a governmental authority. This could also lead to unanticipated costs associated with remedying deficiencies, harming the Bank's relationship with supervisory authorities, causing temporary interruption of operations, or revoking or temporary suspension of licenses or a prohibition from engaging in some of its business activities. Furthermore, the reputation of ACLEDA Bank could suffer and be sued by customers if it does not comply with applicable laws and regulations. Each of these risks, should they materialize, could have a material adverse effect on the Bank's business, results of operations, financial condition, and prospects.

Management view and risk mitigation

At all times, ACLEDA Bank has been fully compliant with the laws and regulations of the Kingdom of Cambodia as well as Myanmar and Laos. The Board's Risk Management Committee monitors overall compliance. All divisions, departments, centers, and branches have been implementing policies, operating manuals, and procedures with properness, preciseness, and transparency in accordance with the laws and regulations of relevant authorities.

2. Risks Relating to the Offering and Offered Securities

The common shares of ACLEDA Bank have not been publicly traded, and there is no guarantee that any active and liquid market for the common shares will develop.

Prior to the Offering, there has been no public trading market for common shares of ACLEDA Bank. There can be no assurance that an active trading market for the Bank's shares will develop or, if it does develop, that it will be sustained or that it will be liquid. If such a market fails to develop or be sustained, this could materially and adversely affect the liquidity and the price of the common shares. In addition, an illiquid market for the common shares may result in lower market prices, which could materially and adversely affect the value of the investments in the common shares.

Future sales or the possibility of future sales of a substantial number of common shares by the Selling Shareholders may adversely affect the market price of the common shares.

In relation to this Offering, shareholders holding more than 15 percent of the total shares outstanding, including AFT, ASA Plc, and SMBC, will be locked up for six months after the official listing date. The resale of such shares could cause the market price to drop significantly, and concerns that those sales transactions may occur could cause the trading price of the Bank's common shares to decrease or to be lower than it might otherwise be.

The price of the Bank's common shares may be volatile and may be affected by several factors, some of which are beyond the Bank's control.

After the IPO, the share price may fluctuate significantly due to various factors including, but not limited to, the following factors, some of which are beyond the Bank's control:

- occurrence of one or more of the risk factors as described in this Disclosure Document;
- period-to-period variation on the performances of the Bank compared to other companies in the industry and/ or other countries;
- additions or departure of key personnel;
- additions or departure of any shareholders;
- the effects of changes in trade, monetary and fiscal policies, including interest rate cap, provisioning requirement, and regulations of the government

- new technology, services, and/ or products offered by our competitors;
- change in investor sentiments and expectations on the Company, the industry, and/ or country.

The Bank may seek to raise capital in the future by conducting equity offerings, which may dilute investors' shareholding in ACLEDA Bank.

ACLEDA Bank may seek to expand its business, to fund acquisition, or to pursue other growth opportunities by issuing additional shares in the future through the equity market.

The Offered Shares may trade below the Offering Price and investors could lose all or part of their investments.

The Bank's shareholders have approved the price range for the common shares for this listing and the final offering price is to be determined through the Book Building process which may not be indicative of the price that will prevail in the open market following the listing. Consequently, investors may not be able to sell common shares at or above the initial purchase price or may not be able to sell at all.

The payment of future dividends will depend on the Bank's financial condition and results of operations as well as the Company's dividend policy.

Historically, ACLEDA Bank has paid 10% of its net profit as cash dividends and 40% as stock dividends. While the dividend policy allows up to 50% of net profit to be paid as cash dividends, this is not a mandatory requirement of the Bank. Moreover, dividend policy could be amended from time to time. Holders of the Bank's common shares are only entitled to receive such cash dividends as declared by the Bank's Board of Directors. Furthermore, consistent with its future projections, strategic planning, liquidity and solvency requirements, and other factors, ACLEDA Bank has made, and will continue to make, capital management decisions and policies that could adversely impact the amount of dividends paid to holders of its common shares.

Regulations related to securities are subject to change.

In Cambodia, company and securities-related laws are evolving rapidly. Investors may face uncertainty and losses as a result of certain corporate actions for which there are no regulations or trading activities that are similarly regulated. Furthermore, as Cambodia legal institution is still developing, there may be some issues including, but not limited to:

- conducting litigation in Cambodian court is difficult;
- there is a high degree of discretion vested in government authorities; and
- there is an absence of precedents in relation to the interpretation of the relevant rules and regulations and a lack of administrative rulings.

There could be a possible enactment of law on capital gains tax.

Currently, there is no legislation providing for taxes on capital gains. However, Prakas relevant to taxes on capital gains may be promulgated and implemented in the near future. This may impose an undefined liability on shareholders concerning any capital gain on the sale of the shares.

Withholding tax on dividend income to non-resident shareholders

Under the current regulations, no dividend tax applies to domestic investors as long as the company pays a 20% corporate tax on profit. On the other hand, dividend to non-resident shareholders is subject to 14% withholding tax, following a 50% reduction on such withholding tax for the initial three years of listing.

Section 4: Company Information

1. Company Overview

ACLEDA Bank Plc. is a public limited company established under the Law on Banking and Financial Institutions of the Kingdom of Cambodia. With 262 branches and 11,970 employees as of the end of September 2019, ACLEDA Bank is the leading commercial bank that serves more than 311 thousand borrowers, 2 million depositors, and 1 million mobile banking application users in all provinces and towns of the Kingdom of Cambodia.

As of the end of 2018, the Bank was the largest bank in Cambodia in terms of the gross loan portfolio (USD 3.63bn) and shareholders' equity (USD 806mn). During 2018, ACLEDA Bank earned interest and non-interest income of USD 423mn and USD 79mn, respectively. Currently, ACLEDA Bank Group has 4 wholly-owned subsidiaries: ACLEDA Bank Lao Ltd., ACLEDA MFI Myanmar Co, Ltd., ACLEDA Securities Plc. and ACLEDA Institute of Business. The Bank is rated "B+" with an outlook of "stable" by Standard & Poor's as of 13 December 2019.

Initially founded in January 1993 as a national NGO for micro and small enterprises' development and credit, ACLEDA Bank Limited was licensed by the National Bank of Cambodia as a specialized bank on 7 October 2000. On 1 December 2003, ACLEDA Bank acquired a commercial banking license from the NBC, enabling it to provide full banking services to meet the needs of its customers and the market. During that time, the Bank was renamed "ACLEDA Bank Plc." The current shareholders of the ACLEDA Bank Plc. are as follows:

No.	Shareholders	Ownership	Share Capital	Number of Shares
1	ACLEDA Financial Trust	26.0000%	\$ 111,492,719	111,492,719
2	ASA, Plc.	25.0000%	\$ 107,204,547	107,204,547
3	Sumitomo Mitsui Banking Corporation	18.2500%	\$ 78,259,310	78,259,310
4	COFIBRED	12.2500%	\$ 52,530,223	52,530,223
5	Orix Corporation	12.2500%	\$ 52,530,223	52,530,223
6	Triodos Microfinance Fund	2.5508%	\$ 10,938,339	10,938,339
7	Triodos Fair Share Fund	2.1814%	\$ 9,354,157	9,354,157
8	Triodos Sustainable Finance Foundation	1.5178%	\$ 6,508,636	6,508,636
Total		100%	\$ 428,818,154	428,818,154

*As of 30 September 2019.

With a slogan "the Bank You Can Trust, the Bank for the People," ACLEDA Bank continues to improve cost efficiency, maximize benefits to stakeholders, and mitigate risks while striving to become a regional commercial bank with a competitive edge on relevant banking markets. The Bank dedicates all of its efforts on achieving sustainable and robust growth, delivering on its strategic goals, enhancing future returns as well as strengthening its position as the market leader in the Kingdom and within the region. These entail constant investments in its people and systems including staff capacity building, physical infrastructure, and banking technology. Over the past few years, ACLEDA Bank has focused on building its digital banking capabilities to facilitate the delivery of enhanced banking services to its clients with added convenience.

Below are some of the notable achievements of the Bank as of 30 September 2019:

ACLEDA Bank's Achievements (Separate)	As of 30 September 2019
Total number of branches	262
Total number of staffs	11,970
ATMs	624
POS terminals	4,213
Debit cards	1,178,030
ToanChet users	1,075,919

Credit	
Number of active borrowers	311,475
Percentage of female borrowers	54.91%
Total loan portfolio	\$ 3,605,406,078
<i>Revolving credit line</i>	\$33,244,319
<i>Small-sized enterprise loan</i>	\$1,766,731,677
<i>Medium-sized enterprise and corporate loan</i>	\$1,181,673,422
<i>Personal loan</i>	\$103,708,359
<i>Housing loan</i>	\$189,788,970
<i>Other loan</i>	\$330,259,331
Deposits	
<i>Total number of all account types</i>	2,261,601
<i>Amount in US Dollars</i>	\$ 4,240,497,775

1.1. Vision and Mission

Vision

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

Mission

ACLEDA Bank's 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, the Bank will ensure sustainable and growing benefits to its shareholders, employees, and the community at large. ACLEDA Bank will observe the highest principles of ethical behavior, respect for the society, the law, and the environment at all times.

1.2. Brief History of ACLEDA Bank's Development

Since its inception in 1993, ACLEDA Bank has been successful in strengthening the Bank's governance, capital, franchise operations, and ability to deliver superior performance consistently. Today, the Bank is the largest commercial bank in Cambodia and has been recognized by multiple local and international institutions for its excellent products and services, as well as the management of its business. Below is a brief list of some of the notable events and highlights of the Bank since the establishment:

2020	Listed on the Cambodia Securities Exchange
2018	- Opened a new campus for ACLEDA Institute of Business - Unity ToanChet users reached approximately 1 million
2017	- Received Client Protection Certification from Smart Campaign - Launched a new FinTech application known as "Unity ToanChet" - Began cooperation with Forte for general insurance
2015	Inaugurated the grand opening of the Bank's new headquarters building
2014	- Nominated as the World Economic Forum Global Growth Companies 2014 - Became a member of the World Economic Forum
2013	- Established ACLEDA MFI Myanmar Co., Ltd. - Announced partnership with Prudential (Cambodia) Life Assurance
2011	Acquired licenses from the SECC to act as a securities registrar, securities transfer agent, payment agent, and cash settlement agent
2010	- Established ACLEDA Securities Plc. - Acquired 6% stake in Credit Bureau Cambodia (CBC) - Launched a mobile banking service known as "Unity"

2008	- Established ACLEDA Bank Lao Ltd., making ACLEDA Bank the first Cambodian bank to expand outside of the country - Appointed as a custodian bank by the National Social Security Fund (NSSF) to receive employees' contributions
2003	Acquired the 1st <i>Commercial Bank</i> license in Cambodia from the NBC
2000	Acquired a <i>Specialized Bank</i> license from the NBC
1998	Began a 3-year transformation program to become a commercial bank with assistance from USAID, MPDF/ IFC, and UNDP
1993	Established as a national NGO to provide credit and facilitate the development of micro- and small enterprises

1.3. Organizational Structure

See Organizational Structure as attached in the appendix of this Disclosure Document.

1.4. Human Resources Development

ACLEDA Bank provides comprehensive training to both new recruits as well as existing employees and encourages those who wish to develop themselves further. Human Resources Development and Training aim to enhance the professional competence of each staff in accordance with his or her functional roles and responsibilities. The fundamental strategy of human resource management is to allow each staff to contribute to the progress of the Bank and help the Bank to maintain an advantage over the competition. Employees should continue to strive to expand their current level of knowledge and managers must encourage and guide junior employees in mastering the required skills and further developing their abilities. The training programs of ACLEDA Bank include the following:

a. New Recruit Training

It is provided to candidates that have completed the recruitment process successfully. To be prepared to embark on their new roles, unskilled staff will receive a five-day training course which is approximately 40 hours, while skilled staff will receive a 15-day training course which lasts approximately 120 hours.

b. Introductory Training

It is provided to employees that have been promoted and/ or transferred to a new position. Through the training, employees should acquire appropriate knowledge and the necessary skills to perform in their new positions. The duration of the introductory training course may be up to 40 hours depending on the curriculum.

c. Skill Development Training

Skill development training is designed to strengthen and develop existing employees' knowledge and skills. The employees are encouraged to make a continuous effort to improve their performance by implementing the lessons from these trainings. The plans for skill development training are set by relevant specialized Divisions/ Departments/ Branches. The types of training include, but not limited to, training courses, refresher courses, workshops, study tours, and other on-the-job training. All of these courses are provided and supported by the Bank's subsidiary, ACLEDA Institute of Business.

d. Learning Support

Learning support is provided to employees seeking to attend or acquire the courses or degrees/ certifications including short courses for a specific purpose, foreign languages, undergraduate, postgraduate, and doctorate degrees, and professional certifications. Employees are encouraged to make a continuous effort to improve their performance and achieve better outcomes by using the knowledge and skills acquired from the courses, degrees, and certifications.

1.5. Competitive Strengths

ACLEDA Bank has been leading the Cambodian banking industry differentiating itself from competitors by leveraging on the following competitive strengths: Its strong brand, high credit quality and financial performance, largest physical banking networks, various partnerships and collaborations with strategic partners, experienced management team and the Board of Directors, and leadership in FinTech and continued investments in future banking technologies.

Undisputed leader in the market with unmatched physical banking networks

Over the past 26 years of its operating history, ACLEDA Bank has emerged as one of the most trusted and preferred banks in the Kingdom. ACLEDA Bank utilizes a mobile banking application and world-class banking technology to bring transactions live and has the largest branch network of 262 (28.9% of the whole banking industry as of December 2018), 12,177 employees (34.7%), 510 ATMs (28.1%), and 4,157 POS terminals (26.9%).

Such infrastructure is enhanced by modern banking technologies, allowing the Bank to provide all types of banking products and services to every corner of the country. These provide customers added convenience in carrying out various transactions, contribute to the increase in customer deposits, loan portfolio, as well as strategic partnerships for payroll, bancassurance, and others.

As a result, ACLEDA Bank became one of the most preferred banks in Cambodia with 2.3 million deposit accounts (34% market share) and 398,000 active borrowers (15% market share) as of 31 December 2018. It also earned the largest revenue and profit in the banking industry with an interest income of USD 423 million (20.9%) and a net income of USD 84 million (14.9%) in 2018.

Safest Bank³ with healthy financial growth and performance

As of 30 September 2019, ACLEDA Bank has the highest credit rating in Cambodia with B+, “Stable” outlook from Standard & Poor’s. The Bank maintained high asset quality and sufficient capital adequacy and liquidity ratios beyond the regulatory requirements. From 2015 to September 2019, the Bank maintained secured loans above 98% of its loan portfolio while the non-performing loan ratio fluctuated around 1.23% compared to the industry’s average of 2.2%. By the end of September 2019, the Bank had more than USD 1.8 billion in liquid assets to support customer transactions and other banking operations, while maintaining the liquidity coverage ratio at 186.23%, well-above the NBC’s requirement of 90%. As of September 2019, the deposit to loan ratio was at 117.61%.

Amidst various changes in the banking sector recently due to new macro-prudential regulations and market competition, the Bank’s assets have been growing at a CAGR of 10.72% from 2016 to September 2019, while net loans and deposits from customers have been growing at a CAGR of 9.64% and 15.53%, respectively. While keeping a large portion of assets (over USD 1.8 billion) in liquid assets to make sure the Bank has sufficient cash to fund operations and meet its short-term financial liabilities in any liquidity stress situation, the Bank managed to provide a high and sustainable return to its shareholders’ equity. Over the past 5 years, ACLEDA achieved an average ROE of 17.23%, which is well above the industry average of 11.25%.

As of September 2019, the Bank’s annualized ROA stood at 2.11%, while its annualized ROE⁴ and portfolio yield were 14.71% and 12.47%⁵, respectively.

³ Based on Global Finance Press Release: Global Finance Names The Safest Banks By Country 2019: dated September 17, 2019.

⁴ Annualized ROA and ROE were calculated by annualized net income for the first nine months of 2019 divided by average assets balances and average equity balances, respectively between 31 December 2018 and 30 September 2019.

⁵ Annualized portfolio yield is calculated by annualizing interest income from loan portfolio for the first nine months of 2019 and divided by average gross loans and advances to customers between 31 December 2018 and 30 September 2019.

Partnerships and business opportunities with various institutions

ACLEDA Bank has been leveraging its strong brand, reputation, and unmatched physical banking networks in the market to enter into partnerships with multiple institutions to diversify and increase its non-interest income. The Bank has an arrangement with the National Social Security Fund, direct deposits involving government payroll, tax and non-tax revenue collection, and other private company payrolls (especially for the garment factories). The Bank also has a partnership with general and life insurance companies for the bancassurance business. The Bank also enables its customers to make bill payments through its mobile banking application, ACLEDA Unity ToanChet. These have had a positive impact on the Bank's cash flows in local currency to fully fund its loans in the local currency to promote financial inclusion, encourage the use of Khmer Riel in the Kingdom, and comply with the NBC regulation. As of September 2019, ACLEDA Bank has 12.47% of its loan portfolio in Khmer Riel which is above the NBC's requirement of 10%.

The partnerships provide excellent opportunities for the Bank to improve its long term performance by cross-selling other products and increasing the off-balance sheet and/ or non-interest income.

Diversified sources of revenue

ACLEDA Bank has been continuously diversifying its sources of revenue not only in the banking industry but also in other sectors and countries. Currently, ACLEDA Bank has four subsidiaries that operate in the education and securities brokerage sectors as well as the banking sectors of Laos and Myanmar. The management expects to utilize its digital banking services, technology, and branding to strengthen its subsidiaries' capacity to compete in their respective markets and increase profitability.

ACLEDA Bank entered into many partnerships with government agencies and other organizations, allowing them to utilize ACLEDA Bank's networks for commissions and fees. In 2018, non-interest income increased from USD 33.67mn in 2013 to USD 79.35mn in 2018 accounting for 15% of total revenue, growing on average 18.70% annually. In 2018, the Bank earned approximately USD 8.0mn in fees received on e-banking services, USD 7.2mn in fees from bancassurance, and USD 2.2mn in training fees.

ACLEDA Bank management is planning to enter into more strategic partnerships to increase cross-selling opportunities and its non-interest income to constitute 30% of its revenue.

Experienced management team and the Board of Directors

ACLEDA Bank's strategic shareholders include AFT, ASA Plc., SMBC, Cofibred, Orix Corporation, and Triodos. They bring together a wealth of experience in various banking products and financial services, risk and asset management, financial markets, and more. ACLEDA Bank also benefits from the networks of the strategic shareholders in western countries as well as Japan.

ACLEDA Bank's top management is also composed of proficient individuals that have more than 20 years of experience in the Cambodian banking sector.

Highly capable and experienced Board and the management team are an integral part of ACLEDA Bank's success in risk management, strategic planning, evaluation, and implementation that make ACLEDA Bank the leading bank in Cambodia.

Leader in FinTech and continued investments for the Future

ACLEDA Bank introduced its first online banking service in 2010 and launched its mobile banking application called ACLEDA Unity ToanChet in 2017. By September 2019, the Bank has one of the most mobile banking application users in Cambodia as the number of ToanChet users reached more than 1 million.

The Bank plan to invest more capital in developing its mobile application with more user-friendly interface and high self-service integration, enabling its existing, new unbanked, and under-banked customers to access its banking and other financial services through the mobile application with the increased number of choices and

added conveniences. Moreover, the Bank plans to transform its branches to be fully digital by 2024 and invest heavily in IT security. The Bank also plans to recruit, develop and retain digital talents in its workforce.

1.6. Business Strategy and Future Plan

ACLEDA Bank aims to become a leading regional digital bank and continue to generate superior and sustainable returns for the shareholders by strengthening its unique capabilities in a changing external environment. These entail leveraging on its strong brand and leading market position backed by experienced and talented management and employees to pursue further growth through digital services and fee-based incomes. ACLEDA Bank divided its strategic plan into three distinct phases such as short-term, medium-term, and long-term.

Current strategic plan

Currently, ACLEDA Bank is focusing on the following strategies:

- Continue to develop financial technology (FinTech) and Digital Banking-Mobile Application services to manage universal financial services network and self-service;
- Develop self-service banking infrastructure to serve customers and the public for 24 hours a day, 7 days a week;
- Continue to develop local and foreign subsidiaries to become the leading professional, moral institutions with competitive edge;
- Continue to improve the standard of living and wellbeing of the employees, in line with the progression of the Bank and society.

Medium-term plan

For the medium-term, ACLEDA Bank is focusing on the following strategies:

- Develop and reorganize the human resources of the Bank to become a Digital Bank;
- Digitalize documentation and approval processes;
- Develop IT systems and security of a leading digital bank;
- Involve in the Cambodian capital market: Custodian, corporate bond issuance, and ACLEDA Bank IPO;
- Center ACLEDA Unity ToanChet as the common means of broader payment;
- Play a central role in Cambodian Shared Switch (CSS).

Long-term plan

For the long-term, the Bank will continue to implement additional action plans with changes and improvements by taking the actual performance in previous years and competition in the market into consideration:

- Continue the development of Digital Bank
 - Digitalization: Continue to embrace a move towards online, including all traditional banking activities, programs, and functions; not only the front-end but also the back-end such as automating processes, middleware connectivity, centralizing and modernizing mobile banking platform, and big data analytics for competing in banking industry 4.0.
- Develop and reorganize the human resources of the Bank to become a Digital Bank
 - Attract talents that are best fit for digital transformation;
 - Focus on coaching and developing employees on digital banking initiatives;
 - Focus on optimizing employee productivity, engagement, teamwork, and career growth;
 - Develop new incentive schemes based on transparent and clear KPIs;
 - Job enlargement and merging, and relocation
 - Develop digital education tools for both internal and external customers;
 - Reorganize work structure and increase the proportion of direct staff up to 70%.
- Remodel physical branch offices to fit digital banking requirements

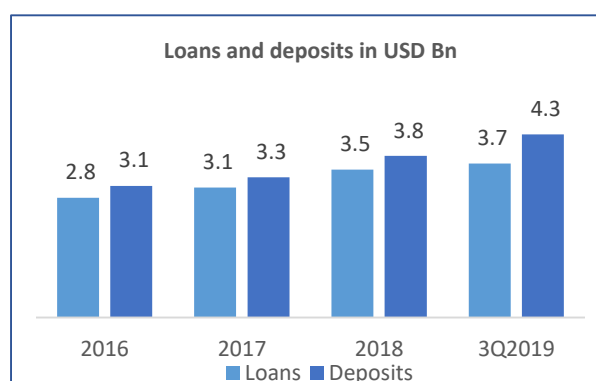
- Renovate self-service area at physical branches to be more efficient; install a sufficient number of ATMs, CDMs, SSTs, and multifunction on FDMs, VTMs, Tablets, PCs;
- Reform organizational structure with lean management principles and equip staffs with digital skills for selling digital products. The number of employees is not to be increased but supported by digital devices and equipment;
- Remodel all physical branch offices with self-service
- Transform branch management model from a profit center to a sales center by introducing AI solutions including Big Data and Client Relationship Management (CRM) to monitor sales strategy;
- Digitalize files/ documentation processes with a digital platform for financial products and services
 - All divisions, departments, centers, branches, and units of ACLEDA Bank and subsidiaries will continue to improve procedures for keeping valuable information and maintaining supporting documents digitally.
- Strong IT system architecture and security for Digital Bank and FinTech
 - Improve management model on hardware, software, security, and infrastructure to comply with COBIT 5 standards;
 - All of the above items are to be deeply studied and clarified by Information Technology Steering Committee (ITSC) in terms of technical requirements;
 - Organize a project implementation team and work processes systematically by relevant working groups that consist of both technical and business personnel.
- Develop user-friendly FinTech for consumers
 - Continue to upgrade card services - instant issuance via VTM at the self-service areas, card management and printing service for banks and MFIs in Cambodian Shared Switch (CSS) Project;
 - Continue to update service functions of ToanChet Application such as request to issue new ATM card, generate real-time virtual prepaid card (VISA, MASTER, UPI, and JCB);
 - Improve loan service with Loan Origination System (LOS) – the credit officer can complete a loan document on the field with credit scoring module, submit it to the management for approval, then disburse this loan to ToanChet customer account automatically through the system after approval;
 - Continue to develop EMV QR with the NBC, and overseas partners including WeChat, Alipay and more;
 - Continue to develop remittance service via API and ToanChet with foreign partner banks and Western Union (WU).
- Build mid and long-term partnerships with reputable institutions for business growth
 - Continue to cooperate with general and life insurance companies for providing bancassurance services;
 - Continue to cooperate with banks, MFIs, and PSPs for providing financial and payment services;
 - Continue to cooperate with government agencies for payment and payroll services;
 - Other private and public sector partnerships for payment, payroll, and other services.
- Participate in the Cambodian capital market: Custodian, corporate bond issuance, and ACLEDA Bank IPO
 - Issuance of corporate bonds;
 - The first Bank to go IPO in Cambodia.
- Emphasize ACLEDA Unity ToanChet as the common means of broader payment via API platform for mutual benefits nationwide and in the region
 - Provide more comprehensive and branchless services for broadly digital payment with robotic and automation solutions for competing in bank industry 4.0;
 - Continue to develop additional functions for ToanChet to be more self-service and social-oriented with FinTech solutions by connecting system interface with application or web of reputable banks, MFIs, PSPs, and all business enterprises from different sectors in the country;

- Continue to enhance API development for broadening remittance service, e-Commerce QR Payment through business cooperation and indirect member solutions with local and overseas partners;
 - Introduce biometric authentication, thumbprint and facial recognition for more convenience and security in using banking service both at the counter and self-service area;
 - Continue to develop Internet Banking with an in-house development team for both corporate and individual customers to adapt to technological changes, market trends, and especially customer needs;
 - Work with the NBC, banks, and other financial institutions to develop the Bank's system as a gateway by adopting international standards (ASEAN Digital Payment Roadmap, Asia Payment Network (APN)).
- Ensure that ACLEDA Bank's subsidiaries form an integral part of digital banking and services
 - ACLEDA Bank Lao Ltd: Develop a digital bank with digital services such as ThanChai, ThanChai Agent, and overseas remittance via API;
 - ACLEDA MFI Myanmar Co., Ltd: Enhance leadership in market share with a digital platform;
 - ACLEDA Securities Plc: Build a multi-channel distribution system across ACLEDA Bank's (Cambodia) network and digital platform;
 - ACLEDA Institute of Business: Develop the best undergraduate program in business education and training hub in the field of Banking, Finance, and Information Technology.

1.7. Company's main products and services

Between 2016 and Q3 2019, loans and advances to customers of ACLEDA Bank grew at a CAGR of 9.64% while total deposits grew at a CAGR of 12.7%.

As of 30 September 2019, loans and advances to customers stood at USD 3.7bn, while total deposits stood at USD 4.3bn.



1.7.1 Loan Products

Small-sized Enterprise Loan is intended for entrepreneurs of small businesses that need long-term funds to grow their businesses. The product is divided into Group Loan and Individual Loan. Group Loan requires a group of 2 to 10 people and has a tenor of up to 3 years with a loan size of up to KHR 10mn or THB 100k per member. Meanwhile, individual loan is designed for those who need a loan up to USD 50k or KHR 200mn or THB 2mn.

Medium-sized Enterprise and Corporate Loan targets entrepreneurs and corporate owners of medium-sized businesses who need long-term funds (tenor of up to six years) to expand their businesses or finance the working capital. The loan is available in an amount that is larger than USD 50k or KHR 200mn or THB 2mn.

Overdraft is designed to provide businessmen an emergency fund needed to carry out transactions.

Overdraft Facility for Depositors allows customers who are short of funds occasionally due to delayed cash flows, to make withdrawals more than the amount available in their savings account or demand deposit account without prior notice, according to the agreement with ACLEDA Bank.

Revolving Credit Line is a type of credit service, where a borrower can borrow up to the credit limit and in accordance with the terms specified in the Credit Line Agreement.

Local Project Finance is a loan larger than USD 500k and is provided to customers who are investors in specific projects such as construction or renovation of roads, bridges, canals, buildings (companies, factories, schools, hospitals, clinics, homes), and more.

Trade Finance Facility is designed to serve export and import businesses by providing a source of financing, support in the payment process, and confidence to business partners. Trade Finance Facility is offered in KHR, USD, and THB with a loan size from USD 10k, KHR 40mn, or THB 400k.

Bank Guarantee Facility is provided to support businesses by issuing Bank Guarantee or Standby Letter of Credit to increase confidence in their partners. Beneficiary will be paid a specific amount under the guarantee term in case the business cannot fulfill or breach a contract/ agreement with its partners. The loan size is from KHR 40mn or KHR 10k or THB 400k.

Personal Loan is offered up to USD 50k or KHR 200mn or THB 2mn to customers for personal consumption. With tenor of up to six years for USD and KHR and five years for THB, the loan allows customers to convert their future income stream into present consumption.

Housing Loan is a long-term loan (up to 10 years) offered only in USD to customers aged below 60 years to finance the purchase or construction of a house. Housing loan size is up to 70% of the house price.

Home Improvement Loan is a long-term loan (up to 6 years) offered in both USD or KHR to customers up to KHR 600mn or USD 150k to renovate their homes. The loan size is up to 67% of disposable income or 50% of salary but not greater than 80% of the estimated value of liquid assets that are used as collateral.

Car Loan is offered only in USD to customers who have regular income to get a car for personal or family use. With the loan amount of up to USD 100k, the loan has a maximum tenor of five years.

Motorbike Loan is offered in only USD to customers who have regular income to get a motorbike for family or business use. With the amount of up to USD10k, the loan has a maximum tenor of 5 years.

Student Loan is offered to parents, guardians, or students that need cash to pay for the education of their children or themselves to pursue higher education after graduating from high school. The loan will be disbursed in USD only with loan size up to USD 100k for parents and USD 2.5k for students.

Credit Cards are electronic plastic cards issued by ACLEDA Bank to allow customers to carry out banking transactions via ATM, POS terminal, or e-commerce sites to make withdrawals or pay for goods and services up to the existing credit line or up to the credit limit set by ACLEDA Bank. ACLEDA Bank issues both Visa and Master Credit Cards.

Consumer Card allows customers to make cash withdrawal from ACLEDA Bank's ATMs and POS terminals and make payment for the purchase of goods or services through ACLEDA Bank POS or ACLEDA Bank E-Commerce Payment Gateway. The withdrawal amount may exceed the amount in customers' account balance.

Financial Lease is offered to corporate customers to acquire certain movable assets such as vehicles, machinery, and other equipment for use in their daily business or personal activities without investing their capital or using working capital. The lease period is from 12 months up to the useful life of the leased asset.

1.7.2 Deposits from customers

Savings Account offers a secure and reliable place to deposit money with interest accrued daily and settled on a monthly basis. ACLEDA Bank's savings account allows for deposits in different currencies including Khmer Riel, US Dollar, Thai Baht, Euro, Vietnamese Dong, Australian Dollar, Canadian Dollar, Japanese Yen, British Pound, and Lao Kip. Savings interest rates are 0.25% for USD, 0.50% for KHR and 0.05% for THB.

Demand Deposit Account offers a secure and reliable place to entrust money and provides the convenience of financial management in real-time.

Current Account is designed to provide individual or business customer efficient cash management service by allowing them to make all their payments by cheque. Deposits and withdrawals in cash or by cheque can also be made at any time during the business hours at any branch and selected offices within ACLEDA Bank's branch network.

Fixed Deposit Account offers a secure and reliable place to deposit money and earn high-interest income that can be paid monthly, quarterly, or at maturity.

Interest rate for fixed deposits

Term (Month)	Hi-Growth Fixed Deposit (Interest at Maturity)			Hi-Income Fixed Deposit (Monthly Interest)			Long-Term Fixed Deposit (Quarterly Interest)		
	KHR	USD	THB	KHR	USD	THB	KHR	USD	THB
1	2.00%	0.75%	0.05%	-	-	-	-	-	-
3	3.50%	1.50%	0.50%	3.00%	1.25%	0.25%	-	-	-
6	4.25%	3.00%	1.00%	4.00%	2.75%	0.75%	-	-	-
12	6.00%	4.75%	2.00%	5.75%	4.50%	1.75%	-	-	-
24	6.25%	5.00%	2.00%	6.00%	4.75%	1.75%	-	-	-
36	-	-	-	-	-	-	6.75%	5.50%	3.25%
48	-	-	-	-	-	-	7.00%	6.00%	3.75%
60	-	-	-	-	-	-	7.25%	6.50%	4.25%

Euro Flex Account is a Euro Current Deposit with which customers can make withdrawal or deposit in cash or cheque in EUR, USD, THB or other currencies based on ACLEDA Bank's prevailing exchange rate at the time of the transaction.

Securities Account is a corporate deposit account allowing securities firms or related agents licensed by the Securities and Exchange Commission of Cambodia (SECC) to settle payments for securities trading. The interest is accrued daily and paid on a monthly basis.

Individual Retirement Account is designed to allow for maintaining, administering, and arranging the funds deposited into the account by the account holder or third party in order to cover personal or family expenses after his/ her retirement. The interest rate of 5% per annum is accrued daily and paid on an annual basis.

Health Savings Account allows for maintaining, administering, and arranging funds deposited by an individual or a legal entity to cover all expenses related to health checking, care, and treatment of the account holder, family members, relatives, employees, or third parties. The interest rate is equal to the interest rate of savings account plus 2% per annum, and the interest is accrued daily and paid semi-annually.

Education Savings Account allows account holders or other third parties to deposit their funds to pay for the beneficiary's education expenses based on the actual amount on invoices and conditions in the terms and conditions. The interest rate is equivalent to Health Savings Accounts.

Trust Account for Real Estate is a restrictive account margin of ACLEDA Bank that customers can deposit their funds into the account to let ACLEDA Bank maintain and make payment to the beneficiary (seller) according to the written instructions or the purpose of seller and buyer.

Monk Account and Pagoda Fund Account is one of ACLEDA Bank's deposit services that allows monk, pagoda, or the Buddhist association to open a deposit account for the management of cash or pagoda funds.

Future Kid Account is a deposit account that enables parents or guardians to encourage their children to manage cash safely and receive high-interest by opening a bank account for them. Future Kid Account will become a savings account automatically when he/ she reaches the age of 18.

1.7.3 Other services

a. Fund Transfers

Fund Transfers enable customers to safely and efficiently send or receive money locally and internationally. With ACLEDA Bank's service, money transfer can be carried out between accounts or between non-account holders locally and internationally. Currently, ACLEDA Bank offers the following transfer services:

- Local Fund Transfers

- International Fund Transfers via SWIFT
- International Fund Transfers via Western Union
- International Fund Transfers via ACLEDA internet banking
- International Fund Transfers via API

b. Cash Management

ACLEDA Bank has developed a range of Cash Management solutions that allow individual or business customers to manage their cash flows efficiently while meeting their transactional needs. At the moment, cash management services offered by ACLEDA Bank include:

- Bank Confirmation
- Payroll Service
- Supplier Payment
- Standing Order/ Direct Debit
- Foreign Cheque Purchasing
- Safe Box Service
- Tax Payment on Means of Transportation for all Types of Vehicles
- Bill Payment at ACLEDA Bank's Counter
- Bulk/Package Payment Service
- Cashier's Cheque
- Distributor/ Cash Collection
- Cash Consolidation Accounts
- Traveler's Cheque Purchasing
- Bank Draft
- Tax Payment Service
- Property Tax Collection
- Forward Exchange Contract
- Foreign Exchange

c. Trade Finance

In addition to the Trade Finance Facility, ACLEDA Bank also offers other trade-related financial services to facilitate businesses' export and import transactions. These include Document Collection, Letter of Credit (L/C), and Bank Guarantee:

Document Collection	Letter of Credit (L/C)	Bank Guarantee
• Import Document Collection • Export Document Collection	• Letter of Credit (Import) • Letter of Credit (Export)	• Shipping Guarantee • Bid Guarantee • Payment Guarantee • Advance Payment Guarantee • Performance Guarantee • Retention Money Guarantee

d. Referral and Support of Life Assurance Service

ACLEDA Bank has entered into a partnership with a leading life insurance company to provide its customers with life insurance services in all branches. The partnership allows the Bank to earn additional revenue from referral fees while gaining a source of potential long-term deposits from the partner.

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e. E-Banking

Below is a portfolio of integrated e-banking services offered by ACLEDA Bank:

Internet Banking



ACLEDA Internet Banking allows customers to securely access banking services online through computers connected to the internet anywhere and at any time.

Unity ToanChet



ACLEDA Unity ToanChet is a FinTech application running on smartphones and enables customers to conduct banking transactions from anywhere and at any time.

E-Commerce Payment Gateway



ACLEDA E-Commerce Payment Gateway enables merchants to receive payment for the sale of goods or services online, and cardholders to make payment for purchase of goods/services online.

Consumer Card



ACLEDA Consumer Card allows customers to make cash withdrawal from ACLEDA Bank's ATM and POS and make payment for the purchase of goods or services through ACLEDA POS or ACLEDA E-Commerce Payment Gateway.

Debit Cards



ACLEDA Debit Cards allow customers to access banking services (including withdrawal and payment for purchase of goods or services) via ATM, POS, or e-commerce.

Credit Cards



ACLEDA Credit Cards allow customers to access banking services (including withdrawal and payment for purchase of goods or services) via ATM, POS, or e-commerce up to the existing credit line or credit limit set by the Bank.

ATM



ACLEDA Bank's ATM allows customers to access banking services such as cash withdrawal, money transfer, bill payment, and more, at any time (24 hours a day and 7 days a week).

POS



ACLEDA POS allows holders of ACLEDA cards or other banks' cards to conveniently and safely make payment for the purchase of goods or services.

Top-Up Service



ACLEDA Mobile Top-Up service allows customers to top-up their phones via Unity ToanChet, Internet Bank, and ATM.

Banking Service Order via E-mail/ Fax



Banking Service Order via E-mail/ Fax allows customers to pay their bills, transfer funds, or make withdrawals for a beneficiary or other operations by sending the order via e-mail or Fax to ACLEDA Bank.

Message Alert on Account Information



Message Alert on Account Information allows customers to closely and securely monitor their banking transactions via a message sent to their phone in real-time.

1.8. Distribution methods

ACLEDA Bank provides customers convenient access to its products and services through its 262 branches and 559 ATMs active in all provinces and towns of the Kingdom of Cambodia. As internet and smartphone usage became integral to the lives of Cambodian people over the past few years, the Bank also introduced internet/mobile banking services and a smartphone application called ACLEDA Unity ToanChet. ACLEDA Bank also has POS system and E-commerce Payment Gateway, making transactions more secure and convenient for its business customers.

1.9. Potential of production/ service capacity

With the largest branch and ATM network in Cambodia supported by the most number of staff in the banking sector, ACLEDA Bank has one of the largest capacity in Cambodia to serve existing and potential new customers. The Bank's capacity is also enhanced by its internet banking services and mobile application as they provide added convenience for its customers.

1.10. Subsidiary of the Bank

As of the 30 September 2019, ACLEDA Bank has subsidiaries including its core areas of business as described below:

No	Entity	Type	Business	Ownership
1	ACLEDA Bank Lao Ltd.	Subsidiary	Commercial bank	ACLEDA Bank: 99.90%
2	ACLEDA Securities Plc.	Subsidiary	Securities broker	ACLEDA Bank: 100%
3	ACLEDA Institute of Business	Subsidiary	Education	ACLEDA Bank: 100%
4	ACLEDA MFI Myanmar Co. Ltd.	Subsidiary	Deposit-taking MFI	ACLEDA Bank: 99.99%

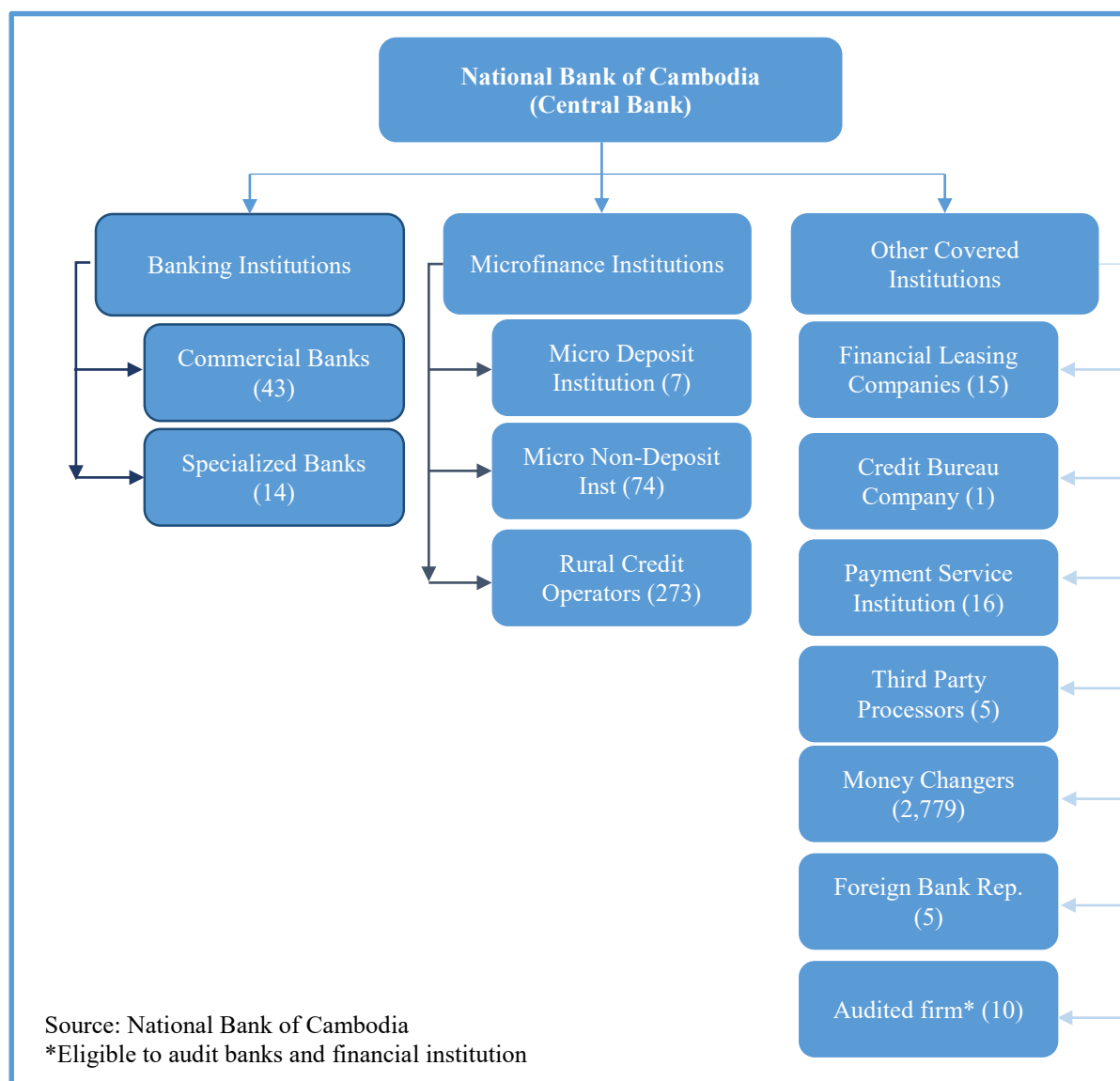
*ACLEDA Institute of Business owns 0.10% of ACLEDA Bank Lao Ltd. and owns 0.01% of ACLEDA MFI Myanmar Co. Ltd.

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2. Cambodian banking industry

2.1. Industry Overview

As of the end of 2018, the Cambodian banking system consists of 43 commercial banks (13 locally incorporated institutions, 17 subsidiaries, and 13 foreign bank branches), 14 specialized banks, 74 MFIs, 7 MDIs, 273 registered rural credit operations, 15 financial lease companies, 16 payment services institutions, 5 third party processors, 5 representative offices, 1 credit bureau company, and 2,779 money changers.



The National Bank of Cambodia (NBC) is the central bank of Cambodia, acting as a supervisory authority for the banking sector in the Kingdom. It has the authority to license, de-license, regulate and supervise banks and financial institutions operating in the country, ensuring that these institutions comply with various regulations to maintain the financial stability and soundness of the banking system while enhancing public confidence.

Below are the key regulations of the NBC:

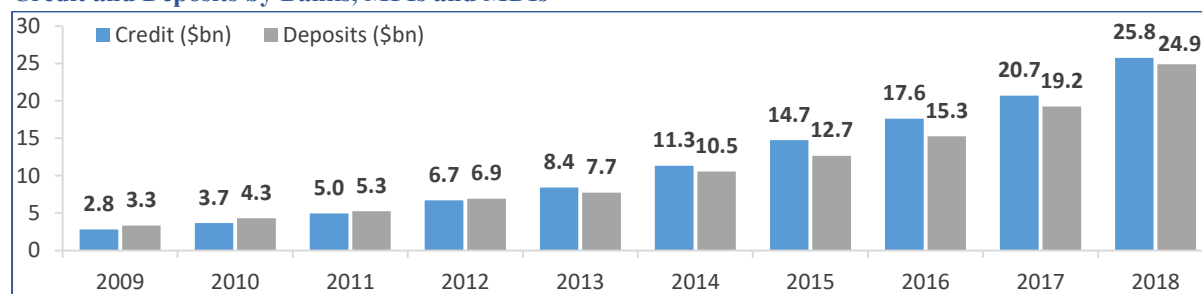
No.	MFI	MDI	Specialized bank	Commercial bank
1	Requirement on minimum registered capital			
	USD 1.5mn	USD 30.mn	USD 15mn	USD 75mn*
2	Capital Guarantee			
	5% of reg. capital	10% of reg. capital	5% of reg. capital	10% of reg. capital
3	Reserve Requirement			
	N/A	8% of deposits	N/A	- 8% for KHR deposits - 12.5% for non-KHR deposits
4	Solvency Ratio			
	At least 15%			
5	Liquidity Coverage Ratio			
	N/A	- At least 90% by June 2019 - At least 100% by Jan 2020	N/A	- At least 90% by June 2019 - At least 100% by Jan 2020
6	Interest Rate Ceiling			
	18% per annum			
7	Loan in KHR			
	Minimum 10% of total loan portfolio			

Note: *Branches of "investment-grade" foreign banks are required to have only USD50mn (USD 1 = KHR 4,000).

Source: NBC's Prakas No. B7-016-117 on Minimum Registered Capital of Banking and Financial Institution; Prakas No. B7-07-163 on the Licensing of Micro-Finance Deposit taking Institutions; Prakas No.B7-015-349 on Liquidity Coverage Ratio; Prakas No.B7-01-136 on Bank's Capital Guarantee; Prakas No. B7-018-282 on the Maintenance of Reserve Requirement Against Commercial Banks' Deposits and Borrowings; Prakas NoB7-07-133 on Microfinance Institutions' Solvency Ratio; NBC Prakas No. B7-00-46 on Banks' Solvency Ratio.

Between 2010 and 2015, the banking sector underwent a remarkable development, with both credit and deposits offered by banks and microfinance institutions showing significant growth. Credit grew on average of more than 30% annually, while deposits nearly tripled from USD 4.4bn at the end of 2010 to USD 12.7bn at the end of 2015 with a CAGR of 24%.

Credit and Deposits by Banks, MFIs and MDIs



Source: National Bank of Cambodia, and YSC Research

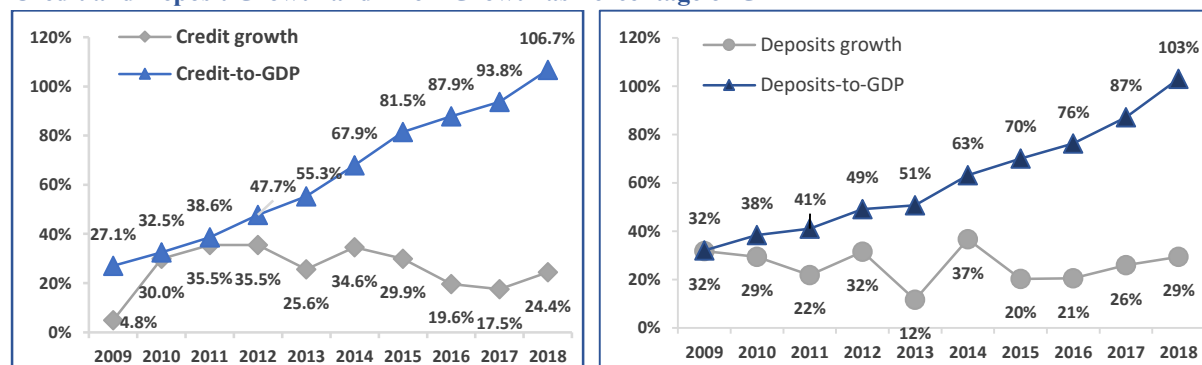
In response, the NBC has introduced several measures to strengthen the financial soundness of the banking system. The "Prakas on Liquidity Coverage Ratio," adopted in December 2015, requires deposit-taking banks and financial institutions to increase the minimum liquidity coverage ratio (LCR) in a phased manner from the previous requirement of 50% to 60% from 01 September 2016, 70% from 01 September 2017, 80% from 01 September 2018, 90% from 01 June 2019, and 100% from 01 January 2020.

Meanwhile, the "Prakas on Minimum Registered Capital of Banking and Financial Institutions," issued in March 2016 took effect from March 2018 and substantially increased the minimum registered capital requirements for banks, MFIs, and MDIs. The new requirements called for twice as much capital than the

previous level for banks, more than ten times the previous level for MDIs, and more than twenty times the previous level for MFIs.

In addition, the “Prakas on Interest Rate Ceiling on Loan” dated March 2017 put the cap on interest rates on all loan products of banks, MDIs, and MFIs at 18%, which could effectively exclude certain people with high credit risk from receiving loans despite some institutions moving to increase loan fees to make up for the lower interest rates.

Credit and Deposit Growth and Their Growth as Percentage of GDP



Source: National Bank of Cambodia, and YSC Research

All these measures coupled with the evolution of the market seem to have helped to cool down the sector’s growth to a more sustainable level during the last three years. While deposits continued to see impressive growth, averaging 25% annually, credit decelerated with growth averaging only 20% annually. Credit growth was particularly slower in 2016 and 2017 with annual growth of 19.6% and 17.5%, respectively.

In 2018, the growth rate in credit increased to 24.4%. This may be partly due to the rapid growth of the Cambodian economy from an estimated 7.0% in 2017 to an estimated 7.3% in 2018. Moreover, credit growth was driven primarily by lending to personal essentials, which constituted 28% of the increase in credit, while lending to the construction and real estate activities and retail trade constituted 22% and 9.3%, respectively.

2.2. Commercial and Specialized Banks

2.2.1 Competition is fiercer with increased number of foreign players

The Cambodian banking sector has seen rising competition with the number of commercial and specialized banks nearly doubling over the last ten years. Thanks to strong economic growth and relatively under-penetrated market, many major banks from Malaysia, Thailand, China, Taiwan, Japan, and France have entered into the Cambodian market by establishing a subsidiary or branch office in the Kingdom. For instance, in 2017 alone, three new commercial banking licenses were issued to Thailand’s Kasikorn Bank Public Company, Japan’s Mizuho Bank Branch, and France’s BRED Bank (Cambodia). In addition to directly entering the market through the establishment of a subsidiary or branch, major foreign commercial banks have also entered the market through acquisition (for example, National Bank of Canada’s acquisition of ABA Bank, and SMBC’s and Orix’s acquisition of ACLEDA Bank, and others).

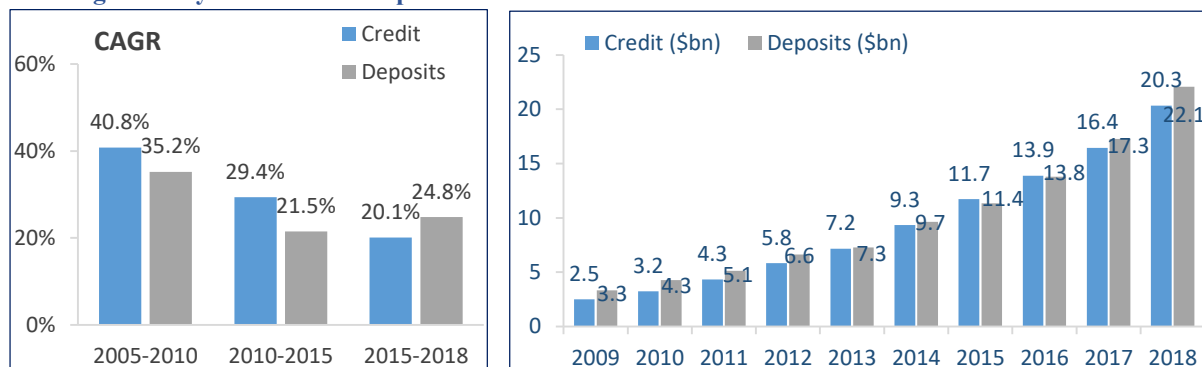
2.2.2 Banking industry’s credit growth slows down while deposit growth accelerates over the last three years

Despite slowing down in recent years if compared to the second half of the 2000s, the banking industry’s business continued to thrive in the first half of 2010s, with credits surging by 29.4% and deposits by 21.5% annually between 2010 and 2015. However, over the last three years from 2015 to 2018, credit growth decelerated further by another 9.3 percent to 20.1% annually, which could be the result of the stricter prudential measures adopted by the NBC to cool down the rapid credit growth.

In contrast to credit growth, customer deposits growth accelerated in recent years, averaging 24.8% per year during 2015-2018. Stronger deposit growth has been driven mainly by deposits from the government and state

enterprises, which surged 42% and 36% annually, respectively, likely due to rising tax revenue collection and increasing budget expenditure (in particular, increasing public payroll).

Banking industry's Credit and Deposits

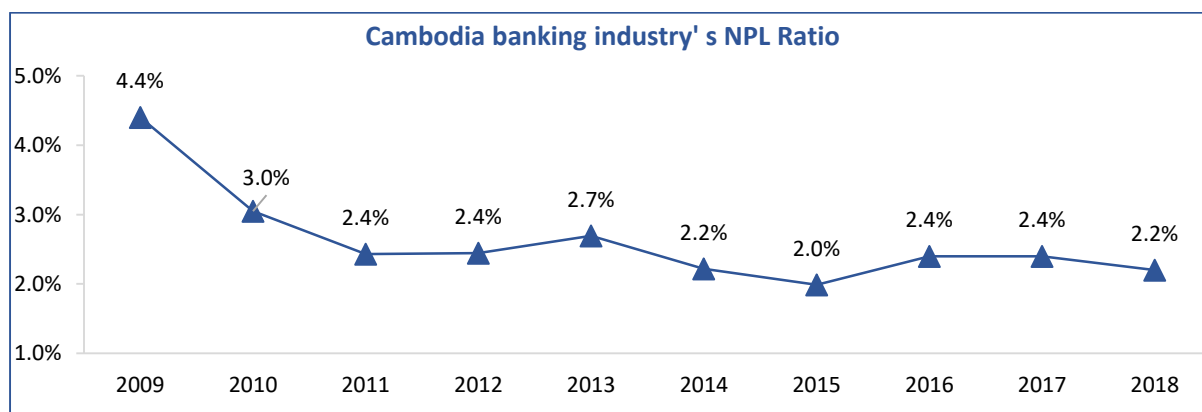


Source: National Bank of Cambodia, YSC Research

2.2.3 Banking industry's NPL ratio has fluctuated between 2.0% and 2.7% since 2011

Overall banking industry's asset quality had improved in the years following the global financial crisis in 2009, with the NPL ratio on a downtrend from 4.4% in 2009 to 2.0% in 2015. However, the industry's asset quality deteriorated in 2016 and 2017 with the NPL ratio bouncing back to 2.4%. This was likely due to an increase in NPLs associated with the agricultural sector that was affected by unfavorable weather conditions but improved slightly by dropping to 2.2% in 2018.

The industry's overall health is robust and characterized by enhanced liquidity position and stronger capitalization. Thanks to the NBC's increase in the minimum requirement for LCR, banks' liquidity position improved remarkably, with average LCR increasing from 128% in 2016 to 159% in 2018. Meanwhile, the industry's average solvency ratio was maintained at 24.2% in 2018, well above the regulatory threshold of 15%.



Source: National Bank of Cambodia, YSC Research

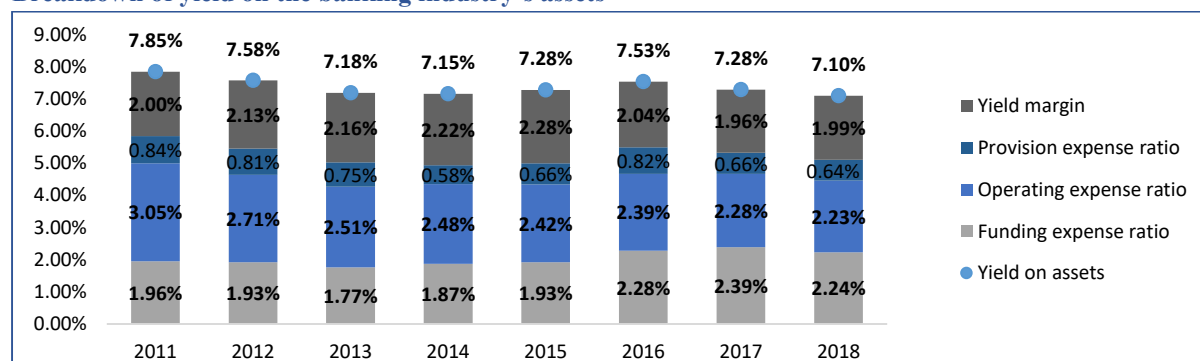
2.2.4 Banking industry's profitability stable over the last five years despite improved efficiency

The banking industry's average yield on assets has been stable since 2013, swinging slightly between 7.10% and 7.53%, despite declining lending rates in KHR as the interest rates on all loans were capped at 18%. This is not surprising given that banks' average lending rates in USD have seen minimal fluctuation (slightly above 11.5%) and that most of the banks' loans have been offered in USD. Furthermore, banks, in general, are targeting a much larger loan size with lending rates already below the interest cap, and so are less affected by the interest rate ceiling.

In contrast, the industry's average funding costs, in particular, the funding expense ratio, seem to have risen steadily from 1.77% in 2013 to 2.39% in 2017 before dropping again to 2.24% in 2018. This could be the result of rising cost of deposits as an increasing number of depositors seem to have moved their deposits from current

or savings accounts to fixed deposit accounts that bear higher interest rates. On the other hand, the industry's average operational efficiency has improved as they seem to have achieved an economy of scale over time. The operating expense ratio has decreased gradually from 2.51% in 2013 to 2.23% in 2018. While this contributes to enhancing banks' profitability, it was offset by the rising cost of funds. The result is a stable profitability with yield margin fluctuating slightly around 2%.

Breakdown of yield on the banking industry's assets



Note: Yield on assets = Total revenue/Avg. assets; Funding expense ratio = Interest expense/Avg. assets; Operating expense ratio = Total operating expense/Avg. assets; Provision expense ratio = Provision expense/Avg. assets; Yield margin = yield on assets – funding expense ratio – operating expense ratio – provision expense ratio;

Source: National Bank of Cambodia, YSC Research

3. Other Information of ACLEDA Bank

3.1. Products that Accounted for At Least 10% of the Company's Revenues

Apart from loan services, the Bank has no other products that accounted for at least 10% of the Company's total revenues.

3.2. Customers who borrowed at least 10% of the Company's total loan portfolio

As of the date of filing this Disclosure Document, no customer borrowed at least 10% of the Bank's total loan portfolio.

3.3. Customers whose deposits account for at least 10% of the Company's total deposits

As of the date of filing this Disclosure Document, there was no depositor whose deposits accounted for at least 10% of the Bank's total deposits.

3.4. Consumption of power, gas, water, and other utilities

No.	Description	Unit	2017	2018
Materials				
1	Paper	Kilogram	129,390.86	131,002.59
Waste				
1	Wastepaper	Kilogram	26,698.04	22,073.39
Energy				
1	Electricity	Kilowatt	20,782,453.02	20,259,011.90
2	Gasoline for Vehicles	Liter	493,358.68	469,889.00
3	Diesel for Vehicles	Liter	284,016.79	280,005.17
4	Lubricant	Liter	15,766.03	13,870.56
Water				
1	Water	Cubic meter	197,112.12	191,215.56
Business Travel				
1	Traveling by car	Kilometer	3,675,770.62	5,929,740.74
2	Traveling by motor	Kilometer	24,115,638.00	23,320,382.20

3.5. Patent, Certificate of Incorporation, and Certificate of Value Added Tax

Patent 2019

Name of the Company	ACLEDA Bank Plc.
Tax Identification Number (TIN)	L001-100047149
Business Activity	Banking Services
Tax Paid Amount	5,000,000 Riels
Tax Invoice Number	SN: 003574247

Certificate of Incorporation

Name of the Company	ACLEDA Bank Plc.
Registration Number	00003077
Legal Form of the Company	Public Limited Company
Date of Incorporation	05 June 2000
Valid Until	No Expiry

Certificate of Value Added Tax

Name of the Company	ACLEDA Bank Plc.
Business Activity	Banking Services
VAT TIN Number	L001-100047149

3.6. Number of total employees

The table below shows the number of total employees of ACLEDA Bank and its Subsidiaries as of 30 September 2019:

Type	Length of Service			Total	Percentage
	Less than 1 year	1 to 5 years	More than 5 years		
Senior Officer	0	2	39	41	0.30%
Manager	0	31	1,198	1,229	9.02%
Senior Staff	227	1,779	7,936	9,942	73.00%
Assistant Staff	427	1,369	612	2,408	17.68%
Total	654	3,181	9,785	13,620	100.00%

The table below shows the number of total employees of ACLEDA Bank as of 30 September 2019:

Type	Length of Service			Total	Percentage
	Less than 1 year	1 to 5 years	More than 5 years		
Senior Officer	0	1	26	27	0.23%
Manager	0	1	951	952	7.95%
Senior Staff	51	1,364	7,416	8,831	73.78%
Assistant Staff	357	1,256	547	2,160	18.05%
Total	408	2,622	8,940	11,970	100.00%

3.7. Material changes in the number of employees

Based on the management projection, the number of total staffs will decrease from 11,963 in 2019 to 10,369 in 2023, and staff turnover rate will fluctuate between 3.6% and 4.6%:

Year	2019	2020	2021	2022	2023
Total Staff	11,963	11,875	11,448	11,036	10,369
Staff Turnover Rate	3.6%	4.1%	4.3%	4.4%	4.6%

3.8. Changes in assets of the Company to settle any liability

The Bank and its subsidiaries have never liquidated any asset to settle any liability. The Bank and its subsidiaries do not have a plan to liquidate any asset to settle any liability for the foreseeable future.

3.9. Bonus policies and employment benefits

3.9.1 Bonus policies

All employees will obtain two-month bonuses per year during the Khmer New Year and Pchum Ben festival on top of their base salaries. The bonus will be provided to employees who have worked at the Bank for at least 9 months as of April 13th for the Khmer New Year bonus, and as of September 15th for the Pchum Ben bonus.

Employees also entitled to the profit incentive bonus from the Bank if they stay with the Bank, including the probation period, for at least one year as of December 31st. The Bank will provide the profit-sharing incentive on the following year based on the authority's decision letter using the base salary of December for calculation with each employee's incentive rate and performance appraisal score.

EVP will receive a performance bonus based on the decision letter of the President and Group Managing Director. President and GMD, chief internal auditor, and head of compliance division will receive an incentive based on the decision letter of BoD.

3.9.2 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 an employee, who has worked for the Group or the Bank for 15 years or more, reaches the retirement age of 58 years and 60 years for unskilled and skilled employees respectively, the employee is entitled to the retirement benefits equivalent to 12 months of the last salary; or
- When an employee, who has worked for the Group or the Bank for 15 years or more, reaches the early retirement age of 55 years and 57 years for unskilled and skilled employees respectively, the employee is entitled to the retirement benefits equivalent to 6 months of the last salary.

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

The liability was recognized 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 benefits that employees have earned in return for their service in the current and prior periods. The Group and the Bank attribute benefits 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 expect 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 interest rate of the Bank's five-year fixed deposits.

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

3.9.3 Seniority Indemnity

In accordance with Prakas No. 443 MoLVT dated 21 September 2018 issued by the Ministry of Labour and Vocational Training, the Bank and its subsidiaries, except for ACLEDA Bank Lao Ltd. and ACLEDA MFI Myanmar Co., Ltd, are required to provide seniority indemnity to its employees as follows:

- Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (not including probation) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.
- Back Pay Seniority Indemnity: Employees who have worked under permanent contract from 1 month to 6 months in a fiscal year will receive payment of seniority indemnity equal to 7.5 days, in case over 6 months will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 months of the average base salary of each year that shall be paid from 2008 to 2018 but shall not exceed 156 days.

The liability was recognized 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 benefits that employees have earned in return for their service in the periods from 2008 to 2018. The Group and the Bank attribute benefits to periods in which the obligation to provide back pay seniority indemnity. That obligation arises as employees render services in return for back pay seniority indemnity that the Group and the Bank expect to pay in future reporting periods.

The present value of the bank pay seniority indemnity is determined by discounting the estimated future payments by reference to the interest rate of the Bank's five-year fixed deposits.

3.9.4 Staff provident fund

Up to 31 December 2017, the Bank and the subsidiaries below provided its employees with a provident fund. The fund is a monthly contribution that is determined based on the monthly salary of an employee. The contribution is summarized as below:

	2017 (Staff provident fund)	
	Entity	Employee
ACLEDA Bank Plc.	10%	5%
ACLEDA Securities Plc.	10%	5%
ACLEDA Institute of Business	10%	5%

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

In January 2018, the Group paid the provident fund and interest on the provident fund of the employees that are held up to 31 December 2017 to employees and ceased the fund.

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Section 5: Board of Directors, Senior Management, and Shareholders

1. Board of Directors

ACLEDA Bank has ten directors comprising of eight non-executive members and two executive members:

No.	Name	Position	Nationality	Age	Appointed	Reappointment
1	Mr. Chhay Soeun	Chairman of the Board	Cambodian	65	18 Aug 2014	10 May 2018
2	Dr. In Channy	Executive Director	Cambodian	59	18 Aug 2014	09 May 2017
3	Mr. Rath Yumeng	Executive Director	Cambodian	57	18 Aug 2014	09 May 2017
4	Mrs. Mirjam Janssen	Non-Executive Director	Dutch	49	14 Jan 2020	-
5	Mr. Mori Kenichiro	Non-Executive Director	Japanese	46	24 Oct 2019	-
6	Mr. Marc Robert	Non-Executive Director	French	46	21 Aug 2015	10 May 2018
7	Mr. Ryoji Nishimura	Non-Executive Director	Japanese	45	04 Jan 2019	-
8	Drs. Pieter Kooi	Independent Director	Dutch	61	12 Jan 2000	25 Aril 2019
9	Mr. Cornelius Obert	Independent Director	German	69	21 Aug 2015	10 May 2018
10	Mr. Ian S. Lydall	Independent Director	British	64	21 Aug 2015	10 May 2018

Note: All Board of Directors has a term of 3 years.

1.1. Biography of the Board of Directors

The table below shows a brief biography of each member of the Board:

	Mr. Chhay Soeun, Chairman Board member of ACLEDA Bank Lao Ltd., Board member of ACLEDA MFI Myanmar Co., Ltd. Education 2014: Preston University, USA Executive Master of Business Administration in Finance and Accounting 2007: Graduate of the Australian Institute of Company Directors Work Experience 2006 – 2014: Executive Vice President & Group Chief Financial Officer
	Dr. In Channy, Executive Director, President & Group Managing Director Chairman of ACLEDA Bank Lao Ltd., Chairman of ACLEDA MFI Myanmar Co., Ltd. Education 2010: Preston University, USA Ph.D., Business Administration 1998: <i>Havard University, USA</i> Financial Institutions for Private Enterprise Development Work Experience 2000 – Present: President, Group MD of ACLEDA Bank 1993: One of the founders of ACLEDA Bank



Mr. Rath Yumeng, Executive Director, EVP & Group Chief Treasury Officer

Education

- 2017: Graduate of the Australian Institute of Company Directors
- 2007: Western University, Cambodia
Master's Degree, Finance and Banking

Work Experience

- 2015 – Present: EVP and Group Chief Treasury Officer
- 2015 – Present: Executive Director
- 2008 – 2015: Head of Treasury Division



Mrs. Mirjam Janssen, Non-executive Director

Education

- 1995: University of Nijmegen, Netherlands
Master's Degree, Business Communication Studies

Work Experience

- 2019 – Present: Non-executive Director, ACLEDA Bank
- 2019 – Present: Non-executive Director, Early Dawn Microfinance
- 2016 – Present: Regional Manager Asia, Triodos Investment Management
- 2015 – 2016: Senior Investment Officer Emerging Markets, Triodos Investment Management



Mr. Mori Kenichiro, Non-executive Director

Education

- 1976: University of Tokyo, Japan
Bachelor of Engineering

Work Experience

- 2015 – Present: Non-executive Director, ACLEDA Bank
- 2018 – Present: Joint General Manager, Planning Department, Asia Pacific Division, SMBC
- 2006 – 2018: Head of Strategic Planning Group, Planning Department, International Banking Unit, SMBC



Mr. Marc Robert, Non-executive Director

Education

- 2003: University of Toulouse, France
Ph.D., Financial crises transmission to the real economy
- 2003: University of California Davis, USA
Ph.D., Economics

Work Experience

- 2015 – Present: Non-executive Director, ACLEDA Bank
- 2014 – Present: Head of the International Section, BRED Banque Populaire
- 2011 – 2013: Directors in many other companies



Mr. Ryoji Nishimura, Non-executive Director

Education

- 1996: Risumeikan University, Japan
Bachelor's Degree, Business Administration

Work Experience

- 2018 – Present: Non-executive Director, ACLEDA Bank
- 2015 – Present: Director and IC member, Orient Capital Fund
- 2015 – Present: Director, DI Asian Industrial Fund
- 1996 – Present: Managing Director, ORIX Corporation



Drs. Pieter Kooi, Non-executive Director

Education

- 2006: Graduate of the Australian Institute of Company Directors
- 1987: Erasmus University, Netherlands
Master's Degree (distinction), Corporate Finance and Sociology

Work Experience

- 2000 – Present: Non-executive Director, ACLEDA Bank
- 2006 – 2011: Part-time Consultant, ACLEDA Bank
- 2002 – 2005: Director, Microfinance Unit of UNCDF, New York



Mr. Cornelius Obert, Independent Director

Education

- 1976: Hamburg University, Germany
Diplom-Kaufmann, Economics and Management,

Work Experience

- 2015 – Present: Non-executive Director, ACLEDA Bank
- 2005 – 2009: Managing Director / Board of Director,
Commerzbank International SA Luxembourg
- 1999 – 2005: General Manager, Commerzbank AG, Johannesburg



Mr. Ian S. Lydall, Independent Director

Education

- 1979: Institute of Chartered Accountants in England & Wales, UK
Associate (and fellow)
- 1976: London School of Economics, UK
Bachelor's Degree in Economics

Work Experience

- 2015 – Present: Non-executive Director, ACLEDA Bank
- 2013 – 2015: Chairman, PwC Vietnam
- 2001 – 2012: CEO, PwC Vietnam

1.2. Roles and Responsibilities of the Board of Directors

The Directors are appointed by the shareholders to act on their behalf. The Memorandum and Articles of Association provide that the Board shall consist of ten directors, including independent and other non-executive directors and executive 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 directors 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. The Board may appoint and may remove the President & Group Managing Director, Group Chief Internal Audit Officer, and Head of Compliance Division. The Board also ensures that the necessary human resources are in place, establishes with management the strategies and financial objectives to be implemented by the management, and monitors the performance of management both directly and indirectly through the Board Committees.

Key responsibilities of the Board of Directors are to:

- i) Provide entrepreneurial leadership of the bank within a framework of prudent and effective controls which enable risk to be assessed and managed;
- ii) Set the Bank's strategic aims, ensure that the necessary financial and human resources are in place for the Bank to meet its objectives, and review management performance;
- iii) Set the Bank's values and standards and ensure that its obligations to its shareholders and others are understood and met;
- iv) Constructively challenge and contribute to the development of strategy;
- v) Set performance objectives for management and monitor their progress towards achieving them;
- vi) Satisfy themselves that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- vii) Determine appropriate levels of remuneration for the President & Group Managing Director, and;
- viii) Ensure succession planning for the President & Group Managing Director and senior management is in place.

1.3. Board Committees

There are three (03) Board committees as follows:

(1) Board Audit Committee

No.	Name	Position
1	Mr. Ian S. Lydall	Chairman
2	Mr. Chhay Soeun	Member
3	Drs. Pieter Kooi	Member
4	Mr. Cornelius Obert	Member
5	Group Chief Internal Audit Officer	Secretary

(2) Board Remuneration and Nomination Committee

No.	Name	Position
1	Drs. Pieter Kooi	Chairman
2	Mr. Cornelius Obert	Member
3	Mr. Ryoji Nishimura	Member
4	Mr. Ian S. Lydall	Member

(3) Board Risk Management Committee

No.	Name	Position
1	Mr. Cornelius Obert	Chairman
2	Mr. Kenichiro Mori	Member
3	Mr. Ian S. Lydall	Member
4	Drs. Pieter Kooi	Member
5	EVP & Group Chief Risk Officer	Secretary

1.3.1 Duties of Board Audit Committee

The duties of the Board Audit Committee are as follows:

- i. Make recommendations to the Board for shareholders' approval on the appointment, reappointment, and removal of the external auditors as well as the remuneration and terms of engagement of the external auditors;
- ii. Agree with the external auditor the scope, approach and emphasis of their work and the Management Letter every year before the audits commence;
- iii. Review and monitor the external auditors' independence and objectivity, and the effectiveness of the audit process by taking into consideration relevant professional and regulatory requirements, and assess the service quality provided by external auditors;
- iv. Discuss and review issues the external auditors' Management Letter and management response.
- v. Develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- vi. Review and monitor the management's process to develop and change the accounting estimates and accounting principles to ensure that the judgments determined, the recognizing amount estimated, and unusual transactions are appropriate and reasonable;
- vii. Ensure that the financial and risk-related information is clear, and assess the relevance of accounting and valuation methods used for the establishment of individual and, where applicable, for consolidated accounts and financial statement. Assessing the relevance of the accounting methods used to prepare the individual and consolidated accounts, if any.
- viii. Ensure that the information provided to the public and the NBC is clear, accurate, and reliable.
- ix. Assess the quality of internal control procedures, in particular where the systems for measuring and controlling risks are consistent, and recommend further action where appropriate.
- x. Review the effectiveness of the bank's system of internal financial control and report to the Board on an annual basis;
- xi. Review and monitor the effectiveness of the internal audit function and ensure that its reporting processes are adequate and timely;

- xii. Approve (and amend as necessary during the year) the internal audit plan;
- xiii. Review and recommend to the BRENCO for appointment and removal of the Group Chief of Internal Audit with subject to get final approval from the Board;
- xiv. Set the annual incentive criteria of the Group Chief Internal Audit Officer and recommend to BRENCO. Then BRENCO endorses to the Board for final approval.
- xv. Propose the annual incentive of the Group Chief Internal Audit Officer and recommend to Board for approval.
- xvi. Evaluate and grade the annual performance of the Group Chief Internal Audit Officer and recommend to the Board for final approval. Then inform the President & GMD for performance grading and incentive payment.
- xvii. Follow up effective corrective action's implementation, notably by tracking pending and outstanding recommendations issued by Internal Auditor and further supporting the work of internal audit.
- xviii. Consider other topics as requested by the Board from time to time.

1.3.2 Duties of Board Remuneration and Nomination Committee

In performing its duties, the Board Remuneration and Nomination Committee (BRENCO) will maintain an effective working relationship with the Board and Management while refraining from interfering in any business decisions.

The Board Remuneration and Nomination Committee's responsibility is also to ensure that compensation is reasonable in the light of the Bank's objectives, compensation for a similar function in other companies, and other relevant factors with due regard to the interests of the shareholders and to the financial and commercial needs of the Bank.

The duties of the Committee are as follows:

Director Compensation:

- i. Recommend to the Board a formal and transparent policy for determining the directors' fees and expenses, including membership of Board Committees and such other activities connected with Board working for the Bank and subsidiaries. The recommendations should be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board;
- ii. Review proposals submitted by the President & Group Managing Director for the engagement of directors in extramural work such as advisory or consulting roles, including their terms and conditions, and make appropriate recommendations to the Board for submission to the shareholders for final approval;
- iii. Cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, expenses, consultancy fees (where applicable) and benefits in kind, and;
- iv. Recommend the remuneration of the directors of the Bank and subsidiaries through the Board of Directors. Approval of the Parent Bank remuneration will be at the AGM.

Key Senior Management's Remuneration

- i. Be responsible for reviewing and defining a framework of remuneration for the Group Chief Internal Audit Officer (GCIAO) and Head of Compliance Division.
- ii. Be responsible for recommending to the Board a framework of remuneration and the specific remuneration package for the President & Group Managing Director. The recommendations should be submitted for endorsement by the Board;

- iii. Recommend to the Board the performance targets and incentive plan, including bonus and any other scheme designed to encourage long-term corporate value creation, for the President & Group Managing Director for the coming year;
- iv. Recommend to the Board the performance targets and incentive plan, including bonus and any other scheme designed to encourage long-term corporate value creation, for the Group Chief Internal Audit Officer, and Head of Compliance Division for the coming year;
- v. Consult with the other Board members in evaluating the performance and achievements of the President & Group Managing Director in the previous year and recommend to the Board the quantum of bonus award, salary increase, and other benefits;
- vi. Review the adequacy and form of compensation to key executives to ensure that it is realistically commensurate with the responsibilities and risks involved in being an effective member of the management team;
- vii. Cover all aspects of remuneration, including but not limited to salaries, allowances, pensions, bonuses, options and benefits in kind, and;
- viii. Review the pay and employment conditions within the industry and those from the peer companies to ensure that key executives are adequately remunerated.

Pension and Retirement Benefits:

- i. review the employees' pension and retirement benefits plan submitted by management.
- ii. retain competent professional actuaries, if deemed necessary, to ensure that the Bank's long term contingent liability can be reasonably predicted and provided for;
- iii. recommend the plan, and any future amendments thereto, to the Board of Directors.
- iv. review and approve the audit report prepared by the auditors in connection with the pension and retirement benefits plan, and;
- v. satisfy themselves that all relevant laws and regulations have been observed.

Nomination:

- i. Having regard for the needs of balanced and effective Boards and regulatory and legal requirements, identify and recommend suitable candidates for directorship taking into account personal character and integrity, relevant experience and knowledge, and independence of mind;
- ii. Where required by the Board, conduct preliminary interviews and shortlist candidates;
- iii. Recommend candidates for the role of the chair and membership of Board Committees;
- iv. Advise on the nomination of the President & Group Managing Director, Group Chief Internal Audit Officer, and Head of Compliance;
- v. Recommend procedures for selecting and replacing board members and senior management.

Other Duties:

- i. Review and guide the evaluation of the effectiveness of the Board of Directors and the Board committees at least once per year.
- ii. Review and update the Corporate Governance Policy at least once a year for approval by the Board.
- iii. Any such other matters consistent with these Terms of Reference as the Board of Directors may reasonably request.

1.3.3 Duties of Board Risk Management Committee

The duties of the Board Risk Management Committee are as follows:

Risk Management:

- i. Oversight risk management and risk governance of the Bank. As to fulfill this task it conducts annually review the adequacy of the risk management framework outlining the Bank-wide high-level policies which include the risk identification, risk assessment, risk treatment and monitoring and reporting and division of authority and responsibility of risk management throughout the Bank;
- ii. Regularly monitor the implementation of the risk management policy as approved by the Board and, at least once a year, review and recommend any changes it considers necessary to the Board for approval;
- iii. Monitor that credit policies are in place, up to date, appropriate to the business and consistent with sound lending practices and review any amendments to those policies deemed required;
- iv. Evaluate and approve credit applications where amounts are outside the authorized limits of the management credit committee.
- v. Give input to the management's proposal regarding the risk appetite and risk tolerance, and internal targets. The final proposal has to be endorsed by the committee for final approval by the Board and advise on any changes deemed appropriate; including the oversight of the strategies for capital and liquidity management as well as for all relevant risks of the Bank, such as credit, market, operational, and reputational risks;
- vi. Review and approve management's risk assessment, its plan for risk control or mitigation through appropriate risk management practices, and ensure that risks are managed within tolerance level of the Bank;
- vii. Review on the effectiveness and the result of the implementation of its customer complaint management framework;
- viii. Review and advise on stress tests and reverse stress tests conducted by management; and
- ix. Review quarterly risk management reports submitted by management;

Compliance:

- i. Review and recommend to the BRENCO for appointment and removal of the Head of Compliance Division with subject to get final approval from the Board;
- ii. a). Set the annual incentive criteria of the Head of Compliance Division and recommend to BRENCO. Then BRENCO endorses to the Board for final approval; b). Propose the annual incentive of the Head of Compliance Division and recommend to the Board for final approval;
- iii. Evaluate and grade the annual performance of the Head of Compliance Division and recommend to the Board for final approval. Then inform to the President & GMD for performance grading and incentive payment;
- iv. Review and monitor legal compliance with relevant local and international laws and regulations to mitigate legal risk;
- v. Review and monitor the effectiveness of the implementation of anti-money laundering and combating the financing of terrorism; including review the policy and procedure on AML measures in line with changes and developments in its products, services and technology systems and conflict of interest policy to ensure that the implementation is effectively complied;
- vi. Review and consider compliance and whistle-blower protection policy and management's response; and
- vii. Approve (and amend as necessary during the year) the Compliance Division's annual budget plan;

1.4. Additional Disclosure

The table below shows a director, partner, or shareholder position of our directors in other companies:

No.	Director	Company	Position
1	Mr. Chhay Soeun	- ACLEDA Bank Lao Ltd. - ACLEDA MFI Myanmar Co., Ltd.	Director
2	Dr. In Channy	- ACLEDA Bank Lao Ltd. - ACLEDA MFI Myanmar Co., Ltd.	Chairman of the Board
3	Mr. Rath Yumeng	N/A	-
4	Mrs. Mirjam Janssen	Early Dawn Microfinance Myanmar	Director
5	Mr. Mori Kenichiro	N/A	-
6	Mr. Marc Robert	- COFIBRED - Bic BRED - Bic BRED (SUISSE) SA - BFL – BVL – BBF – BCIMR – BCINC – - SOCREDO – BCEL	Director
7	Mr. Ryoji Nishimura	TenGer Financial Group LLC, QI Investment Partners Limited, United Orient Capital Pte. Ltd.	Director
8	Drs. Pieter Kooi	- KHUSHHALI BANK (PAKISTAN) - Alter Modus MFI (MONTENEGRO)	Director
9	Mr. Cornelius Obert	N/A	-
10	Mr. Ian S. Lydall	AAA Corporation, AIA Vietnam	Director

2. Senior Management

ACLEDA Bank's senior management team consists of the following:

- **Dr. In Channy, President & Group Managing Director**
(See Board of Directors.)

- **Dr. So Phonnary, EVP & Group Chief Operations Officer**

Education

- 2017: Graduate of the Australian Institute of Company Directors
- 2012: *Preston University, USA*, PhD, Business Administration,

Work Experience

- 2008 – Present: EVP & Group Chief Operations Officer, ACLEDA Bank
- 1998 – 2007: Member of Executive Committee and Senior Vice President & Head of Marketing Division, ACLEDA Bank

- **Mrs. Mar Amara, EVP & Group Chief Financial Officer**

Education

- 2017: Graduate of the Australian Institute of Company Directors
- 2006: *National University of Management, Cambodia*, Master's Degree, Finance

Work Experience

- 2014 – Present: EVP & Group Chief Financial Officer, ACLEDA Bank
- 2014 – Present: Chairwoman, ACLEDA Securities Plc.
- 2015 – Present: Vice chairwoman, ACLEDA Financial Trust

- **Mr. Rath Yumeng, EVP & Group Chief Treasury Officer**

(See Board of Directors.)

➤ **Mr. Ly Thay, EVP & Group Chief Administrative Officer**

Education

- 2008: *Pannasastra University, Cambodia*, Master's Degree, Finance

Work Experience

- 2016 – Present: EVP & Group Chief Administrative Officer, ACLEDA Bank
- 2006 – 2016: Senior Vice President & Head of Operations Division, ACLEDA Bank
- 2004 – 2006: Operation Department Manager, ACLEDA Bank
- 2000 – 2004: Cashier, Branch Manager, Office Operations Manager, ACLEDA Bank
- 1999 – 2000: Internal Auditor, ACLEDA Bank
- 1997 – 1999: Accountant, ACLEDA Bank

➤ **Mrs. Buth Bunsayha, EVP & Group Chief Legal Officer and Corporate Secretary**

Education

- *Royal University of Law and Economics, Cambodia*, Master's Degree, Law
- 2006: *Chamroeun University of Poly-Technology, Cambodia*, Bachelor's Degree, Law

Work Experience

- 2017 – Present: EVP & Group Chief Legal Officer and Company Secretary, ACLEDA Bank
- 2014 – 2017: VP & Head of Litigation Department, ACLEDA Bank
- 2011 – 2014: AVP & Head of Litigation Department, ACLEDA Bank
- 2009 – 2010: Staff of Legal Unit, ACLEDA Bank
- 2007 – 2008: Cashier, ACLEDA Bank Phnom Penh Branch

➤ **Mr. Mach Terry, EVP & Group Chief Information Officer**

Education

- 1989: *Monash University, Australia*, Bachelor's Degree, Computer Science and Statistics

Work Experience

- 2018 – Present: Executive Vice President & Group Chief Information Officer, ACLEDA Bank
- 2007 – 2018: SVP & Head of Information Technology Division, ACLEDA Bank
- 2001 – 2007: Information Technology Department Manager, ACLEDA Bank

➤ **Dr. Loeung Sopheap, EVP & Group Chief Risk Officer**

Education

- 2012: *Preston University, Cambodia*, Ph.D., Business Administration

Work Experience

- 2018 – Present: EVP & Group Chief Risk Officer, ACLEDA Bank
- 2017 – Present: Non-executive Director, ACLEDA Securities Plc
- 2009 – 2018: SVP & Head of Product Development Division, ACLEDA Bank
- 2006 – 2009: VP & Deputy Head of Marketing Division, ACLEDA Bank
- 2004 – 2006: Deputy Manager of the Marketing Department, ACLEDA Bank
- 2003 – 2004: Head of Saving Account Officer Unit, ACLEDA Bank
- 1998 – 2003: Accountant, ACLEDA Bank

2.1. Corporate's Secretary and Internal Auditor

No.	Name	Position
Corporate's Secretary		
1	Mrs. Buth Bunsayha	Corporate's secretary
2	Mr. Yin Virak	Corporate's secretary
3	Mr. Sen Sokla	Corporate's secretary
4	Mrs. Tep Sarchenda	Corporate's secretary
Internal Auditor		
1	Ms. Kim Sotheavy	Group Chief Internal Audit Officer

2.2. Family Relationship

As of the date of filing this Disclosure Document to the SECC, there is no family relationship among directors and the senior management.

3. Remuneration of Directors and Senior Management

3.1. Aggregate Amount of Remuneration for 5 Highest Paid Employees

The five highest-paid employees of ACLEDA Bank have received a total pay of USD 393,958 and USD 310,788 in 2017 and 2018, respectively.

3.2. Aggregate Amount of Remuneration

No.	Category	Unit in USD	
		2017	2018
1	All directors	1,121,016.76	1,153,131.66
2	All non-executive directors	488,013.82	617,264.92
3	All senior management	569,355.52	611,103.00

3.3. Aggregate Amount of Remuneration for 1 Future Fiscal Year

As of the date of filing this Disclosure Document to the SECC, ACLEDA Bank has not determined the remuneration for all directors and senior officers for 1 future fiscal year.

3.4. Material Increases in Remuneration

All employees shall receive an increase in basic salary on 1st March every year based on their performance rating. The increases are determined as follows:

Rating	Benefit
A+	5% increase in the basic salary
A	4% increase in the basic salary
B+	3% increase in the basic salary
B	2% increase in the basic salary
C	1% increase in the basic salary
D	No increase in the basic salary

Note: The Bank reserves the right to amend or change the terms depending on the actual situation.

In addition to the increase in basic salary, the Bank also provides more benefits such as career development fund for 3 years of service, family allowance, inflation adjustment, livelihood allowance, uniform allowance, birth delivery allowance, health care support, eyes care (glasses), compensation for sick leave and work-related accident, maternity compensation, overtime pay, daily subsistence allowance, relocation allowance, and annual bonus.

3.5. Share Ownership Scheme

As of the date of filing this Disclosure Document to the SECC, none of ACLEDA Bank's employees hold any shares of ACLEDA Bank directly. However, employees of ACLEDA Bank and a couple of investors, hold ACLEDA Bank's shares through the ownership in ASA Plc., which owns 25% of ACLEDA Bank's shares.

4. Shareholders

The table below shows all shareholders of ACLEDA Bank as of 30th September 2019:

No.	Shareholders	Number of Shares	Ownership
1	ACLEDA Financial Trust	111,492,719	26.0000%
2	ASA, Plc.	107,204,547	25.0000%
3	Sumitomo Mitsui Banking Corporation	78,259,310	18.2500%
4	COFIBRED S.A	52,530,223	12.2500%
5	ORIX Corporation	52,530,223	12.2500%
6	Triodos Microfinance Fund	10,938,339	2.5508%
7	Triodos Fair Share Fund	9,354,157	2.1814%
8	Triodos Sustainable Finance Foundation	6,508,636	1.5178%
Total		428,818,154	100%

4.1. Insolvency of Shareholders Holding at Least 5%

As of the date of filing this Disclosure Document to the SECC, there is no insolvency of any shareholders who owns up to 5% of the company's stocks.

5. Other Disclosure

- a. As of the date of filing this Disclosure Document to the SECC, none of the directors and senior officers of ACLEDA Bank were involved in a bankruptcy petitioned against any company in which any director or senior officer of ACLEDA Bank was a director, a senior officer or a partner, for the past 10 years.
- b. As of the date of filing this Disclosure Document to the SECC, none of the directors and senior officers of ACLEDA Bank were convicted of any crime or involved with any criminal proceeding for the past 10 years.
- c. As of the date of filing this Disclosure Document to the SECC, none of the directors and senior officers of ACLEDA Bank were involved in court proceedings under any jurisdiction for enjoining, barring, suspending or limiting their involvement in any securities or business activity.
- d. As of the date of filing this Disclosure Document to the SECC, ACLEDA Bank, to the best of its knowledge and belief, is not aware of any decision of the SEC, Foreign Securities and Exchange Commission or other regulators enjoining, barring, suspending, or limiting the involvement of directors or senior officers in any securities or business activity.

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Section 6: Relationship and Transactions with Related Parties

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.

1. Related Parties and Relationships

As of 31 December 2018, the related parties of and their relationships with the Bank are as follows:

Related Parties	Relationship
ACLEDA Bank Plc.	Holding Company
- ACLEDA Bank Lao Ltd. - ACLEDA Securities Plc. - ACLEDA Institute of Business - ACLEDA MFI Myanmar Co., Ltd. - ACLEDA Properties Ltd. - ACLEDA Bank Plc. (Representative Office)	Subsidiaries
- ACLEDA Financial Trust - ASA Plc. - Sumitomo Mitsui Banking Corporation “SMBC” - COFIBRED S.A - ORIX Corporation - Triodos Microfinance Fund - Triodos Fair Share Fund - Triodos Sustainable Finance Foundation	Shareholders
Key Management Personnel	The key management personnel are those persons 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.

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2. Related Parties Balances

The table below shows the Group's and the Bank's balances with related parties as of 31 December 2017 and 31 December 2018:

Unit in USD	The Group		The Bank	
	2017	2018	2017	2018
i. Loans and advances				
Key management	16,167,582	6,139,298	15,232,236	5,168,163
ii. Balance with related parties				
SMBC	20,623,550	261,728	20,623,550	261,728
ACLEDA Bank Lao Ltd.	-	-	5,000,000	-
	20,623,550	261,728	25,623,550	261,728
iii. Receivables from/payables to related parties				
Key Management Loan				
Interest receivables	17,219	4,249	16,910	4,136
Key Management Deposit				
Interest payables	20,639	17,286	19,604	16,728
SMBC				
Other receivable	5,117	-	5,117	-
ASA Plc.				
Other Payables	2,231	907	2,231	907
ACLEDA Bank Lao Ltd.				
Other receivables	-	-	202,064	-
ACLEDA Securities Plc.				
Other payables	-	-	34,439	25,015
ACLEDA Institute of Business				
Other receivables	-	-	60,809	2
Other payables	-	-	80,562	14,715
ACLEDA MFI Myanmar Co., Ltd.				
Other receivables	-	-	139,210	171,706
	45,206	22,442	560,946	233,209
iv. Deposits from related parties				
Key Management	3,071,785	2,020,471	2,831,337	1,764,298
SMBC	66,421	38,821	66,421	38,821
ACLEDA Financial Trust	398,455	2,507,832	398,455	2,507,832
ASA Plc.				
Saving accounts	84,806	168,420	84,806	168,420
Fixed deposits	251,000	151,000	251,000	151,000
ACLEDA Bank Lao Ltd.				
Current accounts	-	-	1,611,771	1,064,606
ACLEDA Securities Plc.				
Savings accounts	-	-	69,479	12,338
Fixed deposits	-	-	1,890,000	1,910,000
ACLEDA Institute of Business				
Current accounts	-	-	363,502	277,396

Section 6: Relationship and Transactions with Related Parties

Fixed deposits	-	-	4,280,000	800,000
ACLEDA Properties Ltd.				
Savings accounts	-	-	2,067	15,517
	3,872,467	4,886,544	11,848,838	8,710,228
v. Borrowings from related parties				
Triodos Microfinance Fund	1,500,298	988,745	-	-
Triodos Fair Share Fund	1,500,297	988,744	-	-
	3,000,595	1,977,489	-	-

3. Related Party Transactions

Unit in USD	The Group		The Bank	
	2017	2018	2017	2018
i. Interest Income from Related Parties				
Loans and advances to key management	572,629	529,617	472,028	430,102
SMBC	5,117	112,178	5,117	112,178
Deposits with ACLEDA Bank Lao Ltd.	-	-	176,055	112,932
	577,746	641,795	653,200	655,212
ii. Fee and commission income from related parties				
ACLEDA Financial Trust	24,000	26,400	24,000	26,400
ASA, Plc.	500	1,663	500	1,663
ACLEDA Bank Lao Ltd.	-	-	3,405	13
ACLEDA Securities Plc	-	-	350	327
ACLEDA Institute of Business	-	-	4,159	746
ACLEDA Properties Ltd.	-	-	120	(10)
	24,500	28,063	32,534	29,139
iii. Interest expenses to related parties				
Deposits of key management	140,984	161,071	132,950	153,328
Borrowing from shareholders	255,048	338,774	14,639	-
Deposits of ASA Plc.	11,351	15,164	11,351	15,164
Deposits of ACLEDA Bank Lao Ltd.	-	-	-	-
Deposits of ACLEDA Securities Plc.	-	-	108,598	86,836
Deposits of ACLEDA Institute of Business	-	-	308,035	21,511
	407,383	515,009	575,573	276,839
iv. Fee and commission expenses to related parties				
Board of directors	784,123	1,126,408	642,123	778,382
Key management	9,705,614	4,369,329	6,945,891	2,086,011
ACLEDA Institute of Business	-	-	1,706,120	1,393,358
	10,489,737	5,495,737	9,294,134	4,257,751

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Section 7: Financial Information

1. Basis of Preparation

Below are the extracts from Audited and Reviewed Financial Statements of ACLEDA Bank. For more details on Basis for Preparation, see Annex 1, 2, and 3 in this Disclosure Document.

1.1. Statement of Compliance

These financial statements have been prepared in accordance with Cambodian Accounting Standards (“CAS”) and relevant accounting regulations and guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

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, financial performance, and cash flows in accordance with jurisdictions other than Cambodia. Consequently, these financial statements are addressed to only those who are informed about Cambodian accounting principles, procedures, and practices.

1.2. Functional and Presentation Currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Bank transacts and maintains its accounting records primarily in United States Dollars (“USD”), management has determined the USD to be the Bank’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

The financial statements are presented in USD, which is the Bank’s functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

1.3. Foreign Currency Transactions

Transactions in currencies other than USD are translated into USD 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 USD, are recognized in the income statement. The financial position and performance 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:

- Assets and liabilities for each balance sheet presented are translated at the closing rates at the dates of that balance sheet;
- Share capital for each balance sheet presented is translated at historical rates at acquisition dates;
- 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 incomes and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized as a separate component of equity.

2. Audited Financial Information and Key Ratios

The following information shows audited financial information for the years ended 31 December 2016, 2017, and 2018, and reviewed financial information for the nine-month period ended 30 September 2019. The consolidated balance sheet and consolidated income statement have been extracted from the audited/ reviewed financial statements included in Appendix 1, 2, and 3 of this Disclosure Document.

2.1. Consolidated Balance Sheet

Unit in USD	2016	2017	2018	Q3-2019
Assets				
Cash on hand	286,216,621	321,744,245	407,864,703	427,688,708
Balances with the central banks	1,239,883,281	1,497,133,324	1,470,592,514	1,733,631,077
Balances with other banks	86,820,790	120,254,917	26,567,692	134,964,832
Loans and advances to customers	2,841,390,830	3,085,214,651	3,513,593,815	3,659,264,594
Other assets	51,987,525	49,569,779	51,351,402	51,149,822
Statutory deposits	307,159	307,159	248,880	244,141
Property and equipment	125,990,861	133,328,287	137,862,097	133,276,277
Intangible assets	11,841,825	11,340,345	11,197,887	9,105,080
Deferred tax assets	20,133,459	25,321,024	21,939,917	23,118,831
Other investments	153,529	153,529	153,529	153,529
Total Assets	4,664,725,880	5,244,367,260	5,641,372,436	6,172,596,891
Liabilities and Equity				
Due to other banks and financial institutions	361,414,079	212,455,089	286,941,309	294,053,218
Deposits from customers	2,764,757,416	3,117,209,726	3,548,889,040	4,049,581,515
Provision for off balance sheet commitments	-	1,814,620	1,666,147	1,541,672
Other liabilities	80,619,149	86,097,342	103,963,704	118,540,382
Borrowings	616,064,141	906,378,182	784,671,879	712,673,099
Subordinated debts	109,400,000	108,684,090	77,101,490	64,601,490
Current income tax liabilities	35,697,545	23,971,605	13,810,997	23,206,135
Employee benefits	35,983,909	47,541,284	17,952,505	18,073,199
Total Liabilities	4,003,936,239	4,504,151,938	4,834,997,071	5,282,270,710
Equity				
Share capital	307,763,911	358,544,956	395,224,105	428,818,154
General reserves	238,722,359	302,148,410	348,162,806	390,159,752
Currency translation reserves	(2,082,409)	(2,512,499)	(6,741,470)	(7,939,966)
Other reserves	(14,132,007)	(14,132,007)	(14,279,344)	(14,279,344)
Retained earnings	126,886,969	91,684,504	84,009,268	93,567,585
	657,158,823	735,733,364	806,375,365	890,326,181
Minority interest	3,630,818	4,481,958	-	-
Total Equity	660,789,641	740,215,322	806,375,365	890,326,181
Total Liabilities and Equity	4,664,725,880	5,244,367,260	5,641,372,436	6,172,596,891

2.2. Consolidated Income Statement

Unit in USD	2016	2017	2018	Q3-2019
Interest income	411,925,807	425,345,629	423,256,184	341,346,333
Interest expense	(124,702,772)	(149,641,260)	(151,404,682)	(116,100,221)
Net interest income	287,223,035	275,704,369	271,851,502	225,246,112
Fee and commission income	52,863,407	58,862,019	64,413,418	54,010,653
Fee and commission expense	(4,736,575)	(2,867,061)	(749,501)	(548,793)
Net fee and commission income	48,126,832	55,994,958	63,663,917	53,461,860
Provision for loan losses and balances with other banks	(13,655,023)	(34,250,324)	(40,711,110)	(9,707,150)
Provision for off balance sheet commitments	-	(1,814,620)	142,248	131,029
Net provision for loan losses, balances with other banks and off balance sheet commitments	(13,655,023)	(36,064,944)	(40,568,862)	(9,576,121)
Net income after provision	321,694,844	295,634,383	294,946,557	269,131,851
Other incomes	10,814,975	10,601,824	14,933,916	12,545,490
Personnel expenses	(105,784,312)	(112,238,869)	(125,922,231)	(104,410,727)
General and administrative expenses	(42,142,228)	(52,308,736)	(51,865,658)	(39,734,260)
Depreciation charges	(22,888,987)	(21,265,226)	(21,934,848)	(16,005,104)
Amortization charges	(3,311,079)	(4,051,084)	(3,550,055)	(2,696,308)
	(174,126,606)	(189,863,915)	(203,272,792)	(162,846,399)
Profit before income tax	158,383,213	116,372,292	106,607,681	118,830,942
Income tax expense	(31,014,485)	(23,844,294)	(22,598,413)	(25,263,357)
Net profit	127,368,728	92,527,998	84,009,268	93,567,585
Attributable to:				
Equity holders of the bank	126,886,969	91,684,504	84,009,268	93,567,585
Non-controlling interest	481,759	843,494	-	-
	127,368,728	92,527,998	84,009,268	93,567,585

2.3. Key Ratios

Description	2016	2017	2018	Q3-2019
1 Capital Ratios				
1.1 Equity to Asset Ratio (A/B)	14.17%	14.11%	14.29%	14.42%
(A): Total Equity	660,789,641	740,215,322	806,375,365	890,326,181
(B): Total Assets	4,664,725,880	5,244,367,260	5,641,372,436	6,172,596,891
1.2 Debt to Equity Ratio (A/B)	6.06	6.08	6.00	5.93
(A): Total Liabilities	4,003,936,239	4,504,151,938	4,834,997,071	5,282,270,710
(B): Total Equity	660,789,641	740,215,322	806,375,365	890,326,181
1.3* Tier 1 Capital Ratio (A/B)	21.89%	22.25%	22.15%	20.46%
(A): Tier 1 Capital	648,392,282	718,194,089	800,625,556	789,298,714
(B): Risk-Weighted Assets	2,961,617,605	3,228,363,223	3,615,052,182	3,858,586,112
1.4* Tier 2 Capital Ratio (A/B)	1.21%	0.97%	0.47%	0.63%
(A): Tier 2 Capital	35,713,241	31,200,382	16,828,943	24,143,915
(B): Risk-Weighted Assets	2,961,617,605	3,228,363,223	3,615,052,182	3,858,586,112
1.5* Solvency Ratio (A/B)	23.10%	23.21%	22.61%	21.08%
(A): Net worth	684,105,523	749,394,471	817,454,499	813,442,630
(B): Risk-Weighted Assets	2,961,617,605	3,228,363,223	3,615,052,182	3,858,586,112
1.6 Dividend Payout Ratio (A/(B-C))	9.99%	9.97%	10.02%	-
(A): Cash Dividend Paid in t+1	12,679,873	9,142,897	8,418,273	-
(B): Net Profit	127,368,728	92,527,998	84,009,268	93,567,585
(C): Net Profit Attributable to Non-controlling Interest	481,759	843,494	-	-
2 Asset Quality Ratios				
2.1 Substandard Loans to Gross Loans Ratio (A/B)	0.16%	1.22%	0.28%	0.29%
(A): Substandard Loans	4,666,805	38,642,602	10,268,760	10,925,423
(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.2 Doubtful Loans to Gross Loans Ratio (A/B)	0.37%	0.50%	0.39%	0.21%
(A): Doubtful Loans	10,807,396	15,718,978	13,992,905	7,743,362
(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.3 Loss Loans to Gross Loans Ratio (A/B)	0.15%	0.42%	1.06%	0.75%
(A): Loss Loans	4,235,733	13,472,226	38,600,547	28,093,639
(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.4 NPL to Gross Loans Ratio (A/B)	0.68%	2.14%	1.73%	1.24%
(A): Non-performing Loans	19,709,934	67,833,806	62,862,212	46,762,424
(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.5 NPL to Assets Ratio (A/B)	0.42%	1.29%	1.11%	0.76%
(A): Non-performing Loans	19,709,934	67,833,806	62,862,212	46,762,424
(B): Total Assets	4,664,725,880	5,244,367,260	5,641,372,436	6,172,596,891
2.6 General Provision to Gross Loans Ratio (A/B)	0.99%	0.97%	0.98%	0.99%
(A): General Provision	28,779,058	30,873,789	35,605,696	37,126,035

	(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.7	Specific Provision to Gross Loans Ratio (A/B)	0.37%	0.93%	1.32%	0.92%
	(A): Specific Provision	10,763,974	29,563,491	47,774,582	34,474,801
	(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.8	All Allowance to Gross Loans Ratio (A/B)	1.36%	1.91%	2.30%	1.90%
	(A): All Allowance	39,543,032	60,437,280	83,380,278	71,600,836
	(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.9	Large Exposure to Gross Loans Ratio (A/B)	0.00%	0.00%	0.00%	0.00%
	(A): Large exposure	-	-	-	-
	(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.10	Loans to Related Parties to Gross Loans Ratio (A/B)	0.41%	0.51%	0.17%	0.15%
	(A): Loans to Related Parties	11,947,229	16,167,582	6,139,298	5,613,580
	(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.11	Secured Loans to Gross Loans Ratio (A/B)	99.43%	99.19%	99.34%	98.56%
	(A): Secured Loans	2,887,574,236	3,146,449,488	3,603,705,219	3,710,205,596
	(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
2.12*	Large Exposure to Net Worth Ratio (A/B)	0.00%	0.00%	0.00%	0.00%
	(A): Large exposure	-	-	-	-
	(B): Net Worth	684,105,523	749,394,471	817,454,499	813,442,630
3	Profitability Ratios				
3.1	Return on Assets (ROA) (A/B)	2.98%	1.87%	1.54%	1.58%
	(A): Net Profit	127,368,728	92,527,998	84,009,268	93,567,585
	(B): Total Assets (Average)	4,275,342,325	4,954,546,570	5,442,869,848	5,906,984,664
3.2	Return on Equity (ROE) (A/B)	21.14%	13.21%	10.86%	11.03%
	(A): Net Profit	127,368,728	92,527,998	84,009,268	93,567,585
	(B): Equity (Average)	602,642,470	700,502,482	773,295,344	848,350,773
3.3	Yield on Loan Portfolio (A/B)	14.97%	13.75%	12.24%	9.08%
	(A): Interest Income on Loans	409,085,757	417,641,892	416,260,254	335,541,496
	(B): Gross Loans (Average)	2,732,246,751	3,037,988,184	3,399,773,669	3,696,057,212
3.4	Yield on Interest-Earning Assets (A/B)	10.64%	9.43%	8.54%	6.35%
	(A): Interest Income	411,925,807	425,345,629	423,256,184	341,346,333
	(B): Interest-earning Assets (Average)	3,871,866,537	4,510,034,340	4,957,047,893	5,378,935,270
3.5	Net Interest Margin (NIM) ((A-B)/C)	7.42%	6.11%	5.48%	4.19%
	(A): Interest Income	411,925,807	425,345,629	423,256,184	341,346,333
	(B): Interest Expense	124,702,772	149,641,260	151,404,682	116,100,221
	(C): Interest-earning Assets (Average)	3,871,866,537	4,510,034,340	4,957,047,893	5,378,935,270
3.6	Non-Interest Income to Assets Ratio (A/B)	1.49%	1.40%	1.46%	1.13%
	(A): Non-Interest Income	63,678,382	69,463,843	79,347,334	66,556,143

	(B): Total Assets (Average)	4,275,342,325	4,954,546,570	5,442,869,848	5,906,984,664
3.7	Yield on Assets Ratio ((A+B)/C)	11.12%	9.99%	9.23%	6.91%
	(A): Interest Income	411,925,807	425,345,629	423,256,184	341,346,333
	(B): Non-Interest Income	63,678,382	69,463,843	79,347,334	66,556,143
	(B): Total Assets (Average)	4,275,342,325	4,954,546,570	5,442,869,848	5,906,984,664
3.8	Funding Expense Ratio (A/B)	2.92%	3.02%	2.78%	1.97%
	(A): Interest Expense	124,702,772	149,641,260	151,404,682	116,100,221
	(B): Total Assets (Average)	4,275,342,325	4,954,546,570	5,442,869,848	5,906,984,664
3.9	Operating Expense Ratio (A/B)	4.07%	3.83%	3.73%	2.76%
	(A): Total Operating Expenses	174,126,606	189,863,915	203,272,792	162,846,399
	(B): Total Assets (Average)	4,275,342,325	4,954,546,570	5,442,869,848	5,906,984,664
3.10	Provision Expense Ratio (A/B)	0.32%	0.73%	0.75%	0.16%
	(A): Provision Expense	13,655,023	36,064,944	40,568,862	9,576,121
	(B): Total Assets (Average)	4,275,342,325	4,954,546,570	5,442,869,848	5,906,984,664
3.11	Yield Margin (A/B)	3.70%	2.35%	1.96%	2.01%
	(A): Profit before Income Tax	158,383,213	116,372,292	106,607,681	118,830,942
	(B): Total Assets (Average)	4,275,342,325	4,954,546,570	5,442,869,848	5,906,984,664
3.12	Interest Coverage Ratio ((A+B)/B)	2.27	1.78	1.70	2.02
	(A): Profit before Income Tax	158,383,213	116,372,292	106,607,681	118,830,942
	(B): Interest Expense	124,702,772	149,641,260	151,404,682	116,100,221
4	<u>Liquidity Ratios</u>				
4.1	Liquid Assets to Total Assets (A/B)	25.47%	27.28%	23.14%	26.97%
	(A): Liquid Assets	1,188,230,538	1,430,430,666	1,305,671,409	1,664,945,689
	(B): Total Assets	4,664,725,880	5,244,367,260	5,641,372,436	6,172,596,891
4.2	Deposits to Gross Loans (A/B)	107.65%	104.97%	105.74%	115.38%
	(A): Total Deposits	3,126,171,495	3,329,664,815	3,835,830,349	4,343,634,733
	(B): Gross Loans	2,903,988,505	3,171,987,862	3,627,559,476	3,764,554,948
5	<u>Per Share Ratios</u>				
5.1	Earnings Per Share (EPS) ((A-B)/C)	\$0.41	\$0.26	\$0.21	\$0.22
	(A): Net Profit	127,368,728	92,527,998	84,009,268	93,567,585
	(B): Net Profit Attributable to Non-controlling Interest	481,759	843,494	-	-
	(C): Total Voting Shares	307,763,911	358,544,956	395,224,105	428,818,154

* These figures are separated figures of ACLEDA Bank.

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3. Capitalization and Indebtedness

3.1. Capitalization

The following table shows our capitalization and regulatory capital ratios as of 31 December 2016, 2017, 2018 and 30 September 2019:

Unit in USD	2016	2017	2018	Q3-2019
Tier 1 Capital				
Share capital	307,763,911	358,544,956	395,224,105	428,818,154
General reserves	240,304,425	299,148,975	339,813,727	378,547,964
Retained earnings	122,305,468	86,486,798	80,746,559	–
Less: Intangible assets	(10,952,018)	(10,737,495)	(9,986,536)	(7,927,112)
Less: Loans to related parties	(11,029,504)	(15,249,145)	(5,172,299)	(10,140,292)
	648,392,282	718,194,089	800,625,556	789,298,714
Tier 2 Complementary Capital				
General provision	27,465,201	29,394,002	34,490,134	36,857,630
Subordinated debts (*)	65,400,000	58,958,340	45,684,090	54,601,490
Less: Equity participation in banking or financial institutions	(57,151,960)	(57,151,960)	(63,345,281)	(67,315,204)
	35,713,241	31,200,382	16,828,943	24,143,915
	684,105,523	749,394,471	817,454,499	813,442,630
Capital Ratios				
Tier 1 capital to risk weighted assets	21.89%	22.25%	22.15%	20.46%
Total capital to risk-weighted assets	23.10%	23.21%	22.61%	21.08%
Tier 1 capital to total assets	14.22%	14.02%	14.49%	13.11%
Total capital to total assets	15.00%	14.63%	14.80%	13.51%
<i>Note: The figures above are separated figures of ACLEDA Bank.</i>				

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

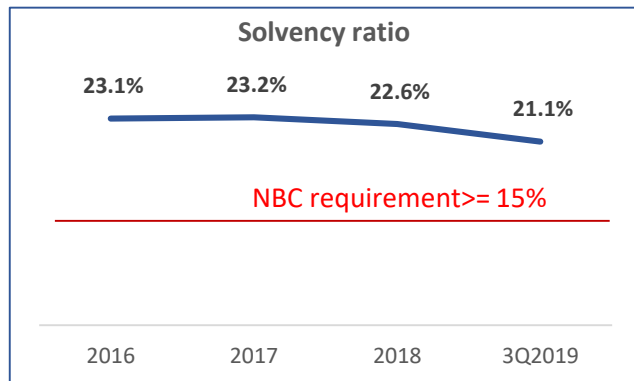
- hold a minimum capital,
- maintain the Bank's net worth at least equal to minimum capital, and
- comply with solvency ratio, liquidity coverage ratio, and other prudential ratios.

On 19 June 2019, the Bank increased its share capital from USD 395,224,105 to USD 428,818,154 through paying stock dividends. The Bank has already received approval from the NBC on the increase in its share capital.

Capital Adequacy Ratio

According to the NBC's Prakas No. B7-00-46 on Banks' Solvency Ratio, banks are required to maintain a solvency ratio of at least 15% at all times. The numerator in the ratio is the bank's net worth calculated in accordance with the provisions of the Prakas on the Calculation of Banks' Net worth, while the denominator is the bank's risk-weighted assets calculated by following the provision of the Prakas on the solvency ratio itself.

ACLEDA Bank's solvency ratio stood at 23.1% in 2016, 23.2% in 2017, 22.6% in 2018, and 21.1% in September 2019, well above the regulatory threshold of 15%. ACLEDA Bank maintains a sufficiently high capital adequacy ratio in order to help ensure the financial soundness of the Bank.



3.2. Internal and external sources of capital

The following table shows our internal sources of capital as of 31 December 2016, 2017, 2018, and 30 September 2019:

Unit in USD	2016	2017	2018	Q3-2019
Internal sources of capital				
Share capital	307,763,911	358,544,956	395,224,105	428,818,154
General reserves	238,722,359	302,148,410	348,162,806	390,159,752
Currency translation reserves	(2,082,409)	(2,512,499)	(6,741,470)	(7,939,966)
Other reserves	(14,132,007)	(14,132,007)	(14,279,344)	(14,279,344)
Retained earnings	126,886,969	91,684,504	84,009,268	93,567,585
Subtotal	657,158,823	735,733,364	806,375,365	890,326,181
External sources of capital				
Due to other banks and financial institutions	361,414,079	212,455,089	286,941,309	294,053,218
Deposits from customers	2,764,757,416	3,117,209,726	3,548,889,040	4,049,581,515
Borrowings	616,064,141	906,378,182	784,671,879	712,673,099
Subordinated debts	109,400,000	108,684,090	77,101,490	64,601,490
Subtotal	3,851,635,636	4,344,727,087	4,697,603,718	5,120,909,322
Total	4,508,794,459	5,080,460,451	5,503,979,083	6,011,235,503

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3.3. Indebtedness

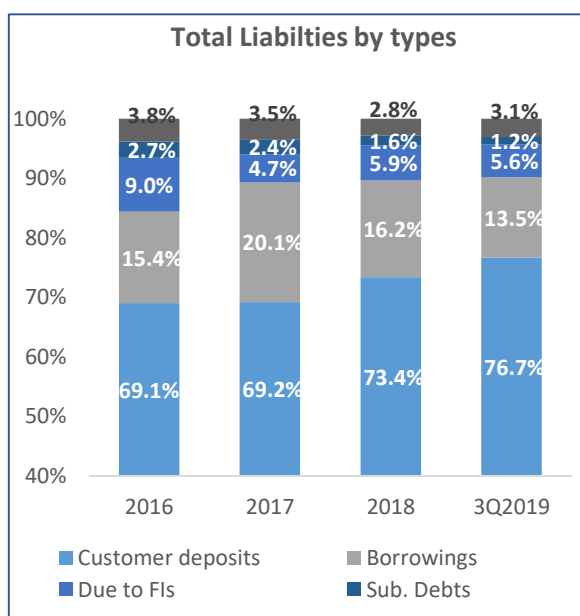
The following table shows our indebtedness as of 31 December 2016, 2017, 2018, and 30 September 2019:

Unit in USD	2016	2017	2018	3Q2019
Liabilities				
Due to other banks and financial institutions	361,414,079	212,455,089	286,941,309	294,053,218
Deposits from customers	2,764,757,416	3,117,209,726	3,548,889,040	4,049,581,515
Provision for off balance sheet commitments	—	1,814,620	1,666,147	1,541,672
Other liabilities	80,619,149	86,097,342	103,963,704	118,540,382
Borrowings	616,064,141	906,378,182	784,671,879	712,673,099
Subordinated debts	109,400,000	108,684,090	77,101,490	64,601,490
Current income tax liabilities	35,697,545	23,971,605	13,810,997	23,206,135
Employee benefits	35,983,909	47,541,284	17,952,505	18,073,199
Total Liabilities	4,003,936,239	4,504,151,938	4,834,997,071	5,282,270,710

The total indebtedness of ACLEDA Bank increased at a CAGR of 10.60% from USD 4.0 billion as of 31 December 2016 to USD 5.3 billion as of 30 September 2019.

Over the period, the proportion of customer deposits to total indebtedness increased by 7.6 percentage points from 69.1% to 76.7% by September 2019, while deposits from financial institutions and borrowings decreased by 3.5 percentage points and 1.9 percentage points to 5.6% and 13.5%, respectively.

As of 30 September 2019, ACLEDA Bank's primary sources of funding were customer deposits (76.7%), followed by borrowings (13.5%), deposits from financial institutions (5.6%), and subordinated debts (1.2%).



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4. Management's Discussion and Analysis

The following discussion and analysis of ACLEDA Bank's financial position and results of operations should be read in conjunction with the audited financial statements.

The following discussion and analysis contain forward-looking statements that involve risks, uncertainties, and assumptions. Certain risks, uncertainties, and other factors including, but not limited to, those discussed below and elsewhere in this Disclosure Document, particularly the section entitled "Forward-Looking Statements" and "Risk Factors," may cause actual results to differ materially from those projected in the forward-looking statements. We assume no obligation to update any of these forward-looking statements.

4.1. Company Overview

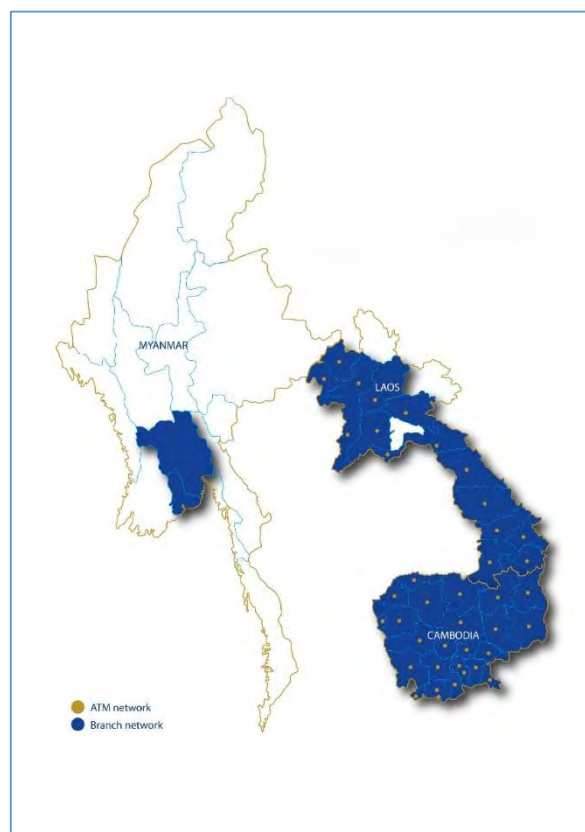
In 1992, ACLEDA Bank was founded as a project of the International Labor Organization (ILO) in Cambodia's post-war era. Over the years, it has been through a series of transformations from the ILO project into a non-profit organization, a sustainable microfinance organization, a specialized bank, and a commercial bank as of today. Headquartered in Phnom Penh, ACLEDA Bank is now the leading and largest bank in terms of gross loans and network of distribution channels located in all cities and provinces of Cambodia. We are also the first Cambodian bank to have expanded its operations abroad to neighboring Laos and Myanmar.

We offer our banking services through a network of 262 branches in Cambodia, 39 offices in Laos, and 10 offices in Myanmar. Our customers are typically individuals, micro, small, and medium-sized businesses. We accept deposits from customers and offer a variety of loan products including commercial loans, real estate loans, home improvement loans, credit revolving loans, overdrafts, consumer loans, vehicle loans, and more. In addition to the traditional banking products (loan and deposit), we also provide various financial services including money transfers, cash management, trade finance, financial lease, bancassurance, and integrated e-banking services.

While our primary source of revenue is the interest income earned on loans funded by customer deposits, borrowings, and equity, we also earn revenue from providing various financial services in the form of fees and other commission income. Our operating expenses consist of the interest on deposits and borrowings, fee and commission expense, provision for loan losses, salaries, and general and administrative expenses.

Since the geographical concentration of our business is in Cambodia, Laos, and Myanmar, our performance is mainly affected by the social, political, environmental, and economic conditions in these countries. A decline in economic and business conditions in Cambodia, Laos, and Myanmar could have a material impact on the quality of our loan portfolio or the demand for our products and services, which in turn may have a material adverse effect on our financial performance.

As of 31 December 2018 and 30 September 2019, ACLEDA Bank has total consolidated assets of USD 5.6 billion and USD 6.2 billion, total consolidated deposits of USD 3.8 billion and USD 4.3 billion, and total consolidated shareholders' equity of USD 806.4 million and USD 890.3 million, respectively.



4.2. Primary Factors Used to Evaluate Our Business

Financial performance the primary factors we use to evaluate and manage our financial performance include net income, net interest income, non-interest income, and non-interest expense.

Net interest income represents interest income less interest expense. We generate interest income from interest on interest-earning assets, including loans and advances to customers, balances with the central banks, and balances with other banks. We incur interest expense from interest paid on interest-bearing liabilities, including current and savings accounts, fixed deposits, subordinated debts, borrowings, and provident fund. Typically, net interest income is the most significant contributor to our revenues and net income. To evaluate net interest income, we measure and monitor: (i) yields on our loans and other interest-earning assets and (ii) costs of our deposits and other funding sources.

Non-interest income consists of net fee and commission income and other incomes. Net fee and commission income represent fee and commission income less fee and commission expenses. Fee and commission income include lending-related fees, commission, and others. Other incomes are any other incomes which are not classified as interest income and fee and commission income. Other incomes include foreign exchange gain/loss, recoveries from loans written off, gain/loss on disposals of property and equipment, and others.

Non-interest expense includes, among other things: (i) net provision for loan losses, balances with other banks, and off-balance sheet commitments, (ii) personnel expenses, (iii) general and administrative expenses, and (iv) depreciation and amortization charges.

- (i) Net provision for loan losses, balances with other banks, and off-balance sheet commitments include provision for loan losses, provision for balances with other banks, and provision for off-balance sheet commitments.
- (ii) Personnel expenses include salaries and wages, bonuses and incentives, contribution to provident fund, retirement benefits, annual leave, seniority benefits, and other benefits.
- (iii) General and administrative expenses include rental expenses, repairs and maintenance, utilities, office supplies, communication, furniture and fixtures, travel and marketing expenses, legal and professional fees and fines, license fees, and others.

Non-interest expenses generally increase as we grow our business except the provision for loan losses, provision for balances with other banks, and provision for off-balance sheet commitments which increased substantially during 2017 and 2018 due to changes in provisioning requirement of the NBC.

4.3. Primary Factors Used to Evaluate Our Financial Position

The primary factors we use to evaluate and manage our financial position include asset quality, capital, and liquidity.

Asset Quality

We manage the diversification and quality of our assets based on factors that include loan management structure, loan approval authority, credit risk grading and provisioning, loan controlling, management information system, loan diversification by product and by sector, loan control limit, and other key risk management indicators.

Capital

We manage our share capital by reviewing the Bank's solvency ratio and capital buffer daily, ensuring that the solvency ratio is always above the minimum solvency ratio required by the NBC. During planning, the Bank will consider increasing its net worth by injecting tier1 or tier 2 capital if a larger capital buffer is deemed necessary.

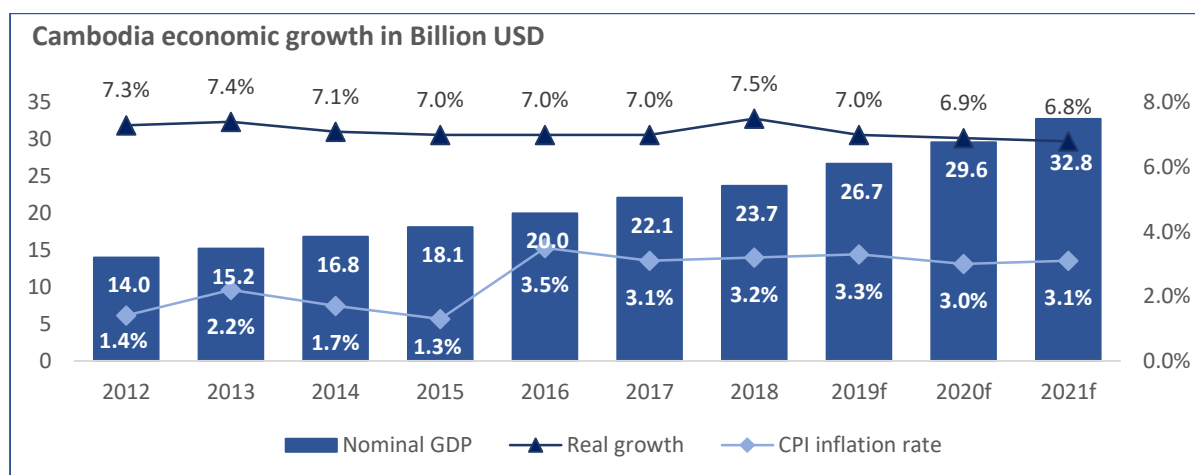
Liquidity

As of 30 September 2019, we have a total deposit balance of USD 4,343.6 million. We manage liquidity based on the Bank's approved budget plan, the regulatory requirement on liquidity coverage ratio ("LCR"), and our internal arrangement to obtain a satisfactory risk-weighted return. The approved budget plan sets out an optimal level of cash and cash equivalents, loan growth, deposit growth, and level of short-term and long-term debt. We monitor and manage the level of LCR and currency maturity gap daily, as set out by the NBC and our internal policy.

4.4. Material Trends and Developments

4.4.1 Strong macro-economic performance

Over the past 20 years, Cambodia has achieved strong economic growth. It is one of the fastest-growing economies in ASEAN, with real output growth averaging 7.1% over 2011-2018. In 2018, the Cambodian economy grew faster than the previous year and was among the few countries that performed better than the previous forecast. The preliminary estimate puts the growth figure for 2018 at 7.5%⁶, compared to 7.0% in 2017. The stronger-than-expected economic expansion last year was driven mainly by exports from the garment and footwear sector which grew 17.5% year-on-year, continued solid growth of the construction sector⁷, and robust domestic demand fueled by fiscal expansion.



Source: International Monetary Fund, YSC Research

4.4.2 Highly Dollarized Economy and Stable Exchange Rate

Despite recent efforts by the central bank to promote the use of Khmer Riel, the economy remains highly dollarized. Foreign currency deposit accounts for 84% of broad money M2 and 95% of total deposits as of December 2018⁸. According to a survey conducted by Asean+3 Macroeconomic Research Office (AMRO), US Dollar is used for payments of salaries and wages in about 70% of all companies and enterprises in Cambodia⁹.

Although dollarization limits the NBC's ability to implement an effective monetary policy, Cambodia stands to benefit significantly from the use of foreign currencies (particularly US Dollar) in its economy. For instance, this helps significantly in attracting foreign investors to invest in the country as investments in US Dollars are not subject to foreign currency risk. Meanwhile, the limited use of Khmer Riel together with rising international reserves offers the central bank a greater ability to stabilize the KHR-USD exchange rate, which in turn promotes public trust in the local currency, as well as macroeconomic stability.

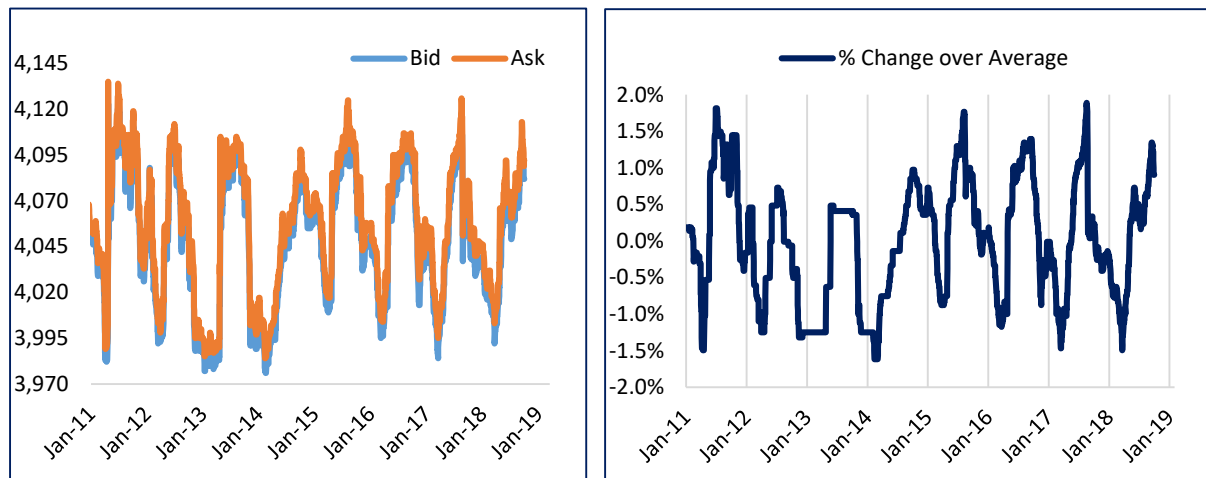
⁶ Real GDP growth estimate is 7.5% according to the IMF's World Economic Outlook Database

⁷ NBC's Financial Stability Review 2018

⁸ NBC Annual Report 2018

⁹ NBC's Macroeconomic and Banking Sector Development in 2016 and Outlook for 2017: January 2017

Over the last 15 years, the exchange rate has been swinging between KHR3,950 and KHR4,290, with the last eight years seeing the rate managed stably around the average of KHR4,045. The exchange rate has fluctuated periodically between -2% and 2% around KHR 4,045 per USD. The following chart shows the fluctuation in the foreign exchange rate from January 2011 to January 2019:



Note: The average rate over 1-Jan-2011 to 31-Aug-2018 is KHR 4,045 per US Dollar.

Source: National Bank of Cambodia, YSC Research

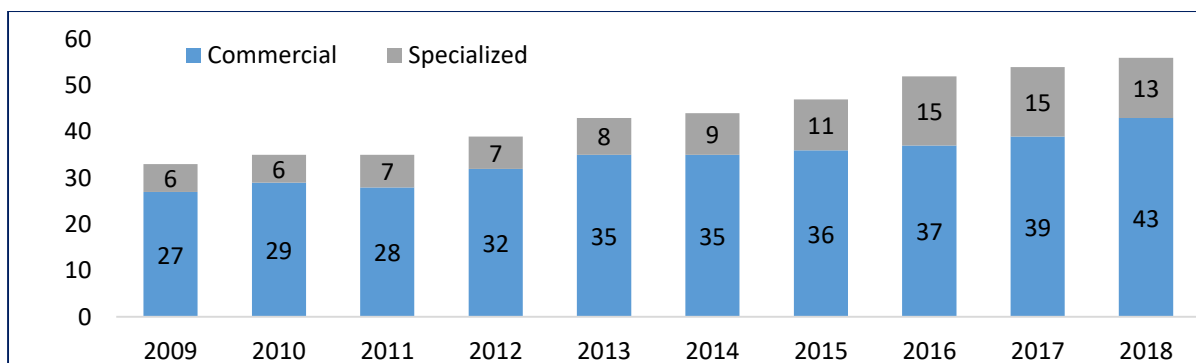
4.4.3 Competition in the banking industry is fiercer

The Cambodian banking sector has seen rising competition with the number of commercial and specialized banks nearly doubling over the last ten years. Thanks to strong economic growth and relatively under-penetrated market, many major banks from Malaysia, Thailand, China, Taiwan, Japan, and France have entered the Cambodian market by establishing a subsidiary or branch office in the Kingdom. For instance, in 2017 alone, three new commercial banking licenses were issued to Thailand's Kasikorn Bank Public Company, Japan's Mizuho Bank Branch, and France's BRED Bank (Cambodia).

In addition to directly entering the market through the establishment of a subsidiary or branch, major foreign commercial banks have also entered the market through acquisition (for example, National Bank of Canada's acquisition of ABA Bank, SMBC and Orix's acquisition of stake in ACLEDA Bank, and more). Moreover, local conglomerates also established their own commercial banks to compete in the industry. For example, Chip Mong Group established its own commercial bank named Chip Mong Commercial Bank Plc. in 2018. Some have also injected more capital to upgrade specialized banks into commercial banks (for example, B.I.C (Cambodia) Bank Plc.).

Our portfolio yield and growth were affected by the highly competitive environment in the Cambodian banking and finance industry. We compete with commercial banks, specialized banks, MDIs, MFIs, and other financial institutions that offer similar loan and deposit products as well as other financial services. The increase in the number of commercial banks and MFIs have heightened competition for deposits and put pressure on the industry's lending rate. Fiercer competition may continue to affect our financial results negatively in the future.

The chart below presents the changes in the number of commercial and specialized banks in Cambodia over the past 10 years:



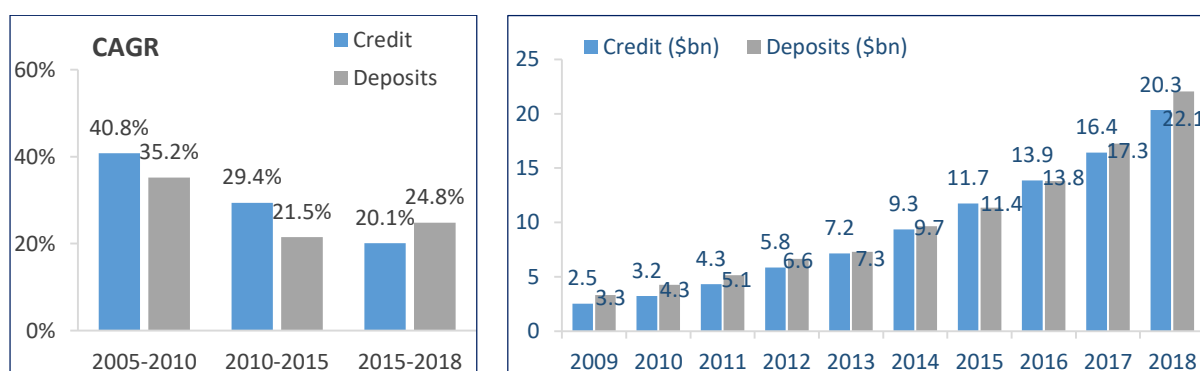
Sources: The National Bank of Cambodia, YSC Research

4.4.4 Credit and deposits growth

The Cambodian banking sector continued to thrive in the first half of the 2010s with credits surging by 29.4%, and deposits by 21.5% annually between 2010 and 2015, despite slowing down in recent years if compared to the second half of the 2000s. However, over the last three years from 2015 to 2018, credit growth decelerated further by another 9.3 percentage points to 20.1% annually, which could be the result of the stricter prudential measures adopted by the NBC to cool down the rapid credit growth.

In contrast to credit growth, growth in customer deposits accelerated in recent years, averaging 24.8% per year during 2015-2018. Stronger deposit growth has been driven mainly by deposits from the government and state enterprises, which surged by 42% and 36% annually, respectively, likely due to rising tax revenue collection and increasing budget expenditure (in particular, increasing public payroll).

The following charts show the growth of credit and deposits of the banking industry in Cambodia:

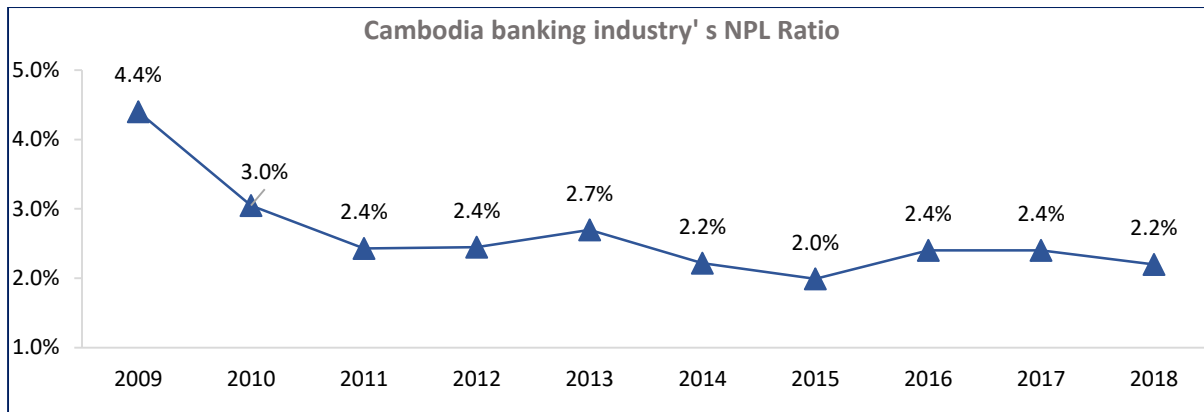


Source: National Bank of Cambodia, YSC Research

4.4.5 Cambodia Banks' NPL ratio has fluctuated between 2.0% and 2.7% since 2011

The industry's overall asset quality had improved in the years following the global financial crisis in 2009, with the NPL ratio on a downtrend from 4.4% in 2009 to 2.0% in 2015. However, the overall asset quality deteriorated in 2016 and 2017 with the NPL ratio bouncing back to 2.4%. This was likely due to an increase in NPLs associated with the agricultural sector that was affected by unfavorable weather conditions, but improved slightly by dropping to 2.2% in 2018.

Overall Cambodia banking industry's health is robust and characterized by enhanced liquidity position and stronger capitalization. Thanks to the NBC's increase in the minimum requirement for LCR, average banks' liquidity position improved remarkably, with average LCR increasing from 128% in 2016 to 159% in 2018. Meanwhile, the banks' average solvency ratio was maintained at 24.2% in 2018, well above the regulatory threshold of 15%.



Source: National Bank of Cambodia, YSC Research

4.4.6 Income Tax

The Bank has an obligation to pay tax at 20% of taxable profit.

Under the Anukret 01 ANK.BK. on tax incentive in the securities sector issued on 4 January 2019, ACLEDA Bank will be entitled to a 50% reduction on income tax for 3 years beginning in 2020 if the official listing date is within the first half of 2020. The tax incentive may have a significantly positive effect on our financial performance for the next 3 fiscal years.

4.4.7 Other Known trends, events or uncertainties

ACLEDA Bank understands that the following matters may cause uncertainty in its business operations and profitability:

a. Customer preference

- Greater demand for banking products and services involving internet and mobile banking.

b. Regulatory changes

- Implementation of interest rate cap of 18%, effective from 01 April 2017;
- Changes in the credit risk grading and impairment provisioning requirement, effective from 1 December 2017;
- At least 10% of the loan portfolio to be in Khmer Riel by the end of 2019;
- Submit monthly CIFRS reports to the NBC from October 2019;
- Capital buffer implementation (1.25% of RWA from 01 January 2019 and another 1.25% of RWA from 01 January 2020, additional 0-2.5% of RWA for countercyclical capital buffer to be decided on a case by case basis by the NBC);
- Change in interest rate cap from 30% to 28% per annum and other fees from 2% to 1.5%, effective from 01 October 2019 (ACLEDA MFI Myanmar);
- Change in general provision from 1% to 0.5%, effective from 01 October 2018 (ACLEDA Bank Lao);
- Change in income tax from 24% to 20% (draft, ACLEDA Bank Lao).

c. Financial technology and product innovation

- The NBC has introduced the Fast and Secure Transfer (FAST) system, allowing customers of participating institutions to transfer and carry out transactions in Khmer Riel across financial institutions. As of 2018, 42 banks and MFIs have adopted the system.
- In 2017, the NBC soft-launched Cambodia Shared Switch System. Some banks have already participated since 2017 while others are preparing to participate in 2019. The system allows customers of participating financial institutions to jointly use payment cards at ATM and POS of other members.

- More banks and other financial institutions have developed and launched their mobile banking applications. In 2018 alone, seven financial players launched their mobile banking services applications.
- The NBC and Bank of Thailand have signed a Memorandum of Understanding (MOU) to create a payment system based on QR codes. The two central banks introduced the “Inter-operable QR Payment” System to facilitate cross-border transactions. The system allows users to make payments in local currency while traveling abroad by scanning the QR codes.
- In the second half of 2019, the NBC tested Bakong Project, a mobile banking application utilizing blockchain technology that facilitates money transfers and payments locally and internationally using phone numbers or QR codes. The all-in-one mobile payment and banking application allows customers of participating financial institutions to transfer funds and carry out transactions by scanning QR codes, keying in phone numbers, or selecting a contact from their list of contacts.

d. Others

Cambodia’s economy grew by 7.5% in 2018 and the government has projected a growth rate of 7.1% for 2019, anticipating support from firm growth in the services sectors. Although the agricultural sector may continue to share low growth, the economy and the financial sector are expected to continue to expand at a swift pace. However, economic growth still faces challenges from external and internal developments. The examples are the appreciation of US Dollar impacting the exports, the capital outflow from the region influencing the cost of funds, the appreciation of oil prices contributing to the inflation, the uncertain impacts of EBA’s withdrawal, the bilateral agreement between EU and US with the garment exporting countries, the credit growth related to construction and real estate sectors, and the rising minimum wages (NBC report).

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4.5. Financial Performance (for the nine-month period ended 30 September 2018 and 30 September 2019)

Unit in USD	For the nine-month period ended			
	30 Sep 2018 (Not Reviewed)	30 Sep 2019	Changes USD	%
Interest income	312,679,681	341,346,333	28,666,652	9.17%
Interest expense	(113,639,471)	(116,100,221)	2,460,750	2.17%
Net interest income	199,040,210	225,246,112	26,205,902	13.17%
Fee and commission income	47,603,792	54,010,653	6,406,861	13.46%
Fee and commission expense	(537,525)	(548,793)	11,268	2.10%
Net fee and commission income	47,066,267	53,461,860	6,395,593	13.59%
Provision for loan losses and balances with other banks	(34,254,644)	(9,707,150)	-24,547,494	-71.66%
Provision for off balance sheet commitments	(32,807)	131,029	163,836	-
Total provision	(34,287,451)	(9,576,121)	-24,711,330	-72.07%
Net income after provision	211,819,026	269,131,851	57,312,825	27.06%
Other income	10,205,337	12,545,490	2,340,153	22.93%
Personnel expenses	(90,215,977)	(104,410,727)	14,194,750	15.73%
General and administrative expenses	(37,993,072)	(39,734,260)	1,741,188	4.58%
Depreciation charges	(16,396,082)	(16,005,104)	-390,978	-2.38%
Amortization charges	(2,661,277)	(2,696,308)	35,031	1.32%
	(147,266,408)	(162,846,399)	15,579,991	10.58%
Profit before income tax	74,757,955	118,830,942	44,072,987	58.95%
Income tax expense	(15,754,326)	(25,263,357)	9,509,031	60.36%
Profit for the period	59,003,629	93,567,585	34,563,956	58.58%
Attributable to:				
Equity holders of the bank	59,003,629	93,567,585	34,563,956	58.58%

Interest income reached USD 341.3 million in the first nine months of 2019 which represented an increase of USD 28.7 million or 9.17%, if compared to the same period in 2018. This was likely a result of the increase in our loan portfolio and balances with other banks.

Interest expense reached USD 116.1 million in the first nine months of 2019 which represented an increase of USD 2.5 million or 2.17%, if compared to the same period in 2018.

Net interest income reached USD 225.2 million in the first nine months of 2019 which represented an increase of USD 26.2 million or 13.17%, if compared to the same period in 2018. This was a result of growth in our loan portfolio.

Net fee and commission income reached USD 53.5 million in the first nine months of 2019 which represented an increase of USD 6.4 million or 13.59%, if compared to the same period in 2018. The increase was mainly driven by the increase in fee and commission income.

Net Provision for loan losses and balances with other banks plunged to USD 9.6 million in the first nine months of 2019 which represented a decrease of USD 24.7 million or 72.07%, if compared to the same period in 2018. The significant decline was because ACLEDA Bank had fully complied with the new provisioning requirements on their loan portfolio in the previous periods. The annual net provision for loan losses is expected to be significantly less in 2019 compared to that of 2018.

Other Income reached USD 12.5 million in the first nine months of 2019 which represented an increase of USD 2.3 million or 22.93%, if compared to the same period in 2018.

Operating Expenses reached USD 162.8 million in the first nine months of 2019 which represented an increase of USD 15.6 million or 10.58%, if compared to the same period in 2018. The increase was mainly driven by the increase in personnel expense and general and administrative expenses of USD 14.2 million and USD 1.7 million, respectively. The increase in personnel expense was mainly driven by the increase in bonus and incentives of USD 7.7 million (64.5% increase from the previous period) followed by the increase in salaries and wages of 3.6 million (or 5.1%), and the increase in retirement benefits of USD 3.4 million. Bonus expense increased due to the Bank's expected improved performance compared to that of 2018, while the increase in retirement benefits was most likely a result of the changes in the Bank's actuarial assumptions to negative balances in 2018. The Group's retirement benefit expense for the first nine months of 2019 was USD 1.5 million.

Profit before tax reached USD 118.8 million in the first nine months of 2019 which represented an increase of USD 44.1 million or 58.95%, if compared to the same period in 2018. This was most likely the result of growth in our loan portfolio, business expansion, and full-compliance with the new provisioning requirement.

Net Income, as a result, reached USD 93.6 million in the first nine months of 2019 which represented an increase of USD 34.6 million or 58.58%, if compared to the same period in 2018, in line with the growth in profit before tax.

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4.6. Financial Performance (for 31 December 2016, 2017, and 2018)

Average Balance Sheet, Net Interest Income and Yield/Rate Analysis

The following table presents average balance sheet information, interest income, interest expense and the corresponding average yields earned and rates paid for the years ended 31 December 2016, 2017, and 2018. The average balances are the average figures between the beginning and ending balances.

Unit in USD	2016			2017			2018		
	Avg balance	Int income / expense	Avg yield / rate	Avg balance	Int income / expense	Avg yield / rate	Avg balance	Int income / expense	Avg yield / rate
Interest-earning assets									
Loans and advances to customers	2,732,246,751	409,085,757	14.97%	3,037,988,184	417,641,892	13.75%	3,399,773,669	416,260,254	12.24%
Balances with the central banks ⁽¹⁾	1,032,711,386	2,527,161	0.24%	1,368,508,303	7,010,322	0.51%	1,483,862,919	4,851,857	0.33%
Balances with other banks	106,908,401	312,889	0.29%	103,537,854	693,415	0.67%	73,411,305	2,144,073	2.92%
Total Interest-earning assets	3,871,866,537	411,925,807	10.64%	4,510,034,340	425,345,629	9.43%	4,957,047,893	423,256,184	8.54%
Noninterest-earning assets									
Cash on hand	261,368,924			303,980,433			364,804,474		
Other assets	46,358,387			50,778,652			50,460,591		
Statutory deposits	277,037			307,159			278,020		
Property and equipment	125,793,731			129,659,574			135,595,192		
Intangible assets	11,329,752			11,591,085			11,269,116		
Deferred tax assets	15,802,178			22,727,242			23,630,471		
Other investments	153,529			153,529			153,529		
Total noninterest-earning assets	461,083,537			519,197,674			586,191,392		
Adjustment for provision, and accrued interest on loans	-57,607,749			-74,685,443			-100,369,436		
Total assets	4,275,342,325			4,954,546,570			5,442,869,848		

Interest-bearing liabilities									
Deposits ⁽²⁾									
Fixed deposits	1,478,670,306	75,791,463	5.13%	1,575,597,309	83,612,268	5.31%	1,619,159,451	78,891,691	4.87%
Saving deposits	1,130,209,158	6,218,407	0.55%	1,273,046,940	6,988,674	0.55%	1,494,179,291	6,410,781	0.43%
Current account	295,273,029	224,067	0.08%	370,112,649	288,130	0.08%	455,061,112	246,504	0.05%
Margin deposits	6,753,401	–	0.00%	9,161,258	–	0.00%	14,347,728	–	0.00%
Subordinated debts	100,200,000	8,814,752	8.80%	109,042,045	9,228,172	8.46%	92,892,790	8,194,122	8.82%
Borrowings	520,091,852	32,477,056	6.24%	761,221,162	48,120,106	6.32%	845,525,031	57,653,017	6.82%
Employee benefits	31,346,405	1,177,027	3.75%	41,762,597	1,403,910	3.36%	32,746,895	8,567	0.03%
Total interest-bearing liabilities	3,562,544,150	124,702,772	3.50%	4,139,943,958	149,641,260	3.61%	4,553,912,297	151,404,682	3.32%
Noninterest-bearing liabilities									
Provision for off balance sheet commitments	-			907,310			1,740,384		
Other liabilities	79,085,507			83,358,246			95,030,523		
Current income tax liabilities	31,070,199			29,834,575			18,891,301		
Total noninterest-bearing liabilities	110,155,705			114,100,131			115,662,208		
Total liabilities	3,672,699,855			4,254,044,089			4,669,574,505		
Shareholders' equity	602,642,470			700,502,482			773,295,344		
Total liabilities and shareholders' equity	4,275,342,325			4,954,546,570			5,442,869,848		
Net interest income		287,223,035			275,704,369			271,851,502	
Cost of funds			3.50%			3.61%			3.32%
Net interest margin ⁽³⁾			7.42%			6.11%			5.48%

(1) For the purpose of analysis, we include all balances with the central banks as interest-earning assets.

(2) Deposits include Deposit from Customers and Due to other banks

(3) Net interest margin is calculated by dividing net interest income by average interest-earning assets.

Rate / Volume Analysis

The increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following tables show the effect that these factors had on the interest earned on our interest-earning assets and the interest incurred on our interest-bearing liabilities. The impact of changes in volume is determined by multiplying the change in volume by the previous period's average rate. Similarly, the effect of rate changes is calculated by multiplying the change in average rate by the previous period's volume. The effect of changes in both volume and rate is determined by multiplying the change in volume by the change in rate.

	31 December 2016 vs 31 December 2017				31 December 2017 vs 31 December 2018			
	Due to change in				Due to change in			
	Volume	Rate	Volume and Rate	Total	Volume	Rate	Volume and Rate	Total
Interest earned on								
Loans and advances to customers	45,777,149	(33,475,112)	(3,745,902)	8,556,135	49,735,801	(45,677,798)	(5,439,641)	(1,381,638)
Balances with the central banks	821,733	2,763,007	898,421	4,483,161	590,916	(2,535,645)	(213,735)	(2,158,465)
Balances with other banks	(9,865)	403,099	(12,709)	380,526	(201,764)	2,330,543	(678,121)	1,450,658
Total interest income	46,589,017	(30,309,005)	(2,860,190)	13,419,822	50,124,952	(45,882,900)	(6,331,497)	(2,089,445)
Interest paid on								
Deposits								
Fixed deposits	4,968,139	2,677,177	175,489	7,820,805	2,311,713	(6,843,093)	(189,198)	(4,720,577)
Saving deposits	785,893	(13,873)	(1,753)	770,267	1,213,955	(1,526,662)	(265,186)	(577,893)
Current account	56,792	5,801	1,470	64,063	66,132	(87,642)	(20,116)	(41,626)
Margin deposits	-	-	-	-	-	-	-	-
Subordinated debts	777,849	(334,878)	(29,551)	413,420	(1,366,703)	390,484	(57,831)	(1,034,050)
Borrowings	15,057,283	400,216	185,551	15,643,050	5,329,215	3,784,563	419,133	9,532,911
Employee benefits	391,118	(123,272)	(40,963)	226,883	(303,076)	(1,392,984)	300,717	(1,395,343)
Total interest expense	22,037,073	2,611,171	290,244	24,938,488	7,251,236	(5,675,334)	187,520	1,763,422
Change in net interest income	24,551,944	(32,920,170)	(3,150,434)	(11,518,666)	42,873,716	(40,207,566)	(6,519,017)	(3,852,867)

The following discussion on our financial performance compares the results from the year ended 31 December 2018 to that of the year ended 31 December 2017.

We will provide explanations on changes from the year ended 31 December 2016 to the year ended 31 December 2017, if doing so provides insights that would help investors to understand important events, fluctuations in figures, and/ or understanding the events between 2017 and 2018. We will provide analysis from 2016 to 2018 if there are no critical events to highlight or the same economic conditions explain the results of operations and fluctuations between figures of 2016 and 2017 as well as those of 2017 and 2018.

4.6.1 Net Interest Income/ Average Balance Sheet

Interest Income is income from our interest-earning assets. As of December 2018, interest-earning assets consisted of loans and advances to customers (68.58%), balances with the central banks (29.93%), and balance with other banks (1.48%).

In 2018, our interest income of USD 423.3 million came from loan and advance to customers (98.35%), interest income from balance with the central banks (1.15%), and interest income from balance with other banks (0.51%). Interest income slightly decreased by USD 2.1 million or 0.49% despite the increase in average interest-earning assets of USD 447.0 million. The decrease was mainly due to:

- **Decline** in interest income from loans and advances to customers of USD 1.4 million, despite an increase in average gross loan balances by \$361.8 million. This was due to the decrease in the average yield on loans and advances to customers by 150 basis points from 13.75% in 2017 to 12.24% in 2018. The decline in portfolio yield is the industry trend resulting from the increased competition and consolidation in the banking industry and imposition of the interest rate cap at 18% per annum by the NBC.
- **Decline** in interest income from balances with central banks of USD 2.2 million was driven by the decrease in the average yield on balances with the central banks from 0.51% in 2017 to 0.33% in 2018 which was partially offset by the increase in average balances with the central banks of USD 115.4 million. Our average yield on balances with the central banks decreased in 2017 and 2018 because we increased the balances in the current account and reserves which bear lower interest rates while decreasing NCD balances which bear a higher interest rate. See Section 7: “4.7 Financial Position-Balances with the Central Banks” for more information.

Overall, our interest income decreased by USD 2.1 million, while our interest-earning assets increased by USD 447.0 million. As a result, our average yield on interest-bearing assets decreased to 8.54% in 2018 from 9.43% in 2017.

Interest expense is expense on our interest-bearing liabilities. As of December 2018, our interest-bearing liabilities include fixed deposits (35.56%), savings deposits (32.81%), current accounts (9.99%), margin deposits (0.32%), subordinated debts (2.04%), borrowings (18.57%), and employee benefits (0.72%).

In 2018, our interest expense of USD 151.4 million mainly came from the interest expense on fixed deposits (52.11%), followed by the interest expense on borrowings (38.08%), subordinated debts (5.41%) and savings deposits (4.23%).

Compared to 2017, interest expense increased slightly by USD 1.8 million from USD 149.6 million in 2017. The increase was due to:

- **Increase** in the cost of borrowings by USD 9.5 million as a result of the increase in the average borrowings by USD 84.3 million to support loan growth and use them as reserves for possible liquidity stress events during Cambodia’s commune and general elections in 2017 and 2018, respectively. The average borrowings cost also increased by 50 basis points to 6.82% due to the increase in the LIBOR rate. The Bank borrowed mainly in floating rate notes. The Bank managed interest risk by entering into

a floating-for-fixed swap agreement. However, the swap rate on the fixed leg swap for new borrowings jumped in line with the increase in LIBOR.

The increase in borrowing cost was partially offset by:

- **Decline** in the interest expense on fixed deposits by USD 4.7 million due to the decline in the average rate paid to fixed deposit balances by 43 basis points to 4.87% despite the increase in the average fixed deposits balance by USD 43.6 million in 2018.
- **Decline** in the interest expense on savings accounts by USD 0.58 million as the average rate on savings accounts decreased by 12 basis points to 0.43% despite the increase in the average saving accounts balance by USD 221.1 million.
- **Decline** in the interest expense on subordinated debts by USD 1.0 million due to the decrease in the balance of subordinated debts of USD 16.1 million which was partially offset by the increase in the average rate on subordinated debts of 36 basis points to 8.82% in 2018.

Overall, our interest expense increased by USD 1.8 million, while the average balances on interest-bearing liabilities increased by USD 414.0 million. As a result, our average rate on interest-bearing liabilities decreased by 29 basis points from 3.61% in 2017 to 3.32% in 2018.

Net interest income decreased slightly by USD 3.9 million or 1.4% to USD 271.9 million in 2018. The decrease was due to a slight decrease in interest income, coupled with a slight increase in interest expense. The decrease in net interest income and an increase in the average balance of interest-earning assets decreased our net interest margin (NIM) from 6.11% in 2017 to 5.48% in 2018.

We expect net interest income to increase over time from achieving the economy of scale and innovation in our products and services. The economy of scale could be achieved by utilizing our large retail customer base, above-average funding profile, our reputation, our unmatched banking networks, our products and services innovation through digitalization, and more. We plan to increase the portion of our non-interest income to 30% of our revenue.

4.6.2 Non-interest income and non-interest expense analysis

Net fee and commission income

Unit in USD	2016	2017	2018	Changes	CAGR
Fee and commission income					
Lending and related fees	19,632,669	21,667,835	23,403,666	3,770,997	9.18%
Commission fees	24,511,344	27,817,227	30,964,097	6,452,753	12.39%
Others	8,719,394	9,376,957	10,045,655	1,326,261	7.34%
	52,863,407	58,862,019	64,413,418	11,550,011	10.39%
Fee and commission expense					
	(4,736,575)	(2,867,061)	(749,501)	-3,987,074	-60.22%
Net fee and commission income	48,126,832	55,994,958	63,663,917	15,537,085	15.01%

Net fee and commission income increased by USD 15.5 million from USD 48.1 million in 2016 to USD 63.7 million in 2018 (CAGR of 15.01%). The increase was in line with loan portfolio growth and business expansion.

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4.6.3 Provision for loan losses

Unit in USD	2016	2017	2018	Changes	CAGR
Provision for loan losses	13,655,023	34,250,324	40,431,996	26,776,973	72.07%
Gross Loans and advances to customers (GLP)	2,903,988,505	3,171,987,862	3,627,559,476	723,570,971	11.77%
Provision for loan losses to gross loan and GLP	0.47%	1.08%	1.11%	0.64%	-

Provision for loan losses surged by USD 26.8 million from \$13.7 million in 2016 to \$40.4 million in 2018 (CAGR of 72.07%).

Provision for loan losses to gross loans ratio surged by 64 basis points from 0.47% in 2016 to 1.11% in 2018. The surge is mainly due to the effect of regulatory changes in the provision requirement that introduced stricter criteria on short-term loans.

Prior to the changes, the current criteria for long-term loans were applied to all loans. See the table below for the new provision requirement:

Classification	Number of days past due		Provision
	Short-term	Long-term	
Normal	Less than 15 days	Less than 30 days	1%
Special Mention	15 – 30 days	30 – 89 days	3%
Substandard	31 – 60 days	90 – 179 days	20%
Doubtful	61 – 90 days	180 – 359 days	50%
Loss	91 days or more	360 days or more	100%

As of December 2018, we are in full compliance with regulatory changes in the provision requirement. Thus, provision expense in the future is expected to be significantly lower than those of 2017 and 2018 since those amounts included the provisions on our existing loan portfolio and the new loan disbursement amounts.

4.6.4 Other Incomes

Unit in USD	2016	2017	2018	Changes 2016-18	CAGR
Other Incomes					
Foreign exchange gain	5,386,613	6,171,372	7,975,352	2,588,739	21.68%
Recoveries from loans written off	2,548,756	3,104,367	5,388,315	2,839,559	45.40%
Others	2,906,883	1,620,911	1,455,678	-1,451,205	-29.23%
(Loss)/gain on disposals of property and equipment	(27,277)	(294,826)	114,571	141,848	-
	10,814,975	10,601,824	14,933,916	4,118,941	17.51%

Other Income increased by USD 4.1 million from USD 10.8 million in 2016 to USD 14.9 million in 2018 (CAGR of 17.51%). In 2018, other income consisted of foreign exchange gain (53.40%), recoveries from loans written off (36.08%), loss/gain on disposals of property and equipment (0.77%), and others (9.75%).

4.6.5 Operating Expenses

Unit in USD	2016	2017	2018	Changes 2016-18	CAGR
Operating Expenses					
Personnel expenses	105,784,312	112,238,869	125,922,231	20,137,919	9.10%
Salary and wages	74,741,523	81,569,498	94,739,565	19,998,042	12.59%
Bonuses and incentives	15,359,345	13,090,799	13,342,132	-2,017,213	-6.80%
Seniority benefits	-	-	9,519,900	9,519,900	-
Annual leave	1,944,748	2,349,087	2,276,583	331,835	8.20%
Contribution to provident fund	6,025,525	6,566,090	239,585	-5,785,940	-80.06%
Retirement benefits	1,752,956	2,298,192	(1,534,290)	-3,287,246	-
Other benefits	5,960,215	6,365,203	7,338,756	1,378,541	10.96%
General and administrative expenses	42,142,228	52,308,736	51,865,658	9,723,430	10.94%
Rental expenses	9,923,903	10,625,134	11,137,182	1,213,279	5.94%
Repairs and maintenance	7,684,506	10,208,078	10,060,924	2,376,418	14.42%
Utilities	4,754,904	4,895,847	4,944,875	189,971	1.98%
Communication	3,309,653	3,709,511	4,441,761	1,132,108	15.85%
Legal and professional fees and fines	1,019,682	5,361,329	3,184,588	2,164,906	76.72%
Other general and admin expenses	15,449,580	17,508,837	18,096,328	2,646,748	8.23%
Depreciation charges	22,888,987	21,265,226	21,934,848	-954,139	-2.11%
Amortization charges	3,311,079	4,051,084	3,550,055	238,976	3.55%
Total operating expenses	174,126,606	189,863,915	203,272,792	29,146,186	8.05%

Operating expenses (including depreciation and amortization) increased by USD 29.1 million from USD 174.1 million in 2016 to USD 203.3 million in 2018 (CAGR of 8.05%). The main contributors to the increase are personnel expenses and general and administrative expenses which increased by USD 20.1 million and USD 9.7 million, respectively.

During 2018, personnel expense consisted of salaries and wages (75.24%), bonuses and incentives (10.60%), seniority benefits (7.56%) and others.

Personnel expenses increased from USD 105.8 million in 2016 to USD 125.9 million in 2018 at a CAGR of 9.1%. The increase can be mainly attributed to:

- **Increase** in salary and wage expenses by USD 20 million to USD 94.7 million in 2018 (CAGR 12.6%). The increase was driven primarily by the increase in employees' annual salaries and the cessation of employee provident fund in January 2018.
- **Increase** in extraordinary expense related to seniority benefits of USD 9.5 million in 2018 in accordance with Prakas No. 443 from the Ministry of Labour and Vocational Training dated 21 September 2018. The amount of USD 9.5 million is a one-time retrospective seniority expense from 2008 to 2018, with a cap of 156 days for each employee. Going forward, only the finance cost on seniority balance, change in assumptions (employees turnover rate and others), and 15 days worth of the average salary of employees will be recognized in our profit and loss statement each year. Those amounts are expected to be lower than the retrospective seniority expense of USD 9.5 million in 2018.

This was partially offset by:

- **Decrease** in contribution to the provident fund of USD 6.3 million from 2017. The Bank contributed USD 6.5 million to the provident fund in 2017. However, after the change in law requiring seniority payments to employees, we decided to cease providing the provident fund to our employees.

- **Decrease** in expense for retirement benefits of USD 3.3 million from 2017 to negative USD 1.5 million in 2018. The negative amount was due to actuarial gain on remeasurement assumptions of USD 3.1 million during 2018. The Bank follows Cambodian Accounting Standard (“CAS”) and thus, remeasurement gain/ loss on actuarial assumption goes through the Income Statement.

In 2018, general and administrative expenses consisted of rental expenses (21.47%), repairs and maintenance (19.40%), utilities (9.53%), communication (8.56%), legal and professional fees and fines (6.14%), and other operating expenses. Other general and administrative expenses consisted of office supplies, furniture and fixtures, traveling expenses, marketing expenses, licenses fees, and others.

In 2018, general and administrative expenses decreased by USD 0.44 million from USD 52.3 million in 2017. This was mainly driven by the decrease in legal and professional fees and fines of USD 2.2 million in 2018 due to the one-time penalty due to the NBC in 2017. This was partially offset by the increases in rental expenses of USD 0.51 million (opening of a new branch), communication expenses of USD 0.73 million, and other general and administrative expenses of USD 0.59 million.

In 2017, if compared to 2016, general and administrative expenses increased by USD 10.2 million to USD 52.3 million. The increase was mainly driven by:

- **Increase** in legal and professional fees and fines of USD 4.3 million which was driven primarily by the increase in professional fees and a fine to the NBC related to non-compliance with Prakas and/ or Banking regulations amounting to USD 3.0 million.
- **Increase** in repairs and maintenance of USD 2.5 million due to branches expansion as well as designing a new logo and changing signboards for the public to identify that the Bank is a “Private Institution” in compliance with the government directive.
- **Increase** in rental expenses of USD 0.70 million, mainly due to the opening of 2 new branches in 2017.

4.6.6 Income tax expense and Net Income

Unit in USD	2016	2017	2018	Changes	CAGR
Profit before tax	158,383,213	116,372,292	106,607,681	-51,775,532	-17.96%
Income tax expense	(31,014,485)	(23,844,294)	(22,598,413)	-8,416,072	-14.64%
Profit for the year	127,368,728	92,527,998	84,009,268	-43,359,460	-18.79%
Effective Tax Rate	19.58%	20.49%	21.20%	-	-

Income tax expense decreased by USD 8.4 million from USD 31.0 million in 2016 to USD 22.6 million in 2018 (CAGR of -14.64%). The decrease is mainly due to the decline in profit before tax of USD 51.8 million from USD 158.4 million in 2016 to USD 106.6 million in 2018 (CAGR of -17.96%).

The drop in profit before tax and net profit has resulted from a sudden increase in the one-time, back-pay seniority payment expense in 2018 and an increase in loan loss provision expenses over the last 2 years.

The increase in loan loss provision was substantial since the additional provisions that need to be set aside were based on the entire portfolio of loans, including loans originated before the adoption of the new regulatory requirement. As the Bank is now in full compliance with the new provision requirement, the loan loss provision expenses for 2019 and subsequent years are expected to be relatively small compared to those of 2017 and 2018.

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4.7. Financial Position (for 31 December 2016, 2017, 2018, and 30 September 2019)

Total Assets increased by USD 976.6 million from USD 4,664.7 million in 2016 to USD 5,641.4 million in 2018 (CAGR of 9.97%). Total assets further increased by USD 531.2 million or 9.4%, to USD 6,172.6 million over the first nine months of 2019. The increase was likely due to the increase in our customer deposits of USD 500.7 million which contributed to the increase in our balances with the central banks of USD 263.0 million, the loan portfolio of USD 145.7 million, and balances with other banks of USD 108.4 million. We have funded our loan growth mainly with deposits, borrowings, and subordinated debt.

4.7.1 Loans and advances to customers

Loans constitute the most substantial part of our earning assets. On 30 September 2019, gross loans and advances to customers stood at USD 3,764.6 million, of which 83.07% are commercial loans. Real estate loans accounted for 5.03%, followed by staff loans (4.21%), consumer loans (3.18%), home improvement loans (2.16%), overdrafts (1.23%), credit revolving loans (0.88%), loans to related parties (0.15%), and motor vehicles loans (0.09%). The following table presents the breakdown of our loan portfolio by product type:

Unit in USD	2016		2017		2018		3Q 2019	
	Amount	% to Gross Loans	Amount	% to Gross Loans	Amount	% to Gross Loans	Amount	% to Gross Loans
Commercial loans	2,316,460,554	79.77%	2,538,587,173	80.03%	2,955,416,780	81.47%	3,127,076,269	83.07%
Real estate loans	208,349,490	7.17%	205,535,366	6.48%	203,565,764	5.61%	189,436,754	5.03%
Home improvement loans	42,053,591	1.45%	70,357,656	2.22%	100,760,707	2.78%	81,480,173	2.16%
Staff loans	78,413,263	2.70%	110,372,958	3.48%	132,673,722	3.66%	158,306,825	4.21%
Credit revolving loans	129,604,966	4.46%	105,765,870	3.33%	63,295,647	1.74%	33,244,319	0.88%
Overdrafts	38,366,803	1.32%	46,899,794	1.48%	60,135,914	1.66%	46,336,425	1.23%
Consumer loans	77,251,954	2.66%	76,962,622	2.43%	103,505,043	2.85%	119,650,600	3.18%
Loans to related parties	11,947,229	0.41%	16,167,582	0.51%	6,139,298	0.17%	5,613,580	0.15%
Motor vehicle loans	1,540,655	0.05%	1,338,841	0.04%	2,066,601	0.06%	3,410,003	0.09%
Gross Loans	2,903,988,505	100.00%	3,171,987,862	100.00%	3,627,559,476	100.00%	3,764,554,948	100.00%
Provision for loan losses								
Specific	(10,763,974)		(29,563,491)		(47,774,582)		(34,474,801)	
General	(28,779,058)		(30,873,789)		(35,605,696)		(37,126,035)	
	(39,543,032)		(60,437,280)		(83,380,278)		(71,600,836)	
Unamortized loan fees	(23,054,643)		(26,335,931)		(30,585,383)		(33,689,518)	
Net Loans	2,841,390,830		3,085,214,651		3,513,593,815		3,659,264,594	

Gross loans and advances to customers increased by USD 860.6 million from USD 2,904.0 million in 2016 to USD 3,764.6 million at the end of September 2019 (CAGR of 9.90%). The increase in gross loans was primarily due to organic growth in commercial loans by USD 810.6 million from USD 2,316.5 million in 2016 to USD 3,127.1 million at the end of September 2019 (CAGR of 11.53%).

Commercial loans accounted for 83.07% of the gross loan portfolio at the end of the third quarter of 2019. From 2016 to 2018, commercial loans increased by USD 639.0 million from USD 2,316.5 million to USD 2,955.4 million (CAGR of 12.95%) and continued to grow by USD 171.7 million for the nine-month period ended 30 September 2019. Commercial loan is a long-term loan (up to 6 years) offered in both USD and KHR to customers up to 5% of the Bank's net worth for business expansion and/ or investments in warehouse installation/ equipment/ trucks. The loan size may be up to 67% of the borrower's disposable income but may not be greater than 80% of the estimated value of the collateral.

Real estate loans accounted for 5.03% of the gross loan portfolio at the end of the third quarter of 2019. From 2016 to 2018, real estate loans decreased by USD 4.8 million from USD 208.3 million to USD 203.6 million (CAGR of -1.15%) and continued to decrease by USD 14.1 million for the nine-month period ended 30 September 2019. A real estate loan is offered to customers for either purchasing or leasing land and building in both USD and KHR. The loan amount may be up to 5% of the Bank's net worth with a maturity of up to 6 years.

Home improvement loans accounted for 2.16% of the gross loan portfolio at the end of the third quarter of 2019. From 2016 to 2018, home improvement loans increased by USD 58.7 million from USD 42.1 million to USD 100.8 million (CAGR of 54.79%), but decreased by USD 19.3 million for the for the nine-month period ended 30 September 2019. Home improvement loan is a long-term loan (up to 6 years) offered to customers for renovating their houses up to KHR 600mn or USD 150k. The loan size may be up to 67% of the borrower's disposable income or 50% of salary but may not be greater than 80% of the estimated value of the collateral.

Staff loans accounted for 4.21% of the gross loan portfolio at the end of the third quarter of 2019. From 2016 to 2018, staff loans increased by USD 54.3 million from USD 78.4 million to USD 132.7 million (CAGR of 30.08%), and continued to increase by USD 25.6 million for the nine-month period ended 30 September 2019. Available to all ACLEDA staff (including those of the subsidiaries), staff loan has a term of up to 8 years and is offered in both USD and KHR. The loan size may be up to 60% of the staff's salary. All staff loans, except for credit cards, are collateralized.

Credit revolving loans accounted for 0.88% of the gross loan portfolio at the end of the third quarter of 2019. From 2016 to 2018, credit revolving loans decreased by USD 66.3 million from USD 129.6 million to USD 63.3 million (CAGR of -30.12%) and continued to decrease by USD 30.1 million for the nine-month period ended 30 September 2019. Credit revolving loan is a short-term loan (up to 1 year) offered to support customers' working capital and cash flow in both USD and KHR (with loan size up to 5% of the Bank's net worth). All loans are collateralized and may not be greater than 80% of the estimated property value and/ or 30% of the estimated value of inventory/movable property.

Overdrafts accounted for 1.23% of the gross loan portfolio at the end of the third quarter 2019. From 2016 to 2018, overdrafts increased by USD 21.8 million from USD 38.4 million to USD 60.1 million (CAGR of 25.20%) but decreased by USD 13.8 million for the nine-month period ended 30 September 2019. Overdraft is a short-term loan (up to 1 year) allowing customers to withdraw amounts that exceed their current account balance in both USD and KHR. All loans are collateralized and may not be greater than 80% of the estimated property value and/or 30% of the estimated value of inventory/movable property.

Consumer loans accounted for 3.18% of the gross loan portfolio at the end of the third quarter of 2019. From 2016 to 2018, consumer loans increased by USD 26.3 million from USD 77.3 million to USD 103.5 million (CAGR of 15.75%) and continued to increase by USD 16.1 million for the nine-month period ended 30 September 2019. Consumer loan is provided for customers' personal use such as supporting credit card

payments and improving their living standards. The loan size may be up to 67% of the borrower's disposable income or 50% of salary but may not be greater than 80% of the estimated value of the collateral.

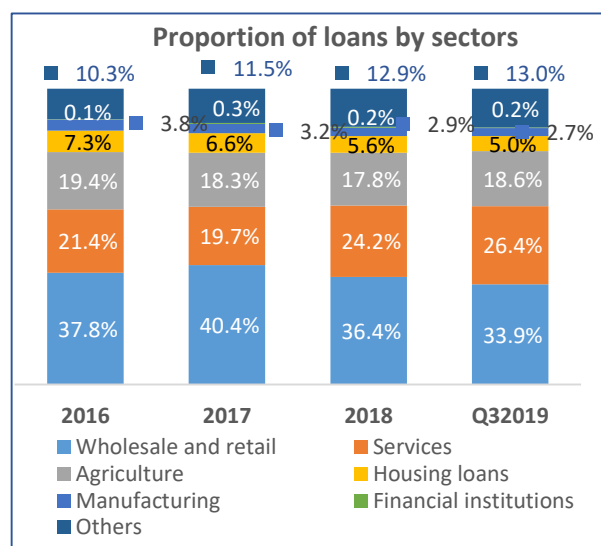
Loans to related parties accounted for 0.15% of the gross loan portfolio at the end of the third quarter of 2019. From 2016 to 2018, loans to related parties decreased by USD 5.8 million from USD 11.9 million to USD 6.1 million (CAGR of -28.31%) and continued to decrease by USD 0.53 million for the nine-month period ended 30 September 2019. According to the Law on Banking and Institutions and EVP & GCLO's letter N°: HQ-CLO 044/18, loans to related parties are any types of loans given to the President & GMD, EVPs, GCIAO, Head of Compliance Division, External auditors, Board members, Members of shareholders who directly and indirectly own at least 10% of the Bank's equity or voting right, and MD of ACLEDA subsidiaries.

Motor vehicle loans accounted for 0.09% of the gross loan portfolio at the end of the third quarter of 2019. From 2016 to 2018, motor vehicle loans increased by USD 0.5 million from USD 1.5 million to USD 2.1 million (CAGR of 15.82%) and continued to increase by USD 1.3 million for the nine-month period ended 30 September 2019. Motor vehicle loan is provided to customers to purchase an automobile or a motorbike for personal use. The loan size may be up to 67% of the borrower's disposable income or 50% of salary but may not be greater than 80% of the estimated value of the collateral.

Loans by sectors

Our Board of Directors requires credit risks to be diversified across products and sectors to avoid undue overexposure to one particular product or industry. As a result, the Bank has a sound and well-diversified loan portfolio.

As of September 2019, 33.9% of our loans were in wholesale and retail sectors, followed by 26.4% in the services sector, 18.6% in the agricultural sector, while only 5.0% and 2.7% in housing and manufacturing sectors, respectively. Loans to financial institutions constituted 0.2% of the total loan portfolio, while loans to others constituted 13.0% of the total loan portfolio.



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Loan by classification

Unit in USD	The Group							
	2016	% of total	2017	% of total	2018	% of total	Q3-2019	% of total
Normal loans	2,877,905,866.0	99.10%	3,087,378,906.0	97.33%	3,560,569,624	98.15%	3,712,738,897	98.62%
Secured	2,861,666,730.0	98.54%	3,062,190,545.0	96.54%	3,537,162,496	97.51%	3,659,370,133	97.21%
Unsecured	16,239,136.0	0.56%	25,188,361.0	0.79%	23,407,128	0.65%	53,368,764	1.42%
Special mention loans	6,372,705.0	0.22%	16,775,150.0	0.53%	4,127,640	0.11%	5,053,627	0.13%
Secured	6,340,835.0	0.22%	16,663,456.0	0.53%	4,080,577	0.11%	4,952,600	0.13%
Unsecured	31,870.0	0.00%	111,694.0	0.00%	47,063	0.00%	101,027	0.00%
Substandard loans	4,666,805.0	0.16%	38,642,602.0	1.22%	10,268,760	0.28%	10,925,423	0.29%
Secured	4,619,944.0	0.16%	38,593,691.0	1.22%	10,227,436	0.28%	10,483,055	0.28%
Unsecured	46,861.0	0.00%	48,911.0	0.00%	41,324	0.00%	442,368	0.01%
Doubtful loans	10,807,396.0	0.37%	15,718,978.0	0.50%	13,992,905	0.39%	7,743,362	0.21%
Secured	10,749,203.0	0.37%	15,655,671.0	0.49%	13,962,864	0.38%	7,632,633	0.20%
Unsecured	58,193.0	0.00%	63,307.0	0.00%	30,041	0.00%	110,729	0.00%
Loss loans	4,235,733.0	0.15%	13,472,226.0	0.42%	38,600,547	1.06%	28,093,639	0.75%
Secured	4,197,524.0	0.14%	13,346,125.0	0.42%	38,271,846	1.06%	27,767,175	0.74%
Unsecured	38,209.0	0.00%	126,101.0	0.00%	328,701	0.01%	326,464	0.01%
Total	2,903,988,505.0	100.00%	3,171,987,862.0	100.00%	3,627,559,476	100.00%	3,764,554,948	100.00%

As of September 2019, 98.56% of our loan portfolio was secured, in which 97.21% was normal loans. From 2016 to Q3-2019, our normal loans declined from 99.10% to 98.62%, which was likely due to the impact of the implementation of new Prakas on Credit Risk Grading and Impairment Provisioning by the National Bank of Cambodia from December 2017.

Before the implementation of the new Prakas, short-term and long-term loans were treated equally. However, after the implementation, the classification of short-term loans became stricter. Short-term loans are classified as:

- Normal if number of days past due are within 14 days,
- Special mention if between 15 and 30 days,
- Substandard if between 31 and 60 days,
- Doubtful if between 61 and 90 days, and
- Loan loss if over 90 days.

This classification also impacted our Profit and Loss statement through the increase in the provision expense. Our provision expense for loan losses and balances with other banks increased from USD 13.7 million in 2016 to USD 40.4 million in 2018.

The table below summarizes the change in classification of short-terms under the new Prakas:

Classification	Number of days past due		Provision
	Short-term	Long-term	
Normal	Less than 15 days	Less than 30 days	1%
Special Mention	15 – 30 days	30 – 89 days	3%
Substandard	31 – 60 days	90 – 179 days	20%
Doubtful	61 – 90 days	180 – 359 days	50%
Loss	91 days or more	360 days or more	100%

Loan Quality and Provision for Loan Losses

We have a comprehensive methodology to monitor and prudently manage credit quality and concentration within our loan portfolio. Our policies, operating manuals, and guidelines govern the risk profile, industry, geographical location, currency, and size of loans. We also monitor and manage our loan portfolio based on the NBC regulations on credit risk grading and provisioning.

Please refer to below for information on our loan management structure, loan approval authority, credit risk grading and provisioning, loan controlling system and mechanism, loan control limit, and other key risk management.

1. Loan management structure

- a. Board risk management committee (BRMC): Can approve on loans larger than MCC approval authority up to 5% of the Bank's net worth
- b. Management credit committee (MCC): Can approve on loans larger than USD 500,000 to 2.5% of the Bank's net worth
- c. Credit Division (CRD): Can approve on loans larger than Branch approval authority up to USD 500,000
- d. Branch
 - i. Branch management credit committee: Can approve on loans up to USD 400,000
 - ii. Branch manager "A": Can approve on loans up to USD 300,000
 - iii. Branch manager "B" and Branch Chief Credit Officer: Can approve on loans up to USD 30,000

2. Credit risk grading and provisioning

The table below shows the loan classification and provisioning of the Bank:

Categories	Days Past Due		Provision
	Short Term Loan	Long Term Loan	
Normal	Less than 15 days	Less than 30 days	1%
Special mention	15 – 30 days	30 – 89 days	3%
Sub-standard	31 – 60 days	90 – 179 days	20%
Doubtful	61 - 90 days	180 – 359 days	50%
Loss	More than 90 days	More than 360 days	100%

3. Loan Controlling System and Mechanism

We have developed policies, operating manuals, guidelines, and procedures to control our loan quality. We also assign specific divisions/ departments to take control and monitor our loan quality on a daily, monthly, and periodic basis.

4. Loan Control Limit

No.	Types	Loans Limit
1	Personal Loan	Up to 10% of the total loan portfolio
2	Balloon Loans (Seasonal loans)	Up to 5% of the total loan portfolio
3	Public Housing Loans	Up to 15% of the total loan portfolio
4	Overdraft Facilities	Up to 10% of the total loan portfolio
5	Staff Loans	Up to 5% of the total loan portfolio
6	Loans to Related Parties	Up to a maximum of 10% of the Bank's net worth
7	Loans to Real Estate	Up to 15% of the total loan portfolio
8	Total exposure to a single client	Up to 5% of the Bank's net worth

5. Other Key Risk Management

- 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 authorization of the credits;
- Principle of double authorization to ensure the right balance between the interests of the clients and objectivity in the risk assessment process;
- Independent control to ensure conformity with approved procedures and regulations in the credit process (formal control) but also to monitor the quality of risk aspects and credit control (material control);
- Maintenance of a diversified loan asset portfolio in terms of industry sector, geographical area, and currency and size of the loans,
- Loan analysis focusing strongly on the client's ability and willingness to repay the loan through character and cash flow based assessments and application of green-lining methodology.

Loan Portfolio in Khmer Riel

To promote the use of Khmer Riel in the economy, the National Bank of Cambodia issued a Prakas B7.016.334.P.K on the provision of credit in the national currency on 1 December 2016. The Prakas requires all banking and financial institutions to have at least 10% (ten percent) of their total loan portfolio in the national currency, taking effect from the issued date and to be fully implemented by 31 December 2019. As of 30 September 2019, the percentage of the loan portfolio in Khmer Riel is 12.47%.

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4.7.2 Balances with the Central Banks

Unit in USD	2016	The Group 2017	2018	Q3- 2019
Balances with National Bank of Cambodia				
Reserve requirement	381,044,157	457,453,666	498,430,861	538,455,391
Current accounts	323,597,829	280,493,356	304,321,257	332,560,420
Capital guarantee	30,776,391	35,854,496	39,522,411	42,881,815
Negotiable certificates of deposit	490,106,639	709,592,891	619,306,521	798,900,000
Balances with NBC	1,225,525,016	1,483,394,409	1,461,581,050	1,712,797,626
Balances with Bank of Lao				
Reserve requirement	2,451,567	2,177,425	2,372,235	2,491,505
Current Account	11,906,087	9,560,887	6,016,832	18,341,379
Fixed deposits	–	2,000,000	621,811	–
Capital guarantee	611	603	586	567
Balances with Bank of Lao	14,358,265	13,738,915	9,011,464	20,833,451
Total Balances with the Central Banks	1,239,883,281	1,497,133,324	1,470,592,514	1,733,631,077

Our total balances with the central banks increased from USD 1.2 billion in 2016 to USD 1.7 billion in September 2019.

a. Current account

We have current accounts with the central banks to facilitate our business and customer transactions. As of December 2018, we have USD 332.6 million in the current account of the NBC and USD 18.3 million in the current account of the Bank of Lao.

b. Reserve requirements

For operations in Cambodia, the reserve requirement represents the minimum reserve which is calculated at 8% for KHR and 12.5% for currencies of the total amount of deposits from customers, non-resident banks, and financial institutions; and borrowings from non-residents, respectively. Meanwhile, the Bank of Lao requires a reserve of 5% and 10% of customer deposits in local currency and foreign currencies, respectively. The reserves bear no interest.

Pursuant to the National Bank of Cambodia's Prakas No. B7-018-282 on the maintenance of reserve requirement against commercial banks' deposits and borrowings, reserve requirements both in KHR and in other currencies bear no interest rate effect from the signing date of 29 August 2018.

c. Capital guarantee

Pursuant to the National Bank of Cambodia's Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001, banks are required to maintain 10% of their 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 operation in Cambodia.

d. Negotiable certificate of deposits

The Bank uses short-term surplus funds to invest in the Negotiable Certificate of Deposit (NCD) issued by the National Bank of Cambodia (NBC) and uses the purchased NCD to pledge for overdraft (OD) facilities and Liquidity Providing Collateralized Operation (LPCO) or to earn interest when necessary. As of September 2019, the Bank held NCD of USD 764.0 million to earn interest, while only NCD of USD 34.9 million was used as collateral for the OD facilities and LPCO.

The Bank increased NCD balance from USD 490.1 million in 2016 to USD 709.6 million in 2017, but decreased it slightly to 619.3 million in 2018. The Bank increased NCD in 2017 as part of its liquidity risk management to have ample liquidity buffer in place to prepare for any contingency liquidity needs before, during, and after the communal and national elections in 2017 and 2018, respectively.

From December 2018 to September 2019, we increased our NCD balances by USD 179.6 million due to our surplus funds from the increase in our local savings deposits. Our customer deposits increased by USD 500.7 million during the first 9 months of 2019, of which we used USD 145.7 million to increase our loan portfolio and USD 108.4 million to increase our balances with other banks. The rest was invested in NCD for interest.

Similar to cash, NCD has zero counterparty risk, zero weighted provision for Expected Credit Loss (ECL) provision calculation (CIFRS 9), no haircut on LCR calculation, and zero weighted on RWA calculation. On top of that, it can be sold back to the NBC on any working day. Thus, it is one of the best options to invest cash for the short-term: Used as a liquidity buffer for any unexpected liquidity events and used to support LCR and solvency ratios.

Below are the rates earned on our balances with the central banks:

	2016	2017	2018	3Q2019
Current accounts	Nil	Nil	Nil	Nil
Reserve requirement	0.21% - 0.38%	0.38% - 0.78%	0.77% - 1.05%	Nil
Fixed deposits	0.25% - 2.98%	2.30% - 3.25%	1.00% - 3.00%	Nil
Capital guarantee	0.20% - 0.22%	0.32% - 0.36%	0.46% - 0.62%	0.54% - 0.72%
Negotiable certificates of deposit	0.29% - 1.50%	0.29% - 1.63%	0.26% - 1.63%	0.11% - 1.17%

4.7.3 Cash and Cash Equivalents

Unit in USD	The Group			
	2016	2017	2018	3Q2019
Cash on hand	286,216,621	321,744,245	407,864,703	427,688,708
Balances with the central banks				
Current accounts	335,503,916	290,054,243	310,338,089	350,901,799
Negotiable certificate of deposit	481,377,261	701,377,261	560,621,811	750,000,000
Balances with other banks				
Current accounts	83,303,003	81,655,846	26,245,315	65,100,624
Saving accounts	829,737	599,071	290,586	1,439,058
Fixed deposits	1,000,000	35,000,000	310,905	69,815,500
Cash and Cash Equivalents	1,188,230,538	1,430,430,666	1,305,671,409	1,664,945,689

Note: Cash and Cash Equivalents consisted of liquid assets and other balances with central banks or other banks that have a maturity of less than 3 months.

Cash and cash equivalents increased by USD 476.7 million or 40.12%, from USD 1,188.2 million in 2016 to USD 1,664.9 million as of 30 September 2019. The increase was mainly due to the increase in NCD with the NBC of USD 268.6 million, followed by cash on hand and fixed deposits with other banks of USD 141.5 million and USD 68.8 million, respectively.

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4.7.4 Intangible Assets

The intangible assets of the Bank are as follows:

Unit in USD	Computer softwares	Work in progress	Total
Cost			
At 31 December 2018	32,596,750	1,518,857	34,115,607
At 31 December 2017	31,221,080	1,518,926	32,740,006
At 31 December 2016	29,460,738	938,831	30,399,569
Accumulated depreciation			
At 31 December 2018	(22,917,720)	-	(22,917,720)
At 31 December 2017	(21,399,661)	-	(21,399,661)
At 31 December 2016	(18,557,744)	-	(18,557,744)
Carrying amount			
At 31 December 2018	9,679,030	1,518,857	11,197,887
At 31 December 2017	9,821,419	1,518,926	11,340,345
At 31 December 2016	10,902,994	938,831	11,841,825

4.7.5 Property and Equipments

Property equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of assets. The Bank uses straight line method to depreciate property and equipment, and intangible assets over the estimated useful life of the individual assets.

Assets	Estimated useful lives
Property and equipment	
Land improvement	3 – 20 years
Building and improvement	3 – 20 years
Leasehold improvements	1 – 3 years
Office equipment	1 – 10 years
Computer equipment	1 – 10 years
Motor vehicles	3 – 5 years
Intangible assets	
Computer software licenses	5 years
Core banking system	10 years

Note: Core banking system is shown as part of computer software in the table above.

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Property and Equipment

Unit in USD	Land	Land improvement	Building and improvements	Leasehold improvement	Office equipment	Computer equipment	Motor vehicles	Capital in progress	Total
Cost									
At 31 December 2018	14,542,280	1,685,934	98,763,743	4,768,777	57,239,460	64,615,575	18,254,256	776,023	260,646,048
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
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
Accumulated depreciation									
At 31 December 2018	-	(206,737)	(12,899,157)	(4,141,969)	(39,623,449)	(50,414,594)	(15,498,045)	-	(122,783,951)
At 31 December 2017	-	(93,218)	(8,826,451)	(4,067,389)	(33,052,407)	(42,571,460)	(14,878,346)	-	(103,489,271)
At 31 December 2016	-	(26,934)	(5,422,762)	(3,897,976)	(26,352,547)	(35,718,933)	(13,294,852)	-	(84,714,004)
Carrying amount									
At 31 December 2018	14,542,280	1,479,197	85,864,586	626,808	17,616,011	14,200,981	2,756,211	776,023	137,862,097
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
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

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4.7.6 Liabilities

Unit in USD	2016	2017	2018	Q3-2019
Customer deposits	2,764,757,416	3,117,209,726	3,548,889,040	4,049,581,515
Fixed deposits	1,435,063,727	1,525,441,243	1,566,273,443	1,741,103,992
Saving deposits	1,059,971,570	1,257,833,473	1,581,049,030	1,837,344,688
Current accounts	263,610,391	321,724,223	385,081,898	454,150,421
Margin deposits	6,111,728	12,210,787	16,484,669	16,982,414
Borrowings	616,064,141	906,378,182	784,671,879	712,673,099
Current	104,184,562	227,266,611	416,662,508	311,278,842
Non-current	511,879,579	679,111,571	368,009,371	401,394,257
Due to other banks and financial institutions	361,414,079	212,455,089	286,941,309	294,053,218
Other liabilities	80,619,149	86,097,342	103,963,704	118,540,382
Subordinated debts	109,400,000	108,684,090	77,101,490	64,601,490
Current	9,000,000	43,000,000	32,000,000	19,500,000
Non-current	100,400,000	65,684,090	45,101,490	45,101,490
Current income tax liabilities	35,697,545	23,971,605	13,810,997	23,206,135
Employee benefits	35,983,909	47,541,284	17,952,505	18,073,199
Provident fund	27,993,009	37,491,644	37,464	36,112
Retirement benefits	7,990,900	10,049,640	8,415,303	9,746,498
Seniority benefits	–	–	9,499,738	8,290,589
Provision for off balance sheet commitments	-	1,814,620	1,666,147	1,541,672
Total Liabilities	4,003,936,239	4,504,151,938	4,834,997,071	5,282,270,710

Total liabilities increased by USD 1,278.3 million from USD 4,003.9 million at the end of 2016 to USD 5,282.2 million at the end of September 2019 (CAGR 10.6%).

The increase was primarily due to the increase in customer deposits, borrowings, and other liabilities by USD 1,284.8 million, USD 96.6 million, and USD 37.9 million, respectively. The increase was partially offset by the decrease in due to other banks and financial institutions of USD 67.4 million, subordinated debts of USD 44.8 million, employee benefits of USD 17.9 million, and current income tax liabilities of USD 12.5 million. See sections on **customer deposits** and **borrowings** below for analysis on the fluctuation.

In 2017, we made a provision of USD 1.8 million for the first time for off-balance sheet commitments to comply with the NBC's Prakas on Credit Risk Grading and Impairment Provisioning.

In January 2018, we ceased to provide provident funds to our employees and paid USD 38.0 million to settle all liabilities of the Bank (except for ACLEDA Bank Lao's outstanding amount of USD 37.46K as of December 2018). During the same year, we incurred USD 9.5 million in seniority benefits for the first time in accordance with Prakas No. 443 MoLVT by the Ministry of Labour and Vocational Training on 21 September 2018.

4.7.7 Customer deposits

We gather deposits primarily through our branches. We offer a variety of deposit products such as savings account, demand deposit account, current account, fixed deposit account, euro flex account, securities account, individual retirement account, health savings account, education savings account, trust account for real estate, monk account and pagoda fund account, and future kid account. These accounts are categorized into fixed deposits, savings deposits, current accounts, and margin deposits.

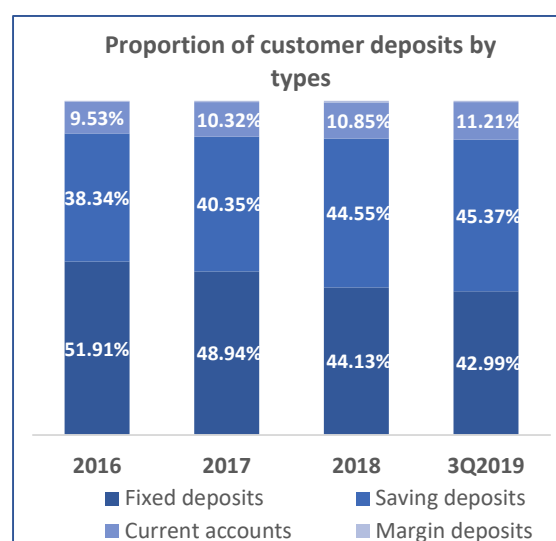
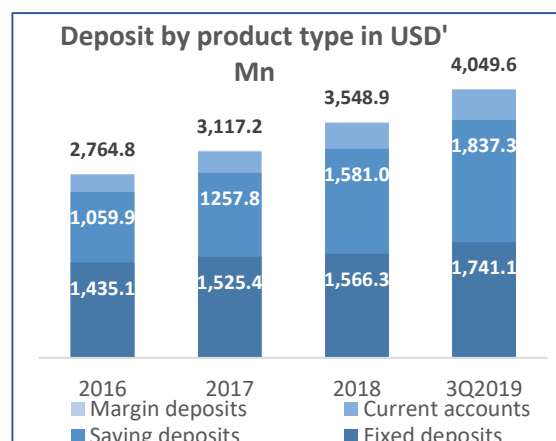
Total customer deposits increased at a CAGR of 14.89% from USD 2,764.8 million in 2016 to USD 4,049.6 million by the end of September 2019. Savings deposits increased by USD 777.4mn, while fixed deposits rose by USD 306.0 million. Over the same period, current accounts and margin deposits increased by USD 190.5 million and USD 10.9 million, respectively.

As of the end of September 2019, savings deposits had the largest balance, accounting for 45.37% of total deposits, followed by fixed deposits with 42.99%, and current deposits with 11.21%. Margin deposits contribute only 0.42%.

From 2018 to September 2019, we adjusted our rates for customer deposits as our portfolio yield decreased as a result of increased competition in the market. We lowered the maximum rate for fixed deposits from 9.5% in 2018 to 8.25% in September 2019. Despite this, our fixed deposit balance increased by USD 174.8 million. While we also lowered the upper band of savings rate from 1.25% to 0.5%, the savings deposit balance increased by USD 256.3 million over the first nine months of 2019.

This may be the result of our strong brand and leading position in the banking industry as one of the safest and most trusted banks. Moreover, this may be the result of our largest physical banking networks, advanced and secure technology used in mobile and digital banking, customer service, and a variety of products and services that motivate customers to make deposits and carry out their banking transactions through us.

The proportion of our current and savings deposits to total customer deposits, a cheaper source of funding, has increased from 47.87% at the end of 2016 to 56.59% as of September 2019. Thanks to this, our average cost of total deposits decreased by 53 bps from 2.83% in 2016 to 2.29%¹⁰ in September 2019.



The table below shows the rates paid on each deposit product:

Type of deposits	ACLEDA Bank ¹¹			
	2016	2017	2018	3Q2019
Fixed deposits	0.05%-9.50%	0.05%-9.50%	0.05%-9.50%	0.05% - 8.25%
Saving deposits	0.00%-4.00%	0.00%-1.25%	0.00%-1.25%	0.00% - 0.50%
Current accounts	0.00%-2.00%	0.00%-2.00%	Nil	Nil
Margin deposits	Nil	Nil	Nil	Nil

¹⁰ The average cost of deposit for September 2019 is derived from annualized interest expense on deposit divided by average deposit balances.

¹¹ The deposit rate on a group level is higher than the bank, however since the deposit balance of ACLEDA Bank consist of 97.8% of the group balances, we deliberately chose to show the rate of ACLEDA Bank's deposit rate as we believe it shows the real economics of the Bank.

4.7.8 Borrowings

Other than deposits, we also utilized borrowings as a funding source to finance our operations and increase the loan portfolio. We did not pledge any collaterals for borrowings except for the borrowings from the NBC for which the Negotiable Certificate of Deposits have been collateralized. The table below categorizes our borrowings by relationship:

Unit in USD	The Group		
	2016	2017	2018
Related Parties	77,822	3,000,595	1,977,489
Non-related Parties	615,986,319	903,377,587	782,694,390
Total Borrowings	616,064,141	906,378,182	784,671,879

Total borrowings increased from USD 616.1 million in 2016 to USD 906.4 million in 2017, but dropped slightly to USD 784.7 million in 2018. We increased our borrowings in 2017 to increase capital and liquidity buffers as part of our Liquidity Risk Management Framework for potential economic uncertainty during the communal and national elections in 2017 and 2018, respectively. After the election, we lowered our borrowings back to USD 784.7 million as of December 2018. The balance further declined to USD 712.7 million as of September 2019.

4.8. Liquidity Management

Liquidity refers to the ability to meet the cash flow requirements of depositors and borrowers while meeting our operating, capital, and strategic cash flow needs simultaneously, all at a reasonable cost. We continuously monitor our liquidity position to ensure that assets and liabilities are managed in a manner that will meet all short-term and long-term cash requirements. We manage our liquidity position to meet the daily cash flow needs of customers while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our shareholders.

The NBC's Prakas No.B7-015-349 on Liquidity Coverage Ratio ("LCR"), adopted on 23 December 2015, requires deposit-taking banks and financial institutions to increase the minimum liquidity coverage ratio in a phased manner from the previous requirement of 50% to 60% from 01 September 2016, to 70% from 01 September 2017, to 80% from 01 September 2018, to 90% from 01 June 2019, and to 100% from 01 January 2020. Aiming to promote short-term resilience of each institution's liquidity risk profile by ensuring that banks and financial institutions have adequate stock of liquid assets to meet its liquidity needs for a 30-day liquidity stress scenario, the Prakas set criteria for the calculation of the LCR, in which the denominator is the total net cash outflows within the next 30 days, while the numerator being the market value of the stock of eligible liquid assets.

ACLEDA Bank's LCR stood at 154.8% in 2016, 192.7% in 2017, 151.4% in 2018, and 186.2% at the end of September 2019. ACLEDA Bank has continued to maintain a liquidity coverage ratio significantly above 100% despite the requirement of 100% starting from 1 January 2020. As the most systematically important bank in the Kingdom, ACLEDA Bank has an obligation to minimize the risk of a liquidity crisis, by maintaining a sufficiently high LCR compared to the regulatory threshold.

4.8.1 Liquidity Risk Management Process

In accordance with the National Bank of Cambodia's Prakas on Liquidity Risk Management Framework dated 27 September 2017, the Bank put in place a comprehensive and robust Liquidity Risk Management Framework which comprises of Bank's risks appetite, risk tolerance, policies, early warning indicators, and monitoring mechanism. The objective is to ensure that the Bank has sufficient liquidity at all times by maintaining safe and liquid assets to withstand a range of stress events including the loss of both internal and external funding sources and other issues.

The Bank performs liquidity stress tests daily and monthly to quantify its exposure to possible stress scenarios, to analyze possible impacts on the Bank's cash flows, profitability, solvency, and liquidity position. Based on the results, the Bank formulates contingency liquidity plans to alert and enable the management to act efficiently and effectively under adverse market conditions. The objective is to ensure that the Bank has a framework to manage the liquidity effectively and robustly in the event of a liquidity crisis.

The Bank also utilizes a variety of tools such as monthly cash flow projection, liquidity ratio, liquidity gap analysis, and safety margin to measure, monitor, and manage its liquidity positions and funding needs.

Overall, the process of managing liquidity risk includes:

- Principle of liquidity risk:
 - Ensure that the Bank can meet its current and future funding needs.
 - Perform stress test regularly to assess short- and long-term liquidity needs on various company-specific and market-wide stress scenarios. The outputs from the stress tests will be used to formulate and incorporated in the Bank's contingency plan.
 - Ensure that the Bank maintains sufficient liquidity to withstand a range of liquidity stress test events.
 - Incorporate liquidity cost, benefit, and risks into internal pricing, approval process of new products and services, and performance measurement to align the benefits from accepting risk with the risk of each business unit and the liquidity risk affecting the business activities of the Bank.
- Position limits of the liquidity risks:
 - Make sure the Bank meets/ exceeds the regulatory LCR at all times.
 - Put in place the internal position limit higher than the regulatory limit to provide safety margin and ensure permanent full compliance with the regulation.
 - Set the internal position limit at the discretion of MALCO, stated and motivated in the MALCO minutes, and approved by the President & Group Managing Director.
 - Assess and monitor the perceived risks on the non-compliance limit regularly. Should there be any breach, it should be reported to the MALCO for corrective actions and the President & Group MD for approval.
 - Report any change in the internal position limit to the head of BALCO on the same day as the action made.
 - Put in place a contingency plan in the event that the safety margin is insufficient or there is a likelihood that the regulatory limit could be breached.

The table below presents non-derivative financial liability and assets of ACLEDA Bank. The amounts presented are undiscounted contractual cash flows. The figures are based on the monthly report to the NBC as of 30 September 2019, thus they are not audited figures.

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Maturity Gap as of 30 September 2019

Unit in USD'000	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	5 to 10 years	More than 10 years	Total
Assets									
Cash on hand	430,956	–	–	–	–	–	–	–	430,956
Balances with NBC*	1,071,000	19,500	7,000	19,800	–	–	538,455	42,882	1,698,637
Interbank assets	128,757	–	–	–	–	–	–	–	128,757
Loans and advances to customer	206,191	178,254	234,121	439,158	760,447	1,425,177	305,341	23,506	3,572,196
Performing	206,191	178,254	234,121	439,158	760,447	1,425,177	294,175	23,506	3,561,029
Non performing**	–	–	–	–	–	–	11,167	–	11,167
Others	33,175	521	430	3,644	31,421	20,810	11,891	161,268	263,160
Subtotal	1,870,079	198,275	241,551	462,602	791,868	1,445,987	855,687	227,655	6,093,706
Liabilities									
Deposits	248,053	361,727	449,433	895,423	1,761,155	232,718	9,668	2,433	3,960,609
Demand deposit	143,878	93,815	80,535	322,250	1,611,776	–	–	–	2,252,253
Time deposit	104,175	267,912	368,898	573,173	149,378	232,718	9,668	2,433	1,708,355
Interbank liabilities	9,825	7,598	33,113	28,403	122,700	8,100	–	70,150	279,889
Borrowings	12,441	169,299	36,354	94,630	146,762	240,547	8,400	19,701	728,135
Others	63,169	17,972	19,324	33,004	60,147	17,547	5,831	9,519	226,512
Equity***	–	–	–	–	–	–	–	898,562	898,562
Subtotal	333,488	556,596	538,224	1,051,459	2,090,764	498,912	23,898	1,000,365	6,093,706
Maturity gap	1,536,590	(358,321)	(296,672)	(588,856)	(1,298,896)	947,075	831,789	(772,709)	(0)

*Reserve requirement is reported in 5 to 10 years column, while capital guarantee is reported in more than 10 years column.

**Non-performing loan is reported in >5 years maturity column or above.

***Equity accounts shall be recorded in >10 years column.

Source: Management account based on the NBC monthly report as of 30 September 2019

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5. Financial Projection

We have projected consolidated balance sheet, consolidated income statement, and consolidated cash flow statement based on:

- GDP of USD 25.89 billion, USD 29.31 billion, USD 31.80 billion, USD 34.45 billion in 2019, 2020, 2021, and 2022 respectively;
- GDP growth rate of 6.8%, 6.7%, 6.6%, 6.4% in 2019, 2020, 2021, and 2022 respectively;
- Total number of commercial banks of 48 in 2019, and 49 in 2020 and after.
- Gross loan portfolio to grow on average of 11.07% per year from 2019 to 2022;
- Deposit balances to grow on average of 13.46% per year from 2019 to 2022;
- Total assets to grow on average of 9.38% per year from 2019 to 2022;
- 50% tax reduction on income tax for 3 years beginning from 2020 to 2022 according to the Anukret 01 ANK.BK. on tax incentive in the securities sector issued on 4 January 2019.

5.1. Projected Consolidated Balance Sheet

Unit in USD	2019	2020	2021	2022
Assets				
Total cash	327,382,619	372,788,035	483,001,519	549,765,486
Deposit with the central banks	1,019,299,388	1,136,109,778	1,365,391,007	1,527,391,799
Central Bank Reserved Requirement	570,029,064	610,420,139	642,100,329	711,413,540
Deposit with other banks	79,611,549	87,733,878	105,139,990	118,003,486
Loans and advances to customers	3,936,817,555	4,372,113,075	4,858,046,441	5,404,539,258
Other assets	35,833,611	38,091,926	42,104,849	44,592,575
Prepayment & int receivable	44,555,003	50,361,167	57,034,749	64,299,021
Investment	153,529	153,529	153,529	153,529
Net fixed assets	181,883,148	192,720,932	195,938,036	193,097,119
Total Assets	6,195,565,466	6,860,492,459	7,748,910,448	8,613,255,813
Liabilities and Equity				
Total customer's deposit	4,364,434,656	4,930,995,129	5,602,137,663	6,374,677,496
Withholding tax	1,436,083	1,536,810	1,709,900	1,900,507
Accrued expenses and other liabilities	181,118,556	195,017,609	208,537,250	224,675,768
Staff pension fund	102,293	112,947	116,684	119,893
General provision	39,078,832	43,336,534	48,158,325	53,509,242
Subordinate debts	140,101,490	168,101,490	161,101,490	158,101,490
Short-term loans	28,785,375	-	-	-
Long-term loans	522,128,792	456,279,028	460,824,168	397,203,958
Total Liabilities	5,277,186,076	5,795,379,547	6,482,585,479	7,210,188,354
Equity				
Shareholder's capital	428,818,154	428,818,154	428,818,154	428,818,154
Other Reserves	(14,279,344)	(14,279,344)	(14,279,344)	(14,279,344)
Share Issue in CSX	-	8,751,391	22,284,470	22,284,470
Share Premium	-	25,254,173	86,153,029	86,153,029
General reserves	391,586,811	477,258,257	574,797,207	683,975,698
Net income current year	121,263,395	143,253,504	168,170,711	192,180,878
Currency Reserve	(9,009,627)	(3,943,224)	380,741	3,934,575

Total Equity	918,379,390	1,065,112,912	1,266,324,968	1,403,067,459
Total Liabilities and Equity	6,195,565,466	6,860,492,459	7,748,910,448	8,613,255,813

5.2. Projected Consolidated Income Statement

Unit in USD	2019	2020	2021	2022
Interest income	462,845,412	504,041,486	549,513,197	601,598,079
Non-interest income	90,087,768	101,114,202	114,087,969	127,720,424
Financial Income	552,933,180	605,155,688	663,601,165	729,318,503
Financial cost	(164,845,110)	(184,593,453)	(201,528,014)	(222,979,788)
	388,088,070	420,562,235	462,073,152	506,338,715
Gross Financial Result				
Loan loss expense	(14,108,808)	(18,810,116)	(17,308,031)	(17,577,034)
Provision for accrued interest	1,874	2,773	3,124	3,521
ATM/Credit Card Provision Expense	3,831	6,961	7,658	8,423
Foreign currency translation	59,886	(231,474)	(275,814)	(321,368)
Financial Margin	374,044,853	401,530,379	444,500,088	488,452,257
Administrative expense	221,569,913	240,503,217	254,943,139	271,028,520
Profit before income tax	152,474,940	161,027,162	189,556,949	217,423,737
Income tax expense	31,211,545	17,773,658	21,386,238	25,242,860
Profit for the year	121,263,395	143,253,504	168,170,711	192,180,878

5.3. Projected Consolidated Cash Flow Statement

Unit in USD	2019	2020	2021	2022
Profit before tax	152,474,940	161,027,162	189,556,949	217,423,737
Provision for losses on loans and Bad debts written off	(5,948,963)	6,454,668	6,015,578	6,704,134
Depreciation and amortisation	24,753,233	30,143,691	32,490,924	34,801,984
Loss (Gain) on disposal of property & equipment	191,644	(18,236)	(16,789)	(15,361)
Operating income before working capital changes	171,470,855	197,607,285	228,046,662	258,914,495
Loans and advances to customers	(347,889,678)	(437,492,486)	(487,127,154)	(547,846,034)
Prepayments & Interest receivable	(3,047,897)	(5,806,164)	(6,673,581)	(7,264,273)
Other assets	(422,565)	(2,258,315)	(4,012,923)	(2,487,726)
Deposits	528,604,308	566,560,473	671,142,534	772,539,834
Accrual and other liabilities	11,235,413	13,999,780	13,692,731	16,329,125
Staff pension liability	64,829	10,654	3,736	3,209
Income taxes paid	(31,211,545)	(17,773,658)	(21,386,238)	(25,242,860)
Currency Reserve	(841,099)	(209,698)	1,585,463	3,421,362
Net cash flow from operating activities	327,962,620	314,637,872	395,271,230	468,367,131
Investing activities				
Payments to acquire property and equipment	(52,107,013)	(28,701,247)	(25,280,606)	(22,606,021)

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Payments for intangible assets	(5,901,994)	(12,502,959)	(10,431,831)	(9,360,882)
Proceed from sale of property and equipment	240,968	240,968	21,198	21,198
Net cash flow from investing activities	(57,768,039)	(40,963,239)	(35,691,239)	(31,945,706)
Financing activities				
Short-term Debts	(19,275,504)	(28,785,375)	-	-
Long-term Debts	(214,482,207)	(65,849,764)	4,545,140	(63,620,210)
Increase in share CSX	-	8,751,391	13,533,079	-
Increase in share premium	-	25,254,173	60,898,856	-
Dividend Distribution	(8,418,273)	(30,315,849)	(42,976,051)	(58,859,749)
Subordinate loans	63,000,000	28,000,000	(7,000,000)	(3,000,000)
Net cash flow from financing activities	(179,175,983)	(62,945,424)	29,001,024	(125,479,959)
Net increase (decrease) in CCE	91,018,598	210,729,209	388,581,015	310,941,467
CCE at the beginning of the period	1,905,304,022	1,996,322,620	2,207,051,829	2,595,632,845
CCE at the end of the period	1,996,322,620	2,207,051,830	2,595,632,844	2,906,574,312

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6. Financial Instruments

The Bank and its subsidiaries' financial assets and liabilities include cash and cash equivalents, originated loans and receivables, deposits, and other receivables and payables.

The table below shows the financial instruments used by ACLEDA Bank and its subsidiaries:

Unit in USD	2016	2017	2018
Financial Assets			
Cash on hand	286,216,621	321,744,245	407,864,703
Balances with the central banks	825,610,555	1,001,647,134	930,266,421
Balances with other banks	86,820,790	120,254,917	26,567,692
Loans and advances to customers	2,841,390,830	3,085,214,651	3,513,593,815
Other assets	34,567,892	31,539,087	33,730,014
Total Financial Assets	4,074,606,688	4,560,400,034	4,912,022,645
Financial Liabilities			
Due to other banks and financial institutions	361,414,079	212,455,089	286,941,309
Deposits from customers	2,764,757,416	3,117,209,726	3,548,889,040
Other liabilities	50,315,591	59,569,413	75,029,516
Borrowings	616,064,141	906,378,182	784,671,879
Subordinated debts	109,400,000	108,684,090	77,101,490
Total Financial Liabilities	3,901,951,227	4,404,296,500	4,772,633,234
Net Financial Assets	172,655,461	156,103,534	139,389,411

7. Treasury Policies

Treasury policies is to outline approved policies and procedures in respect of all treasury activities to be undertaken by ACLEDA Bank. The formalization of such policies and procedures will enable treasury risks within the Bank to be prudently managed. As circumstances change, the policies and procedures outlined in the policies will be modified to ensure that treasury risks within the Bank continue to be managed well. The policies are distributed to all personnel involved in any aspect of the Bank's financial management.

The objectives of these policies are to control and manage costs, returns, and risks associated with the Bank business, incorporating both borrowing and lending activities.

The Bank outlines the general objectives of its treasury policies as stated below:

- ensure that the Bank adheres to all statutory requirements;
- minimize costs and risks for borrowings of the Bank;
- minimize the Bank's risk exposure to adverse interest rate movements;
- maintain appropriate liquidity levels and manage cash flows within the Bank to meet funding requirements;
- comply, monitor, and report on borrowing covenants and ratios under the obligations of the Bank;
- minimize exposure to credit risk by dealing with and investing in creditworthy counterparties;
- monitor, evaluate, and report on treasury performance;
- ensure that the Bank, management, and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations;
- Ensure that adequate internal controls exist to protect the Bank's financial assets and to prevent unauthorized transactions.

In meeting the above objectives, the Bank is, above all, a risk-averse entity and does not seek risk in its treasury activities. Interest rate risk, liquidity risk, funding risk, investment risk or credit risk, and operational risks are

all risks which the Bank seeks to manage, not capitalize on. Accordingly, an activity that may be construed as speculative in nature is expressly forbidden.

8. Contractual Obligation, Off-balance Sheet Items, Commitments, and Contingencies

We have contractual obligations, off-balance sheet items, commitments, and contingencies that may have a current or future material effect on our financial position, financial performance, liquidity, and profitability.

In the ordinary course of business, the Bank enters into financial commitments to meet the financing needs of its customers. These financial commitments include loan commitment, guarantee, operating lease commitments, capital expenditure commitment, and other financial liabilities. Those instruments involve to varying degrees, elements of credit and interest rate risk not recognized in the Company's financial statements.

The contractual amount of those instruments represents the Company's exposure to loan loss in the event of nonperformance on these financial commitments. The Company uses the same credit policies in making commitments as it does for loans reflected in the financial statements.

8.1. Tax Contingencies

On 24 December 2018, the Bank obtained a letter on Tax Reassessment for the financial years ended 2009 to 2013 from Department of Enterprise Tax Audit ("DETA") of the General Department of Taxation ("GDT") which has requested the Bank to pay tax liabilities on various tax matters.

On 11 January 2019, the Bank lodged administrative protests against the reassessment in accordance with the tax provisions. The protest letter was prepared by the Bank and submitted to the GDT on the grounds that the reassessment is not appropriate.

On 17 September 2019, the Bank received a Notification Letter for Tax Collection from the GDT, requesting payment on tax in arrears resulted from the Tax Reassessment above. On 23 September 2019, the protest letter was prepared by the Bank again and submitted to the GDT on the grounds that the reassessment is not appropriate. Management believes that the tax liability recorded by the Bank is adequate. There has been no official response from the GDT as of the date of the condensed interim financial statements.

8.2. Loan commitment, guarantee, and other financial liabilities

Unit in USD	2017	2018	Q3-2019
Unused portion of overdrafts and loans	111,820,677	101,627,728	108,263,128
Bank guarantees	47,061,149	37,130,875	37,965,546
Letters of credits	13,592,124	9,336,354	9,752,684
Forward foreign exchange	684,085	-	-
Total	173,158,035	148,094,957	155,981,358

8.2.1 Operating lease commitments – as lessee

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

Unit in USD	2017	2018	Q3-2019
Not later than 1 year	9,654,591	10,023,506	9,177,031
Later than 1 but not later than 5 years	22,383,860	26,517,809	22,345,809
Later than 5 years	10,641,014	8,995,364	6,949,186
Total	42,679,465	45,536,679	38,472,026

8.2.2 Capital expenditure commitment

Unit in USD	2017	2018	Q3-2019
Not later than 1 year	13,979,181	2,693,331	2,678,015
Later than 1 but not later than 5 years	913,000	778,623	(331,109)
Total	14,892,181	3,471,954	2,346,906

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

8.2.3 Other commitments

On 30 May 2016, the Bank guaranteed on the borrowing agreement of AIB with International Finance Corporation for a facility of USD13,000,000, which will mature on 15 June 2026.

See note to the audited financial statement as attached in this Disclosure Document for more information.

9. Litigation

On the filing date of this Disclosure Document, we are not aware of any material litigation that may adversely affect our financial position, financial performance, liquidity, and profitability.

10. Seasonality

The principal business of the Bank is mainly to provide banking and related financial services, securities brokerage and other services, training, and education. There is no significant seasonality factor associated with these businesses.

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Section 8: The Director's Report on the Valuation of the Bank's Performance

In 2018, the Bank continued to implement its foremost goal, outlined in its five-year strategy 2018 - 2022, to be a regional commercial bank, "the Bank You Can Trust, the Bank for the People," with a competitive edge in the banking industry.

Transparency provides its stakeholders with confidence in the long-term returns available as we can sustainably benefit from 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 facilitate the delivery of enhanced banking services to its clients in 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 convenient and outstanding banking services to its customers and to be ready to serve its expanding customer base from 2018 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.

The Bank was able to achieve its business plan, while the rating agency Standard & Poor's has elevated ACLEDA Bank's rating by one notch from "B" to "B+" with an outlook "stable." This rating is a testament to the success in strengthening the Bank's governance, capital, franchise operations, and the ability to deliver consistent performance.

In 2020, ACLEDA Bank has taken on another journey to be the very first Commercial Bank in Cambodia to list on the Cambodia Securities Exchange to capitalize on the use of Cambodia Capital Market and also to provide an opportunity to our customers as well as Cambodia people to be part of our growing family by participating in the long-term growth of the Bank.

With the undeniable contributions from our customers, ACLEDA Bank has become one of the largest banks in Cambodia. As of 30 September 2019, ACLEDA Bank has a nationwide network of 262 branches supported by about 12,000 staffs with total assets of USD 6,173 million, gross loan portfolio of USD 3,765 million, and total deposit of USD 4,344 million. ACLEDA Bank was not the Kingdom's largest bank yet prior to 2009. At the end of 2005, total assets stood at only USD 124 million, which was less than half of the total assets of the largest bank at the time. Market share of loan portfolio came in third at the end of 2007, while ACLEDA Bank's customer deposits ranked 7 out of 15 commercial banks at the end of 2005. During 2005-2010, growth was substantially high with total assets increasing on average 57% annually, and total loan portfolio expanding on average 50%, while total deposits increasing on average 72% annually. ACLEDA Bank was able to surpass its competitors and became the largest bank in terms of total assets, loan portfolio, and customer deposits in 2010.

After 2010, despite fierce competition from the entrance of new international players, ACLEDA Bank has continued to lead the market and achieved high profitability. The success can be attributed mainly to continued adoption of the latest financial technology, enhancement of banking services and products, and diversification of business revenue. Between 2010 and 2016, ACLEDA Bank's loan portfolio, total deposits, and net profit growth averaged 25%, 22%, and 31%, respectively. Despite the market share of total assets standing about 19% at the end of 2016, the Bank's net income in 2016 accounted for more than 28% of the aggregate net income of all registered banks in Cambodia, suggesting very high profitability and strong earning power. The Bank's return on average equity (ROAE) had been fluctuating over 19% during 2011 - 2016.

In 2017 and 2018, ACLEDA Bank witnessed a decline in profitability, with net income dropping from USD 127 million in 2016 to USD 84 million in 2018. This was due to significant regulatory changes effective during the year such as the 18% interest rate cap and the change in the regulatory provisioning requirements that affected the entire banking industry. Gross loan portfolio growth of the Bank slowed down slightly to above 9% from 13% in 2016 and 23% in 2015, resulting in a modest increase in interest income of only 3.3%. The performance in 2017 and 2018 is likely to be a one-time event, and from the year 2019 onward, ACLEDA Bank is expected to return to its high profitability once again as it is able to prepare to adapt to such changes. In fact, as of 30 September 2019, the Bank earned about USD 93.6 million in net income which is higher than the whole year's

Section 8: The Director's Report on the Valuation of the Bank's Performance

net income in 2018. We expect the net income of 2019 to be around USD 125m which is about 48.8% higher than that of 2018.

The Board of Directors believes that the listing of ACLEDA Bank on the CSX will benefit ACLEDA Bank's employees as those who have been participating in the long-term growth of ACLEDA Bank for a long time may be able to exit through the stock market at a transparent and fair market price. The listing of the Bank will provide ACLEDA Bank's customers an opportunity to participate in ACLEDA Bank's equity ownership. The fact that the customers are also the shareholders would generate additional synergy that would eventually help ensure the sustainability of the Bank.

Lastly, on behalf of the Board of Directors of ACLEDA Bank, I would like to thank our customers, shareholders, directors, executive management and all employees for their support and efforts in contributing to ACLEDA Bank's achievements.

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Section 9: Signature of the Board of Directors, CEO, and CFO

Mr. Chhay Soeun

Chairman of the Board

Signature

Date

Dr. In Channy

**Executive Director,
President & Group MD**

Signature

Date

Mr. Rath Yumeng

Executive Director

Signature

Date

Mrs. Mirjam Janssen

Non-executive Director

Signature

Date

Mr. Mori Kenichiro

Non-executive Director

Signature

Date

Mr. Marc Robert

Non-executive Director

Signature

Date

Mr. Ryoji Nishimura

Non-executive Director

Signature

Date

Section 9: Signature of the Board of Directors, CEO, and CFO

.....

Drs. Pieter Kooi

Independent Director

Signature

Date

Mr. Cornelius Obert

Independent Director

Signature

Date

Mr. Ian S. Lydall

Independent Director

Signature

Date

Mrs. Mar Amara

EVP & CFO

Signature

Date

Appendix

1. Audited Financial Statements 2017
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ACLEDA Bank Plc.

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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* Appendix does not form part of the audited financial statements.



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ACLEDA Bank Plc.

HEADQUARTERS

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 11 and 15 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 & Group Managing Director
▪ Dr. So Phonnary	Executive Vice President & Group Chief Operations Officer
▪ Mrs. Mar Amara	Executive Vice President & Group Chief Financial Officer
▪ Mr. Rath Yumeng	Executive Vice President & Group Chief Treasury Officer
▪ Mr. Prom Visoth	Executive Vice President & Group Chief Legal Officer and Corporate Secretary (Resigned on 01 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 01 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 guideline 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 & Group Chief Financial Officer


Dr. In Channy
President & Group Managing Director

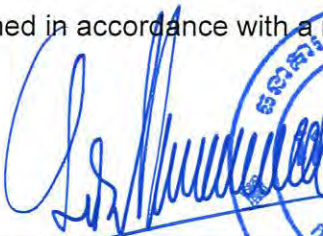
Phnom Penh, Kingdom of Cambodia

Date: 22 MAR 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 MAR 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

A blue circular stamp of PricewaterhouseCoopers (Cambodia) Ltd. The outer ring contains the company name in Khmer and English. The inner part contains the name 'Kuy Lim' in Khmer and 'PricewaterhouseCoopers (Cambodia) Ltd.' in English, with two small stars on either side.

Phnom Penh, Kingdom of Cambodia
Date: 22 March 2018

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 US\$	2016 US\$	2017 KHR'000	2016 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	18,31,498,379
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 18 to 121 form an integral part of these financial statements.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 US\$	2016 US\$	2017 KHR'000	2016 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		<u>275,704,369</u>	<u>287,223,035</u>	<u>1,113,018,537</u>	<u>1,159,519,392</u>
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		<u>55,994,958</u>	<u>48,126,832</u>	<u>226,051,646</u>	<u>194,288,021</u>
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		<u>(36,064,944)</u>	<u>(13,655,023)</u>	<u>(145,594,179)</u>	<u>(55,125,328)</u>
Net income after provision		<u>295,634,383</u>	<u>321,694,844</u>	<u>1,193,476,004</u>	<u>1,298,682,085</u>
Other incomes	23	<u>10,601,824</u>	<u>10,814,975</u>	<u>42,799,563</u>	<u>43,660,054</u>
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)
		<u>(189,863,915)</u>	<u>(174,126,606)</u>	<u>(766,480,624)</u>	<u>(702,949,109)</u>
Profit before income tax		<u>116,372,292</u>	<u>158,383,213</u>	<u>469,794,943</u>	<u>639,393,030</u>
Income tax expenses	26	(23,844,294)	(31,014,485)	(96,259,415)	(125,205,476)
Profit for the year		<u>92,527,998</u>	<u>127,368,728</u>	<u>373,535,528</u>	<u>514,187,554</u>
Attributable to:					
Equity holders of the Bank		91,684,504	126,886,969	370,130,343	512,242,694
Minority interest		<u>843,494</u>	<u>481,759</u>	<u>3,405,185</u>	<u>1,944,860</u>
		<u>92,527,998</u>	<u>127,368,728</u>	<u>373,535,528</u>	<u>514,187,554</u>

"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 18 to 121 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 US\$	General reserves US\$	Currency translation reserves US\$	Other reserves US\$	Retained earnings US\$	Total US\$	Minority interest US\$	Total equity 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	544,495,299
Conversion of retained earnings to share capital	42,037,861	-	-	-	(42,037,861)	-	-	-
Dividend in cash	-	-	-	-	(10,496,180)	(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	127,368,728
Currency translation differences	-	-	(400,021)	-	-	(400,021)	(178,185)	(578,206)
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	660,789,641
<i>In KHR'000 equivalent</i>	<u>1,242,442,909</u>	<u>963,722,163</u>	<u>(8,406,685)</u>	<u>(57,050,912)</u>	<u>512,242,694</u>	<u>2,652,950,169</u>	<u>14,657,612</u>	<u>2,667,607,781</u>
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	660,789,641
Conversion of retained earnings to share capital	50,781,045	-	-	-	(50,781,045)	-	-	-
Dividend in cash	-	-	-	-	(12,679,873)	(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	92,527,998
Currency translation differences	-	-	(430,090)	-	-	(430,090)	7,646	(422,444)
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	740,215,322
<i>In KHR'000 equivalent</i>	<u>1,447,445,987</u>	<u>1,219,773,131</u>	<u>(10,142,958)</u>	<u>(57,050,912)</u>	<u>370,130,343</u>	<u>2,970,155,591</u>	<u>18,093,664</u>	<u>2,988,249,255</u>

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The accompanying notes on pages 18 to 121 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Cash flows from operating activities					
Net cash inflow from operating activities	28	<u>3,375,011</u>	<u>189,166,600</u>	<u>13,624,919</u>	<u>763,665,564</u>
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		<u>99,335</u>	<u>116,880</u>	<u>401,017</u>	<u>471,844</u>
Net cash outflow in investing activities		<u>(38,383,082)</u>	<u>(31,852,863)</u>	<u>(154,952,501)</u>	<u>(128,590,008)</u>
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		<u>(9,000,000)</u>	<u>(5,000,000)</u>	<u>(36,333,000)</u>	<u>(20,185,000)</u>
Net cash inflow from financing activities		<u>277,208,199</u>	<u>200,379,680</u>	<u>1,119,089,499</u>	<u>808,932,767</u>
Net increase in cash and cash equivalents		<u>242,200,128</u>	<u>357,693,417</u>	<u>977,761,917</u>	<u>1,444,008,325</u>
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		<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,796,983)</u>
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 18 to 121 form an integral part of these financial statements.

**SEPARATE BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 US\$	2016 US\$	2017 KHR'000	2016 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 18 to 121 form an integral part of these financial statements.

**SEPARATE INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 US\$	2016 US\$	2017 KHR'000	2016 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		<u>260,734,482</u>	<u>275,078,570</u>	<u>1,052,585,104</u>	<u>1,110,492,187</u>
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		<u>48,568,138</u>	<u>41,580,794</u>	<u>196,069,573</u>	<u>167,861,666</u>
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		<u>(35,029,852)</u>	<u>(12,516,941)</u>	<u>(141,415,513)</u>	<u>(50,530,891)</u>
Net income after provision		<u>274,272,768</u>	<u>304,142,423</u>	<u>1,107,239,164</u>	<u>1,227,822,962</u>
Other incomes	23	<u>9,140,680</u>	<u>7,259,978</u>	<u>36,900,926</u>	<u>29,308,531</u>
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)
		<u>(175,267,378)</u>	<u>(158,581,155)</u>	<u>(707,554,405)</u>	<u>(640,192,122)</u>
Profit before income tax		<u>108,146,070</u>	<u>152,821,246</u>	<u>436,585,685</u>	<u>616,939,371</u>
Income tax expenses	26	(21,659,272)	(30,515,778)	(87,438,481)	(123,192,196)
Profit for the year		<u><u>86,486,798</u></u>	<u><u>122,305,468</u></u>	<u><u>349,147,204</u></u>	<u><u>493,747,175</u></u>

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The accompanying notes on pages 18 to 121 form an integral part of these financial statements.

**SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital US\$	General reserves US\$	Retained earnings US\$	Total 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	<u>307,763,911</u>	<u>240,304,425</u>	<u>122,305,468</u>	<u>670,373,804</u>
<i>In KHR'000 equivalent</i>	<u>1,242,442,909</u>	<u>970,108,964</u>	<u>493,747,175</u>	<u>2,706,299,048</u>
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	<u>358,544,956</u>	<u>299,148,975</u>	<u>86,486,798</u>	<u>744,180,729</u>
<i>In KHR'000 equivalent</i>	<u>1,447,445,987</u>	<u>1,207,664,412</u>	<u>349,147,204</u>	<u>3,004,257,603</u>

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The accompanying notes on pages 18 to 121 form an integral part of these financial statements.

**SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Cash flows from operating activities					
Net cash inflow from operating activities	28	<u>2,071,834</u>	<u>217,424,200</u>	<u>8,363,994</u>	<u>877,741,495</u>
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		<u>96,271</u>	<u>105,723</u>	<u>388,646</u>	<u>426,803</u>
Net cash outflow in investing activities		<u>(29,638,678)</u>	<u>(33,059,481)</u>	<u>(119,651,344)</u>	<u>(133,461,125)</u>
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		<u>(9,000,000)</u>	<u>(5,000,000)</u>	<u>(36,333,000)</u>	<u>(20,185,000)</u>
Net cash outflow from financing activities		<u>270,698,586</u>	<u>178,937,243</u>	<u>1,092,810,192</u>	<u>722,369,650</u>
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		<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,402,289)</u>
Cash and cash equivalents at the end of the year					
	27	<u>1,406,609,796</u>	<u>1,163,478,054</u>	<u>5,678,483,746</u>	<u>4,696,960,904</u>

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 18 to 121 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Consolidation (continued)

i) Subsidiaries (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency transaction (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Provision for loan losses (continued)

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			Old Prakas No. B7-09-074		
Facility classification	Number of days past due	Provision	Asset classification	Number of days past due	Provision
Short term					
General provision:			General provision:		
Normal	Less than 15 days	1%	Normal	Less than 30 days	1%
Specific provision:			Specific provision:		
Special mention	15 days – 30 days	3%	Special mention	30 days – 89 days	3%
Substandard	31 days – 60 days	20%	Substandard	90 days – 179 days	20%
Doubtful	61 days – 90 days	50%	Doubtful	180 days – 359 days	50%
Loss	91 days or more	100%	Loss	360 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%			

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property and equipment (continued)

	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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 summarized 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Employee benefits (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. CASH ON HAND

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. BALANCES WITH THE CENTRAL BANKS

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. BALANCES WITH THE CENTRAL BANKS (continued)

(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 Natinoal 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 certificates of deposit

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 of ACLEDA 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 of ACLEDA 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%

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. BALANCES WITH OTHER BANKS

a) By residency status

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Balances with local banks	6,123,010	5,286,004	24,718,591	21,339,598	3,364,927	1,808,953	13,584,210	7,302,743
Balances with overseas banks	114,131,907	81,534,786	460,750,509	329,155,931	118,498,522	80,265,244	478,378,534	324,030,790
	<u>120,254,917</u>	<u>86,820,790</u>	<u>485,469,100</u>	<u>350,495,529</u>	<u>121,863,449</u>	<u>82,074,197</u>	<u>491,962,744</u>	<u>331,333,533</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. BALANCES WITH OTHER BANKS (continued)

b) By account types

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Balances with local banks:								
Current accounts	3,122,922	2,597,954	12,607,236	10,487,940	364,927	808,953	1,473,210	3,265,743
Savings accounts	88	-	355	-	-	-	-	-
Fixed deposits	3,000,000	2,688,050	12,111,000	10,851,658	3,000,000	1,000,000	12,111,000	4,037,000
Capital Guarantee (*)	-	-	-	-	-	-	-	-
Reserve requirement (**)	-	-	-	-	-	-	-	-
Total balances with local banks	6,123,010	5,286,004	24,718,591	21,339,598	3,364,927	1,808,953	13,584,210	7,302,743
Balances with overseas banks:								
Current accounts	78,532,924	80,705,049	317,037,415	325,806,283	77,899,539	79,435,507	314,480,440	320,681,142
Savings accounts	598,983	829,737	2,418,094	3,349,648	598,983	829,737	2,418,094	3,349,648
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	329,155,931	118,498,522	80,265,244	478,378,534	324,030,790
	120,254,917	86,820,790	485,469,100	350,495,529	121,863,449	82,074,197	491,962,744	331,333,533

All fixed deposit accounts have maturity within one year.

c) By interest rate

	The Group		The Bank	
	2017	2016	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%

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. LOANS AND ADVANCES TO CUSTOMERS

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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.i))	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
	<u>3,171,987,862</u>	<u>2,903,988,505</u>	<u>12,805,314,998</u>	<u>11,723,401,595</u>	<u>3,022,558,506</u>	<u>2,771,095,914</u>	<u>12,202,068,689</u>	<u>11,186,914,205</u>
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)
	<u>(60,437,280)</u>	<u>(39,543,032)</u>	<u>(243,985,299)</u>	<u>(159,635,220)</u>	<u>(58,558,460)</u>	<u>(37,843,951)</u>	<u>(236,400,503)</u>	<u>(152,776,031)</u>
	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	<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>
	<u>3,085,214,651</u>	<u>2,841,390,830</u>	<u>12,455,011,546</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>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

a) Provision for loan losses

Movements of provision for loan losses are as follows:

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
At the beginning of the year	39,543,032	31,642,361	159,635,220	128,151,562	37,843,951	30,067,858	152,776,031	121,774,825
Provision for the year								
Specific	32,084,676	10,337,555	129,525,837	41,732,710	31,305,638	9,481,310	126,380,861	38,276,049
General	2,165,648	3,317,468	8,742,721	13,392,618	1,910,011	3,035,631	7,710,714	12,254,842
	<u>34,250,324</u>	<u>13,655,023</u>	<u>138,268,558</u>	<u>55,125,328</u>	<u>33,215,649</u>	<u>12,516,941</u>	<u>134,091,575</u>	<u>50,530,891</u>
Written off during the year	(13,302,046)	(5,888,915)	(53,700,360)	(23,773,550)	(12,505,938)	(4,726,175)	(50,486,472)	(19,079,568)
Currency translation difference	(54,030)	134,563	(218,119)	543,231	4,798	(14,673)	19,369	(59,235)
Exchange differences	-	-	-	(411,351)	-	-	-	(390,882)
At the end of the year	<u>60,437,280</u>	<u>39,543,032</u>	<u>243,985,299</u>	<u>159,635,220</u>	<u>58,558,460</u>	<u>37,843,951</u>	<u>236,400,503</u>	<u>152,776,031</u>

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)).

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

b) By classification

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Normal loans								
Secured	3,062,190,545	2,861,666,730	12,362,063,228	11,552,548,589	2,936,902,848	2,743,779,689	11,856,276,797	11,076,638,605
Unsecured	25,188,361	16,239,136	101,685,413	65,557,392	2,497,365	2,740,407	10,081,863	11,063,023
Special mention loans								
Secured	16,663,456	6,340,835	67,270,372	25,597,951	16,276,393	5,802,759	65,707,799	23,425,738
Unsecured	111,694	31,870	450,909	128,659	25,270	31,870	102,015	128,659
Substandard loans								
Secured	38,593,691	4,619,944	155,802,731	18,650,714	38,234,479	4,235,642	154,352,592	17,099,287
Unsecured	48,911	46,861	197,454	189,178	48,596	46,861	196,182	189,178
Doubtful loans								
Secured	15,655,671	10,749,203	63,201,944	43,394,533	15,046,218	10,165,186	60,741,582	41,036,856
Unsecured	63,307	58,193	255,570	234,925	63,307	57,767	255,570	233,205
Loss loans								
Secured	13,346,125	4,197,524	53,878,307	16,945,404	13,338,143	4,197,524	53,846,083	16,945,404
Unsecured	126,101	38,209	509,070	154,250	125,887	38,209	508,206	154,250
	<u>3,171,987,862</u>	<u>2,903,988,505</u>	<u>12,805,314,998</u>	<u>11,723,401,595</u>	<u>3,022,558,506</u>	<u>2,771,095,914</u>	<u>12,202,068,689</u>	<u>11,186,914,205</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

c) By industry

	The Group				The Bank			
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000
Wholesale and retail	1,281,688,420	1,097,506,251	5,174,176,152	4,430,632,735	1,271,755,115	1,091,614,309	5,134,075,399	4,406,846,965
Services	624,900,560	621,986,135	2,522,723,561	2,510,958,027	593,931,982	593,329,033	2,397,703,411	2,395,269,306
Agriculture	580,795,660	562,120,019	2,344,672,079	2,269,278,517	570,109,107	549,532,640	2,301,530,465	2,218,463,268
Housing loans	208,787,970	211,487,531	842,877,035	853,775,163	208,523,829	211,369,629	841,810,698	853,299,192
Manufacturing	100,357,618	109,782,205	405,143,704	443,190,762	93,206,644	103,843,553	376,275,222	419,216,423
Financial institutions	10,400,000	3,110,000	41,984,800	12,555,070	10,400,000	3,110,000	41,984,800	12,555,070
Others	365,057,634	297,996,364	1,473,737,667	1,203,011,321	274,631,829	218,296,750	1,108,688,694	881,263,981
	<u>3,171,987,862</u>	<u>2,903,988,505</u>	<u>12,805,314,998</u>	<u>11,723,401,595</u>	<u>3,022,558,506</u>	<u>2,771,095,914</u>	<u>12,202,068,689</u>	<u>11,186,914,205</u>

d) By exposure

	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-large exposure	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
	<u>3,171,987,862</u>	<u>2,903,988,505</u>	<u>12,805,314,998</u>	<u>11,723,401,595</u>	<u>3,022,558,506</u>	<u>2,771,095,914</u>	<u>12,202,068,689</u>	<u>11,186,914,205</u>

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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

e) By maturity

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Not later than 1 year	1,000,786,433	1,050,293,383	4,040,174,829	4,240,034,387	924,587,124	979,920,273	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	4,546,486,945	1,113,360,082	1,078,882,787	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	2,124,769,790	581,538,608	512,558,927	2,347,671,360	2,069,200,388
Later than 5 years	404,475,191	201,166,825	1,632,866,346	812,110,473	403,072,692	199,733,927	1,627,204,458	806,325,863
	<u>3,171,987,862</u>	<u>2,903,988,505</u>	<u>12,805,314,998</u>	<u>11,723,401,595</u>	<u>3,022,558,506</u>	<u>2,771,095,914</u>	<u>12,202,068,689</u>	<u>11,186,914,205</u>

f) By relationship

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Related parties including staff loans	123,148,600	87,385,954	497,150,898	352,777,096	122,213,254	86,448,321	493,374,906	348,991,872
Non-related parties	<u>3,048,839,262</u>	<u>2,816,602,551</u>	<u>12,308,164,100</u>	<u>11,370,624,499</u>	<u>2,900,345,252</u>	<u>2,684,647,593</u>	<u>11,708,693,783</u>	<u>10,837,922,333</u>
	<u>3,171,987,862</u>	<u>2,903,988,505</u>	<u>12,805,314,998</u>	<u>11,723,401,595</u>	<u>3,022,558,506</u>	<u>2,771,095,914</u>	<u>12,202,068,689</u>	<u>11,186,914,205</u>

g) Interest rates

	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%

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. OTHER ASSETS

	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 receivables	23,648,069	23,687,734	95,467,255	95,627,382	22,467,867	22,527,446	90,702,779	90,943,300
Prepayments and advances	19,836,611	23,743,049	80,080,399	95,850,689	18,083,444	21,910,040	73,002,863	88,450,831
Receivable from Western Union	966,923	887,753	3,903,468	3,583,859	919,871	877,614	3,713,519	3,542,928
Others	5,118,176	3,668,989	20,662,076	14,811,709	4,965,008	3,458,827	20,043,738	13,963,284
	<u>49,569,779</u>	<u>51,987,525</u>	<u>200,113,198</u>	<u>209,873,639</u>	<u>46,436,190</u>	<u>48,773,927</u>	<u>187,462,899</u>	<u>196,900,343</u>
	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Current	37,742,659	34,755,386	152,367,115	140,307,494	34,992,706	32,338,851	141,265,554	130,551,941
Non-current	11,827,120	17,232,139	47,746,083	69,566,145	11,443,484	16,435,076	46,197,345	66,348,402
	<u>49,569,779</u>	<u>51,987,525</u>	<u>200,113,198</u>	<u>209,873,639</u>	<u>46,436,190</u>	<u>48,773,927</u>	<u>187,462,899</u>	<u>196,900,343</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. STATUTORY DEPOSITS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. INVESTMENT IN SUBSIDIARIES

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

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. INVESTMENT IN SUBSIDIARIES (continued)

(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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. PROPERTY AND EQUIPMENT

Non-current	The Group								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress 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	<u>14,542,280</u>	<u>1,265,460</u>	<u>67,540,715</u>	<u>4,859,319</u>	<u>47,486,961</u>	<u>48,616,893</u>	<u>16,484,178</u>	<u>9,909,059</u>	<u>210,704,865</u>
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	<u>-</u>	<u>26,934</u>	<u>5,422,762</u>	<u>3,897,976</u>	<u>26,352,547</u>	<u>35,718,933</u>	<u>13,294,852</u>	<u>-</u>	<u>84,714,004</u>
Net book value as at 31 December 2016	<u>14,542,280</u>	<u>1,238,526</u>	<u>62,117,953</u>	<u>961,343</u>	<u>21,134,414</u>	<u>12,897,960</u>	<u>3,189,326</u>	<u>9,909,059</u>	<u>125,990,861</u>
In KHR'000 equivalent	<u>58,707,184</u>	<u>4,999,929</u>	<u>250,770,177</u>	<u>3,880,942</u>	<u>85,319,629</u>	<u>52,069,065</u>	<u>12,875,309</u>	<u>40,002,871</u>	<u>508,625,106</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. PROPERTY AND EQUIPMENT (continued)

Non-current	The Group								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress 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	<u>14,542,280</u>	<u>1,363,927</u>	<u>76,801,355</u>	<u>4,774,926</u>	<u>53,316,294</u>	<u>56,990,050</u>	<u>17,512,997</u>	<u>11,515,729</u>	<u>236,817,558</u>
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	<u>-</u>	<u>93,218</u>	<u>8,826,451</u>	<u>4,067,389</u>	<u>33,052,407</u>	<u>42,571,460</u>	<u>14,878,346</u>	<u>-</u>	<u>103,489,271</u>
Net book value as at 31 December 2017	<u>14,542,280</u>	<u>1,270,709</u>	<u>67,974,904</u>	<u>707,537</u>	<u>20,263,887</u>	<u>14,418,590</u>	<u>2,634,651</u>	<u>11,515,729</u>	<u>133,328,287</u>
<i>In KHR'000 equivalent</i>	<u>58,707,184</u>	<u>5,129,852</u>	<u>274,414,687</u>	<u>2,856,327</u>	<u>81,805,312</u>	<u>58,207,848</u>	<u>10,636,086</u>	<u>46,488,999</u>	<u>538,246,295</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. PROPERTY AND EQUIPMENT (continued)

Non-current	The Bank								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress 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	<u>2,328,344</u>	<u>184,259</u>	<u>67,540,715</u>	<u>3,848,456</u>	<u>45,376,883</u>	<u>44,094,119</u>	<u>14,731,372</u>	<u>7,362,706</u>	<u>185,466,854</u>
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	<u>-</u>	<u>12,133</u>	<u>5,422,762</u>	<u>3,056,040</u>	<u>24,625,767</u>	<u>31,971,847</u>	<u>11,843,816</u>	<u>-</u>	<u>76,932,365</u>
Net book value as at 31 December 2016	<u>2,328,344</u>	<u>172,126</u>	<u>62,117,953</u>	<u>792,416</u>	<u>20,751,116</u>	<u>12,122,272</u>	<u>2,887,556</u>	<u>7,362,706</u>	<u>108,534,489</u>
In KHR'000 equivalent	<u>9,399,525</u>	<u>694,874</u>	<u>250,770,175</u>	<u>3,198,983</u>	<u>83,772,255</u>	<u>48,937,612</u>	<u>11,657,064</u>	<u>29,723,244</u>	<u>438,153,732</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. PROPERTY AND EQUIPMENT (continued)

Non-current	The Bank								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress 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	<u>2,328,344</u>	<u>282,726</u>	<u>76,801,355</u>	<u>3,673,274</u>	<u>51,153,591</u>	<u>50,793,158</u>	<u>15,719,000</u>	<u>2,333,143</u>	<u>203,084,591</u>
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	<u>-</u>	<u>24,394</u>	<u>8,826,451</u>	<u>3,133,019</u>	<u>31,204,039</u>	<u>38,378,743</u>	<u>13,246,357</u>	<u>-</u>	<u>94,813,003</u>
Net book value as at 31 December 2017	<u>2,328,344</u>	<u>258,332</u>	<u>67,974,904</u>	<u>540,255</u>	<u>19,949,552</u>	<u>12,414,415</u>	<u>2,472,643</u>	<u>2,333,143</u>	<u>108,271,588</u>
In KHR'000 equivalent	<u>9,399,525</u>	<u>1,042,886</u>	<u>274,414,687</u>	<u>2,181,009</u>	<u>80,536,341</u>	<u>50,116,993</u>	<u>9,982,061</u>	<u>9,418,899</u>	<u>437,092,401</u>

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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. INTANGIBLE ASSETS

Non-current	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
Cost						
As at 1 January 2016	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
Less: Accumulated amortisation						
As at 1 January 2016	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
Net book value as at 31 December 2016	10,902,994	938,831	11,841,825	10,013,187	938,831	10,952,018
<i>In KHR'000 equivalent</i>	<i>44,015,386</i>	<i>3,790,062</i>	<i>47,805,448</i>	<i>40,423,236</i>	<i>3,790,061</i>	<i>44,213,297</i>
Cost						
As at 1 January 2017	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
Less: Accumulated amortisation						
As at 1 January 2017	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
Net book value as at 31 December 2017	9,821,419	1,518,926	11,340,345	9,218,569	1,518,926	10,737,495
<i>In KHR'000 equivalent</i>	<i>39,649,068</i>	<i>6,131,905</i>	<i>45,780,973</i>	<i>37,215,363</i>	<i>6,131,904</i>	<i>43,347,267</i>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. DEFERRED TAX ASSETS

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Deferred tax assets	25,334,598	20,698,101	102,275,772	83,558,234	25,177,490	20,547,974	101,641,527	82,952,172
Deferred tax liabilities	(13,574)	(564,642)	(54,798)	(2,279,460)	(21,127)	(563,445)	(85,290)	(2,274,628)
Net deferred tax assets – Non-current	<u>25,321,024</u>	<u>20,133,459</u>	<u>102,220,974</u>	<u>81,278,774</u>	<u>25,156,363</u>	<u>19,984,529</u>	<u>101,556,237</u>	<u>80,677,544</u>

The movements in deferred income tax assets during the year are as follows:

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
At the beginning of the year	20,133,459	11,470,897	81,278,774	46,457,133	19,984,529	11,366,539	80,677,544	46,034,484
Credited to income statement	5,187,565	8,662,562	20,942,200	34,970,763	5,171,834	8,617,990	20,878,693	34,790,826
Exchange differences	-	-	-	(149,122)	-	-	-	(147,766)
At the end of the year	<u>25,321,024</u>	<u>20,133,459</u>	<u>102,220,974</u>	<u>81,278,774</u>	<u>25,156,363</u>	<u>19,984,529</u>	<u>101,556,237</u>	<u>80,677,544</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. DEFERRED TAX ASSETS (continued)

Deferred tax assets:

	The Group							The Bank						
	Unamortised loan fees US\$	Provision for loan loss US\$	Other Provision US\$	Staff bonus US\$	Unrealised exchange loss US\$	Unearned revenue	Total US\$	Unamortised loan fees US\$	Provision for loan loss US\$	Other Provision US\$	Staff bonus US\$	Unrealised exchange loss US\$	Total US\$	
As at 1 January 2016	3,700,264	-	7,798,109	1,074,205	405,312	-	12,977,890	3,700,264	-	7,704,400	1,064,020	404,868	12,873,552	
Credited/(charged) to income statement	227,571	5,528,048	1,943,291	(77,546)	57,441	41,406	7,720,211	227,571	5,528,048	1,938,548	(77,630)	57,885	7,674,422	
As at 31 December 2016	3,927,835	5,528,048	9,741,400	996,659	462,753	41,406	20,698,101	3,927,835	5,528,048	9,642,948	986,390	462,753	20,547,974	
<i>In KHR'000 equivalent</i>	15,856,670	22,316,730	39,326,032	4,023,512	1,868,134	167,156	83,558,234	15,856,670	22,316,730	38,928,581	3,982,056	1,868,135	82,952,172	
As at 1 January 2017	3,927,835	5,528,048	9,741,400	996,659	462,753	41,406	20,698,101	3,927,835	5,528,048	9,642,948	986,390	462,753	20,547,974	
Credited to income statement	899,449	789,179	2,701,159	205,838	35,723	5,149	4,636,497	899,449	789,179	2,700,499	205,329	35,060	4,629,516	
As at 31 December 2017	4,827,284	6,317,227	12,442,559	1,202,497	498,476	46,555	25,334,598	4,827,284	6,317,227	12,343,447	1,191,719	497,813	25,177,490	
<i>In KHR'000 equivalent</i>	19,487,746	25,502,645	50,230,611	4,854,480	2,012,347	187,943	102,275,772	19,487,746	25,502,645	49,830,496	4,810,970	2,009,670	101,641,527	

Deferred tax liabilities:

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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. DUE TO OTHER BANKS

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Fixed deposits	40,025,424	150,664,223	161,582,637	608,231,468	31,441,447	141,500,000	126,929,122	571,235,501
Savings deposits	85,139,085	143,149,752	343,706,486	577,895,549	85,124,599	143,149,752	343,648,006	577,895,549
Current accounts	87,290,580	67,600,104	352,392,071	272,901,620	88,902,230	68,230,568	358,898,302	275,446,803
	<u>212,455,089</u>	<u>361,414,079</u>	<u>857,681,194</u>	<u>1,459,028,637</u>	<u>205,468,276</u>	<u>352,880,320</u>	<u>829,475,430</u>	<u>1,424,577,853</u>

All fixed deposits have maturity within one year.

a) By residency status

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Cambodia	208,856,505	352,249,734	843,153,710	1,422,032,176	205,468,276	352,880,320	829,475,430	1,424,577,853
Lao PDR	3,598,584	9,164,345	14,527,484	36,996,461	-	-	-	-
	<u>212,455,089</u>	<u>361,414,079</u>	<u>857,681,194</u>	<u>1,459,028,637</u>	<u>205,468,276</u>	<u>352,880,320</u>	<u>829,475,430</u>	<u>1,424,577,853</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. DUE TO OTHER BANKS (continued)

b) By relationship

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Related parties	-	-	-	-	1,611,771	630,585	6,506,720	2,545,672
Non-related parties	212,455,089	361,414,079	857,681,194	1,459,028,637	203,856,505	352,249,735	822,968,710	1,422,032,181
	<u>212,455,089</u>	<u>361,414,079</u>	<u>857,681,194</u>	<u>1,459,028,637</u>	<u>205,468,276</u>	<u>352,880,320</u>	<u>829,475,430</u>	<u>1,424,577,853</u>

c) By interest rate

	The Group		The Bank	
	2017	2016	2017	2016
Fixed deposits	1.00% - 9.00%	0.75% - 9.00%	1.00% - 5.75%	0.75% - 3.99%
Savings deposits	0.00% - 1.90%	0.00% - 1.90%	0.00% - 1.25%	0.00% - 1.25%
Current accounts	Nil	Nil	Nil	Nil

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. DEPOSITS FROM CUSTOMERS

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Fixed deposits	1,525,441,243	1,435,063,727	6,158,206,298	5,793,352,266	1,483,463,692	1,398,811,511	5,988,742,925	5,647,002,070
Savings deposits	1,257,833,473	1,059,971,570	5,077,873,731	4,279,105,228	1,228,844,541	1,032,774,558	4,960,845,412	4,169,310,891
Current accounts	321,724,223	263,610,391	1,298,800,688	1,064,195,149	320,006,815	261,111,619	1,291,867,512	1,054,107,604
Margin deposits	12,210,787	6,111,728	49,294,947	24,673,046	12,169,130	6,097,669	49,126,778	24,616,290
	<u>3,117,209,726</u>	<u>2,764,757,416</u>	<u>12,584,175,664</u>	<u>11,161,325,689</u>	<u>3,044,484,178</u>	<u>2,698,795,357</u>	<u>12,290,582,627</u>	<u>10,895,036,855</u>

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Current	2,788,308,250	2,504,267,473	11,256,400,405	10,109,727,789	2,737,199,523	2,458,291,818	11,050,074,475	9,924,124,068
Non-current	328,901,476	260,489,943	1,327,775,259	1,051,597,900	307,284,655	240,503,539	1,240,508,152	970,912,787
	<u>3,117,209,726</u>	<u>2,764,757,416</u>	<u>12,584,175,664</u>	<u>11,161,325,689</u>	<u>3,044,484,178</u>	<u>2,698,795,357</u>	<u>12,290,582,627</u>	<u>10,895,036,855</u>

a) By relationship

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Related parties including staff	4,471,180	6,442,102	18,050,154	26,006,766	10,237,068	17,992,582	41,327,044	72,636,053
Non-related parties	3,112,738,546	2,758,315,314	12,566,125,510	11,135,318,923	3,034,247,110	2,680,802,775	12,249,255,583	10,822,400,802
	<u>3,117,209,726</u>	<u>2,764,757,416</u>	<u>12,584,175,664</u>	<u>11,161,325,689</u>	<u>3,044,484,178</u>	<u>2,698,795,357</u>	<u>12,290,582,627</u>	<u>10,895,036,855</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. DEPOSITS FROM CUSTOMERS (continued)

b) By interest rate

	The Group		The Bank	
	2017	2016	2017	2016
Type of accounts:				
Fixed deposits	0.05% - 14.00%	0.05% - 14.00%	0.05% - 9.50%	0.05% - 9.50%
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 1.25%	0.00% - 4.00%
Current accounts	0.00% - 2.00%	0.00% - 2.00%	0.00% - 2.00%	0.00% - 2.00%
Margin deposits	Nil	Nil	Nil	Nil

16. OTHER LIABILITIES

	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 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
	<u>86,097,342</u>	<u>80,619,149</u>	<u>347,574,970</u>	<u>325,459,505</u>	<u>81,284,422</u>	<u>76,632,685</u>	<u>328,145,212</u>	<u>309,366,149</u>

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
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
	<u>86,097,342</u>	<u>80,619,149</u>	<u>347,574,970</u>	<u>325,459,505</u>	<u>81,284,422</u>	<u>76,632,685</u>	<u>328,145,212</u>	<u>309,366,149</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. BORROWINGS

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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	<u>906,378,182</u>	<u>616,064,141</u>	<u>3,659,048,721</u>	<u>2,487,050,937</u>	<u>866,142,860</u>	<u>582,048,491</u>	<u>3,496,618,726</u>	<u>2,349,729,758</u>

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

a) By relationship

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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
	<u>3,000,595</u>	<u>77,822</u>	<u>12,113,402</u>	<u>314,167</u>	<u>-</u>	<u>77,822</u>	<u>-</u>	<u>314,167</u>

ACLEDA Bank Plc.
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
17. BORROWINGS (continued)
a) By relationship (continued)

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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 BRANCE)	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	-	-	-	-	-
	<u>903,377,587</u>	<u>615,986,319</u>	<u>3,646,935,319</u>	<u>2,486,736,770</u>	<u>866,142,860</u>	<u>581,970,669</u>	<u>3,496,618,726</u>	<u>2,349,415,591</u>
	<u>906,378,182</u>	<u>616,064,141</u>	<u>3,659,048,721</u>	<u>2,487,050,937</u>	<u>866,142,860</u>	<u>582,048,491</u>	<u>3,496,618,726</u>	<u>2,349,729,758</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. BORROWINGS (continued)

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	The Bank	
				US\$	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 LAK65,600,000,000 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	-	

ACLEDA Bank Plc.
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
17. BORROWINGS (continued)
c) By Lenders, terms and conditions (continued)

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 installments starting from 15 August 2018.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. BORROWINGS (continued)

c) By Lenders, terms and conditions (continued)

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 MMK3,595,500,000 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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. BORROWINGS (continued)

c) By Lenders, terms and conditions (continued)

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group	The Bank	
				US\$	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	-	

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**NOTES TO THE FINANCIAL STATEMENTS
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17. BORROWINGS (continued)

c) By Lenders, terms and conditions (continued)

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group	The Bank	
				US\$	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 (WEOF)	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).
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.

ACLEDA Bank Plc.
**NOTES TO THE FINANCIAL STATEMENTS
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17. BORROWINGS (continued)
c) By Lenders, terms and conditions (continued)

Lender	Drawdown Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
				The Group US\$	The Bank US\$	
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 MMK1,000,000,000 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 MMK250,000,000 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 LAK73,350,000,000 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. SUBORDINATED DEBTS

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

a) By relationship

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. SUBORDINATED DEBTS (continued)

a) By relationship (continued)

Movements of the subordinated debts are as follows:

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

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%

ACLEDA Bank Plc.
**NOTES TO THE FINANCIAL STATEMENTS
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18. SUBORDINATED DEBTS (continued)
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 DEVELOPPEMENT-BIO SA/BELGISCHE INVESTERINGSMAATSCHAPPIJ 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.
Deutsche Investitions – Und EntwicklungsgesellschaftMbh ("DEG")	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.
	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.
International Finance Corporation ("IFC")	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.
IFC Capitalization (Subordinated Debt) Fund, L.P.	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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. SUBORDINATED DEBTS (continued)

c) By Lenders, terms and conditions (continued)

Lender	Drawdown Date	NBC's approval Date	Maturity Date	Facility limit US\$	Outstanding balance		Other terms and conditions
					The Group US\$	The Bank US\$	
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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
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19. EMPLOYEE BENEFITS

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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	<u>37,491,644</u>	<u>27,993,009</u>	<u>151,353,767</u>	<u>113,007,777</u>	<u>37,452,814</u>	<u>27,963,839</u>	<u>151,197,010</u>	<u>112,890,018</u>
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	<u>10,049,640</u>	<u>7,990,900</u>	<u>40,570,397</u>	<u>32,259,264</u>	<u>9,502,780</u>	<u>7,580,013</u>	<u>38,362,723</u>	<u>30,600,513</u>
Total – Non-current	<u>47,541,284</u>	<u>35,983,909</u>	<u>191,924,164</u>	<u>145,267,041</u>	<u>46,955,594</u>	<u>35,543,852</u>	<u>189,559,733</u>	<u>143,490,531</u>

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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. EMPLOYEE BENEFITS (continued)

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

	<u>2017</u>	<u>2016</u>
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 (**)		

(*) Mortality rate table is as follows:

Age	2017		2016	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
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:

Age	2017		2016	
	Staff turnover rate (% per annum)		Staff turnover rate (% per annum)	
	Females	Males	Females	Males
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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
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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	26.0000%	77,267,575	77,267,575	25.1061%
ASA Plc.	89,636,246	89,636,246	25.0000%	79,692,026	79,692,026	25.8939%
SMBC	65,434,452	65,434,452	18.2500%	56,166,912	56,166,912	18.2500%
COFIBRED S.A	43,921,756	43,921,756	12.2500%	37,701,078	37,701,078	12.2500%
ORIX Corporation	43,921,756	43,921,756	12.2500%	37,701,078	37,701,078	12.2500%
Triodos Microfinance Fund	9,145,802	9,145,802	2.5508%	7,850,474	7,850,474	2.5508%
Triodos Fair Share Fund	7,821,231	7,821,231	2.1814%	6,713,503	6,713,503	2.1814%
Triodos Sustainable Finance Foundation	5,442,024	5,442,024	1.5178%	4,671,265	4,671,265	1.5178%
Total – Non-current	<u>358,544,956</u>	<u>358,544,956</u>	<u>100%</u>	<u>307,763,911</u>	<u>307,763,911</u>	<u>100%</u>
<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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
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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>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. NET FEE AND COMMISSION 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
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
	<u>58,862,019</u>	<u>52,863,407</u>	<u>237,625,971</u>	<u>213,409,574</u>	<u>51,032,850</u>	<u>45,781,779</u>	<u>206,019,615</u>	<u>184,821,042</u>
Fee and commission expense	<u>(2,867,061)</u>	<u>(4,736,575)</u>	<u>(11,574,325)</u>	<u>(19,121,553)</u>	<u>(2,464,712)</u>	<u>(4,200,985)</u>	<u>(9,950,042)</u>	<u>(16,959,376)</u>
Net fee and commission income	<u>55,994,958</u>	<u>48,126,832</u>	<u>226,051,646</u>	<u>194,288,021</u>	<u>48,568,138</u>	<u>41,580,794</u>	<u>196,069,573</u>	<u>167,861,666</u>

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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
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23. OTHER 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
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
	<u>10,896,650</u>	<u>10,739,417</u>	<u>43,989,776</u>	<u>43,355,026</u>	<u>9,431,365</u>	<u>7,163,435</u>	<u>38,074,421</u>	<u>28,918,787</u>
(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
	<u>10,601,824</u>	<u>10,814,975</u>	<u>42,799,563</u>	<u>43,660,054</u>	<u>9,140,680</u>	<u>7,259,978</u>	<u>36,900,926</u>	<u>29,308,531</u>

24. PERSONNEL EXPENSES

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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
	<u>112,238,869</u>	<u>105,784,312</u>	<u>453,108,314</u>	<u>427,051,268</u>	<u>103,853,975</u>	<u>96,672,410</u>	<u>419,258,497</u>	<u>390,266,519</u>

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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
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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 (KHR 12,040,000,000).

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

26. INCOME TAX EXPENSES

a) Current income tax liabilities

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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	<u>(5,187,565)</u>	<u>(8,662,562)</u>	<u>(20,942,200)</u>	<u>(34,970,763)</u>	<u>(5,171,834)</u>	<u>(8,617,990)</u>	<u>(20,878,693)</u>	<u>(34,790,826)</u>
	<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>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

26. INCOME TAX EXPENSES (continued)

c) Reconciliation between income tax expense and accounting profit

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
Profit before income tax	116,372,292	158,383,213	469,794,943	639,393,030	108,146,070	152,821,246	436,585,685	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	129,013,554	21,629,214	30,564,249	87,317,137	123,387,873
Tax effect of reconciling items:								
Non-deductible expense	257,781	220,467	1,040,662	890,025	30,058	181,961	121,344	734,577
Utilisation of tax losses	-	(933,329)	-	(3,767,849)	-	-	-	-
Currency translation difference	-	(230,432)	-	(930,254)	-	(230,432)	-	(930,254)
	<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>

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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

27. CASH AND CASH EQUIVALENTS

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
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:								
Current accounts	290,054,243	335,503,916	1,170,948,979	1,354,429,309	280,493,356	323,597,829	1,132,351,678	1,306,364,436
Negotiable certificate of deposits, maturities of three months or less	701,377,261	481,377,261	2,831,460,003	1,943,320,003	701,377,261	481,377,261	2,831,460,003	1,943,320,003
Balances with other banks:								
Current accounts	81,655,846	83,303,003	329,644,650	336,294,223	78,264,466	80,244,460	315,953,649	323,946,885
Savings accounts	599,071	829,737	2,418,450	3,349,648	598,983	829,737	2,418,094	3,349,648
Fixed deposits, maturities of three months or less	35,000,000	1,000,000	141,295,000	4,037,000	35,000,000	1,000,000	141,295,000	4,037,000
	<u>1,430,430,666</u>	<u>1,188,230,538</u>	<u>5,774,648,599</u>	<u>4,796,886,682</u>	<u>1,406,609,796</u>	<u>1,163,478,054</u>	<u>5,678,483,746</u>	<u>4,696,960,904</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

28. CASH FLOWS FROM OPERATING ACTIVITIES

	Note	The Group				The Bank			
		2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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	436,585,685	616,939,371
Adjustments for:									
Depreciation charge	11	21,265,226	22,888,987	85,847,717	92,402,841	20,154,783	21,519,832	81,364,859	86,875,562
Amortisation charge	12	4,051,084	3,311,079	16,354,226	13,366,826	3,755,478	3,077,228	15,160,865	12,422,769
Adjustments of property and equipment		832,293	82,559	3,359,967	333,291	832,293	82,559	3,359,967	333,291
Adjustments of intangible assets		27,909	48,452	112,669	195,601	27,909	48,452	112,669	195,601
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	25,030,878	23,097,526
Provision for loan losses	7(a)	34,250,324	13,655,023	138,268,558	55,125,328	33,215,649	12,516,941	134,091,575	50,530,891
Provision for off balance sheet commitments		1,814,620	-	7,325,621	-	1,814,203	-	7,323,938	-
Retirement benefits expenses		2,298,042	1,752,881	9,277,195	7,076,381	2,100,565	1,661,529	8,479,981	6,707,593
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)	(1,052,585,104)	(1,110,492,187)
Loss/(gain) on disposals of property and equipment	23	294,826	(75,558)	1,190,213	(305,028)	290,685	(96,543)	1,173,495	(389,744)
Unrealised exchange gain		(309,754)	(569,908)	(1,250,478)	(2,300,719)	(35,362)	(23,191)	(142,758)	(93,624)
		(88,663,861)	(82,298,988)	(357,936,007)	(332,241,015)	(84,231,843)	(77,749,059)	(340,043,950)	(313,872,951)
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)	(1,047,416,064)	(1,294,615,740)
Balances with the central banks		513,748	(2,177,526)	2,074,001	(8,790,672)	513,748	(2,177,526)	2,074,001	(8,790,672)
Reserve requirement with the central banks		(76,135,367)	(59,814,860)	(307,358,477)	(241,472,590)	(76,409,509)	(57,363,293)	(308,465,188)	(231,575,614)
Balances with other banks		(3,311,950)	(34,009)	(13,370,342)	(137,294)	(8,000,000)	500,000	(32,296,000)	2,018,500
Other assets		2,378,081	(9,222,676)	9,600,313	(37,231,943)	2,278,158	(8,779,727)	9,196,924	(35,443,758)
Deposits from customers		352,452,310	340,962,355	1,422,849,975	1,376,465,027	345,688,821	357,469,993	1,395,545,770	1,443,106,362
Due to other banks		(148,958,990)	89,568,849	(601,347,443)	361,589,443	(147,412,044)	77,844,669	(595,102,422)	314,258,929
Provident fund		4,965,202	3,185,003	20,044,520	12,857,857	4,860,798	3,134,343	19,623,042	12,653,343
Other liabilities		3,348,961	(3,454,293)	13,519,756	(13,944,980)	2,750,656	(3,619,040)	11,104,398	(14,610,065)
Net cash used in operations		(231,486,011)	(70,444,825)	(934,509,027)	(284,385,758)	(219,415,281)	(31,427,215)	(885,779,489)	(126,871,666)
Interest income received		425,385,294	409,249,306	1,717,280,432	1,652,139,448	402,875,674	390,491,914	1,626,409,096	1,576,415,855
Interest expenses paid		(147,512,028)	(117,539,800)	(595,506,057)	(474,508,173)	(140,180,532)	(110,356,876)	(565,908,808)	(445,510,708)
Income tax paid	26(a)	(40,757,799)	(30,422,354)	(164,539,235)	(122,815,043)	(39,470,251)	(29,958,445)	(159,341,403)	(120,942,242)
Provident fund paid	19(a)	(2,020,325)	(1,527,767)	(8,156,052)	(6,167,595)	(1,562,540)	(1,177,218)	(6,307,974)	(4,752,429)
Retirement benefits paid	19(b)	(234,120)	(147,960)	(945,142)	(597,315)	(175,236)	(147,960)	(707,428)	(597,315)
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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

29. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

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 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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 commitments

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.

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
i). Loans and advances								
Key management	<u>16,167,582</u>	<u>11,947,229</u>	<u>65,268,529</u>	<u>48,230,963</u>	<u>15,232,236</u>	<u>11,009,596</u>	<u>61,492,537</u>	<u>44,445,739</u>
ii). Balances with related parties								
SMBC	20,623,550	254,424	83,257,271	1,027,110	20,623,550	254,424	83,257,271	1,027,110
ACLEDA Bank Lao Ltd	-	-	-	-	5,000,000	-	20,185,000	-
	<u>20,623,550</u>	<u>254,424</u>	<u>83,257,271</u>	<u>1,027,110</u>	<u>25,623,550</u>	<u>254,424</u>	<u>103,442,271</u>	<u>1,027,110</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
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30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related parties balances (continued)

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
iii). Receivables from/payables to related parties								
Key Management								
Interest receivables	17,219	20,752	69,513	83,776	16,910	19,908	68,266	80,369
Key Management								
Interest payables	20,639	19,584	83,320	79,061	19,604	19,584	79,141	79,061
SMBC								
Other Receivables	5,117	-	20,657	-	5,117	-	20,657	-
ASA Plc.								
Other Payables	2,231	1,517	9,007	6,124	2,231	1,517	9,007	6,124
ACLEDA Bank Lao Ltd.								
Other receivables	-	-	-	-	202,064	17,181	815,732	69,360
ACLEDA Securities Plc.								
Other payables	-	-	-	-	34,439	42,512	139,030	171,621
ACLEDA Institute of Business								
Other receivables	-	-	-	-	60,809	-	245,486	-
Other payables	-	-	-	-	80,562	92,550	325,229	373,624
ACLEDA MFI Myanmar Co., Ltd.								
Other receivables	-	-	-	-	139,210	97,850	561,991	395,020
	<u>45,206</u>	<u>41,853</u>	<u>182,497</u>	<u>168,961</u>	<u>560,946</u>	<u>291,102</u>	<u>2,264,539</u>	<u>1,175,179</u>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related parties balances (continued)

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000
iv). Deposits from related parties								
Key management	3,071,785	3,256,165	12,400,796	13,145,138	2,831,337	3,042,492	11,430,107	12,282,540
SMBC	66,421	95,604	268,142	385,953	66,421	95,604	268,142	385,953
ACLEDA Financial Trust ASA Plc.	398,455	2,532,124	1,608,563	10,222,185	398,455	2,532,124	1,608,563	10,222,185
Saving accounts	84,806	107,927	342,362	435,701	84,806	107,927	342,362	435,701
Fixed deposits	251,000	193,000	1,013,287	779,141	251,000	193,000	1,013,287	779,141
ACLEDA Bank Lao Ltd.								
Current accounts	-	-	-	-	1,611,771	630,585	6,506,720	2,545,672
ACLEDA Securities Plc.								
Savings accounts	-	-	-	-	69,479	115,839	280,487	467,642
Fixed deposits	-	-	-	-	1,890,000	1,740,000	7,629,929	7,024,380
ACLEDA Institute of Business								
Current accounts	-	-	-	-	363,502	112,371	1,467,458	453,642
Fixed deposits	-	-	-	-	4,280,000	10,050,000	17,278,360	40,571,850
ACLEDA Properties Ltd.								
Savings accounts	-	-	-	-	2,067	3,225	8,344	13,019
	<u>3,872,467</u>	<u>6,184,820</u>	<u>15,633,150</u>	<u>24,968,118</u>	<u>11,848,838</u>	<u>18,623,167</u>	<u>47,833,759</u>	<u>75,181,725</u>
v). Borrowings from related parties								
Shareholders (Note 17(a))	<u>3,000,595</u>	<u>77,822</u>	<u>12,113,402</u>	<u>314,167</u>	<u>-</u>	<u>77,822</u>	<u>-</u>	<u>314,167</u>

**NOTES TO THE FINANCIAL STATEMENTS
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30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Related party transactions

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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	716,257	1,905,577	2,891,530
SMBC	5,117	-	20,657	-	5,117	-	20,657	-
Deposits with ACLEDA Bank Lao Ltd	-	-	-	-	176,055	-	710,734	-
	<u>577,746</u>	<u>807,863</u>	<u>2,332,360</u>	<u>3,261,343</u>	<u>653,200</u>	<u>716,257</u>	<u>2,636,968</u>	<u>2,891,530</u>
ii). Fee and commission income from related parties								
ACLEDA Financial Trust	24,000	24,000	96,888	96,888	24,000	24,000	96,888	96,888
ASA, Plc.	500	500	2,019	2,019	500	500	2,019	2,019
ACLEDA Bank Lao Ltd.	-	-	-	-	3,405	6,331	13,746	25,558
ACLEDA Securities Plc	-	-	-	-	350	417	1,413	1,683
ACLEDA Institute of Business	-	-	-	-	4,159	48,977	16,790	197,720
ACLEDA Properties Ltd.	-	-	-	-	120	240	484	969
	<u>24,500</u>	<u>24,500</u>	<u>98,907</u>	<u>98,907</u>	<u>32,534</u>	<u>80,465</u>	<u>131,340</u>	<u>324,837</u>
iii). Interest expenses to related parties								
Deposits of key management	140,984	155,176	569,152	626,446	132,950	131,355	536,719	530,280
Borrowing from shareholders	255,048	83,702	1,029,629	337,905	14,639	83,702	59,098	337,905
Deposits of ASA Plc.	11,351	11,818	45,824	47,709	11,351	11,818	45,824	47,709
Deposits of ACLEDA Bank Lao Ltd.	-	-	-	-	-	8,531	-	34,440
Deposits of ACLEDA Securities Plc.	-	-	-	-	108,598	123,887	438,410	500,132
Deposits of ACLEDA Institute of Business	-	-	-	-	308,035	136,056	1,243,537	549,258
	<u>407,383</u>	<u>250,696</u>	<u>1,644,605</u>	<u>1,012,060</u>	<u>575,573</u>	<u>495,349</u>	<u>2,323,588</u>	<u>1,999,724</u>
iv). Fee and commission expenses to related parties								
Board of directors	784,123	536,541	3,165,505	2,166,016	642,123	430,303	2,592,251	1,737,133
Key management	9,705,614	9,809,855	39,181,564	39,602,385	6,945,891	7,131,251	28,040,562	28,788,860
ACLEDA Institute of Business	-	-	-	-	1,706,120	1,518,934	6,887,606	6,131,937
	<u>10,489,737</u>	<u>10,346,396</u>	<u>42,347,069</u>	<u>41,768,401</u>	<u>9,294,134</u>	<u>9,080,488</u>	<u>37,520,419</u>	<u>36,657,930</u>

**NOTES TO THE FINANCIAL STATEMENTS
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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.

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

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 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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	<u>4,560,400,034</u>	<u>4,074,606,688</u>	<u>18,410,334,937</u>	<u>16,449,187,200</u>	<u>4,393,164,851</u>	<u>3,919,326,381</u>	<u>17,735,206,504</u>	<u>15,822,320,600</u>
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	<u>4,404,296,500</u>	<u>3,901,951,227</u>	<u>17,780,144,970</u>	<u>15,752,177,104</u>	<u>4,280,903,141</u>	<u>3,790,984,678</u>	<u>17,282,005,980</u>	<u>15,304,205,145</u>
Net financial assets	<u>156,103,534</u>	<u>172,655,461</u>	<u>630,189,967</u>	<u>697,010,096</u>	<u>112,261,710</u>	<u>128,341,703</u>	<u>453,200,524</u>	<u>518,115,455</u>

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

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

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(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.

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(b) Risk limit control and mitigation policies (continued)

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

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

	The Group				The Bank			
	2017 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(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 US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total 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	<u>2,973,305,424</u>	<u>15,747,477</u>	<u>690,780</u>	<u>125,033,335</u>	<u>21,357,813</u>	<u>70,648,515</u>	<u>24,585,157</u>	<u>5,640,154</u>	<u>3,237,008,655</u>
<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	<u>2,749,571,244</u>	<u>1,223,253</u>	<u>129,708</u>	<u>117,517,753</u>	<u>748,969</u>	<u>74,179,506</u>	<u>13,573,727</u>	<u>5,835,352</u>	<u>2,962,779,512</u>
<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>

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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(e) Concentration of financial assets with credit risk exposure (continued)

(i) *Geographical sector (continued)*

	The Bank								
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total 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	<u>2,973,362,717</u>	<u>15,747,477</u>	<u>690,780</u>	<u>5,202,424</u>	<u>21,357,813</u>	<u>70,648,515</u>	<u>186,378</u>	<u>5,006,770</u>	<u>3,092,202,874</u>
<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	<u>2,748,927,902</u>	<u>1,223,253</u>	<u>129,708</u>	<u>-</u>	<u>748,969</u>	<u>74,179,506</u>	<u>48,583</u>	<u>3,935,225</u>	<u>2,829,193,146</u>
<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>

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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(e) Concentration of financial assets with credit risk exposure (continued)

(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 US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	Total 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	<u>136,198,299</u>	<u>1,253,822,977</u>	<u>611,601,523</u>	<u>205,926,897</u>	<u>98,015,866</u>	<u>569,800,740</u>	<u>361,642,353</u>	<u>3,237,008,655</u>
<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	<u>97,885,565</u>	<u>1,083,425,443</u>	<u>613,693,768</u>	<u>209,005,989</u>	<u>107,552,769</u>	<u>555,535,726</u>	<u>295,680,252</u>	<u>2,962,779,512</u>
<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>

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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(e) Concentration of financial assets with credit risk exposure (continued)

(ii) Industry sector (continued)

	The Bank							
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	Total 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>
<i>In KHR'000 equivalent</i>	<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>
<i>In KHR'000 equivalent</i>	<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>

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**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(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).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(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	67,833,806	19,709,934	273,845,075	79,569,004	66,856,630	18,741,189	269,900,216	75,658,180
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	(26,335,931)	(23,054,643)	(106,318,153)	(93,071,594)	(24,126,290)	(19,616,624)	(97,397,833)	(79,192,311)
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>

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**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(h) *Credit quality of loans and advances (continued)*

(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 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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>

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.1 Credit risk (continued)

(h) *Credit quality of loans and advances (continued)*

(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 US\$	2016 US\$	2017 KHR'000	2016 KHR'000	2017 US\$	2016 US\$	2017 KHR'000	2016 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>

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (Continued)

Position limits of the market risk (continued)

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(i) *Interest Rate Risk* (continued)

	The Group						
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total 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	<u>680,355,045</u>	<u>473,264,687</u>	<u>651,026,817</u>	<u>1,734,156,862</u>	<u>330,592,050</u>	<u>691,004,573</u>	<u>4,560,400,034</u>
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	<u>1,524,105,254</u>	<u>436,084,067</u>	<u>1,145,003,399</u>	<u>709,918,629</u>	<u>103,685,629</u>	<u>485,499,522</u>	<u>4,404,296,500</u>
Total interest rate repricing gap	<u>(843,750,209)</u>	<u>37,180,620</u>	<u>(493,976,582)</u>	<u>1,024,238,233</u>	<u>226,906,421</u>	<u>205,505,051</u>	<u>156,103,534</u>
In KHR'000 equivalent	<u>(3,406,219,594)</u>	<u>150,098,163</u>	<u>(1,994,183,462)</u>	<u>4,134,849,747</u>	<u>916,021,222</u>	<u>829,623,891</u>	<u>630,189,967</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(i) *Interest Rate Risk* (continued)

	The Group						
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
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	<u>570,426,128</u>	<u>378,643,307</u>	<u>651,709,441</u>	<u>1,622,793,629</u>	<u>178,278,670</u>	<u>672,755,513</u>	<u>4,074,606,688</u>
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	<u>1,397,919,143</u>	<u>277,462,835</u>	<u>1,016,455,237</u>	<u>747,770,881</u>	<u>76,558,081</u>	<u>385,785,050</u>	<u>3,901,951,227</u>
Total interest rate repricing gap	<u>(827,493,015)</u>	<u>101,180,472</u>	<u>(364,745,796)</u>	<u>875,022,748</u>	<u>101,720,589</u>	<u>286,970,463</u>	<u>172,655,461</u>
In KHR'000 equivalent	<u>(3,340,589,302)</u>	<u>408,465,565</u>	<u>(1,472,478,778)</u>	<u>3,532,466,834</u>	<u>410,646,018</u>	<u>1,158,499,759</u>	<u>697,010,096</u>

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NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(i) Interest Rate Risk (continued)

	The Bank						
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total 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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(i) Interest Rate Risk (continued)

	The Bank						
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
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

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(i) Interest Rate Risk (continued)

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.

(ii) Foreign exchange risk

The Group operates in Cambodia, Lao PDR, and Republic of the Union of Myanmar and transacts in many currencies. It is exposed to various currency risks, primarily with respect to Khmer Riel, Euro, Thai Baht, LAK, JPY, AUD, VND, CAD, Kyat and others.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group and the Bank's functional currency.

Management monitors their foreign exchange risk against functional currencies. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group use forward contracts.

The table below summarises the Group and the Bank's exposure to foreign currency exchange rate risk at 31 December 2017 and 31 December 2016. Included in the table are the financial instruments at carrying amount by currency in US\$ equivalent.

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**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(ii) *Foreign exchange risk* (continued)

	The Group							
	In US\$ equivalent							
31 December 2017	KHR	USD	THB	EUR	AUD	LAK	Others	Total
Financial assets								
Cash on hand	76,213,263	220,429,347	15,417,138	1,834,800	261,176	6,670,970	917,551	321,744,245
Balances with the central banks	231,829,003	763,550,728	2,983,544	-	-	3,283,859	-	1,001,647,134
Balances with other banks	-	112,748,775	1,734,893	1,979,692	121,163	526,999	3,143,395	120,254,917
Loans and advances to customers	159,298,565	2,749,235,766	33,046,798	-	-	121,310,488	22,323,034	3,085,214,651
Other assets	2,069,307	27,677,709	380,793	-	-	1,057,738	353,540	31,539,087
Total financial assets	469,410,138	3,873,642,325	53,563,166	3,814,492	382,339	132,850,054	26,737,520	4,560,400,034
Financial liabilities								
Due to other banks	55,057,541	142,199,380	7,099,634	-	-	8,098,534	-	212,455,089
Deposits from customers	411,899,184	2,590,335,018	47,648,048	2,958,661	365	62,539,925	1,828,525	3,117,209,726
Other liabilities	6,607,197	50,222,208	323,572	113,664	783	1,886,383	415,606	59,569,413
Borrowings	-	870,969,337	-	-	-	22,736,169	12,672,676	906,378,182
Subordinated debts	-	108,684,090	-	-	-	-	-	108,684,090
Total financial liabilities	473,563,922	3,762,410,033	55,071,254	3,072,325	1,148	95,261,011	14,916,807	4,404,296,500
Net on-balance sheet position	(4,153,784)	111,232,292	(1,508,088)	742,167	381,191	37,589,043	11,820,713	156,103,534
<i>In KHR'000 equivalent</i>	(16,768,826)	449,044,763	(6,088,151)	2,996,128	1,538,868	151,746,967	47,720,218	630,189,967
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	57,502,094	175,394	1,338,272	-	-	88,354	60,653,273
Credit commitment	3,147,066	167,558,998	341,260	2,022,357	-	-	88,354	173,158,035
<i>In KHR'000 equivalent</i>	12,704,705	676,435,675	1,377,667	8,164,255	-	-	356,686	699,038,988

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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(ii) *Foreign exchange risk (continued)*

	The Group							
	In US\$ equivalent							
31 December 2016	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
<i>In KHR'000 equivalent</i>	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
<i>In KHR'000 equivalent</i>	9,302,390	605,727,980	1,694,999	6,272,775	174,318	35,053	788,891	623,996,406

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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(ii) *Foreign exchange risk* (continued)

31 December 2017	The Bank							
	In US\$ equivalent							
Financial assets	KHR	USD	THB	EUR	AUD	LAK	Others	Total
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
<i>In KHR'000 equivalent</i>	<i>(16,825,041)</i>	<i>455,322,702</i>	<i>2,882,313</i>	<i>2,875,026</i>	<i>1,514,969</i>	<i>4,739</i>	<i>7,425,816</i>	<i>453,200,524</i>
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
<i>In KHR'000 equivalent</i>	<i>12,704,705</i>	<i>676,267,506</i>	<i>1,377,667</i>	<i>8,164,255</i>	<i>-</i>	<i>-</i>	<i>356,685</i>	<i>698,870,818</i>

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**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(ii) *Foreign exchange risk* (continued)

31 December 2016	The Bank							
	In US\$ equivalent							
	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	2,980,438	122,539,846	1,589,599	64,981	306,104	2,456	858,279	128,341,703
<i>In KHR'000 equivalent</i>	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	2,304,283	150,038,711	419,866	1,553,821	43,180	-	195,415	154,555,276
<i>In KHR'000 equivalent</i>	9,302,390	605,706,277	1,694,999	6,272,775	174,318	-	788,890	623,939,649

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

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:

**NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

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 controls intraday liquidity and makes cash flow measurements and projections for the next day, week, and month as these are key periods 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 in 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 times, 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 the contingency liquidity plan is to ensure that the bank has a framework for managing the liquidity sufficiently and robustly in the event of a liquidity crisis based on the results of liquidity stress testing.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

a) Liquidity risk management process (continued)

Position limits of the liquidity risk (continued)

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.

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31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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)	1,969,165,622	359,594,534	1,093,938,305	1,084,263,933	147,515,155	4,654,477,549
<i>In KHR'000 equivalent</i>	<i>7,949,521,616</i>	<i>1,451,683,134</i>	<i>4,416,228,937</i>	<i>4,377,173,498</i>	<i>595,518,681</i>	<i>18,790,125,866</i>
Assets held for managing liquidity risk (contractual maturity dates)	1,344,150,178	537,641,280	892,910,777	2,220,441,012	423,197,796	5,418,341,043
<i>In KHR'000 equivalent</i>	<i>5,426,334,269</i>	<i>2,170,457,847</i>	<i>3,604,680,807</i>	<i>8,963,920,365</i>	<i>1,708,449,502</i>	<i>21,873,842,790</i>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
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)	1,751,679,771	292,934,085	1,063,045,334	903,125,066	97,169,980	4,107,954,236
<i>In KHR'000 equivalent</i>	<i>7,071,531,236</i>	<i>1,182,574,901</i>	<i>4,291,514,013</i>	<i>3,645,915,891</i>	<i>392,275,210</i>	<i>16,583,811,251</i>
Assets held for managing liquidity risk (contractual maturity dates)	1,245,564,433	443,198,562	889,798,344	2,050,494,447	222,682,479	4,851,738,265
<i>In KHR'000 equivalent</i>	<i>5,028,343,616</i>	<i>1,789,192,595</i>	<i>3,592,115,915</i>	<i>8,277,846,083</i>	<i>898,969,166</i>	<i>19,586,467,375</i>

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31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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
<i>In KHR'000 equivalent</i>	<i>7,815,538,483</i>	<i>1,391,359,082</i>	<i>4,281,378,838</i>	<i>4,168,236,314</i>	<i>580,894,749</i>	<i>18,237,407,466</i>
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
<i>In KHR'000 equivalent</i>	<i>5,291,286,764</i>	<i>2,102,445,487</i>	<i>3,357,621,388</i>	<i>8,627,954,786</i>	<i>1,703,825,813</i>	<i>21,083,134,238</i>

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**NOTES TO THE FINANCIAL STATEMENTS
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32. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

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 US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

d) Off-balance sheet items (continued)

i) *Loan commitments and guarantee (continued)*

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

d) Off-balance sheet items (continued)

i) *Loan commitments and guarantee (continued)*

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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

ACLEDA Bank Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

d) Off-balance sheet items (continued)

i) *Loan commitments and guarantee (continued)*

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

31. FINANCIAL RISK MANAGEMENT (continued)

31.4 Fair value of financial assets and liabilities (continued)

(b) Financial instruments not measured at fair value (continued)

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 US\$	2016 US\$	2017 KHR'000	2016 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

32. SUBSEQUENT EVENTS

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

**APPENDIX: NOTES ON REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S
PRAKAS**

REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S PRAKAS FOR THE YEAR ENDED 31 DECEMBER 2017

This Appendix does not form part of the audited financial statements.

1. LIQUIDITY COVERAGE RATIO, Prakas No. B7-015-349

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:

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

Locally incorporated banks in Cambodia shall calculate LCR on both solo and consolidated basis, and banks that are foreign branches shall calculate LCR on a solo basis.

Based on the approval letter with reference no. B7-016-489 Chhortor dated 5 July 2016 from NBC, the consolidated LCR are required to calculate three entities which are ACLEDA Bank Plc., ACLEDA Bank Lao Ltd, and ACLEDA MFI Myanmar Co., Ltd.

As at 31 December 2017, the Bank is in compliance with LCR.

The Liquidity Coverage Ratio calculation is detailed in Schedule 1.

2. MINIMUM REGISTERED CAPITAL REQUIREMENT, Prakas No. B7-016-117

The National Bank of Cambodia's Prakas No. B7-016-117 on the minimum registered capital of banks and financial institutions requires the commercial banks established under the foreign branch banks that have the parent company with the investment rating scaled by a reputable rating agency must have minimum capital equal to at least KHR200 billion (or US\$50 million) and commercial banks incorporated as locally companies or as the subsidiaries of foreign banks must have minimum capital of at least KHR300 billion (or US\$75 million) within two years, starting from signing date 22 March 2016.

On 16 June 2016, the National Bank of Cambodia issued a Circular No. B7-016-003 on "implementation of Prakas No. B7-016-117 on new minimum registered capital requirement for banks and financial institutions". It requires financial institutions to fulfil 50% of the gap of minimum capital by March 2017 and remaining 50% by 22 March 2018.

As at 31 December 2017, the Bank had a paid-up share capital of US\$358,544,956 which was higher than the minimum registered capital requirement.

3. NET WORTH, Prakas No. B7-010-182

The Bank's Net Worth as at 31 December 2017 amounted to US\$749,394,471 as computed in Schedule 2.

Banks must maintain their net worth at least equal to the minimum capital. As at 31 December 2017, the Bank's net worth of US\$749,394,471 was higher by US\$674,394,471 compared to the minimum capital of US\$75,000,000.

The Net Worth calculation is detailed in Schedule 2.

**REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S PRAKAS
FOR THE YEAR ENDED 31 DECEMBER 2017****4. SOLVENCY RATIO, Prakas No. B7-00-46, B7-04-206, and B7-07-135**

Banks are required to maintain a Solvency Ratio of at least 15%.

As at 31 December 2017, the Bank maintained a Solvency Ratio of 23.21% of net worth as a percentage of its risk weighted assets and off balance sheet items.

The Solvency Ratio calculation is detailed in Schedule 3.

5. FOREIGN CURRENCY TRANSACTIONS, Prakas No. B7-00-50

The Bank transacts its business primarily in United States dollars (US\$) and maintains its books of accounts in US\$. Accordingly, all currencies other than US\$ are considered as foreign currencies.

Balance sheet items

As at 31 December 2017, in accordance with Prakas No. B7-00-50, all assets and liabilities of the Bank that were denominated in foreign currencies were translated using the period end exchange rate.

Off balance sheet items

The Bank is required to record off-balance sheet items from the capital commitments arising from purchases and sales of foreign currencies relating to spot transactions (with a completion period of two days) and forward foreign exchange transactions.

As at 31 December 2017, the Bank had commitments of this nature and the Bank was in compliance with this Prakas.

6. NET OPEN POSITION IN FOREIGN CURRENCY, Prakas No. B7-07-134

Banks are required, under the conditions of the above Prakas, to maintain their net open position in foreign currencies in either any foreign currency or overall net open position in all foreign currencies, whether long or short, shall not exceed twenty percent (20%) of Banks' net worth.

As at 31 December 2017, the Bank did not have net open position in foreign currencies exceeding 20% of the Bank's net worth as detailed in Schedule 4.

7. CREDIT RISK GRADING AND IMPAIRMENT PROVISIONING, Prakas No. B7-017-344 AND CIRCULAR No. B7-018-001 Sor Ror Chor Nor

The Bank's loan classification and provisioning policy is in accordance with the National Bank of Cambodia's guidelines. The amount of the provision for loan losses determined as at 31 December 2017 is in accordance with the requirements of this Prakas.

The details of the computation of the required loan provision are provided in Schedule 5.

**REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S PRAKAS
FOR THE YEAR ENDED 31 DECEMBER 2017****8. LARGE CREDIT EXPOSURES, Prakas No. B7-06-226**

Banks are required, under the conditions of the above Prakas, to maintain at all times a maximum ratio of 20% between their overall exposure resulting from their operations with each individual beneficiary and their net worth and the aggregate individual large credit exposure must not be more than 300% of the Bank's net worth.

As at 31 December 2017, the Bank had no exposure with a single beneficiary where such exposure exceeded 20% and 300% as aggregate of individual large credit exposure of the net worth as computed in Schedule 2.

For large exposure to net worth, please refer to ratio 20 on financial soundness indicators.

9. LOANS TO RELATED PARTIES, Prakas No. B7-02-146

The Bank is required to maintain total weighted outstanding of loans to related parties to be not more than 10% of the Bank's net worth.

As at 31 December 2017, loans to related parties exposure did not exceed 10% of the net worth as computed in Schedule 2.

For loans to related parties to net worth, please refer to ratio 19 on financial soundness indicators.

10. FIXED ASSETS, Prakas No. B7-01-186

Fixed assets acquired by banks for operational purposes shall be less than 30% of total bank's net worth as defined in Prakas B7-010-182. Fixed assets with no direct link to operating the Bank shall be sold not later than one year after the date they became property of the Bank.

As at 31 December 2017, the Bank's fixed assets amounting to US\$119,009,083 (including intangible assets of US\$10,737,495) was equivalent to 15.88% of the Bank's net worth.

11. PREPAID RENTAL AND LEASE, Prakas No. B7-04-037

The National Bank of Cambodia issued Prakas No. B7-04-037 on 9 March 2004 which stipulates that banks are only allowed to lease properties if these are directly related to its banking operations. Moreover, this Prakas stipulates that prepaid rental or lease should not exceed one year of the rental or lease term. In addition, rental with related parties is required to be reported as part of the loans and advances to related parties in a bank's quarterly related parties transactions and balances declaration with the National Bank of Cambodia. In the event that a bank has prepaid rental or lease of more than one year, the bank should be in compliance with the provisions of this Prakas within six months after 9 March 2004 and thereafter, the prepaid rental or lease of more than one year shall be deducted in calculating the bank's net worth.

As at 31 December 2017, the Bank's rents were for its operations and rental prepayment did not exceed one year rent.

**REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S PRAKAS
FOR THE YEAR ENDED 31 DECEMBER 2017****12. PROVISION OF CREDIT IN NATIONAL CURRENCY, Prakas No. B7-016-334**

The Bank is required to maintain loans in national currency at least 10% (ten percent) of total loan portfolio, which shall take effect from the signing date of 1 December 2016 and be fully implemented by 31 December 2019.

As at 31 December 2017, the Bank's loans in national currency amounting to KHR 660,951 million (equivalent to US\$163,723,222) was equivalent to 5.42% of the Bank's total loan portfolio.

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2017**

**The Group
As at 31 December 2017**

In million riels				Non weighted amounts			Weighted amounts			Total
ASSETS				KHR	USD	Other currencies	KHR	USD	Other currencies	
HQLA	1.11	1	Notes and coins	307,668	889,845	101,335	307,668	889,845	101,335	1,298,848
	1.12	1	Reserves requirement with the NBC > minimum reserve requirement	-	6,067	-	-	6,067	-	6,067
	1.13	1	Reserves requirement with the NBC in KHR	119,510	-	-	119,510	-	-	119,510
	1.14	0.7	Reserves requirement with the NBC in USD	-	1,721,164	-	-	1,204,815	-	1,204,815
	1.15	1	Amounts deposited at the NBC excluding settlement account and capital guarantee account	402,899	604,286	25,302	402,899	604,286	25,302	1,032,487
	1.16	1	NCDs (and any other securities) issued by the NBC	490,000	2,341,460	-	490,000	2,341,460	-	2,831,460
	1.17	1	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating comprised between AAA and AA- included BIS, IMF, ECB, EU, and MDBs when rated AAA	-	-	-	-	-	-	-
			Total 1 = Σ (1.11 ; 1.17)	1,320,077	5,562,822	126,637	1,320,077	5,046,473	126,637	6,493,187
OLA	1.21	0.85	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating between A+ and A-	-	-	-	-	-	-	-
	1.22	0.85	Market value of unencumbered marketable debt securities on or guaranteed by Public Sector Entities (PSEs) and MDBs not included in 1.17 with rating higher or equal to A-	-	-	-	-	-	-	-
	1.23	0.85	Unencumbered eligible debt securities (including commercial paper) and covered bonds, with rating higher or equal to AA-	-	-	-	-	-	-	-
	1.24	0.75	Gold for own account	-	-	-	-	-	-	-
			Total 2 = Minimum [OLA ; 40% (HQLA+OLA)]	-	-	-	-	-	-	-
Total ASSETS			Total 3 = Total 1 + Total 2	1,320,077	5,562,822	126,637	1,320,077	5,046,473	126,637	6,493,187

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2017**

In million riels				Non weighted amounts			Weighted amounts			Total
				KHR	USD	Other currencies	KHR	USD	Other currencies	
NET CASH OUTFLOWS = expected cash outflows - expected cash inflows										
	OUTFLOWS									
CASH OUTFLOW	Retail cash outflows (regardless of amount) and qualifying SME deposits (less than or equal to USD 100,000 or equivalent)									
	2.11	0.05	Stable deposits	-	-	-	-	-	-	-
	2.12	0.15	Less stable deposits	919,808	8,271,424	424,773	137,971	1,240,714	63,716	1,442,401
			Unsecured wholesale funding							
	2.21	0.25	operational deposits (unsecured funding generated by clearing, custody and cash management activities)	-	4,192	-	-	1,048	-	1,048
	2.22	0.4	non operational deposits from non-financial corp. not qualifying for reporting in 2.11 to 2.12	78,486	1,298,517	18,279	31,394	519,407	7,312	558,113
	2.23	0.4	non operational deposits from sovereigns, central banks, and PSEs	603,126	253,960	3,088	241,250	101,584	1,235	344,069
	2.24	1	non operational deposits from banks and financial institutions (as defined in Annex 2)	223,936	567,725	61,231	223,936	567,725	61,231	852,892
	2.25	1	non operational deposits from all other legal entities	59,410	627,862	18,141	59,410	627,862	18,141	705,413
	2.26	1	any other unsecured wholesale funding including debt securities	-	-	-	-	-	-	-
			Secured funding							
	2.31	0	secured funding transactions backed by HQLA	-	-	-	-	-	-	-
	2.32	0.15	secured funding transactions backed by OLA other than Gold	-	-	-	-	-	-	-
	2.33	0.25	secured funding transactions backed by Gold for own account	-	-	-	-	-	-	-
	2.34	1	all other secured funding transactions	-	-	-	-	-	-	-
			Increased liquidity needs related to derivatives and other transactions							
	2.41	1	derivative payables	-	286	-	-	286	-	286
	2.42	1	outflows from market valuation changes of collateral for derivative transactions	-	-	-	-	-	-	-
	2.43	1	other derivative cash outflows	-	-	-	-	-	-	-
			Committed facilities							
			for the undrawn portion of committed credit and to retails and SMEs							
	2.51	0.05	credit facilities	6,451	363,838	670	323	18,192	34	18,549
	2.52	0.05	liquidity facilities	-	-	-	-	-	-	-
			to non financial corporates, sovereigns and central banks							
	2.53	0.1	credit facilities	-	56,240	-	-	5,624	-	5,624

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2017**

	In million riels			Non weighted amounts			Weighted amounts			Total
	OUTFLOWS			KHR	USD	Other currencies	KHR	USD	Other currencies	
CASH OUTFLOWS	2.54	0.3	liquidity facilities	-	-	-	-	-	-	-
			<i>to banks and financial institutions (as defined in Annex 2)</i>							
	2.55	0.4	credit facilities	-	24,222	-	-	9,689	-	9,689
	2.56	0.4	liquidity facilities	-	-	-	-	-	-	-
			<i>to other financial institutions</i>							
	2.57	0.4	credit facilities	-	-	-	-	-	-	-
	2.58	1	liquidity facilities	-	-	-	-	-	-	-
			<i>to other legal entities</i>	-	-	-	-	-	-	-
	2.59	1	credit facilities							
	2.60	1	liquidity facilities	-	-	-	-	-	-	-
			Other contingent funding obligations (whether contractual or not)							
	2.71	0.1	unconditional revocable credit and liquidity facilities' agreements	-	-	-	-	-	-	-
	2.72	1	trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	10,814	1,105	-	10,814	1,105	11,919
	2.73	0.5	Guarantees and letters of credit other than trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	-	-	-	-	-	-
	2.81	1	Other contractual outflows	7,113	138,976	2,426	7,113	138,976	2,426	148,515
			Total 4 = Σ (2.11 ; 2.81)	1,898,330	11,618,056	529,713	701,397	3,241,921	155,200	4,098,518
INFLOWS										
CASH INFLOWS			Outstanding Reverse repos and securities borrowing with remaining maturities within 30 days							
			<i>where the collateral received is not re-hypothecated</i>							
	3.11	0	covered by HQLA	-	-	-	-	-	-	-
	3.12	0.2 5	covered by OLA	-	-	-	-	-	-	-
	3.13	1	covered by other assets	-	-	-	-	-	-	-
			<i>where the collateral received is re-hypothecated</i>							
	3.14	0	covered by HQLA	-	-	-	-	-	-	-
	3.15	0	covered by OLA	-	-	-	-	-	-	-
	3.16	0	covered by other assets	-	-	-	-	-	-	-
			<i>Undrawn committed facilities from banks and financial institutions as defined in Annex 2</i>							

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2017**

In million riels				Non weighted amounts			Weighted amounts			Total
INFLOWS				KHR	USD	Other currencies	KHR	USD	Other currencies	
CASH INFLOWS	3.21	0	Committed facilities from banks and financial institutions other than those reported in 3.22	-	-	-	-	-	-	-
	3.22	1	Committed fund facilities with parent bank	-	-	-	-	-	-	-
			Other contractual inflows, either secured or unsecured, within 30 days							
	3.31	0.5	from retail customers	40,923	392,743	46,696	20,462	196,372	23,348	240,182
	3.32	0.5	from SMEs	-	502	59	-	251	30	281
	3.33	0.5	from non financial corporates	8	53,198	19	4	26,599	10	26,613
	3.34	1	from central banks	-	-	-	-	-	-	-
	3.35	1	from banks and financial institutions as defined in Annex 2	-	1,664	-	-	1,664	-	1,664
	3.36	0.5	from other financial institutions as defined in Annex 2	-	-	-	-	-	-	-
	3.37	0.5	from other legal entities	-	-	-	-	-	-	-
	3.38	0.5	from sovereigns	-	-	-	-	-	-	-
	3.39	1	deposits with banks and financial institutions as defined in Annex 2	538	394,320	26,003	538	394,320	26,003	420,861
			derivative cash inflows							
	3.50	1	net contractual derivative cash inflows within 30 days	-	-	-	-	-	-	-
	3.60	1	Contractual inflows from other securities maturing within 30 days	-	-	-	-	-	-	-
	3.70	0	Any other contractual inflows due in the next 30 days	-	-	-	-	-	-	-
			Total 5 = Σ (3.11 ; 3.70)	41,469	842,427	72,777	21,004	619,206	49,391	689,601
TOTAL NET CASH OUTFLOWS				1,939,799	12,460,483	602,490	680,393	2,622,715	105,809	3,408,917
LIQUIDITY COVERAGE RATIO							194.02	192.41	119.68	190.48
LCR= Total 3/Total 6										

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2017**

**The Bank
As at 31 December 2017**

In million riels				Non weighted amounts			Weighted amounts			Total
ASSETS				KHR	USD	Other currencies	KHR	USD	Other currencies	
HQLA	1.11	1	Notes and coins	307,656	882,217	65,132	307,656	882,217	65,132	1,255,005
	1.12	1	Reserves requirement with the NBC > minimum reserve requirement	-	6,067	-	-	6,067	-	6,067
	1.13	1	Reserves requirement with the NBC in KHR	119,510	-	-	119,510	-	-	119,510
	1.14	0.7	Reserves requirement with the NBC in USD	-	1,721,164	-	-	1,204,815	-	1,204,815
	1.15	1	Amounts deposited at the NBC excluding settlement account and capital guarantee account	402,899	590,993	-	402,899	590,993	-	993,892
	1.16	1	NCDs (and any other securities) issued by the NBC	490,000	2,341,460	-	490,000	2,341,460	-	2,831,460
	1.17	1	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating comprised between AAA and AA- included BIS, IMF, ECB, EU, and MDBs when rated AAA	-	-	-	-	-	-	-
			Total 1 = Σ (1.11 ; 1.17)	1,320,065	5,541,901	65,132	1,320,065	5,025,552	65,132	6,410,749
OLA	1.21	0.85	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating between A+ and A-	-	-	-	-	-	-	-
	1.22	0.85	Market value of unencumbered marketable debt securities on or guaranteed by Public Sector Entities (PSEs) and MDBs not included in 1.17 with rating higher or equal to A-	-	-	-	-	-	-	-
	1.23	0.85	Unencumbered eligible debt securities (including commercial paper) and covered bonds, with rating higher or equal to AA-	-	-	-	-	-	-	-
	1.24	0.75	Gold for own account	-	-	-	-	-	-	-
			Total 2 = Minimum [OLA ; 40% (HQLA+OLA)]	-	-	-	-	-	-	-
TOTAL ASSETS			Total 3 = Total 1 + Total 2	1,320,065	5,541,901	65,132	1,320,065	5,025,552	65,132	6,410,749

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2017**

In million riels				Non weighted amounts			Weighted amounts			Total
				KHR	USD	Other currencies	KHR	USD	Other currencies	
NET CASH OUTFLOWS = expected cash outflows - expected cash inflows										
	OUTFLOWS									
CASH OUTFLOW			Retail cash outflows (regardless of amount) and qualifying SME deposits (less than or equal to USD 100,000 or equivalent)							
	2.11	0.05	Stable deposits	-	-	-	-	-	-	-
	2.12	0.15	Less stable deposits	919,808	8,252,318	153,362	137,971	1,237,848	23,004	1,398,823
			Unsecured wholesale funding							
	2.21	0.25	operational deposits (unsecured funding generated by clearing, custody and cash management activities)	-	4,192	-	-	1,048	-	1,048
	2.22	0.4	non operational deposits from non-financial corp.not qualifying for reporting in 2.11 to 2.12	78,486	1,295,742	15,219	31,394	518,297	6,088	555,779
	2.23	0.4	non operational deposits from sovereigns, central banks, and PSEs	603,126	250,763	44	241,250	100,305	18	341,573
	2.24	1	non operational deposits from banks and financial institutions (as defined in Annex 2)	223,936	572,175	28,556	223,936	572,175	28,556	824,667
	2.25	1	non operational deposits from all other legal entities	59,410	627,685	672	59,410	627,685	672	687,767
	2.26	1	any other unsecured wholesale funding including debt securities	-	-	-	-	-	-	-
			Secured funding							
	2.31	0	secured funding transactions backed by HQLA	-	-	-	-	-	-	-
	2.32	0.15	secured funding transactions backed by OLA other than Gold	-	-	-	-	-	-	-
	2.33	0.25	secured funding transactions backed by Gold for own account	-	-	-	-	-	-	-
	2.34	1	all other secured funding transactions	-	-	-	-	-	-	-
			Increased liquidity needs related to derivatives and other transactions							
	2.41	1	derivative payables	-	286	-	-	286	-	286
	2.42	1	outflows from market valuation changes of collateral for derivative transactions	-	-	-	-	-	-	-
	2.43	1	other derivative cash outflows	-	-	-	-	-	-	-
			Committed facilities							
			for the undrawn portion of committed credit and liquidity facilities							
			to retails and SMEs							
	2.51	0.05	credit facilities	6,451	363,838	670	323	18,192	34	18,549
	2.52	0.05	liquidity facilities	-	-	-	-	-	-	-
			to non financial corporates, sovereigns and central banks							
	2.53	0.1	credit facilities	-	56,240	-	-	5,624	-	5,624

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2017**

	In million riels			Non weighted amounts			Weighted amounts			Total
	OUTFLOWS			KHR	USD	Other currencies	KHR	USD	Other currencies	
	2.54	0.3	liquidity facilities	-	-	-	-	-	-	-
			to banks and financial institutions (as defined in Annex 2)							
	2.55	0.4	credit facilities	-	24,222	-	-	9,689	-	9,689
	2.56	0.4	liquidity facilities	-	-	-	-	-	-	-
			to other financial institutions							
	2.57	0.4	credit facilities	-	-	-	-	-	-	-
	2.58	1	liquidity facilities	-	-	-	-	-	-	-
			to other legal entities							
	2.59	1	credit facilities	-	-	-	-	-	-	-
	2.60	1	liquidity facilities	-	-	-	-	-	-	-
			Other contingent funding obligations (whether contractual or not)							
	2.71	0.1	unconditional revocable credit and liquidity facilities' agreements	-	-	-	-	-	-	-
	2.72	1	trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	10,814	1,105	-	10,814	1,105	11,919
	2.73	0.5	Guarantees and letters of credit other than trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	-	-	-	-	-	-
	2.81	1	Other contractual outflows	7,113	138,971	1,228	7,113	138,971	1,228	147,312
			Total 4 = Σ (2.11 ; 2.81)	1,898,330	11,597,246	200,856	701,397	3,240,934	60,705	4,003,036
	INFLOWS									
CASH INFLOWS			Outstanding Reverse repos and securities borrowing with remaining maturities within 30 days							
			<i>where the collateral received is not re-hypothecated</i>							
	3.11	0	covered by HQLA	-	-	-	-	-	-	-
	3.12	0.25	covered by OLA	-	-	-	-	-	-	-
	3.13	1	covered by other assets	-	-	-	-	-	-	-
			<i>where the collateral received is re-hypothecated</i>							
	3.14	0	covered by HQLA	-	-	-	-	-	-	-
	3.15	0	covered by OLA	-	-	-	-	-	-	-
	3.16	0	covered by other assets	-	-	-	-	-	-	-
			<i>Undrawn committed facilities from banks and financial institutions as defined in Annex 2</i>							

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2017**

In million riels				Non weighted amounts			Weighted amounts			Total
INFLOWS				KHR	USD	Other currencies	KHR	USD	Other currencies	
CASH INFLOWS	3.21	0	Committed facilities from banks and financial institutions other than those reported in 3.22	-	-	-	-	-	-	-
	3.22	1	Committed fund facilities with parent bank	-	-	-	-	-	-	-
			Other contractual inflows, either secured or unsecured, within 30 days							
	3.31	0.5	from retail customers	40,923	392,511	7,080	20,462	196,256	3,540	220,258
	3.32	0.5	from SMEs	-	502	-	-	251	-	251
	3.33	0.5	from non financial corporates	8	53,198	-	4	26,599	-	26,603
	3.34	1	from central banks	-	-	-	-	-	-	-
	3.35	1	from banks and financial institutions as defined in Annex 2	-	1,664	-	-	1,664	-	1,664
	3.36	0.5	from other financial institutions as defined in Annex 2	-	-	-	-	-	-	-
	3.37	0.5	from other legal entities	-	-	-	-	-	-	-
	3.38	0.5	from sovereigns	-	-	-	-	-	-	-
	3.39	1	deposits with banks and financial institutions as defined in Annex 2	538	414,249	12,568	538	414,249	12,568	427,355
			Derivative cash inflows							
	3.50	1	net contractual derivative cash inflows within 30 days	-	-	-	-	-	-	-
	3.60	1	Contractual inflows from other securities maturing within 30 days	-	-	-	-	-	-	-
	3.70	0	Any other contractual inflows due in the next 30 days	-	-	-	-	-	-	-
Total 5 = Σ (3.11 ; 3.70)				41,469	862,124	19,648	21,004	639,019	16,108	676,131
TOTAL NET CASH OUTFLOWS			Total 6 = Total 4 - Min (Total 5 ; 75% Total 4)	1,939,799	12,459,370	220,504	680,393	2,601,915	44,597	3,326,905
LIQUIDITY COVERAGE RATIO			LCR= Total 3/Total 6				194.02	193.15	146.05	192.69

**SCHEDULE 2 - NET WORTH
AS AT 31 DECEMBER 2017**

NET WORTH CALCULATION	in US\$	in Millions of KHR
Tier 1: (Core Capital)		
I. Sub-total A		
+ Paid-in capital/Capital endowment	358,544,956	1,447,446
+ Reserves (other than revaluation reserves)	299,148,975	1,207,664
+ Audited Net Profit (last financial year)	86,486,798	349,147
+ Retained Earnings	-	-
+ Other Items (to be detailed and supported by and NBC approval to be referred to)		
1. Provide reference of NBC's authority/approval	-	-
2. Provide reference of NBC's authority/approval	-	-
Sub-Total A	744,180,729	3,004,257
+ Limited check on retained earnings (max. 20% of Sub-Total A)	-	-
II. Sub-total B (Deduction)		
+ Own shares held (at Book Value)	-	-
+ Accumulated losses	-	-
+ Intangible assets to be deducted	10,737,495	43,347
+ Shareholders, Directors, Related Parties (deduct)	15,249,145	61,561
1. Unpaid portion(s) of capital (a)	-	-
2. Loans, overdrafts and other advances (b)	15,249,145	61,561
3. Debt instruments held bearing signature of Shareholders, Directors, Related Parties (c)	-	-
+ Other losses	-	-
(a), (b), and (c) to be itemized in an attachment		
Sub-Total B	25,986,640	104,908
Total Tier 1 (Core Capital) (A) - (B)	718,194,089	2,899,349
Tier 2: (Complementary Capital)		
III. Sub-Total C		
+ Reevaluation reserves (NBC's Approval ref.)	-	-
+ Provisions for general banking risks (NBC's Approval ref.)	-	-
+ 1% General provision (Prakas on Asset Class)	29,394,002	118,664
+ Subordinated Debts Instruments (Provided complying with condition set forth in article 7)	58,958,340	238,015
+ Other items (to be detailed and supported)		
1. Provide reference of NBC's authority/approval	-	-
2. Provide reference of NBC's authority/approval	-	-
Sub-Total C	88,352,342	356,679
+ Limit check on Subordinated Debts (max. 50 % of Tier 1 Capital)	8.21	8.21
IV. Sub-Total D (Tier 2, Deductions)		
+ Equity participation banking & Fin. Institution	57,151,960	230,722
+ Other items to be deducted (def. charge...)	-	-
Sub-Total D	57,151,960	230,722
Total Tier 2 (Complementary Capital) (C) - (D)	31,200,382	125,957
+ Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1)	4.34	4.34
Regulatory Net Worth (A)- (B) + (C) - (D)	749,394,471	3,025,306

SCHEDULE 3 - SOLVENCY RATIO AS AT 31 DECEMBER 2017

SOLVENCY RATIO

Net Worth (NW) :

749,394,471

CALCULATION OF SOLVENCY RATIO

	in US\$	Weighting	in US\$	in Millions of KHR
I- Balance Sheet Items, weighted by degree of Counter-Party Risks				
1- Weighting 0% on Assets with low Risk	<u>1,796,007,165</u>		-	-
1.1- Cash	310,875,730	0%	-	-
1.2- Gold	-	0%	-	-
1.3- Claims on the National Bank of Cambodia	1,484,014,377	0%	-	-
1.4- Assets collateralized by Deposits 100% lodged with Banks	1,117,058	0%	-	-
1.5- Claims on or Guaranteed by Sovereigns rated AAA to AA- or equivalent	-	0%	-	-
2- Weighting 20% on Assets with Moderate Risk	<u>53,389,359</u>		<u>10,677,872</u>	<u>43,107</u>
2.1- Claims on or Guaranteed by Sovereigns rated A+ to A- or equivalent	-	20%	-	-
2.2- Claims on or Guaranteed by banks rated AAA to AA- or equivalent	53,389,359	20%	10,677,872	43,107
3- Weighting 50% on Assets with Medium Risk	<u>59,128,409</u>		<u>29,564,205</u>	<u>119,351</u>
3.1- Claims on or Guaranteed by Sovereigns rated BBB+ to BBB- or equivalent	-	50%	-	-
3.2- Claims on or Guaranteed by Banks rated A+ to A- or equivalent	59,128,409	50%	29,564,205	119,351
4- Weighting 100% on Assets with Full Risk	<u>3,130,060,936</u>		<u>3,130,060,936</u>	<u>12,636,056</u>
4.1- All other Assets, besides mentioned above	<u>3,130,060,936</u>	100%	<u>3,130,060,936</u>	<u>12,636,056</u>
5- Weighting 120% on Tradable Securities	-		-	-
5.1- Tradable Securities	-	100%	-	-
Total (I) = (1) + (2) + (3) + (4)	<u>5,038,585,869</u>		<u>3,170,303,013</u>	<u>12,798,514</u>
II- Off-Balance Sheet items, weighted by degree of Counter-Party Risk				
1- Weighting 0% on Operations with low Risk	<u>63,442,719</u>		-	-
1.1- Undrawn Facilities, particularly overdrafts and commitments to lend, which are for an initial term of not more than one year	62,758,634	0%	-	-
1.2- Other items carrying a low risk	684,085	0%	-	-
2- Weighting 20% on Operations with Moderate Risk	-		-	-
2.1- Documentary credits is sued or confirmed where the underlying goods serve as collateral and other similar transactions	-	20%	-	-
2.2- Other Items carrying moderate risk	-	20%	-	-
3- Weighting 50% on Operations with Medium Risk	<u>93,921,835</u>		<u>46,960,918</u>	<u>189,582</u>
3.1- Commitments to pay resulting from documentary credits, issued or confirmed, where the underlying goods do not serve as collateral	3,880,042	50%	1,940,021	7,832
3.2- Warranties and indemnity bonds (including tender, performance, customs and tax bonds) and guarantees not having the character of credit substitutes	40,979,750	50%	20,489,875	82,718
3.3- Undrawn facilities, particularly overdrafts and commitments to lend with an initial term of more than one year	49,062,043	50%	24,531,022	99,032
3.4- Other items carrying medium risk	-	50%	-	-
4- Weighting 100% on Operations with Full Risk	<u>11,099,292</u>		<u>11,099,292</u>	<u>44,808</u>
4.1- Loan guarantees (deductible from the risk exposure in respect of the beneficiary)	5,000,000	100%	5,000,000	20,185
4.2- Acceptances	6,099,292	100%	6,099,292	24,623
4.3- Endorsement on bills not bearing the name of another bank or financial institution	-	100%	-	-
4.4- Transactions with recourse	-	100%	-	-
4.5- Irrevocable credit lines, or guarantees, having the character of credit substitutes	-	100%	-	-
4.6- Other items carrying a high risk	-	100%	-	-
Total (II) = (1) + (2) + (3) + (4)	<u>168,463,846</u>		<u>58,060,210</u>	<u>234,390</u>
III- Total Assets and Operations after weighting Risk =(I) + (II)			<u>3,228,363,223</u>	<u>13,032,904</u>
Solvency Ratio = Total Net Worth / III (>15%)			<u>23.21%</u>	<u>23.21%</u>

**SCHEDULE 4 - NET OPEN POSITION
AS AT 31 DECEMBER 2017**

In accordance with Prakas No. B7-07-134 dated 27 August 2007, net open position in foreign currencies as at 31 December 2017 computed based on net worth is as follows:

N°	Cur- rency	Elements after deduction of affected provision				Net open position	Net open position/ Net worth (%)	Limit (%)	Excess
		Assets	Liabilities and Capital	Currency receivables	Currency Payables				
				Off-balance sheet	Off-balance sheet				
		1	2	3	4	5 = 1-2+3-4			
1	USD	4,569,261,403	4,575,670,265	678,216	-	(5,730,646)	-0.76%	20%	
2	KHR	499,377,876	496,608,286	-	-	2,769,590	0.37%	20%	
3	EUR	3,784,598	3,085,926	-	684,085	14,587	0.00%	20%	
4	SGD	405,556	-	-	-	405,556	0.05%	20%	
5	THB	46,960,061	46,234,469	-	-	725,592	0.10%	20%	
6	JPY	872,917	82,544	-	-	790,373	0.11%	20%	
7	AUD	376,419	1,148	-	-	375,271	0.05%	20%	
8	CAD	36,452	467	-	-	35,985	0.00%	20%	
9	GBP	228,030	41,242	-	-	186,788	0.02%	20%	
10	CNY	16,205	-	-	-	16,205	0.00%	20%	
11	VND	403,778	122	-	-	403,656	0.05%	20%	
12	LAK	1,174	-	-	-	1,174	0.00%	20%	
Total		5,121,724,469	5,121,724,469	678,216	684,085	(5,869)			

**SCHEDULE 5 - CLASSIFICATION OF AND PROVISIONING FOR LOAN LOSSES
AS AT 31 DECEMBER 2017**

The details of the Central Bank's required provision following its mandatory provisioning requirements based on the prescribed credit classification of loans and advances to customers are provided in the following table.

Class	The Central Bank's Required Classification	Loan Amount 31 December 2017 US\$	Estimated Collateral Value US\$	The Central Bank's Provision Rate	The Central Bank's Required Provision US\$	Provision Recorded by the Bank US\$	Difference in Provision Amount US\$
1	Normal	2,939,400,213	3,680,202,616	1%	29,394,002	29,394,002	-
2	Special mention	16,301,663	25,489,984	3%	489,050	489,050	-
3	Substandard	38,283,075	119,396,465	20%	7,656,615	7,656,615	-
4	Doubtful	15,109,525	34,259,551	50%	7,554,763	7,554,763	-
5	Loss	13,464,030	27,856,024	100%	13,464,030	13,464,030	-
	Total	3,022,558,506	3,887,204,640		58,558,460	58,558,460	-

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2017**

The following calculations of other ratios are based on the audited financial statements of the Bank and are presented as required by NBC in their Prakas No. B7-04-204 dated 29 December 2004.

**31 December
2017**

CAPITAL

1	Equity to total assets (A/B)	14.53%
	A – Equity	744,180,729
	B – Total assets	5,121,724,469
2	Capital Tier I to total assets (A/B)	14.02%
	A – Capital Tier 1	718,194,089
	B – Total assets	5,121,724,469
3	Capital Tier I to risk weighted assets (A/B)	22.25%
	A – Capital Tier 1	718,194,089
	B – Risk weighted assets	3,228,363,223
4	Capital Tier I +Tier II to risk weighted assets (A/B)	23.21%
	A – Capital Tier I + Tier II	749,394,471
	B – Risk weighted assets	3,228,363,223
5	Net worth to assets (A/B)	14.63%
	A – Net worth	749,394,471
	B – Total assets	5,121,724,469
6	Solvency ratio (A/B)	23.21%
	A – Net worth	749,394,471
	B – Risk weighted assets	3,228,363,223
7	Debt to total assets (A/B)	85.47%
	A – Total liabilities	4,377,543,740
	B – Total assets	5,121,724,469
8	Debt to equity (A/B)	588.24%
	A – Total liabilities	4,377,543,740
	B – Equity	744,180,729
9	Dividend to net profit (A/B)	73.38%
	A – Dividend	63,460,918
	B – Net profit	86,486,798

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2017**

**31 December
2017**

ASSET QUALITY

10	Banking reserves to total loans (A/B)	9.90%
	A – Banking reserves	299,148,975
	B – Total loans (gross)	3,022,558,506
11	Banking reserves to total assets (A/B)	5.84%
	A – Banking reserves	299,148,975
	B – Total assets	5,121,724,469
12	Non-performing loans to total loans (A/B)	2.21%
	A – Non-performing loans	66,856,630
	B – Total loans (gross)	3,022,558,506
13	Non-performing loans to total assets (A/B)	1.31%
	A – Non-performing loans	66,856,630
	B – Total assets	5,121,724,469
14	Classified assets to total loans (A/B)	2.21%
	A – Classified assets	66,856,630
	B – Total loans (gross)	3,022,558,506
15	Classified assets to total assets (A/B)	1.31%
	A – Classified assets	66,856,630
	B – Total assets	5,121,724,469
16	Classified assets to equity (A/B)	8.98%
	A – Classified assets	66,856,630
	B – Equity	744,180,729
17	Loans to related parties to total loans (A/B)	0.50%
	A – Loans to related parties	15,232,236
	B – Total loans (gross)	3,022,558,506
18	Large exposure to total loans (A/B)	0.00%
	A – Large exposure	-
	B – Total loans (gross)	3,022,558,506
19	Loans to related parties to net worth (A/B)	2.03%
	A – Loans to related parties	15,232,236
	B – Net worth	749,394,471
20	Large exposure to net worth (A/B)	0.00%
	A – Large exposure	-
	B – Net worth	749,394,471

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2017**

	31 December 2017
21 General provision to total loans (A/B)	0.97%
A – General provision	29,394,002
B – Total loans (gross)	3,022,558,506
22 Specific provision to total loans (A/B)	0.96%
A – Specific provision	29,164,458
B – Total loans (gross)	3,022,558,506
23 Specific provision to non-performing loans (A/B)	43.62%
A – Specific provision	29,164,458
B – Non performing loans	66,856,630
24 All allowances to total assets (A/B)	1.14%
A – Total all allowances	58,558,460
B – Total assets	5,121,724,469
25 Loans to deposits (A/B)	98.94%
A – Total loans to non-bank customers (gross)	3,012,158,506
B – Customer's deposits	3,044,484,178
<u>EARNINGS</u>	
26 Return on assets(ROA) (A/B)	1.69%
A – Net profit	86,486,798
B – Total assets	5,121,724,469
27 Return on equity (ROE) (A/B)	11.62%
A – Net profit	86,486,798
B – Equity	744,180,729
28 Gross yield (A/B)	7.86%
A – Interest income	402,816,095
B – Total assets	5,121,724,469
29 Net interest margin (NIM) to total assets ((A-B)/C)	5.09%
A – Interest income	402,816,095
B – Interest expense	142,081,613
C – Total assets	5,121,724,469
30 Other income (OTINC) to total assets = (A/B)	1.17%
A – Other incomes	60,173,530
B – Total assets	5,121,724,469
31 Provision to total assets (A/B)	0.68%
A – Provision	35,029,852
B – Total assets	5,121,724,469

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2017**

**31 December
2017**

32	Overhead (OHEAD) to total assets = (A/B)	3.47%
	A – Non-interest expense	177,732,090
	B – Total assets	5,121,724,469
33	Net income before tax (NIBT) to total assets = (A/B)	2.11%
	A – Net income before tax	108,146,070
	B – Total assets	5,121,724,469
34	Tax to total assets (A/B)	0.42%
	A – Tax	21,717,966
	B – Total assets	5,121,724,469
35	Interest margin to gross income ((A-B)/C)	56.32%
	A – Interest income	402,816,095
	B – Interest expense	142,081,613
	C – Gross income	462,989,625
36	Non-interest income to gross income (A/B)	13.00%
	A – Non-interest income	60,173,530
	B – Gross income	462,989,625
37	Non-interest expense to gross income (A/B)	38.39%
	A – Non-interest expense	177,732,090
	B – Gross income	462,989,625
38	Times interest earned ((A+B)/C)	1.76
	A – Income before tax	108,146,070
	B – Interest expense	142,081,613
	C – Interest expense	142,081,613

LIQUIDITY

39	Liquid assets to total assets (A/B)	27.79%
	A – Liquid assets	1,423,155,426
	B – Total assets	5,121,724,469
40	Short-term liabilities to total assets (A/B)	64.89%
	A – Short-term liabilities (less than one year)	3,323,269,607
	B – Total assets	5,121,724,469
41	Net Liquid assets ((A-B)/C)	-43.41%
	A – Liquid assets	1,423,155,426
	B – Short-term liabilities (less than one year)	3,323,269,607
	C – Total liabilities	4,377,543,740

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2017**

	31 December 2017
42 Quick ratio (A/B)	42.81%
A – Quick assets	1,422,825,426
B – Current liabilities	3,323,269,607
43 Deposit to total loans (A/B)	101.07%
A – Total customers' deposits	3,044,484,178
B – Total loans to non-bank customers (gross)	3,012,158,506

ACLEDA Bank Plc.

**Consolidated and Separate
Financial Statements
for the year ended 31 December 2018
and
Report of the Independent Auditors**

Corporate Information

Bank	ACLEDA Bank Plc.	
Registration No.	Co-5185/00P	
Registered office	No. 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh Phnom Penh, the Kingdom of Cambodia	
Shareholders	ACLEDA Financial Trust ASA Plc. SMBC COFIBRED S.A ORIX Corporation Triodos Microfinance Fund Triodos Fair Share Fund Triodos Sustainable Finance Foundation	
Board of Directors	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Cornelius Reinhart Gunter Obert Mr. Ian Samuel Lydall Mrs. Femke Bos Ms. Heng Su Yin Mr. Marc Robert Mr. Ryoji Nishimura Mr. Yoshiaki Matsuoka	Chairman (Non-executive Director) Member (Executive Director) Member (Executive Director) Member (Independent Director) Member (Independent Director) Member (Independent Director) Member (Non-executive Director) Member (Non-executive Director) Member (Non-executive Director) Member (Non-executive Director) (appointed on 4 January 2019) Member (Non-executive Director) (resigned on 4 January 2019)
Executive Committee	Dr. In Channy Dr. So Phonny Mrs. Mar Amara Mr. Rath Yumeng Mr. Ly Thay Mrs. Buth Bunsayha Mr. Mach Theary Dr. Loeung Sopheap	President & Group Managing Director EVP & Group Chief Operations Officer EVP & Group Chief Financial Officer EVP & Group Chief Treasury Officer EVP & Group Chief Administrative Officer EVP & Group Chief Legal Officer and Corporate Secretary EVP & Group Chief Information Officer (appointed on 1 January 2018) EVP & Group Risk Officer (appointed on 1 August 2018)
Auditors	KPMG Cambodia Ltd	

ACLEDA Bank Plc.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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* Appendix does not form part of the audited financial statements.



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ACLEDA Bank Plc.

HEADQUARTERS

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 2018 (hereafter referred to as "the financial statements").

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 2018 are set out in the consolidated income statement and separate income statement on pages 10 and 14, respectively.

Share capital

The Bank increased its share capital from US\$358,544,956 to US\$395,224,105 through the conversion of retained earnings of US\$36,679,149 on 19 July 2018 with approval by National Bank of Cambodia. The revised Memorandum and Articles of Association ("MAoA") was endorsed by the Ministry of Commerce ("MoC") on 24 October 2018.

ចុះបញ្ជីក្រោមលេខ

Registration No.

00003077

អគារលេខ៦១ មហាវិថីព្រះមុនីវង្ស សង្កាត់ស្រះចក ខណ្ឌដូនពេញ រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា

#61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

ទូរស័ព្ទ Tel: +855 (0) 23 998 777 / 430 999, ទូរសារ Fax: +855 (0) 23 430 555, ប្រអប់សំបុត្រ P.O.Box: 1149 1

E-mail: acledabank@acledabank.com.kh, Website: www.acledabank.com.kh, SWIFT Code: ACLBKHPP

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 as disclosed in the financial statements.

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. Ryoji Nishimura	Member (Non-executive Director) (appointed on 4 January 2019)
▪ Mr. Yoshiaki Matsuoka	Member (Non-executive Director) (resigned on 4 January 2019)

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

▪ Dr. In Channy	President & Group Managing Director
▪ Dr. So Phonnary	Executive Vice President & Group Chief Operations Officer
▪ Mrs. Mar Amara	Executive Vice President & Group Chief Financial Officer
▪ Mr. Rath Yumeng	Executive Vice President & Group Chief Treasury Officer
▪ Mr. Ly Thay	Executive Vice President & Group Chief Administrative Officer
▪ Mrs. Buth Bunsayha	Executive Vice President & Group Chief Legal Officer and Corporate Secretary
▪ Mr. Mach Theary	Executive Vice President & Group Chief Information Officer (appointed on 1 January 2018)
▪ Dr. Loeung Sopheap	Executive Vice President & Group Risk Officer (appointed on 1 August 2018)

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 2018 and the financial performance and cash flows for the year then ended, as set out on pages 9 to 123, in accordance with the Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

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 Cambodian Accounting Standards and guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements 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) assess the Group's 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; 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 & Group Chief Financial Officer



Dr. In Channy
President & Group Managing Director



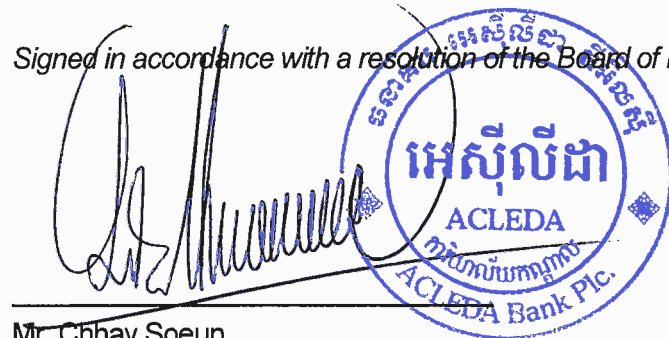
Phnom Penh, Kingdom of Cambodia

Date: 31 JAN 2019

Approval of the financial statements

The accompanying financial statements, together with the notes thereto, as set out on pages 9 to 123, which present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2018 and the financial performance and cash flows of the Group and of the Bank for the year then ended in accordance with the Cambodian Accounting Standards and the guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of financial statements, were approved by the Board of Directors.

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

A handwritten signature in blue ink is written over a blue circular stamp. The stamp contains the text "អេស៊ីលីដា" (ACLEDA) in Khmer, "ACLEDA" in English, and "ACLEDA Bank Plc." in English. The signature is written in a cursive style.

Mr. Chhay Soeun
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 31 JAN 2019



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REPORT OF THE INDEPENDENT AUDITORS

To the shareholders

ACLEDA Bank Plc.

Opinion

We have audited the consolidated financial statements of ACLEDA Bank Plc. and its subsidiaries ("the Group") and the separate financial statements of the ACLEDA Bank Plc. ("the Bank"), which comprise the consolidated and separate balance sheets of the Group and the Bank as at 31 December 2018, and the consolidated and the separate income statements, the consolidated and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 9 to 123 (hereafter referred to as "the financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2018, and of their financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Matter

The financial statements of the Group and the Bank as at and for the year ended 31 December 2017 were audited by another firm of auditors who expressed an unmodified opinion on 22 March 2018.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the information included in the Report of the Board of Directors as set out on pages 1 to 5, Appendix: notes on requirement of the National Bank of Cambodia's Prakas and the annual report which is expected to be made available to us after that date.

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 on the other information obtained prior to the date of this auditors' report, 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 Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, 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's 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's and the Bank's financial reporting process.

Auditors' 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 skepticism 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's 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's 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 subsidiaries 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 KPMG Cambodia Ltd



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

31 January 2019

ACLEDA Bank Plc.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
ASSETS					
Cash on hand	5	407,864,703	321,744,245	1,638,800,377	1,298,881,517
Balances with the central banks	6	1,470,592,514	1,497,133,324	5,908,840,721	6,043,927,229
Balances with other banks	7	26,567,692	120,254,917	106,748,986	485,469,100
Loans and advances to customers	8	3,513,593,815	3,085,214,651	14,117,619,949	12,455,011,546
Other assets	9	51,351,402	49,569,779	206,329,935	200,113,198
Statutory deposits	10	248,880	307,159	1,000,000	1,240,000
Property and equipment	12	137,862,097	133,328,287	553,929,906	538,246,295
Intangible assets	13	11,197,887	11,340,345	44,993,110	45,780,973
Deferred tax assets	14	21,939,917	25,321,024	88,154,587	102,220,974
Other investments		153,529	153,529	616,880	619,797
TOTAL ASSETS		<u>5,641,372,436</u>	<u>5,244,367,260</u>	<u>22,667,034,451</u>	<u>21,171,510,629</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Due to other banks and financial institutions	15	286,941,309	212,455,089	1,152,930,180	857,681,194
Deposits from customers	16	3,548,889,040	3,117,209,726	14,259,436,163	12,584,175,664
Provision for off balance sheet commitments	30	1,666,147	1,814,620	6,694,579	7,325,621
Other liabilities	17	103,963,704	86,097,342	417,726,163	347,574,970
Borrowings	18	784,671,879	906,378,182	3,152,811,610	3,659,048,721
Subordinated debts	19	77,101,490	108,684,090	309,793,787	438,757,671
Current income tax liabilities	27(a)	13,810,997	23,971,605	55,492,586	96,773,369
Employee benefits	20	17,952,505	47,541,284	72,133,165	191,924,164
TOTAL LIABILITIES		<u>4,834,997,071</u>	<u>4,504,151,938</u>	<u>19,427,018,233</u>	<u>18,183,261,374</u>
EQUITY					
Share capital	21	395,224,105	358,544,956	1,588,010,454	1,447,445,987
General reserves		348,162,806	302,148,410	1,398,918,155	1,219,773,131
Currency translation reserves		(6,741,470)	(2,512,499)	(27,087,226)	(10,142,958)
Other reserves		(14,279,344)	(14,132,007)	(57,374,404)	(57,050,912)
Retained earnings		84,009,268	91,684,504	337,549,239	370,130,343
		<u>806,375,365</u>	<u>735,733,364</u>	<u>3,240,016,218</u>	<u>2,970,155,591</u>
Non-controlling interest		-	4,481,958	-	18,093,664
TOTAL EQUITY		<u>806,375,365</u>	<u>740,215,322</u>	<u>3,240,016,218</u>	<u>2,988,249,255</u>
TOTAL LIABILITIES AND EQUITY		<u>5,641,372,436</u>	<u>5,244,367,260</u>	<u>22,667,034,451</u>	<u>21,171,510,629</u>

The accompanying notes on pages 17 to 123 form an integral part of these financial statements.

ACLEDA Bank Plc.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Interest income	22	423,256,184	425,345,629	1,700,643,347	1,717,120,304
Interest expense	22	<u>(151,404,682)</u>	<u>(149,641,260)</u>	<u>(608,344,012)</u>	<u>(604,101,767)</u>
Net interest income		<u>271,851,502</u>	<u>275,704,369</u>	<u>1,092,299,335</u>	<u>1,113,018,537</u>
Fee and commission income	23	64,413,418	58,862,019	258,813,114	237,625,971
Fee and commission expense	23	<u>(749,501)</u>	<u>(2,867,061)</u>	<u>(3,011,495)</u>	<u>(11,574,325)</u>
Net fee and commission income		<u>63,663,917</u>	<u>55,994,958</u>	<u>255,801,619</u>	<u>226,051,646</u>
Provision for loan losses and balances with other banks	8	(40,711,110)	(34,250,324)	(163,577,240)	(138,268,558)
Provision for off balance sheet commitments		<u>142,248</u>	<u>(1,814,620)</u>	<u>571,552</u>	<u>(7,325,621)</u>
Net provision for loan losses, balances with other banks and off balance sheet commitments		<u>(40,568,862)</u>	<u>(36,064,944)</u>	<u>(163,005,688)</u>	<u>(145,594,179)</u>
Net income after provision		<u>294,946,557</u>	<u>295,634,383</u>	<u>1,185,095,266</u>	<u>1,193,476,004</u>
Other incomes	24	<u>14,933,916</u>	<u>10,601,824</u>	<u>60,004,474</u>	<u>42,799,563</u>
Personnel expenses	25	(125,922,231)	(112,238,869)	(505,955,524)	(453,108,314)
General and administrative expenses	26	(51,865,658)	(52,308,736)	(208,396,214)	(211,170,367)
Depreciation charges	12	(21,934,848)	(21,265,226)	(88,134,219)	(85,847,717)
Amortisation charges	13	<u>(3,550,055)</u>	<u>(4,051,084)</u>	<u>(14,264,121)</u>	<u>(16,354,226)</u>
		<u>(203,272,792)</u>	<u>(189,863,915)</u>	<u>(816,750,078)</u>	<u>(766,480,624)</u>
Profit before income tax		106,607,681	116,372,292	428,349,662	469,794,943
Income tax expenses	27(b)	<u>(22,598,413)</u>	<u>(23,844,294)</u>	<u>(90,800,423)</u>	<u>(96,259,415)</u>
Profit for the year		<u>84,009,268</u>	<u>92,527,998</u>	<u>337,549,239</u>	<u>373,535,528</u>
Attributable to:					
Equity holders of the Bank		84,009,268	91,684,504	337,549,239	370,130,343
Non-controlling interest		<u>-</u>	<u>843,494</u>	<u>-</u>	<u>3,405,185</u>
		<u>84,009,268</u>	<u>92,527,998</u>	<u>337,549,239</u>	<u>373,535,528</u>

The accompanying notes on pages 17 to 123 form an integral part of these financial statements.

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Equity holders of the Bank						Non-controlling interest US\$	Total equity US\$
	Share capital US\$	General reserves US\$	Currency translation reserves US\$	Other reserves US\$	Retained earnings US\$	Total US\$		
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	660,789,641
Conversion of retained earnings to share capital	50,781,045	-	-	-	(50,781,045)	-	-	-
Dividend in cash	-	-	-	-	(12,679,873)	(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	92,527,998
Currency translation differences	-	-	(430,090)	-	-	(430,090)	7,646	(422,444)
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	740,215,322
<i>In KHR'000 equivalent (Note 4)</i>	<i>1,447,445,987</i>	<i>1,219,773,131</i>	<i>(10,142,958)</i>	<i>(57,050,912)</i>	<i>370,130,343</i>	<i>2,970,155,591</i>	<i>18,093,664</i>	<i>2,988,249,255</i>
For the year ended 31 December 2018								
As at 1 January 2018	358,544,956	302,148,410	(2,512,499)	(14,132,007)	91,684,504	735,733,364	4,481,958	740,215,322
Conversion of retained earnings to share capital	36,679,149	-	-	-	(36,679,149)	-	-	-
Dividend in cash	-	-	-	-	(9,142,897)	(9,142,897)	-	(9,142,897)
Transfers to reserves	-	45,862,458	-	-	(45,862,458)	-	-	-
Profit for the year	-	-	-	-	84,009,268	84,009,268	-	84,009,268
Acquisition of non-controlling interest in AMM	-	151,938	-	(147,337)	-	4,601	(4,481,958)	(4,477,357)
Currency translation differences	-	-	(4,228,971)	-	-	(4,228,971)	-	(4,228,971)
As at 31 December 2018	395,224,105	348,162,806	(6,741,470)	(14,279,344)	84,009,268	806,375,365	-	806,375,365
<i>In KHR'000 equivalent (Note 4)</i>	<i>1,588,010,454</i>	<i>1,398,918,155</i>	<i>(27,087,226)</i>	<i>(57,374,404)</i>	<i>337,549,239</i>	<i>3,240,016,218</i>	<i>-</i>	<i>3,240,016,218</i>

The accompanying notes on pages 17 to 123 form an integral part of these financial statements.

ACLEDA Bank Plc.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Cash flows from operating activities					
Net cash generated from operating activities	29	78,078,393	3,375,011	313,718,983	13,624,919
Cash flows from investing activities					
Capital guarantee with the central banks		(3,667,898)	(5,078,097)	(14,737,614)	(20,500,278)
Purchases of property and equipment	12	(26,955,397)	(29,812,568)	(108,306,785)	(120,353,337)
Purchases of intangible assets	13	(3,329,526)	(3,591,752)	(13,378,035)	(14,499,903)
Proceeds from disposals of property and equipment		229,162	99,335	920,772	401,017
Net cash used in investing activities		(33,723,659)	(38,383,082)	(135,501,662)	(154,952,501)
Cash flows from financing activities					
Payment of dividends		(9,142,897)	(12,679,873)	(36,736,160)	(51,188,647)
Repayments of borrowings		(262,622,732)	(113,977,208)	(1,055,218,137)	(460,125,989)
Proceeds from borrowings		138,716,196	404,581,190	557,361,675	1,633,294,264
Proceeds from subordinated debts		11,417,400	8,284,090	45,875,113	33,442,871
Repayments of subordinated debts		(43,000,000)	(9,000,000)	(172,774,000)	(36,333,000)
Minority Interest of subsidiaries		(4,481,958)	-	(18,008,507)	-
Net cash (used in)/generated from financing activities		(169,113,991)	277,208,199	(679,500,016)	1,119,089,499
Net (decrease)/increase in cash and cash equivalents					
		(124,759,257)	242,200,128	(501,282,695)	977,761,917
Cash and cash equivalents at the beginning of the year		1,430,430,666	1,188,230,538	5,774,648,599	4,796,886,682
Exchange differences		-	-	(27,178,183)	-
Cash and cash equivalents at the end of the year					
	28	1,305,671,409	1,430,430,666	5,246,187,721	5,774,648,599

During the year, the Group converted retained earnings of US\$36,679,149 (2017: US\$50,781,045) to share capital, which is excluded from the consolidated statement of cash flows.

The accompanying notes on pages 17 to 123 form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2018

		2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Note					
ASSETS					
Cash on hand	5	398,012,184	310,875,730	1,599,212,955	1,255,005,322
Balances with the central banks	6	1,461,581,050	1,483,394,409	5,872,632,659	5,988,463,229
Balances with other banks	7	24,339,676	121,863,449	97,796,818	491,962,744
Loans and advances to customers	8	3,378,669,215	2,939,873,756	13,575,492,906	11,868,270,353
Other assets	9	47,623,565	46,436,190	191,351,484	187,462,899
Investment in subsidiaries	11	83,170,281	74,961,960	334,178,189	302,621,433
Property and equipment	12	99,040,122	108,271,588	397,943,210	437,092,401
Intangible assets	13	9,986,536	10,737,495	40,125,902	43,347,267
Deferred tax assets	14	21,952,363	25,156,363	88,204,595	101,556,237
Other investments		153,529	153,529	616,880	619,797
TOTAL ASSETS		5,524,528,521	5,121,724,469	22,197,555,598	20,676,401,682
LIABILITIES AND EQUITY					
LIABILITIES					
Due to other banks and financial institutions	15	283,016,826	205,468,276	1,137,161,607	829,475,430
Deposits from customers	16	3,470,386,572	3,044,484,178	13,944,013,246	12,290,582,627
Provision for off balance sheet commitments	30	1,666,147	1,814,203	6,694,579	7,323,938
Other liabilities	17	98,274,561	81,284,422	394,867,186	328,145,212
Borrowings	18	748,249,799	866,142,860	3,006,467,692	3,496,618,726
Subordinated debts	19	77,101,490	108,684,090	309,793,787	438,757,671
Current income tax liabilities	27(a)	12,901,983	22,710,117	51,840,168	91,680,742
Employee benefits	20	17,146,752	46,955,594	68,895,650	189,559,733
TOTAL LIABILITIES		4,708,744,130	4,377,543,740	18,919,733,915	17,672,144,079
EQUITY					
Share capital	21	395,224,105	358,544,956	1,588,010,454	1,447,445,987
General reserves		339,813,727	299,148,975	1,365,371,555	1,207,664,412
Retained earnings		80,746,559	86,486,798	324,439,674	349,147,204
TOTAL EQUITY		815,784,391	744,180,729	3,277,821,683	3,004,257,603
TOTAL LIABILITIES AND EQUITY		5,524,528,521	5,121,724,469	22,197,555,598	20,676,401,682

The accompanying notes on pages 17 to 123 form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
	Note				
Interest income	22	400,587,865	402,816,095	1,609,562,042	1,626,168,576
Interest expense	22	(143,606,525)	(142,081,613)	(577,011,017)	(573,583,472)
Net interest income		<u>256,981,340</u>	<u>260,734,482</u>	<u>1,032,551,025</u>	<u>1,052,585,104</u>
Fee and commission income	23	56,899,023	51,032,850	228,620,274	206,019,615
Fee and commission expense	23	(499,395)	(2,464,712)	(2,006,569)	(9,950,042)
Net fee and commission income		<u>56,399,628</u>	<u>48,568,138</u>	<u>226,613,705</u>	<u>196,069,573</u>
Provision for loan losses and balances with other banks	8	(39,356,793)	(33,215,649)	(158,135,594)	(134,091,575)
Provision for off balance sheet commitments		<u>141,831</u>	<u>(1,814,203)</u>	<u>569,877</u>	<u>(7,323,938)</u>
Net provision for loan losses, balances with other banks and off balance sheet commitments		<u>(39,214,962)</u>	<u>(35,029,852)</u>	<u>(157,565,717)</u>	<u>(141,415,513)</u>
Net income after provision		<u>274,166,006</u>	<u>274,272,768</u>	<u>1,101,599,013</u>	<u>1,107,239,164</u>
Other incomes	24	<u>13,332,542</u>	<u>9,140,680</u>	<u>53,570,154</u>	<u>36,900,926</u>
Personnel expenses	25	(116,543,059)	(103,853,975)	(468,270,011)	(419,258,497)
General and administrative expenses	26	(45,705,790)	(47,503,142)	(183,645,864)	(191,770,184)
Depreciation charges	12	(20,786,032)	(20,154,783)	(83,518,277)	(81,364,859)
Amortisation charges	13	(3,203,977)	(3,755,478)	(12,873,580)	(15,160,865)
		<u>(186,238,858)</u>	<u>(175,267,378)</u>	<u>(748,307,732)</u>	<u>(707,554,405)</u>
Profit before income tax		<u>101,259,690</u>	<u>108,146,070</u>	<u>406,861,435</u>	<u>436,585,685</u>
Income tax expenses	27(b)	<u>(20,513,131)</u>	<u>(21,659,272)</u>	<u>(82,421,761)</u>	<u>(87,438,481)</u>
Profit for the year		<u><u>80,746,559</u></u>	<u><u>86,486,798</u></u>	<u><u>324,439,674</u></u>	<u><u>349,147,204</u></u>

The accompanying notes on pages 17 to 123 form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital US\$	General reserves US\$	Retained earnings US\$	Total US\$
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
<i>In KHR'000 equivalent (Note 4)</i>	<u>1,447,445,987</u>	<u>1,207,664,412</u>	<u>349,147,204</u>	<u>3,004,257,603</u>
For the year ended 31 December 2018				
As at 1 January 2018	358,544,956	299,148,975	86,486,798	744,180,729
Conversion of retained earnings to share capital	36,679,149	-	(36,679,149)	-
Dividend paid	-	-	(9,142,897)	(9,142,897)
Transfer to reserves	-	40,664,752	(40,664,752)	-
Profit for the year	-	-	80,746,559	80,746,559
As at 31 December 2018	395,224,105	339,813,727	80,746,559	815,784,391
<i>In KHR'000 equivalent (Note 4)</i>	<u>1,588,010,454</u>	<u>1,365,371,555</u>	<u>324,439,674</u>	<u>3,277,821,683</u>

The accompanying notes on pages 17 to 123 form an integral part of these financial statements.

ACLEDA Bank Plc.

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Cash flows from operating activities					
Net cash generated from operating activities	29	<u>64,936,191</u>	<u>2,071,834</u>	<u>260,913,615</u>	<u>8,363,994</u>
Cash flows from investing activities					
Capital guarantee with the central banks		(3,667,915)	(5,078,105)	(14,737,682)	(20,500,310)
Purchases of property and equipment	12	(11,957,500)	(21,082,855)	(48,045,235)	(85,111,486)
Purchases of intangible assets	13	(2,363,009)	(3,573,989)	(9,494,570)	(14,428,194)
Investment in subsidiaries		(8,208,321)	-	(32,981,034)	-
Proceeds from disposals of property and equipment		<u>188,289</u>	<u>96,271</u>	<u>756,545</u>	<u>388,646</u>
Net cash used in investing activities		<u>(26,008,456)</u>	<u>(29,638,678)</u>	<u>(104,501,976)</u>	<u>(119,651,344)</u>
Cash flows from financing activities					
Payment of dividends		(9,142,897)	(12,679,873)	(36,736,160)	(51,188,647)
Repayments of borrowings		(239,675,498)	(92,221,923)	(963,016,151)	(372,299,903)
Proceeds from borrowings		121,782,436	376,316,292	489,321,828	1,519,188,871
Proceeds from subordinated debts		11,417,400	8,284,090	45,875,113	33,442,871
Repayments of subordinated debts		<u>(43,000,000)</u>	<u>(9,000,000)</u>	<u>(172,774,000)</u>	<u>(36,333,000)</u>
Net cash used in financing activities		<u>(158,618,559)</u>	<u>270,698,586</u>	<u>(637,329,370)</u>	<u>1,092,810,192</u>
Net (decrease)/increase in cash and cash equivalents		<u>(119,690,824)</u>	<u>243,131,742</u>	<u>(480,917,731)</u>	<u>981,522,842</u>
Cash and cash equivalents at the beginning of the year		1,406,609,796	1,163,478,054	5,678,483,746	4,696,960,904
Exchange differences		<u>-</u>	<u>-</u>	<u>(26,725,586)</u>	<u>-</u>
Cash and cash equivalents at the end of the year	28	<u><u>1,286,918,972</u></u>	<u><u>1,406,609,796</u></u>	<u><u>5,170,840,429</u></u>	<u><u>5,678,483,746</u></u>

During the year, the Bank converted retained earnings of US\$36,679,149 (2017: 50,781,045) to share capital, which is excluded from the separate statement of cash flows.

The accompanying notes on pages 17 to 123 form an integral part of these financial statements.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 11 to the financial statements.

As at 31 December 2018, the Bank and its subsidiaries had 13,728 employees (2017: 13,859 employees).

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Cambodian Accounting Standards ("CAS") and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

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 financial performance 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 financial statements were approved by the Board of Directors and authorised for issue on 31 January 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2. Basis of preparation (continued)

(c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However as the Bank transacts and maintains its accounting records primarily in United States Dollars ("US\$"), management have determined the US\$ to be the Bank's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

The financial statements are presented in US\$, which is the Bank's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

(d) Basis of 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 non-controlling 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 non-controlling interests are also recorded in equity.

(iii) *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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2. Basis of preparation (continued)

(e) Use of estimates and judgements

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 Group's and 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 below.

(i) *Impairment losses on loans and advances to customers and balances with other banks*

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 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. 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.

(ii) *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.

(iii) *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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2. Basis of preparation (continued)

(e) Use of estimates and judgements (continued)

(iv) Seniority benefits

The present value of back pay seniority indemnity obligation depends on a number of factors that are determined by management using a number of assumptions such as turnover rates and mortality rates. The assumptions used in determining the net cost for back pay seniority indemnity 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 back pay seniority indemnity obligation.

(f) New financial reporting framework

On 28 August 2009, the National Accounting Council of the Ministry of Economy and Finance ("the National Accounting Council" or "NAC") 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.

3. Significant accounting policies

The following significant accounting policies have been adopted by the Group and the Bank in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Foreign currency transaction

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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

(a) Foreign currency transaction (continued)

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:

- assets and liabilities for each balance sheet presented are translated at the closing rates at the dates of that balance sheet;
- share capital for each balance sheet presented is translated at historical rates at acquisition dates;
- 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
- all resulting exchange differences are recognised as a separate component of equity.

(b) Financial instruments

The Group's and the Bank's financial assets and liabilities include cash and cash equivalents, originated loans and receivables, deposits, and other receivables and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

(c) 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.

(d) Balances with the central banks, other banks and statutory deposits

Balances with the central banks (including statutory deposits) and other banks are stated at cost.

(e) Loans and advances to customers

All loans and advances to customers are stated in the balance sheet at 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

(f) 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.B7-017-344 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:

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%

(g) 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 3(f) above.

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

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

(h) Other assets

Other assets are carried at cost less impairment losses, if any.

(i) 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.

(j) 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

(k) 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.

(l) Other investments

Other investments are stated at cost less any impairment allowance to recognise non-temporary declines in the value of the investment.

(m) 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.

(n) Due to other banks and financial institutions and deposits from customers

Due to other banks and financial institutions and deposits from customers are stated at cost.

(o) 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.

(p) 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

(q) Employee benefits

(i) Staff provident fund

Up to 31 December 2017, 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 (Staff provident fund)	
	Entity	Employee
ACLEDA Bank Plc.	10%	5%
ACLEDA Securities Plc.	10%	5%
ACLEDA Institute of Business	10%	5%

The Group contributes interest on the cumulative balance of the provident fund at rate of 5% per annum and 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. In January 2018, the Group paid the provident fund and interest on the provident fund of the employees that are held up to 31 December 2017 to employees and ceased the fund.

(ii) Seniority Indemnity

In accordance with Prakas No. 443 MoLVT dated 21 September 2018 issued by the Ministry of Labour and Vocational Training, the Bank and its subsidiaries, except for ACLEDA Bank Lao Ltd. and ACLEDA MFI Myanmar Co., Ltd, are required seniority indemnity to its employees as follows:

- Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (not including probation period) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.
- Back Pay Seniority Indemnity: Employees who have worked under permanent contract from 1 month to 6 months in fiscal year will receive payment of seniority indemnity equal to 7.5 days, in case over 6 months will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 months of the average base salary of each year that shall be paid from 2008 to 2018 but shall not exceed 156 days.

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 periods from 2008 to 2018. The Group and the Bank attributes benefit to periods in which the obligation to provide back pay seniority indemnity. That obligation arises as employees render services in return for back pay seniority indemnity that the Group and the Bank expects to pay in future reporting periods.

The present value of the back pay seniority indemnity is determined by discounting the estimated future payments by reference to the Bank's six years fixed deposit interest rate.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

(q) Employee benefits (continued)

(iii) 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.

(r) 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

(s) 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.

(t) 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.

(u) 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

(u) Revenue recognition (continued)

(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.

(v) Interest expense

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

(w) 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.

4. Translation of United States Dollars into 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 flows and the notes to the financial statements as of and for the year ended 31 December 2018 using the official rates of exchange published by the National Bank of Cambodia as at the reporting dates, which was US\$1 to KHR4,018 (31 December 2017: 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5. CASH ON HAND

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Cash on hand:								
US Dollar	307,627,846	220,429,347	1,236,048,685	889,873,274	305,580,467	218,532,881	1,227,822,316	882,217,241
Khmer Riel	74,046,163	76,213,263	297,517,483	307,672,943	74,041,753	76,209,167	297,499,764	307,656,407
Thai Baht	16,180,115	15,417,138	65,011,702	62,238,986	14,514,523	13,397,124	58,319,353	54,084,190
Euro	1,919,631	1,834,800	7,713,077	7,407,088	1,804,002	1,804,802	7,248,480	7,285,986
Others	8,090,948	7,849,697	32,509,430	31,689,226	2,071,439	931,756	8,323,042	3,761,498
	<u>407,864,703</u>	<u>321,744,245</u>	<u>1,638,800,377</u>	<u>1,298,881,517</u>	<u>398,012,184</u>	<u>310,875,730</u>	<u>1,599,212,955</u>	<u>1,255,005,322</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6. BALANCES WITH THE CENTRAL BANKS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Balances with National Bank of Cambodia:								
Reserve requirement (i)	498,430,861	457,453,666	2,002,695,200	1,846,740,450	498,430,861	457,453,666	2,002,695,200	1,846,740,450
Current accounts	304,321,257	280,493,356	1,222,762,811	1,132,351,678	304,321,257	280,493,356	1,222,762,811	1,132,351,678
Capital guarantee (ii)	39,522,411	35,854,496	158,801,047	144,744,600	39,522,411	35,854,496	158,801,047	144,744,600
Negotiable certificates of deposit (iii)	619,306,521	709,592,891	2,488,373,601	2,864,626,501	619,306,521	709,592,891	2,488,373,601	2,864,626,501
	<u>1,461,581,050</u>	<u>1,483,394,409</u>	<u>5,872,632,659</u>	<u>5,988,463,229</u>	<u>1,461,581,050</u>	<u>1,483,394,409</u>	<u>5,872,632,659</u>	<u>5,988,463,229</u>
Balances with Bank of Lao:								
Reserve requirement (iv)	2,372,235	2,177,425	9,531,640	8,790,265	-	-	-	-
Current accounts	6,016,832	9,560,887	24,175,631	38,597,301	-	-	-	-
Fixed deposits (vi)	621,811	2,000,000	2,498,437	8,074,000	-	-	-	-
Capital guarantee (v)	586	603	2,355	2,434	-	-	-	-
	<u>9,011,464</u>	<u>13,738,915</u>	<u>36,208,063</u>	<u>55,464,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total balances with the Central banks - Current	<u>1,470,592,514</u>	<u>1,497,133,324</u>	<u>5,908,840,721</u>	<u>6,043,927,229</u>	<u>1,461,581,050</u>	<u>1,483,394,409</u>	<u>5,872,632,659</u>	<u>5,988,463,229</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6. BALANCES WITH THE CENTRAL BANKS (continued)

(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. Pursuant to the National Bank of Cambodia's Prakas No. B7-018-282 on the maintenance of reserve requirement against commercial banks' deposits and borrowings, reserve requirements both in KHR and in other currencies bear no interest effect from the signing date 29 August 2018.

(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 certificates of deposit

The Bank has pledged negotiable certificate of deposit ("NCD") amounting to US\$59,306,521 (31 December 2017: US\$8,729,378) with the National Bank of Cambodia as collateral for settlement clearing facility and liquidity providing collateralised operation ("LPCO"). The other NCD amounting to US\$560,000,000 with the National Bank of Cambodia is for the purpose of earning interest. The terms of the NCDs are for a period up to one year. As at 31 December 2018, the Bank had yet to utilise the overdraft on settlement clearing facility.

(iv) This represents reserve requirement of ACLEDA 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 of ACLEDA 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:

	2018	2017
Current accounts	Nil	Nil
Reserve requirement	0.77% - 1.05%	0.38% - 0.78%
Fixed deposits	1.00% - 3.00%	2.30% - 3.25%
Capital guarantee	0.46% - 0.62%	0.32% - 0.36%
Negotiable certificates of deposit	0.26% - 1.63%	0.29% - 1.63%

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7. BALANCES WITH OTHER BANKS

a) By residency status

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Balances with local banks	1,183,476	6,123,010	4,755,206	24,718,591	301,499	3,364,927	1,211,423	13,584,210
Balances with overseas banks	25,663,330	114,131,907	103,115,260	460,750,509	24,284,032	118,498,522	97,573,240	478,378,534
	26,846,806	120,254,917	107,870,466	485,469,100	24,585,531	121,863,449	98,784,663	491,962,744
Regulatory allowances (Note 8a(i))	(279,114)	-	(1,121,480)	-	(245,855)	-	(987,845)	-
	<u>26,567,692</u>	<u>120,254,917</u>	<u>106,748,986</u>	<u>485,469,100</u>	<u>24,339,676</u>	<u>121,863,449</u>	<u>97,796,818</u>	<u>491,962,744</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7. BALANCES WITH OTHER BANKS (continued)

b) By account types

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Balances with local banks:								
Current accounts	872,235	3,122,922	3,504,640	12,607,236	301,499	364,927	1,211,423	1,473,210
Savings accounts	336	88	1,350	355	-	-	-	-
Fixed deposits	310,905	3,000,000	1,249,216	12,111,000	-	3,000,000	-	12,111,000
Total balances with local banks	1,183,476	6,123,010	4,755,206	24,718,591	301,499	3,364,927	1,211,423	13,584,210
Balances with overseas banks:								
Current accounts	25,373,080	78,532,924	101,949,035	317,037,415	23,993,782	77,899,539	96,407,015	314,480,440
Savings accounts	290,250	598,983	1,166,225	2,418,094	290,250	598,983	1,166,225	2,418,094
Fixed deposits	-	35,000,000	-	141,295,000	-	40,000,000	-	161,480,000
Total balances with overseas banks	25,663,330	114,131,907	103,115,260	460,750,509	24,284,032	118,498,522	97,573,240	478,378,534
	26,846,806	120,254,917	107,870,466	485,469,100	24,585,531	121,863,449	98,784,663	491,962,744

All fixed deposit accounts have maturity within one year.

c) By interest rate

	The Group		The Bank	
	2018	2017	2018	2017
Local banks	0.00% - 8.25%	0.00% - 8.25%	0.00% - 3.00%	0.00% - 3.00%
Overseas banks	0.00% - 4.20%	0.00% - 4.20%	0.00% - 4.20%	0.00% - 4.20%

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8. LOANS AND ADVANCES TO CUSTOMERS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Commercial loans	2,955,416,780	2,538,587,173	11,874,864,622	10,248,276,417	2,821,587,843	2,393,485,103	11,337,139,951	9,662,499,361
Real estate loans	203,565,764	205,535,366	817,927,240	829,746,273	203,565,764	205,535,366	817,927,240	829,746,273
Home improvement loans	100,760,707	70,357,656	404,856,521	284,033,857	100,315,648	70,357,656	403,068,274	284,033,857
Staff loans	132,673,722	110,372,958	533,083,015	445,575,631	128,929,753	106,981,018	518,039,748	431,882,370
Credit revolving loans	63,295,647	105,765,870	254,321,910	426,976,817	63,295,647	105,765,870	254,321,910	426,976,817
Overdrafts	60,135,914	46,899,794	241,626,102	189,334,468	60,135,914	46,899,794	241,626,102	189,334,468
Consumer loans	103,505,043	76,962,622	415,883,263	310,698,105	103,505,043	76,962,622	415,883,263	310,698,105
Loans to related parties (Note 31(b.i))	6,139,298	16,167,582	24,667,699	65,268,529	5,168,163	15,232,236	20,765,679	61,492,537
Motor vehicle loans	2,066,601	1,338,841	8,303,603	5,404,901	2,066,601	1,338,841	8,303,603	5,404,901
	<u>3,627,559,476</u>	<u>3,171,987,862</u>	<u>14,575,533,975</u>	<u>12,805,314,998</u>	<u>3,488,570,376</u>	<u>3,022,558,506</u>	<u>14,017,075,770</u>	<u>12,202,068,689</u>
Provision for loan losses:								
Specific	(47,774,582)	(29,563,491)	(191,958,270)	(119,347,813)	(46,628,477)	(29,164,458)	(187,353,221)	(117,736,917)
General	(35,605,696)	(30,873,789)	(143,063,687)	(124,637,486)	(34,244,279)	(29,394,002)	(137,593,513)	(118,663,586)
	<u>(83,380,278)</u>	<u>(60,437,280)</u>	<u>(335,021,957)</u>	<u>(243,985,299)</u>	<u>(80,872,756)</u>	<u>(58,558,460)</u>	<u>(324,946,734)</u>	<u>(236,400,503)</u>
	3,544,179,198	3,111,550,582	14,240,512,018	12,561,329,699	3,407,697,620	2,964,000,046	13,692,129,036	11,965,668,186
Unamortised loan fees	(30,585,383)	(26,335,931)	(122,892,069)	(106,318,153)	(29,028,405)	(24,126,290)	(116,636,130)	(97,397,833)
	<u>3,513,593,815</u>	<u>3,085,214,651</u>	<u>14,117,619,949</u>	<u>12,455,011,546</u>	<u>3,378,669,215</u>	<u>2,939,873,756</u>	<u>13,575,492,906</u>	<u>11,868,270,353</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8. LOANS AND ADVANCES TO CUSTOMERS (continued)

a) Provision for loan losses

(i) Provision for impairment losses recognised in income statement:

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
- Provision for loan losses	40,431,996	34,250,324	162,455,760	138,268,558	39,110,938	33,215,649	157,147,749	134,091,575
- Regulatory provision for balances with other banks	279,114	-	1,121,480	-	245,855	-	987,845	-
	<u>40,711,110</u>	<u>34,250,324</u>	<u>163,577,240</u>	<u>138,268,558</u>	<u>39,356,793</u>	<u>33,215,649</u>	<u>158,135,594</u>	<u>134,091,575</u>

(ii) Movements of provision for loan losses are as follows:

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
At the beginning of the year	60,437,280	39,543,032	243,985,299	159,635,220	58,558,460	37,843,951	236,400,503	152,776,031
Provision for the year								
Specific	35,656,574	32,084,676	143,268,114	129,525,837	34,280,014	31,305,638	137,737,096	126,380,861
General	4,775,422	2,165,648	19,187,646	8,742,721	4,830,924	1,910,011	19,410,653	7,710,714
	<u>40,431,996</u>	<u>34,250,324</u>	<u>162,455,760</u>	<u>138,268,558</u>	<u>39,110,938</u>	<u>33,215,649</u>	<u>157,147,749</u>	<u>134,091,575</u>
Written off during the year	(17,381,898)	(13,302,046)	(69,840,466)	(53,700,360)	(16,808,055)	(12,505,938)	(67,534,764)	(50,486,472)
Currency translation difference	(107,100)	(54,030)	(430,328)	(218,119)	11,413	4,798	45,857	19,369
Exchange differences	-	-	(1,148,308)	-	-	-	(1,112,611)	-
At the end of the year	<u>83,380,278</u>	<u>60,437,280</u>	<u>335,021,957</u>	<u>243,985,299</u>	<u>80,872,756</u>	<u>58,558,460</u>	<u>324,946,734</u>	<u>236,400,503</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8. LOANS AND ADVANCES TO CUSTOMERS (continued)

b) By classification

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Normal loans								
Secured	3,537,162,496	3,062,190,545	14,212,318,909	12,362,063,228	3,424,414,651	2,936,902,848	13,759,298,066	11,856,276,797
Unsecured	23,407,128	25,188,361	94,049,840	101,685,413	13,210	2,497,365	53,078	10,081,863
Special mention loans								
Secured	4,080,577	16,663,456	16,395,758	67,270,372	3,516,041	16,276,393	14,127,453	65,707,799
Unsecured	47,063	111,694	189,099	450,909	32	25,270	129	102,015
Substandard loans								
Secured	10,227,436	38,593,691	41,093,838	155,802,731	9,410,747	38,234,479	37,812,381	154,352,592
Unsecured	41,324	48,911	166,040	197,454	149	48,596	599	196,182
Doubtful loans								
Secured	13,962,864	15,655,671	56,102,788	63,201,944	13,149,217	15,046,218	52,833,554	60,741,582
Unsecured	30,041	63,307	120,705	255,570	244	63,307	980	255,570
Loss loans								
Secured	38,271,846	13,346,125	153,776,277	53,878,307	38,065,164	13,338,143	152,945,829	53,846,083
Unsecured	328,701	126,101	1,320,721	509,070	921	125,887	3,701	508,206
	<u>3,627,559,476</u>	<u>3,171,987,862</u>	<u>14,575,533,975</u>	<u>12,805,314,998</u>	<u>3,488,570,376</u>	<u>3,022,558,506</u>	<u>14,017,075,770</u>	<u>12,202,068,689</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8. LOANS AND ADVANCES TO CUSTOMERS (continued)

c) By industry

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Wholesale and retail	1,319,234,412	1,281,688,420	5,300,683,867	5,174,176,152	1,307,979,204	1,271,755,115	5,255,460,442	5,134,075,399
Services	877,416,504	624,900,560	3,525,459,513	2,522,723,561	848,796,228	593,931,982	3,410,463,244	2,397,703,411
Agriculture	646,662,544	580,795,660	2,598,290,102	2,344,672,079	637,814,894	570,109,107	2,562,740,244	2,301,530,465
Housing loans	204,510,787	208,787,970	821,724,342	842,877,035	204,215,236	208,523,829	820,536,818	841,810,698
Manufacturing	103,688,442	100,357,618	416,620,160	405,143,704	96,971,542	93,206,644	389,631,656	376,275,222
Financial institutions	8,936,327	10,400,000	35,906,162	41,984,800	8,936,327	10,400,000	35,906,162	41,984,800
Others	467,110,460	365,057,634	1,876,849,829	1,473,737,667	383,856,945	274,631,829	1,542,337,204	1,108,688,694
	<u>3,627,559,476</u>	<u>3,171,987,862</u>	<u>14,575,533,975</u>	<u>12,805,314,998</u>	<u>3,488,570,376</u>	<u>3,022,558,506</u>	<u>14,017,075,770</u>	<u>12,202,068,689</u>

d) By exposure

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Non-large exposure	<u>3,627,559,476</u>	<u>3,171,987,862</u>	<u>14,575,533,975</u>	<u>12,805,314,998</u>	<u>3,488,570,376</u>	<u>3,022,558,506</u>	<u>14,017,075,770</u>	<u>12,202,068,689</u>

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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8. LOANS AND ADVANCES TO CUSTOMERS (continued)

e) By maturity

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Not later than 1 year	1,047,244,707	1,000,786,433	4,207,829,233	4,040,174,829	979,092,094	924,587,124	3,933,992,034	3,732,558,220
Later than 1 year and not later than 3 years	1,324,766,454	1,169,810,086	5,322,911,612	4,722,523,317	1,271,494,907	1,113,360,082	5,108,866,536	4,494,634,651
Later than 3 years and not later than 5 years	765,166,254	596,916,152	3,074,438,009	2,409,750,506	749,542,464	581,538,608	3,011,661,620	2,347,671,360
Later than 5 years	490,382,061	404,475,191	1,970,355,121	1,632,866,346	488,440,911	403,072,692	1,962,555,580	1,627,204,458
	<u>3,627,559,476</u>	<u>3,171,987,862</u>	<u>14,575,533,975</u>	<u>12,805,314,998</u>	<u>3,488,570,376</u>	<u>3,022,558,506</u>	<u>14,017,075,770</u>	<u>12,202,068,689</u>

f) By relationship

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Related parties including staff loans	135,069,051	123,148,600	542,707,447	497,150,898	134,097,916	122,213,254	538,805,426	493,374,906
Non-related parties	3,492,490,425	3,048,839,262	14,032,826,528	12,308,164,100	3,354,472,460	2,900,345,252	13,478,270,344	11,708,693,783
	<u>3,627,559,476</u>	<u>3,171,987,862</u>	<u>14,575,533,975</u>	<u>12,805,314,998</u>	<u>3,488,570,376</u>	<u>3,022,558,506</u>	<u>14,017,075,770</u>	<u>12,202,068,689</u>

g) Interest rates

	The Group		The Bank	
	2018	2017	2018	2017
Overdrafts	6.00% - 18.00%	7.00% - 18.00%	6.00% - 18.00%	10.00% - 18.00%
Loans	5.50% - 30.00%	7.00% - 30.00%	5.50% - 18.00%	7.50% - 18.00%
Housing loans	8.00% - 18.00%	7.76% - 12.00%	8.00% - 18.00%	7.76% - 11.00%
Staff loans	7.25% - 17.00%	7.50% - 11.00%	7.25%	7.50%

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

9. OTHER ASSETS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Interest receivables	24,617,042	23,648,069	98,911,275	95,467,255	23,334,829	22,467,867	93,759,343	90,702,779
Prepayments and advances	20,330,701	19,836,611	81,688,757	80,080,399	18,175,373	18,083,444	73,028,649	73,002,863
Receivable from Western Union	1,409,906	966,923	5,665,002	3,903,468	1,409,906	919,871	5,665,002	3,713,519
Others	4,993,753	5,118,176	20,064,901	20,662,076	4,703,457	4,965,008	18,898,490	20,043,738
	<u>51,351,402</u>	<u>49,569,779</u>	<u>206,329,935</u>	<u>200,113,198</u>	<u>47,623,565</u>	<u>46,436,190</u>	<u>191,351,484</u>	<u>187,462,899</u>
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Current	51,351,402	49,569,779	206,329,935	200,113,198	47,623,565	46,436,190	191,351,484	187,462,899
Non-current	-	-	-	-	-	-	-	-
	<u>51,351,402</u>	<u>49,569,779</u>	<u>206,329,935</u>	<u>200,113,198</u>	<u>47,623,565</u>	<u>46,436,190</u>	<u>191,351,484</u>	<u>187,462,899</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10. STATUTORY DEPOSITS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Non-current:								
Security deposit	248,880	307,159	1,000,000	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\$ 248,880) for operating as a securities broker in Cambodia.
- ii) In compliance with the MOEYS'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, as at 2017 amounting to KHR240,000,000 (equivalent to US\$59,731) (2018: Nil) for operating as a private higher education institution in Cambodia.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11. INVESTMENT IN SUBSIDIARIES

	The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
ACLEDA Bank Lao Ltd.	49,389,566	49,389,566	198,447,276	199,385,678
ACLEDA Securities Plc.	2,010,000	2,010,000	8,076,180	8,114,370
ACLEDA Institute of Business	19,805,000	17,805,000	79,576,490	71,878,785
ACLEDA MFI Myanmar Co., Ltd.	11,945,715	5,752,394	47,997,883	23,222,415
ACLEDA Properties Ltd.	20,000	5,000	80,360	20,185
Total investment in subsidiaries- Non-current	<u>83,170,281</u>	<u>74,961,960</u>	<u>334,178,189</u>	<u>302,621,433</u>

(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 into 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 into 17,805,000 shares with par value of US\$1 each. AIB is wholly owned by ACLEDA Bank Plc. During the year, AIB increased its share capital by US\$2,000,000 to US\$19,805,000. The revised Memorandum of Articles and Association was endorsed by Ministry of Commerce ("MoC") on 14 December 2018.

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 legally 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) ACLEDA Institute of Business (continued)

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.

The Permit to Trade No. 109/2012 dated 6 September 2012 issued by the Ministry of National Planning and Economic Development, was 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 Bank Plc. acquired 3,600,000 ordinary shares (45%) of ACLEDA MFI from KFW, COFIBRED S.A, and IFC for a consideration of US\$6,193,321 as approved by the Board of Directors of ACLEDA MFI on 25 April 2018. The approval on the share transfers, appointment of representative of shareholders, and changing the Board Members are obtained on 27 September 2018 by secretary of Microfinance Business Supervisory Committee, The Republic of the Union of Myanmar Government.

ACLEDA MFI started its operations on 18 February 2013. The Bank owns 99.99% of ACLEDA MFI shares (2017: 55%).

On 29 January 2019, the NBC approved on the Bank's additional investment in ACLEDA MFI amounting to US\$8 million. The process will be completed when the Bank and ACLEDA MFI got the approval from relevant competent authorities.

(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. During the year, ACLEDA Properties increased its share capital by US\$15,000 to US\$20,000. The revised Memorandum and Articles of Association was endorsed by Ministry of Commerce ("MoC") on 4 May 2018.

ACLEDA Properties' 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12. PROPERTY AND EQUIPMENT

Non-current	The Group								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress 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	<u>14,542,280</u>	<u>1,363,927</u>	<u>76,801,355</u>	<u>4,774,926</u>	<u>53,316,294</u>	<u>56,990,050</u>	<u>17,512,997</u>	<u>11,515,729</u>	<u>236,817,558</u>
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
Depreciation 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	<u>-</u>	<u>93,218</u>	<u>8,826,451</u>	<u>4,067,389</u>	<u>33,052,407</u>	<u>42,571,460</u>	<u>14,878,346</u>	<u>-</u>	<u>103,489,271</u>
Carrying amounts									
As at 31 December 2017	<u>14,542,280</u>	<u>1,270,709</u>	<u>67,974,904</u>	<u>707,537</u>	<u>20,263,887</u>	<u>14,418,590</u>	<u>2,634,651</u>	<u>11,515,729</u>	<u>133,328,287</u>
In KHR'000 equivalent (Note 4)	<u>58,707,184</u>	<u>5,129,852</u>	<u>274,414,687</u>	<u>2,856,327</u>	<u>81,805,312</u>	<u>58,207,848</u>	<u>10,636,086</u>	<u>46,488,999</u>	<u>538,246,295</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12. PROPERTY AND EQUIPMENT (continued)

Non-current	The Group								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	
Cost									
As at 1 January 2018	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
Additions	-	26,524	1,903,006	332,951	4,054,824	6,783,206	1,488,336	12,366,550	26,955,397
Disposals/written off	-	-	-	(303,130)	(586,681)	(760,090)	(698,977)	-	(2,348,878)
Reclassifications	-	295,483	20,059,382	6,113	526,767	1,785,452	3,800	(22,676,997)	-
Currency translation difference	-	-	-	(42,083)	(71,744)	(184,539)	(51,900)	-	(350,266)
Adjustments	-	-	-	-	-	1,496	-	(429,259)	(427,763)
As at 31 December 2018	14,542,280	1,685,934	98,763,743	4,768,777	57,239,460	64,615,575	18,254,256	776,023	260,646,048
Less: Accumulated depreciation									
As at 1 January 2018	-	93,218	8,826,451	4,067,389	33,052,407	42,571,460	14,878,346	-	103,489,271
Depreciation for the year	-	113,586	4,078,946	472,264	7,149,477	8,750,353	1,370,222	-	21,934,848
Disposals	-	-	-	(284,124)	(567,780)	(756,244)	(675,290)	-	(2,283,438)
Reclassifications	-	-	-	-	-	-	-	-	-
Currency translation difference	-	(67)	(6,240)	(113,560)	(10,655)	(151,028)	(75,233)	-	(356,783)
Adjustments	-	-	-	-	-	53	-	-	53
As at 31 December 2018	-	206,737	12,899,157	4,141,969	39,623,449	50,414,594	15,498,045	-	122,783,951
Carrying amounts									
As at 31 December 2018	14,542,280	1,479,197	85,864,586	626,808	17,616,011	14,200,981	2,756,211	776,023	137,862,097
In KHR'000 equivalent (Note 4)	58,430,881	5,943,414	345,003,907	2,518,515	70,781,131	57,059,542	11,074,456	3,118,060	553,929,906

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12. PROPERTY AND EQUIPMENT (continued)

Non-current	The Bank								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress 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
Depreciation 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
Carrying amounts									
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 (NOTE 4) 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

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12. PROPERTY AND EQUIPMENT (continued)

Non-current	The Bank								Total US\$
	Land US\$	Land improvement US\$	Building and improvement US\$	Leasehold improvement US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Capital in progress US\$	
Cost									
As at 1 January 2018	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
Additions	-	-	42,932	223,196	3,834,000	5,873,713	1,466,011	517,648	11,957,500
Disposals/written off	-	-	-	(77,581)	(464,955)	(736,898)	(405,627)	-	(1,685,061)
Reclassifications	-	-	14,321	6,113	90,202	1,736,608	3,800	(1,851,044)	-
Adjustments	-	-	-	-	-	1,496	-	(429,259)	(427,763)
As at 31 December 2018	<u>2,328,344</u>	<u>282,726</u>	<u>76,858,608</u>	<u>3,825,002</u>	<u>54,612,838</u>	<u>57,668,077</u>	<u>16,783,184</u>	<u>570,488</u>	<u>212,929,267</u>
Less: Accumulated depreciation									
As at 1 January 2018	-	24,394	8,826,451	3,133,019	31,204,039	38,378,743	13,246,357	-	94,813,003
Depreciation for the year	-	42,066	3,955,007	333,070	7,047,786	8,137,280	1,270,823	-	20,786,032
Disposals	-	-	-	(77,391)	(458,083)	(736,513)	(405,627)	-	(1,677,614)
Reclassifications	-	-	-	-	-	-	-	-	-
Currency translation difference	-	(67)	(6,240)	(511)	(11,179)	(12,257)	(2,075)	-	(32,329)
Adjustments	-	-	-	-	-	53	-	-	53
As at 31 December 2018	<u>-</u>	<u>66,393</u>	<u>12,775,218</u>	<u>3,388,187</u>	<u>37,782,563</u>	<u>45,767,306</u>	<u>14,109,478</u>	<u>-</u>	<u>113,889,145</u>
Carrying amounts									
As at 31 December 2018	<u>2,328,344</u>	<u>216,333</u>	<u>64,083,390</u>	<u>436,815</u>	<u>16,830,275</u>	<u>11,900,771</u>	<u>2,673,706</u>	<u>570,488</u>	<u>99,040,122</u>
In KHR'000 equivalent (Note 4)	<u>9,355,286</u>	<u>869,226</u>	<u>257,487,061</u>	<u>1,755,123</u>	<u>67,624,045</u>	<u>47,817,297</u>	<u>10,742,951</u>	<u>2,292,221</u>	<u>397,943,210</u>

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 depreciation charges of US\$133 for cash settlement for SECC.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

13. INTANGIBLE ASSETS

Non-current	The Group			The Bank		
	Computer software US\$	Work in progress US\$	Total US\$	Computer software US\$	Work in progress US\$	Total US\$
Cost						
As at 1 January 2017	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
Disposal	(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)	-	-	-
Adjustments	(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
Less: Accumulated amortisation						
As at 1 January 2017	18,557,744	-	18,557,744	16,847,692	-	16,847,692
Amortisation for the year	4,051,084	-	4,051,084	3,755,478	-	3,755,478
Disposal	(1,181,242)	-	(1,181,242)	(1,181,242)	-	(1,181,242)
Currency translation difference	(26,642)	-	(26,642)	(3,407)	-	(3,407)
Adjustment	(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
Carrying amounts as at 31 December 2017	9,821,419	1,518,926	11,340,345	9,218,569	1,518,926	10,737,495
In KHR'000 equivalent (Note 4)	39,649,068	6,131,905	45,780,973	37,215,363	6,131,904	43,347,267
Cost						
As at 1 January 2018	31,221,080	1,518,926	32,740,006	28,635,807	1,518,926	30,154,733
Additions	2,263,263	1,066,263	3,329,526	1,376,771	986,238	2,363,009
Disposals	(2,012,524)	-	(2,012,524)	(2,011,325)	-	(2,011,325)
Transfers	1,199,355	(1,199,355)	-	1,199,355	(1,199,355)	-
Currency translation difference	(74,424)	-	(74,424)	-	-	-
Adjustment	-	133,023	133,023	-	133,023	133,023
As at 31 December 2018	32,596,750	1,518,857	34,115,607	29,200,608	1,438,832	30,639,440
Less: Accumulated amortisation						
As at 1 January 2018	21,399,661	-	21,399,661	19,417,238	-	19,417,238
Amortisation for the year	3,550,055	-	3,550,055	3,203,977	-	3,203,977
Disposals	(1,963,373)	-	(1,963,373)	(1,963,122)	-	(1,963,122)
Currency translation difference	(68,623)	-	(68,623)	(5,189)	-	(5,189)
Adjustments	-	-	-	-	-	-
As at 31 December 2018	22,917,720	-	22,917,720	20,652,904	-	20,652,904
Carrying amounts as at 31 December 2018	9,679,030	1,518,857	11,197,887	8,547,704	1,438,832	9,986,536
In KHR'000 equivalent (Note 4)	38,890,343	6,102,767	44,993,110	34,344,675	5,781,227	40,125,902

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14. DEFERRED TAX ASSETS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Deferred tax assets	20,966,546	25,334,598	84,243,582	102,275,772	20,769,728	25,177,490	83,452,768	101,641,527
Deferred tax liabilities	973,371	(13,574)	3,911,005	(54,798)	1,182,635	(21,127)	4,751,827	(85,290)
Net deferred tax assets – Non-current	<u>21,939,917</u>	<u>25,321,024</u>	<u>88,154,587</u>	<u>102,220,974</u>	<u>21,952,363</u>	<u>25,156,363</u>	<u>88,204,595</u>	<u>101,556,237</u>

The movements in deferred tax assets during the year are as follows:

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
At the beginning of the year	25,321,024	20,133,459	102,220,974	81,278,774	25,156,363	19,984,529	101,556,237	80,677,544
Credited to income statement	(3,381,107)	5,187,565	(13,585,288)	20,942,200	(3,204,000)	5,171,834	(12,873,672)	20,878,693
Exchange differences	-	-	(481,099)	-	-	-	(477,970)	-
At the end of the year	<u>21,939,917</u>	<u>25,321,024</u>	<u>88,154,587</u>	<u>102,220,974</u>	<u>21,952,363</u>	<u>25,156,363</u>	<u>88,204,595</u>	<u>101,556,237</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14. DEFERRED TAX ASSETS (continued)

Deferred tax assets:

	The Group							The Bank						
	Unamortise d loan fees US\$	Provision for loan loss US\$	Other Provision US\$	Staff bonus US\$	Unrealised exchange loss US\$	Unearned revenue	Total US\$	Unamortised loan fees US\$	Provision for loan loss US\$	Other Provision US\$	Staff bonus US\$	Unrealised exchange loss US\$	Total US\$	
As at 1 January 2017	3,927,835	5,528,048	9,741,400	996,659	462,753	41,406	20,698,101	3,927,835	5,528,048	9,642,948	986,390	462,753	20,547,974	
Credited/(charged) to income statement	899,449	789,179	2,701,159	205,838	35,723	5,149	4,636,497	899,449	789,179	2,700,499	205,329	35,060	4,629,516	
As at 31 December 2017	4,827,284	6,317,227	12,442,559	1,202,497	498,476	46,555	25,334,598	4,827,284	6,317,227	12,343,447	1,191,719	497,813	25,177,490	
<i>In KHR'000 equivalent (Note 4)</i>	<u>19,487,746</u>	<u>25,502,645</u>	<u>50,230,611</u>	<u>4,854,480</u>	<u>2,012,347</u>	<u>187,943</u>	<u>102,275,772</u>	<u>19,487,746</u>	<u>25,502,645</u>	<u>49,830,496</u>	<u>4,810,970</u>	<u>2,009,670</u>	<u>101,641,527</u>	
As at 1 January 2018	4,827,284	6,317,227	12,442,559	1,202,497	498,476	46,555	25,334,598	4,827,284	6,317,227	12,343,447	1,191,719	497,813	25,177,490	
Credited to income statement	979,403	905,619	(5,589,076)	(769,413)	95,883	9,532	(4,368,052)	979,403	905,619	(5,630,149)	(758,635)	96,000	(4,407,762)	
As at 31 December 2018	5,806,687	7,222,846	6,853,483	433,084	594,359	56,087	20,966,546	5,806,687	7,222,846	6,713,298	433,084	593,813	20,769,728	
<i>In KHR'000 equivalent (Note 4)</i>	<u>23,331,268</u>	<u>29,021,395</u>	<u>27,537,295</u>	<u>1,740,132</u>	<u>2,388,134</u>	<u>225,358</u>	<u>84,243,582</u>	<u>23,331,268</u>	<u>29,021,395</u>	<u>26,974,031</u>	<u>1,740,132</u>	<u>2,385,942</u>	<u>83,452,768</u>	

Deferred tax liabilities:

	The Group			The Bank		
	Accelerated depreciation US\$	Unrealised exchange gain US\$	Total US\$	Accelerated depreciation US\$	Unrealised exchange gain US\$	Total US\$
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 (Note 4)</i>	<u>53,462</u>	<u>1,336</u>	<u>54,798</u>	<u>85,290</u>	<u>-</u>	<u>85,290</u>
As at 1 January 2018	13,243	331	13,574	21,127	-	21,127
Charged/(credited) to income statement	(986,694)	(251)	(986,945)	(1,203,762)	-	(1,203,762)
As at 31 December 2018	(973,451)	80	(973,371)	(1,182,635)	-	(1,182,635)
<i>In KHR'000 equivalent (Note 4)</i>	<u>(3,911,326)</u>	<u>321</u>	<u>(3,911,005)</u>	<u>(4,751,827)</u>	<u>-</u>	<u>(4,751,827)</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

15. Due to other banks and financial institutions

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Fixed deposits	106,578,792	40,025,424	428,233,587	161,582,637	101,975,301	31,441,447	409,736,760	126,929,122
Savings deposits	64,336,994	85,139,085	258,506,042	343,706,486	63,952,355	85,124,599	256,960,562	343,648,006
Current accounts	116,025,523	87,290,580	466,190,551	352,392,071	117,089,170	88,902,230	470,464,285	358,898,302
	<u>286,941,309</u>	<u>212,455,089</u>	<u>1,152,930,180</u>	<u>857,681,194</u>	<u>283,016,826</u>	<u>205,468,276</u>	<u>1,137,161,607</u>	<u>829,475,430</u>

Fixed deposits have maturities ranging from 3 months to 5 years.

a) By residency status

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Cambodia	281,952,220	208,856,505	1,132,884,020	843,153,710	283,016,826	205,468,276	1,137,161,607	829,475,430
Lao PDR	4,989,089	3,598,584	20,046,160	14,527,484	-	-	-	-
	<u>286,941,309</u>	<u>212,455,089</u>	<u>1,152,930,180</u>	<u>857,681,194</u>	<u>283,016,826</u>	<u>205,468,276</u>	<u>1,137,161,607</u>	<u>829,475,430</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

15. Due to other banks and financial institutions (continued)

b) By relationship

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Related parties	-	-	-	-	1,064,606	1,611,771	4,277,587	6,506,720
Non-related parties	286,941,309	212,455,089	1,152,930,180	857,681,194	281,952,220	203,856,505	1,132,884,020	822,968,710
	<u>286,941,309</u>	<u>212,455,089</u>	<u>1,152,930,180</u>	<u>857,681,194</u>	<u>283,016,826</u>	<u>205,468,276</u>	<u>1,137,161,607</u>	<u>829,475,430</u>

c) By interest rate

	The Group		The Bank	
	2018	2017	2018	2017
Fixed deposits	0.75% - 7.95%	1.00% - 9.00%	0.75% - 7.95%	1.00% - 5.75%
Savings deposits	0.00% - 1.89%	0.00% - 1.90%	0.00% - 1.50%	0.00% - 1.25%
Current accounts	Nil	Nil	Nil	Nil

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

16. DEPOSITS FROM CUSTOMERS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Fixed deposits	1,566,273,443	1,525,441,243	6,293,286,694	6,158,206,298	1,523,646,379	1,483,463,692	6,122,011,150	5,988,742,925
Savings deposits	1,581,049,030	1,257,833,473	6,352,655,003	5,077,873,731	1,550,267,264	1,228,844,541	6,228,973,867	4,960,845,412
Current accounts	385,081,898	321,724,223	1,547,259,066	1,298,800,688	380,014,425	320,006,815	1,526,897,960	1,291,867,512
Margin deposits	16,484,669	12,210,787	66,235,400	49,294,947	16,458,504	12,169,130	66,130,269	49,126,778
	<u>3,548,889,040</u>	<u>3,117,209,726</u>	<u>14,259,436,163</u>	<u>12,584,175,664</u>	<u>3,470,386,572</u>	<u>3,044,484,178</u>	<u>13,944,013,246</u>	<u>12,290,582,627</u>

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Current	3,187,575,991	2,788,308,250	12,807,680,332	11,256,400,405	3,126,765,627	2,737,199,523	12,563,344,289	11,050,074,475
Non-current	361,313,049	328,901,476	1,451,755,831	1,327,775,259	343,620,945	307,284,655	1,380,668,957	1,240,508,152
	<u>3,548,889,040</u>	<u>3,117,209,726</u>	<u>14,259,436,163</u>	<u>12,584,175,664</u>	<u>3,470,386,572</u>	<u>3,044,484,178</u>	<u>13,944,013,246</u>	<u>12,290,582,627</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

16. DEPOSITS FROM CUSTOMERS (continued)

(a) By relationship

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Related parties including staff	5,625,207	4,471,180	22,602,082	18,050,154	7,645,622	10,237,068	30,720,109	41,327,044
Non-related parties	3,543,263,833	3,112,738,546	14,236,834,081	12,566,125,510	3,462,740,950	3,034,247,110	13,913,293,137	12,249,255,583
	<u>3,548,889,040</u>	<u>3,117,209,726</u>	<u>14,259,436,163</u>	<u>12,584,175,664</u>	<u>3,470,386,572</u>	<u>3,044,484,178</u>	<u>13,944,013,246</u>	<u>12,290,582,627</u>

(b) By interest rate

	The Group		The Bank	
	2018	2017	2018	2017
Type of accounts:				
Fixed deposits	0.05% - 14.00%	0.05% - 14.00%	0.05% - 9.50%	0.05% - 9.50%
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 1.25%	0.00% - 1.25%
Current accounts	Nil	0.00% - 2.00%	Nil	0.00% - 2.00%
Margin deposits	Nil	Nil	Nil	Nil

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

17. OTHER LIABILITIES

	The Group				The Bank			
	2018	2017	2018	2017	2018	2017	2018	2017
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Interest payables	37,043,667	39,357,433	148,841,454	158,885,957	35,008,417	37,121,117	140,663,820	149,857,949
Fund transfers	27,807,005	9,798,243	111,728,546	39,555,507	27,802,211	9,796,874	111,709,284	39,549,980
Accrued bonuses	5,840,181	6,486,603	23,465,847	26,186,416	5,405,423	5,974,709	21,718,990	24,119,900
Accrued annual leave	16,996,656	15,240,973	68,292,564	61,527,808	16,419,735	14,761,639	65,974,495	59,592,737
Tax payables	1,469,697	1,271,129	5,905,243	5,131,548	1,426,129	1,223,597	5,730,186	4,939,661
Others	14,806,498	13,942,961	59,492,509	56,287,734	12,212,646	12,406,486	49,070,411	50,084,985
	<u>103,963,704</u>	<u>86,097,342</u>	<u>417,726,163</u>	<u>347,574,970</u>	<u>98,274,561</u>	<u>81,284,422</u>	<u>394,867,186</u>	<u>328,145,212</u>
Current	85,206,061	67,473,883	342,357,954	272,392,066	80,291,955	65,247,440	322,613,075	263,403,916
Non-current	<u>18,757,643</u>	<u>18,623,459</u>	<u>75,368,209</u>	<u>75,182,904</u>	<u>17,982,606</u>	<u>16,036,982</u>	<u>72,254,111</u>	<u>64,741,296</u>
	<u>103,963,704</u>	<u>86,097,342</u>	<u>417,726,163</u>	<u>347,574,970</u>	<u>98,274,561</u>	<u>81,284,422</u>	<u>394,867,186</u>	<u>328,145,212</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

18. BORROWINGS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Current	416,662,508	227,266,611	1,674,149,957	917,475,309	401,547,416	212,119,044	1,613,417,517	856,324,581
Non-current	368,009,371	679,111,571	1,478,661,653	2,741,573,412	346,702,383	654,023,816	1,393,050,175	2,640,294,145
	<u>784,671,879</u>	<u>906,378,182</u>	<u>3,152,811,610</u>	<u>3,659,048,721</u>	<u>748,249,799</u>	<u>866,142,860</u>	<u>3,006,467,692</u>	<u>3,496,618,726</u>

The Group and the Bank did not pledge any collaterals for borrowings except the borrowings from the National Bank of Cambodia in which the Negotiable Certificates of Deposit were collateralised. See Note 6(iii) for detail.

(a) By relationship

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Related parties:								
Triodos Microfinance Fund	988,745	1,500,298	3,972,777	6,056,703	-	-	-	-
Triodos Fair Share Fund	988,744	1,500,297	3,972,773	6,056,699	-	-	-	-
	<u>1,977,489</u>	<u>3,000,595</u>	<u>7,945,550</u>	<u>12,113,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

18. BORROWINGS (continued)

(a) By relationship (continued)

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Non-related parties:								
National Bank of Cambodia	44,225,984	-	177,700,004	-	44,225,984	-	177,700,004	-
Asian Development Bank	10,714,286	32,142,857	43,050,001	129,760,714	10,714,286	32,142,857	43,050,001	129,760,714
Bank of the Lao P.D.R	609,090	1,994,450	2,447,324	8,051,595	-	-	-	-
BlueOrchard Microfinance Fund (BlueOrchard Debt Sub-Fund)	15,000,000	20,000,000	60,270,000	80,740,000	15,000,000	20,000,000	60,270,000	80,740,000
China Development Bank Corporation	100,000,000	100,000,000	401,800,000	403,700,000	100,000,000	100,000,000	401,800,000	403,700,000
CIMB Thai Bank – Vientiane Branch	1,536,840	4,749,035	6,175,024	19,171,854	-	-	-	-
Nederlandse Financierings Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	1,984,355	7,338,802	7,973,138	29,626,744	-	2,500,000	-	10,092,500
FMO (Syndicated Loan)	51,000,000	85,000,000	204,918,000	343,145,000	51,000,000	85,000,000	204,918,000	343,145,000
Industrial and Commercial Bank of China Limited - Phnom Penh Branch	96,000,000	64,000,000	385,728,000	258,368,000	96,000,000	64,000,000	385,728,000	258,368,000
Industrial And Commercial Bank Of China Limited (Yangon Branch)	1,548,387	2,202,643	6,221,419	8,892,070	-	-	-	-
International Finance Corporation (IFC)	14,005,299	17,067,574	56,273,291	68,901,796	-	8,333,333	-	33,641,665
IFC (Syndicated Loan)	195,059,529	300,416,670	783,749,188	1,212,782,097	195,059,529	300,416,670	783,749,187	1,212,782,097
Kreditanstalt für Wiederaufbau (KfW)	2,312,964	2,382,801	9,293,489	9,619,368	-	-	-	-
Maybank (Yangon) Branch	161,290	550,661	648,063	2,223,018	-	-	-	-
MicroVest Short Duration Fund, LP	6,250,000	8,750,000	25,112,500	35,323,750	6,250,000	8,750,000	25,112,500	35,323,750
NORFUND	1,423,217	2,931,950	5,718,486	11,836,282	-	-	-	-
Overseas Private Investment Corporation (OPIC)	155,000,000	155,000,000	622,790,000	625,735,000	155,000,000	155,000,000	622,790,000	625,735,000
ResponsAbility Management Company S.A.	-	3,500,000	-	14,129,500	-	3,500,000	-	14,129,500
ResponsAbility SICAV	-	11,500,000	-	46,425,500	-	11,500,000	-	46,425,500
Taiwan Shin Kong Commercial Bank (Syndicated Loan)	75,000,000	75,000,000	301,350,000	302,775,000	75,000,000	75,000,000	301,350,000	302,775,000
TMB Bank	7,637,343	8,850,144	30,686,844	35,728,031	-	-	-	-
Shinhan Bank	3,225,806	-	12,961,289	-	-	-	-	-
	<u>782,694,390</u>	<u>903,377,587</u>	<u>3,144,866,060</u>	<u>3,646,935,319</u>	<u>748,249,799</u>	<u>866,142,860</u>	<u>3,006,467,692</u>	<u>3,496,618,726</u>
	<u>784,671,879</u>	<u>906,378,182</u>	<u>3,152,811,610</u>	<u>3,659,048,721</u>	<u>748,249,799</u>	<u>866,142,860</u>	<u>3,006,467,692</u>	<u>3,496,618,726</u>

The repayments of principal and interest are made either on a monthly, quarterly, semi-annual or annual basis based on the repayment schedule for each of the borrowing agreements. Borrowings have maturity from 1 to 7 years.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

18. BORROWINGS (continued)

(b) By interest rate

	The Group		The Bank	
	2018	2017	2018	2017
Annual interest rates	2.60% - 13.00%	2.92% - 13.00%	2.60% - 7.69%	3.41% - 6.51%

19. SUBORDINATED DEBTS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Current	32,000,000	43,000,000	128,576,000	173,591,000	32,000,000	43,000,000	128,576,000	173,591,000
Non-current	45,101,490	65,684,090	181,217,787	265,166,671	45,101,490	65,684,090	181,217,787	265,166,671
	<u>77,101,490</u>	<u>108,684,090</u>	<u>309,793,787</u>	<u>438,757,671</u>	<u>77,101,490</u>	<u>108,684,090</u>	<u>309,793,787</u>	<u>438,757,671</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19. SUBORDINATED DEBTS (CONTINUED)

(a) By relationship

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Non-related parties:								
BIO	5,000,000	10,000,000	20,090,000	40,370,000	5,000,000	10,000,000	20,090,000	40,370,000
DEG	12,000,000	21,000,000	48,216,000	84,777,000	12,000,000	21,000,000	48,216,000	84,777,000
IFC	-	6,000,000	-	24,222,000	-	6,000,000	-	24,222,000
IFC Capitalization (Subordinated Debt) Fund, L.P.	20,000,000	40,000,000	80,360,000	161,480,000	20,000,000	40,000,000	80,360,000	161,480,000
KfW	28,101,490	16,684,090	112,911,787	67,353,671	28,101,490	16,684,090	112,911,787	67,353,671
SIFEM AG (Represented by Obviam DFI AG)	8,000,000	10,000,000	32,144,000	40,370,000	8,000,000	10,000,000	32,144,000	40,370,000
SWEDFUND INTERNATIONAL AB	4,000,000	5,000,000	16,072,000	20,185,000	4,000,000	5,000,000	16,072,000	20,185,000
	<u>77,101,490</u>	<u>108,684,090</u>	<u>309,793,787</u>	<u>438,757,671</u>	<u>77,101,490</u>	<u>108,684,090</u>	<u>309,793,787</u>	<u>438,757,671</u>

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19. SUBORDINATED DEBTS (continued)

(a) By relationship (continued)

Movements of the subordinated debts are as follows:

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
At the beginning of the year	108,684,090	109,400,000	438,757,671	441,647,800	108,684,090	109,400,000	438,757,671	441,647,800
Additions	11,417,400	8,284,090	45,875,113	33,442,871	11,417,400	8,284,090	45,875,113	33,442,871
Repayments	(43,000,000)	(9,000,000)	(172,774,000)	(36,333,000)	(43,000,000)	(9,000,000)	(172,774,000)	(36,333,000)
Exchange differences	-	-	(2,064,997)	-	-	-	(2,064,997)	-
At the end of the year	<u>77,101,490</u>	<u>108,684,090</u>	<u>309,793,787</u>	<u>438,757,671</u>	<u>77,101,490</u>	<u>108,684,090</u>	<u>309,793,787</u>	<u>438,757,671</u>

b) By interest rate

	The Group		The Bank	
	2018	2017	2018	2017
Annual interest rates	7.00% - 8.48%	7.00% - 8.48%	7.00% - 8.48%	7.00% - 8.48%

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19. SUBORDINATED DEBTS (continued)

(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	The Bank	
					US\$	US\$	
SOCIETE BELGE D'INVESTISSEMENT POUR LES PAYS EN DEVELOPPEMENT-BIO SA/BELGISCHE INVESTERINGSMAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN NV ("BIO")	15 March 2013	30 April 2013	15 December 2019	10,000,000	5,000,000	5,000,000	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. The Bank repaid US\$5,000,000 of the principal during year ended 31 December 2018.
Deutsche Investitions – Und EntwicklungsgesellschaftMbh ("DEG")	12 December 2011	01 December 2011	15 November 2018	10,000,000	-	-	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 2018 (2017: US\$5,000,000).
	24 November 2014	05 February 2015	15 November 2021	20,000,000	12,000,000	12,000,000	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 2018 (2017: US\$4,000,000).
International Finance Corporation ("IFC")	12 August 2011	30 June 2011	12 August 2018	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. The Bank repaid US\$6,000,000 of the principal during year ended 31 December 2018.
IFC Capitalization (Subordinated Debt) Fund, L.P.	22 March 2013	30 April 2013	15 October 2019	40,000,000	20,000,000	20,000,000	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. The Bank repaid US\$20,000,000 of the principal during year ended 31 December 2018.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19. SUBORDINATED DEBTS (continued)

(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\$	
SIFEM AG (Represented by Obviam DFI AG)	11 January 2016	14 March 2016	14 December 2022	10,000,000	8,000,000	8,000,000	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. The Bank repaid US\$2,000,000 of the principal during year ended 31 December 2018.
SWEDFUND INTERNATIONAL AB	11 January 2016	14 March 2016	14 December 2022	5,000,000	4,000,000	4,000,000	On 14 December 2015, the Bank entered into a US\$5,000,000 loan agreement, which will be repaid in five equal annual instalments starting from 14 December 2018. The Bank repaid US\$1,000,000 of the principal during year ended 31 December 2018.
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.
	12 December 2018	Not yet approved	26 November 2030	11,417,400	11,417,400	11,417,400	On 26 November 2018, the Bank entered into a EUR10,000,000 loan agreement equivalent of the amount of US\$11,417,400, which to be received and repaid in US\$. The loan will be repaid in full on its maturity date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

20. EMPLOYEE BENEFITS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
a) Provident fund								
At the beginning 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
Additions during the year:								
The Group's/Bank's contribution	239,585	6,566,090	962,653	26,507,305	-	6,200,366	-	25,030,878
Employees' contribution	227,085	3,385,237	912,428	13,666,202	-	3,100,183	-	12,515,439
Interest	121,287	1,579,965	487,331	6,378,319	121,287	1,579,965	487,331	6,378,319
Payments during the year	(38,026,117)	(2,020,325)	(152,788,938)	(8,156,052)	(37,574,101)	(1,562,540)	(150,972,738)	(6,307,974)
Balance of subsidiaries	(22,395)	-	(89,983)	-	-	180,650	-	729,284
Currency translation difference	6,375	(12,332)	25,615	(49,784)	-	(9,649)	-	(38,954)
Exchange differences	-	-	(712,343)	-	-	-	(711,603)	-
At the end of the year	37,464	37,491,644	150,530	151,353,767	-	37,452,814	-	151,197,010
b) Seniority benefits								
At the beginning of the year	-	-	-	-	-	-	-	-
Additions during the period	9,519,900	-	38,250,958	-	9,410,798	-	37,812,586	-
Payments during the period	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-
Currency translation difference	(20,162)	-	(81,011)	-	(20,162)	-	(81,011)	-
Exchange differences	-	-	-	-	-	-	-	-
At the end of the year	9,499,738	-	38,169,947	-	9,390,636	-	37,731,575	-

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

20. EMPLOYEE BENEFITS (continued)

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
c) Retirement benefits								
At the beginning of the year	10,049,640	7,990,900	40,570,397	32,259,264	9,502,780	7,580,013	38,362,723	30,600,512
Current service cost	758,044	1,039,662	3,045,821	4,197,115	672,962	962,751	2,703,961	3,886,626
Interest cost	702,754	520,661	2,823,666	2,101,908	665,918	493,505	2,675,659	1,992,280
Benefits paid	(90,073)	(234,120)	(361,913)	(945,142)	(81,402)	(175,236)	(327,073)	(707,428)
Settlement loss	90,073	(7,562)	361,913	(30,528)	81,402	(7,588)	327,073	(30,633)
Remeasurement loss from change in actuarial assumptions	(3,085,161)	745,281	(12,396,177)	3,008,700	(3,085,218)	651,897	(12,396,406)	2,631,708
Currency translation difference	(9,974)	(5,182)	(40,076)	(20,920)	(326)	(2,562)	(1,310)	(10,342)
Exchange differences	-	-	(190,943)	-	-	-	(180,552)	-
At the end of the year	<u>8,415,303</u>	<u>10,049,640</u>	<u>33,812,688</u>	<u>40,570,397</u>	<u>7,756,116</u>	<u>9,502,780</u>	<u>31,164,075</u>	<u>38,362,723</u>
Total – Non-current	<u>17,952,505</u>	<u>47,541,284</u>	<u>72,133,165</u>	<u>191,924,164</u>	<u>17,146,752</u>	<u>46,955,594</u>	<u>68,895,650</u>	<u>189,559,733</u>

Current service cost, interest cost, settlement loss and remeasurement loss from change in actuarial assumptions are recorded as personnel expenses (Note 25).

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

	2018	2017
Salary growth rate	3.87%	4.20%
Inflation rate	1.20%	1.20%
Discount rates	7.00%	6.50%
Mortality rate (*) and staff turnover rate (**)		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

20. EMPLOYEE BENEFITS (continued)

c) Retirement benefits (continued)

(*) Mortality rate table is as follows:

Age	2018		2017	
	Mortality rate (% per annum)		Mortality rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 0.22	0 - 0.40	0 - 0.39	0 - 1.17
30-39	0	0 - 0.26	0	0 - 0.40
40-49	0	0	0	0
50-59	0	0	0	0
60	0	0	0	0

(**) Staff turnover rate table is as follows:

Age	2018		2017	
	Staff turnover rate (% per annum)		Staff turnover rate (% per annum)	
	Females	Males	Females	Males
18-29	0 - 4.34	2.50 - 4.53	1.55 - 4.44	1.36 - 4.54
30-39	1.73 - 4.63	2.98 - 5.21	0 - 3.92	2.92 - 6.62
40-49	0 - 14.07	0 - 3.82	0	0 - 5.90
50-59	0 - 13.33	0 - 11.43	0	0 - 7.41
60	0	0	0	0

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

21. SHARE CAPITAL

As at 31 December 2018, the authorised share capital comprised 395,224,105 ordinary shares (2017: 358,544,956) at par value of US\$1 each. All issued shares are fully paid by the following shareholders and their respective interest in the Bank:

	2018			2017		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	102,758,267	102,758,267	26.0000%	93,221,689	93,221,689	26.0000%
ASA Plc.	98,806,034	98,806,034	25.0000%	89,636,246	89,636,246	25.0000%
SMBC	72,128,396	72,128,396	18.2500%	65,434,452	65,434,452	18.2500%
COFIBRED S.A	48,414,952	48,414,952	12.2500%	43,921,756	43,921,756	12.2500%
ORIX Corporation	48,414,952	48,414,952	12.2500%	43,921,756	43,921,756	12.2500%
Triodos Microfinance Fund	10,081,418	10,081,418	2.5508%	9,145,802	9,145,802	2.5508%
Triodos Fair Share Fund	8,621,343	8,621,343	2.1814%	7,821,231	7,821,231	2.1814%
Triodos Sustainable Finance Foundation	5,998,743	5,998,743	1.5178%	5,442,024	5,442,024	1.5178%
Total – Non-current	395,224,105	395,224,105	100%	358,544,956	358,544,956	100%
<i>In KHR'000 equivalent (Note 4) – Non-current</i>		<u>1,588,010,454</u>			<u>1,447,445,987</u>	

The Bank increased its share capital from US\$358,544,956 to US\$395,224,105 through the conversion of retained earnings of US\$36,679,149 on 19 July 2018 with approval by National Bank of Cambodia.

The revised Memorandum and Articles of Association (“MAoA”) was endorsed by the Ministry of Commerce (“MoC”) on 24 October 2018.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

22. NET INTEREST INCOME

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Interest income:								
Loans and advances to customers	416,260,254	417,641,892	1,672,533,700	1,686,020,318	393,538,780	395,122,253	1,581,238,819	1,595,108,536
Balances with the central banks	4,851,857	7,010,322	19,494,761	28,300,670	4,821,844	6,891,817	19,374,169	27,822,265
Balances with other banks:								
Banks inside Cambodia	107,870	145,198	433,422	586,164	82,852	84,375	332,899	340,622
Banks outside Cambodia	2,036,203	548,217	8,181,464	2,213,152	2,144,389	717,650	8,616,155	2,897,153
	<u>423,256,184</u>	<u>425,345,629</u>	<u>1,700,643,347</u>	<u>1,717,120,304</u>	<u>400,587,865</u>	<u>402,816,095</u>	<u>1,609,562,042</u>	<u>1,626,168,576</u>
Interest expense:								
Fixed deposits	78,891,691	83,612,268	316,986,815	337,542,726	75,008,807	79,369,507	301,385,387	320,414,700
Subordinated debts	8,194,122	9,228,172	32,923,982	37,254,130	8,194,122	9,228,172	32,923,982	37,254,130
Borrowings	57,653,017	48,120,106	231,649,822	194,260,868	54,189,859	44,644,966	217,734,853	180,231,728
Savings deposits	6,410,781	6,988,674	25,758,518	28,213,277	5,845,734	6,970,873	23,488,159	28,141,414
Provident fund	8,567	1,403,910	34,422	5,667,585	121,499	1,579,965	488,183	6,378,319
Current accounts	246,504	288,130	990,453	1,163,181	246,504	288,130	990,453	1,163,181
	<u>151,404,682</u>	<u>149,641,260</u>	<u>608,344,012</u>	<u>604,101,767</u>	<u>143,606,525</u>	<u>142,081,613</u>	<u>577,011,017</u>	<u>573,583,472</u>
Net interest income	<u>271,851,502</u>	<u>275,704,369</u>	<u>1,092,299,335</u>	<u>1,113,018,537</u>	<u>256,981,340</u>	<u>260,734,482</u>	<u>1,032,551,025</u>	<u>1,052,585,104</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

23. NET FEE AND COMMISSION INCOME

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Fee and commission income:								
Lending and related fees	23,403,666	21,667,835	94,035,930	87,473,049	20,853,113	18,312,779	83,787,808	73,928,689
Commission fees	30,964,097	27,817,227	124,413,742	112,298,145	30,529,431	27,537,150	122,667,254	111,167,475
Others	10,045,655	9,376,957	40,363,442	37,854,777	5,516,479	5,182,921	22,165,212	20,923,451
	64,413,418	58,862,019	258,813,114	237,625,971	56,899,023	51,032,850	228,620,274	206,019,615
Fee and commission expense	(749,501)	(2,867,061)	(3,011,495)	(11,574,325)	(499,395)	(2,464,712)	(2,006,569)	(9,950,042)
Net fee and commission income	63,663,917	55,994,958	255,801,619	226,051,646	56,399,628	48,568,138	226,613,705	196,069,573

There was settlement fees amounting to KHR 1,896,000 (US\$472) and US\$657 for cash settlement for SECC.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

24. OTHER INCOMES

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Foreign exchange gain	7,975,352	6,171,372	32,044,964	24,913,829	7,909,262	6,104,215	31,779,415	24,642,716
Recoveries from loans written off	5,388,315	3,104,367	21,650,250	12,532,330	4,868,062	2,528,551	19,559,873	10,207,760
Others	1,455,678	1,620,911	5,848,914	6,543,617	422,579	798,599	1,697,922	3,223,945
	14,819,345	10,896,650	59,544,128	43,989,776	13,199,903	9,431,365	53,037,210	38,074,421
(Loss)/gain on disposals of property and equipment	114,571	(294,826)	460,346	(1,190,213)	132,639	(290,685)	532,944	(1,173,495)
	14,933,916	10,601,824	60,004,474	42,799,563	13,332,542	9,140,680	53,570,154	36,900,926

25. PERSONNEL EXPENSES

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Salaries and wages	94,739,565	81,569,498	380,663,572	329,296,063	86,536,371	73,898,643	347,703,139	298,328,822
Bonuses and incentives	13,342,132	13,090,799	53,608,686	52,847,556	11,810,987	11,614,312	47,456,546	46,886,978
Contributions to provident fund (Note 20 (a))	239,585	6,566,090	962,653	26,507,305	-	6,200,366	-	25,030,878
Retirement benefits (Note 20 (c))	(1,534,290)	2,298,192	(6,164,777)	9,277,801	(1,664,936)	2,100,715	(6,689,713)	8,480,586
Annual leave	2,276,583	2,349,087	9,147,310	9,483,264	2,076,014	2,285,170	8,341,424	9,225,231
Seniority benefits (Note 20 (b))	9,519,900	-	38,250,958	-	9,410,798	-	37,812,586	-
Other benefits	7,338,756	6,365,203	29,487,122	25,696,325	8,373,825	7,754,769	33,646,029	31,306,002
	125,922,231	112,238,869	505,955,524	453,108,314	116,543,059	103,853,975	468,270,011	419,258,497

There was salaries and wages expense amounting to US\$32,232 for cash settlement for SECC.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

26. GENERAL AND ADMINISTRATIVE EXPENSES

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Rental expenses	11,137,182	10,625,134	44,749,197	42,893,666	9,885,502	9,438,703	39,719,947	38,104,044
Repairs and maintenance	10,060,924	10,208,078	40,424,793	41,210,011	9,635,694	9,595,209	38,716,218	38,735,859
Utilities	4,944,875	4,895,847	19,868,508	19,764,534	4,552,688	4,520,299	18,292,700	18,248,447
Office supplies	2,896,266	3,232,790	11,637,197	13,050,773	2,463,225	2,735,908	9,897,238	11,044,861
Communication	4,441,761	3,709,511	17,846,996	14,975,296	3,671,940	3,244,545	14,753,855	13,098,228
Furniture and fixtures	2,551,190	3,060,318	10,250,681	12,354,504	2,004,573	2,784,412	8,054,374	11,240,671
Travelling	2,161,031	2,156,735	8,683,023	8,706,739	1,765,929	1,751,028	7,095,503	7,068,900
Marketing	1,073,578	792,762	4,313,636	3,200,380	890,657	721,300	3,578,660	2,911,888
Legal and professional fees and fines	3,184,588	5,361,329	12,795,675	21,643,685	2,690,595	4,962,271	10,810,811	20,032,688
License fees	1,107,533	1,147,649	4,450,068	4,633,059	1,083,853	1,114,311	4,354,921	4,498,474
Others	8,306,730	7,118,583	33,376,440	28,737,720	7,061,134	6,635,156	28,371,637	26,786,124
	<u>51,865,658</u>	<u>52,308,736</u>	<u>208,396,214</u>	<u>211,170,367</u>	<u>45,705,790</u>	<u>47,503,142</u>	<u>183,645,864</u>	<u>191,770,184</u>

Above expenses include cash settlement to SECC related to the repairs and maintenance amounting to US\$9,721, office supplies amounting to US\$76, furniture and fixtures amounting to US\$200 and membership fees amounting to US\$12,859 (KHR51,666,667).

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

27. INCOME TAX EXPENSES

a) Current income tax liabilities

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
At the beginning of the year	23,971,605	35,697,545	96,773,369	144,110,989	22,710,117	35,349,262	91,680,742	142,704,971
Income tax expense	19,217,306	29,031,859	77,215,136	117,201,615	17,309,131	26,831,106	69,548,089	108,317,174
Income tax paid	(29,377,914)	(40,757,799)	(118,040,458)	(164,539,235)	(27,117,265)	(39,470,251)	(108,957,171)	(159,341,403)
Exchange difference	-	-	(455,461)	-	-	-	(431,492)	-
At the end of the year	<u>13,810,997</u>	<u>23,971,605</u>	<u>55,492,586</u>	<u>96,773,369</u>	<u>12,901,983</u>	<u>22,710,117</u>	<u>51,840,168</u>	<u>91,680,742</u>

b) Income tax expenses

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Current income tax	19,217,306	29,031,859	77,215,136	117,201,615	17,309,131	26,831,106	69,548,089	108,317,174
Deferred tax expense/(benefit)	<u>3,381,107</u>	<u>(5,187,565)</u>	<u>13,585,287</u>	<u>(20,942,200)</u>	<u>3,204,000</u>	<u>(5,171,834)</u>	<u>12,873,672</u>	<u>(20,878,693)</u>
	<u>22,598,413</u>	<u>23,844,294</u>	<u>90,800,423</u>	<u>96,259,415</u>	<u>20,513,131</u>	<u>21,659,272</u>	<u>82,421,761</u>	<u>87,438,481</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

27. INCOME TAX EXPENSES (continued)

c) Reconciliation between income tax expense and accounting profit

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Profit before income tax	106,607,681	116,372,292	428,349,662	469,794,943	101,259,690	108,146,070	406,861,435	436,585,685
Tax calculated at domestic tax rates applicable to profits in the respective countries	21,946,941	23,586,513	88,182,809	95,218,753	20,251,938	21,629,214	81,372,287	87,317,137
Tax effect of reconciling items: Non-deductible expense	651,472	257,781	2,617,614	1,040,662	261,193	30,058	1,049,474	121,344
	<u>22,598,413</u>	<u>23,844,294</u>	<u>90,800,423</u>	<u>96,259,415</u>	<u>20,513,131</u>	<u>21,659,272</u>	<u>82,421,761</u>	<u>87,438,481</u>

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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

28. CASH AND CASH EQUIVALENTS

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Cash on hand	407,864,703	321,744,245	1,638,800,375	1,298,881,517	398,012,184	310,875,730	1,599,212,955	1,255,005,322
Balances with the central banks:								
Current accounts	310,338,089	290,054,243	1,246,938,442	1,170,948,979	304,321,257	280,493,356	1,222,762,811	1,132,351,678
Negotiable certificate of deposits, maturities of three months or less	560,621,811	701,377,261	2,252,578,437	2,831,460,003	560,000,000	701,377,261	2,250,079,999	2,831,460,003
Balances with other banks:								
Current accounts	26,245,315	81,655,846	105,453,676	329,644,650	24,295,281	78,264,466	97,618,439	315,953,649
Savings accounts	290,586	599,071	1,167,575	2,418,450	290,250	598,983	1,166,225	2,418,094
Fixed deposits, maturities of three months or less	310,905	35,000,000	1,249,216	141,295,000	-	35,000,000	-	141,295,000
	<u>1,305,671,409</u>	<u>1,430,430,666</u>	<u>5,246,187,721</u>	<u>5,774,648,599</u>	<u>1,286,918,972</u>	<u>1,406,609,796</u>	<u>5,170,840,429</u>	<u>5,678,483,746</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

29. CASH FLOWS FROM OPERATING ACTIVITIES

	Note	The Group				The Bank			
		2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Cash flows from operating activities									
Profit before income tax		106,607,681	116,372,292	428,349,662	469,794,943	101,259,690	108,146,070	406,861,435	436,585,685
Adjustments for:									
Depreciation charge	12	21,934,848	21,265,226	88,134,219	85,847,717	20,786,032	20,154,783	83,518,277	81,364,859
Amortisation charge	13	3,550,055	4,051,084	14,264,121	16,354,226	3,203,977	3,755,478	12,873,580	15,160,865
Adjustments of property and equipment		427,816	832,293	1,718,965	3,359,967	427,763	832,293	1,718,752	3,359,967
Adjustments of intangible assets		(133,023)	27,909	(534,486)	112,669	(133,023)	27,909	(534,486)	112,669
Provident fund expenses (the Group/the Bank contribution)	20(a)	239,585	6,566,090	962,653	26,507,305	-	6,200,366	-	25,030,878
Provision for loan losses	8(a)	40,431,996	34,250,324	162,455,760	138,268,558	39,110,938	33,215,649	157,147,749	134,091,575
Provision for deposit and placement		279,114	-	1,121,480	-	245,855	-	987,845	-
Provision for off balance sheet commitments		(148,473)	1,814,620	(596,565)	7,325,621	(148,056)	1,814,203	(594,889)	7,323,938
Retirement benefits expenses		(1,534,290)	2,298,042	(6,164,777)	9,277,195	(1,664,936)	2,100,565	(6,689,713)	8,479,981
Seniority benefits		9,519,900	-	38,250,958	-	9,410,798	-	37,812,586	-
Currency translation reserves		(4,228,971)	(422,444)	(16,992,005)	(1,705,406)	-	-	-	-
Net interest income	22	(271,851,502)	(275,704,369)	(1,092,299,335)	(1,113,018,537)	(256,981,340)	(260,734,482)	(1,032,551,025)	(1,052,585,104)
Loss/(gain) on disposals of property and equipment	24	(114,571)	294,826	(460,346)	1,190,213	(132,639)	290,685	(532,944)	1,173,495
Unrealised exchange gain		2,180,356	(309,754)	8,760,669	(1,250,478)	(57,953)	(35,362)	(232,855)	(142,758)
		(92,839,479)	(88,663,861)	(373,029,027)	(357,936,007)	(84,672,894)	(84,231,843)	(340,215,688)	(340,043,950)
Change in working capitals									
Loans and advances to customers		(468,811,160)	(278,074,145)	(1,883,683,241)	(1,122,585,323)	(477,906,397)	(259,454,066)	(1,920,227,903)	(1,047,416,064)
Balances with the central banks		(51,090,891)	513,748	(205,283,200)	2,074,001	(51,090,891)	513,748	(205,283,200)	2,074,001
Reserve requirement with the central banks		(41,172,005)	(76,135,367)	(165,429,116)	(307,358,477)	(40,977,195)	(76,409,509)	(164,646,370)	(308,465,188)
Balances with other banks		5,000,000	(3,311,950)	20,090,000	(13,370,342)	8,000,000	(8,000,000)	32,144,000	(32,296,000)
Statutory deposits		58,279	-	234,165	-	-	-	-	-
Other assets		(812,650)	2,378,081	(3,265,228)	9,600,313	(320,413)	2,278,158	(1,287,419)	9,196,924
Deposits from customers		431,679,314	352,452,310	1,734,487,484	1,422,849,975	425,902,394	345,688,821	1,711,275,819	1,395,545,770
Due to other banks and financial institutions		74,486,220	(148,958,990)	299,285,632	(601,347,443)	77,548,550	(147,412,044)	311,590,074	(595,102,422)
Provident fund		325,977	4,965,202	1,309,776	20,044,520	121,287	4,860,798	487,331	19,623,042
Other liabilities		20,180,129	3,348,961	81,083,758	13,519,756	19,102,840	2,750,656	76,755,211	11,104,398
Net cash used in operations		(122,996,266)	(231,486,011)	(494,198,997)	(934,509,027)	(124,292,719)	(219,415,281)	(499,408,145)	(885,779,489)
Interest income received		422,287,211	425,385,294	1,696,750,013	1,717,280,432	399,720,903	402,875,674	1,606,078,587	1,626,409,096
Interest expenses paid		(153,718,448)	(147,512,028)	(617,640,724)	(595,506,057)	(145,719,225)	(140,180,532)	(585,499,846)	(565,908,808)
Income tax paid	27(a)	(29,377,914)	(40,757,799)	(118,040,458)	(164,539,235)	(27,117,265)	(39,470,251)	(108,957,170)	(159,341,403)
Provident fund paid	20(a)	(38,026,117)	(2,020,325)	(152,788,938)	(8,156,052)	(37,574,101)	(1,562,540)	(150,972,738)	(6,307,974)
Retirement benefits paid	20(b)	(90,073)	(234,120)	(361,913)	(945,142)	(81,402)	(175,236)	(327,073)	(707,428)
Net cash generated from operating activities		78,078,393	3,375,011	313,718,983	13,624,919	64,936,191	2,071,834	260,913,615	8,363,994

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

30. 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			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Unused portion of overdrafts	101,627,728	111,820,677	408,340,211	451,420,073	101,627,728	111,820,677	408,340,211	451,420,073
Bank guarantees	37,130,875	47,061,149	149,191,856	189,985,859	37,104,710	47,019,492	149,086,725	189,817,689
Letters of credits	9,336,354	13,592,124	37,513,470	54,871,405	9,336,354	13,592,124	37,513,470	54,871,405
Forward foreign exchange	-	684,085	-	2,761,651	-	684,085	-	2,761,651
	<u>148,094,957</u>	<u>173,158,035</u>	<u>595,045,537</u>	<u>699,038,988</u>	<u>148,068,792</u>	<u>173,116,378</u>	<u>594,940,406</u>	<u>698,870,818</u>

The Group and the Bank have made provision of US\$1,666,147 as at 31 December 2018 (31 December 2017 : US\$1,814,620 and US\$1,814,203) 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 3(f).

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

30. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

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			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Not later than 1 year	10,023,506	9,654,591	40,274,447	38,975,584	9,645,067	8,890,745	38,753,879	35,891,938
Later than 1 but not later than 5 years	26,517,809	22,383,860	106,548,557	90,363,643	24,734,012	20,492,896	99,381,260	82,729,821
Later than 5 years	8,995,364	10,641,014	36,143,373	42,957,774	5,088,294	6,718,571	20,444,765	27,122,871
	<u>45,536,679</u>	<u>42,679,465</u>	<u>182,966,377</u>	<u>172,297,001</u>	<u>39,467,373</u>	<u>36,102,212</u>	<u>158,579,904</u>	<u>145,744,630</u>

c) Capital expenditure commitment

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Not later than 1 year	2,693,331	13,979,181	10,821,804	56,433,954	940,320	1,809,361	3,778,206	7,304,390
Later than 1 but not later than 5 years	778,623	913,000	3,128,507	3,685,781	-	-	-	-
	<u>3,471,954</u>	<u>14,892,181</u>	<u>13,950,311</u>	<u>60,119,735</u>	<u>940,320</u>	<u>1,809,361</u>	<u>3,778,206</u>	<u>7,304,390</u>

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

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

30. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

d) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, AIB, amounting to US\$13,000,000 maturing on 15 June 2026.

31. 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 11	Subsidiaries
Shareholders as disclosed in Note 21	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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related party balances

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
i). Loans and advances								
Key management	6,139,298	16,167,582	24,667,699	65,268,529	5,168,163	15,232,236	20,765,679	61,492,537
ii). Balances with related parties								
SMBC	261,728	20,623,550	1,051,623	83,257,271	261,728	20,623,550	1,051,623	83,257,271
ACLEDA Bank Lao Ltd	-	-	-	-	-	5,000,000	-	20,185,000
	<u>261,728</u>	<u>20,623,550</u>	<u>1,051,623</u>	<u>83,257,271</u>	<u>261,728</u>	<u>25,623,550</u>	<u>1,051,623</u>	<u>103,442,271</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Related party balances (continued)

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
iii). Receivables from/payables to related parties								
Key Management loan								
Interest receivables	4,249	17,219	17,072	69,513	4,136	16,910	16,618	68,266
Key Management deposit								
Interest payables	17,286	20,639	69,455	83,320	16,728	19,604	67,213	79,141
SMBC								
Other Receivables	-	5,117	-	20,657	-	5,117	-	20,657
ASA Plc.								
Other Payables	907	2,231	3,644	9,007	907	2,231	3,644	9,007
ACLEDA Bank Lao Ltd.								
Other receivables	-	-	-	-	-	202,064	-	815,732
ACLEDA Securities Plc.								
Other payables	-	-	-	-	25,015	34,439	100,510	139,030
ACLEDA Institute of Business								
Other receivables	-	-	-	-	2	60,809	8	245,486
Other payables	-	-	-	-	14,715	80,562	59,125	325,229
ACLEDA MFI Myanmar Co., Ltd.								
Other receivables	-	-	-	-	171,706	139,210	689,915	561,991
	<u>22,442</u>	<u>45,206</u>	<u>90,171</u>	<u>182,497</u>	<u>233,209</u>	<u>560,946</u>	<u>937,033</u>	<u>2,264,539</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Related party balances (continued)

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
iv). Deposits from related parties								
Key management	2,020,471	3,071,785	8,118,252	12,400,796	1,764,298	2,831,337	7,088,949	11,430,107
SMBC	38,821	66,421	155,983	268,142	38,821	66,421	155,983	268,142
ACLEDA Financial Trust ASA Plc.	2,507,832	398,455	10,076,469	1,608,563	2,507,832	398,455	10,076,469	1,608,563
Saving accounts	168,420	84,806	676,712	342,362	168,420	84,806	676,712	342,362
Fixed deposits	151,000	251,000	606,718	1,013,287	151,000	251,000	606,718	1,013,287
ACLEDA Bank Lao Ltd.								
Current accounts	-	-	-	-	1,064,606	1,611,771	4,277,587	6,506,720
ACLEDA Securities Plc.								
Savings accounts	-	-	-	-	12,338	69,479	49,574	280,487
Fixed deposits	-	-	-	-	1,910,000	1,890,000	7,674,380	7,629,929
ACLEDA Institute of Business								
Current accounts	-	-	-	-	277,396	363,502	1,114,577	1,467,458
Fixed deposits	-	-	-	-	800,000	4,280,000	3,214,400	17,278,360
ACLEDA Properties Ltd.								
Savings accounts	-	-	-	-	15,517	2,067	62,347	8,344
	<u>4,886,544</u>	<u>3,872,467</u>	<u>19,634,134</u>	<u>15,633,150</u>	<u>8,710,228</u>	<u>11,848,838</u>	<u>34,997,696</u>	<u>47,833,759</u>
v). Borrowings from related parties								
Shareholders (Note 18(a))	<u>1,977,489</u>	<u>3,000,595</u>	<u>7,945,550</u>	<u>12,113,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Related party transactions

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
i). Interest income from related parties								
Loans and advances to key management	529,617	572,629	2,128,001	2,311,703	430,102	472,028	1,728,150	1,905,577
SMBC	112,178	5,117	450,731	20,657	112,178	5,117	450,731	20,657
Deposits with ACLEDA Bank Lao Ltd	-	-	-	-	112,932	176,055	453,761	710,734
	<u>641,795</u>	<u>577,746</u>	<u>2,578,732</u>	<u>2,332,360</u>	<u>655,212</u>	<u>653,200</u>	<u>2,632,642</u>	<u>2,636,968</u>
ii). Fee and commission income from related parties								
ACLEDA Financial Trust	26,400	24,000	106,075	96,888	26,400	24,000	106,075	96,888
ASA, Plc.	1,663	500	6,682	2,019	1,663	500	6,682	2,019
ACLEDA Bank Lao Ltd.	-	-	-	-	13	3,405	52	13,746
ACLEDA Securities Plc	-	-	-	-	327	350	1,314	1,413
ACLEDA Institute of Business	-	-	-	-	746	4,159	2,997	16,790
ACLEDA Properties Ltd.	-	-	-	-	(10)	120	(40)	484
	<u>28,063</u>	<u>24,500</u>	<u>112,757</u>	<u>98,907</u>	<u>29,139</u>	<u>32,534</u>	<u>117,080</u>	<u>131,340</u>
iii). Interest expenses to related parties								
Deposits of key management	161,071	140,984	647,183	569,152	153,328	132,950	616,072	536,719
Borrowing from shareholders	338,774	255,048	1,361,194	1,029,629	-	14,639	-	59,098
Deposits of ASA Plc.	15,164	11,351	60,929	45,824	15,164	11,351	60,929	45,824
Deposits of ACLEDA Bank Lao Ltd.	-	-	-	-	-	-	-	-
Deposits of ACLEDA Securities Plc.	-	-	-	-	86,836	108,598	348,907	438,410
Deposits of ACLEDA Institute of Business	-	-	-	-	21,511	308,035	86,431	1,243,537
	<u>515,009</u>	<u>407,383</u>	<u>2,069,306</u>	<u>1,644,605</u>	<u>276,839</u>	<u>575,573</u>	<u>1,112,339</u>	<u>2,323,588</u>
iv). Fee and commission expenses to related parties								
Board of directors	1,126,408	784,123	4,525,907	3,165,505	778,382	642,123	3,127,539	2,592,251
Key management	4,369,329	9,705,614	17,555,964	39,181,564	2,086,011	6,945,891	8,381,592	28,040,562
ACLEDA Institute of Business	-	-	-	-	1,393,358	1,706,120	5,598,512	6,887,606
	<u>5,495,737</u>	<u>10,489,737</u>	<u>22,081,871</u>	<u>42,347,069</u>	<u>4,257,751</u>	<u>9,294,134</u>	<u>17,107,643</u>	<u>37,520,419</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. 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 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

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 hold the following financial assets and liabilities:

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Financial assets								
Cash on hand	407,864,703	321,744,245	1,638,800,377	1,298,881,517	398,012,184	310,875,730	1,599,212,955	1,255,005,322
Balances with the central banks	930,266,421	1,001,647,134	3,737,810,479	4,043,649,480	923,627,778	990,086,247	3,711,136,412	3,996,978,179
Balances with other banks	26,567,692	120,254,917	106,748,986	485,469,100	24,339,676	121,863,449	97,796,818	491,962,744
Loans and advances to customers	3,513,593,815	3,085,214,651	14,117,619,949	12,455,011,546	3,378,669,215	2,939,873,756	13,575,492,906	11,868,270,353
Other assets	33,730,014	31,539,087	135,527,196	127,323,294	32,514,795	30,465,669	130,644,446	122,989,906
Total financial assets	4,912,022,645	4,560,400,034	19,736,506,987	18,410,334,937	4,757,163,648	4,393,164,851	19,114,283,537	17,735,206,504
Financial liabilities								
Due to other banks and financial institutions	286,941,309	212,455,089	1,152,930,180	857,681,194	283,016,826	205,468,276	1,137,161,607	829,475,430
Deposits from customers	3,548,889,040	3,117,209,726	14,259,436,163	12,584,175,664	3,470,386,572	3,044,484,178	13,944,013,246	12,290,582,627
Other liabilities	75,029,516	59,569,413	301,468,595	240,481,720	70,727,761	56,123,737	284,184,144	226,571,526
Borrowings	784,671,879	906,378,182	3,152,811,610	3,659,048,721	748,249,799	866,142,860	3,006,467,692	3,496,618,726
Subordinated debts	77,101,490	108,684,090	309,793,787	438,757,671	77,101,490	108,684,090	309,793,787	438,757,671
Total financial liabilities	4,772,633,234	4,404,296,500	19,176,440,335	17,780,144,970	4,649,482,448	4,280,903,141	18,681,620,476	17,282,005,980
Net financial assets	139,389,411	156,103,534	560,066,652	630,189,967	107,681,200	112,261,710	432,663,061	453,200,524

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk

Credit risk is the risk that a counterparty would fail to meet its obligations in accordance with agreed terms. While loans are the most obvious source of credit risk, other sources of credit risk exist throughout the activities of an institution, including in the banking book and the trading book, in both on and off-balance sheets. Institutions are facing credit risks in various financial instruments other than loans, including acceptance, trade financing, the commitment and guarantee, interbank transaction, the settlement of transactions, foreign exchange transactions, bonds, equities and financial derivative instruments.

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 favourable 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

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).

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(a) Credit risk management (continued)

- 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.

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(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.B7-017-344 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

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

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Credit risks exposures relating to on-balance sheet assets:								
Balances with other banks	26,567,692	120,254,917	106,748,986	485,469,100	24,339,676	121,863,449	97,796,818	491,962,744
Loans and advances to customers	3,513,593,815	3,085,214,651	14,117,619,949	12,455,011,546	3,378,669,215	2,939,873,756	13,575,492,906	11,868,270,353
Other assets	33,730,014	31,539,087	135,527,196	127,323,294	32,514,795	30,465,669	130,644,446	122,989,906
	<u>3,573,891,521</u>	<u>3,237,008,655</u>	<u>14,359,896,131</u>	<u>13,067,803,940</u>	<u>3,435,523,686</u>	<u>3,092,202,874</u>	<u>13,803,934,170</u>	<u>12,483,223,003</u>
Credit risk exposures relating to off-balance sheet items:								
Unused portion of overdrafts	100,467,499	110,621,913	403,678,411	446,580,663	100,467,499	110,621,913	403,678,411	446,580,663
Bank guarantees	36,710,675	46,575,954	147,503,492	188,027,126	36,684,510	46,534,297	147,398,361	187,858,957
Letters of credit	9,250,636	13,461,880	37,169,055	54,345,610	9,250,636	13,461,880	37,169,055	54,345,610
Forward foreign exchange	-	684,085	-	2,761,651	-	684,085	-	2,761,651
	<u>146,428,810</u>	<u>171,343,832</u>	<u>588,350,958</u>	<u>691,715,050</u>	<u>146,402,645</u>	<u>171,302,175</u>	<u>588,245,827</u>	<u>691,546,881</u>
Total maximum credit risk exposure	<u>3,720,320,331</u>	<u>3,408,352,487</u>	<u>14,948,247,089</u>	<u>13,759,518,990</u>	<u>3,581,926,331</u>	<u>3,263,505,049</u>	<u>14,392,179,997</u>	<u>13,174,769,884</u>

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank at 31 December 2018 and 31 December 2017, without taking into account 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, 94.44% for the Group and 94.33% for the Bank of total maximum exposure is derived from loans and advances to customers (2017: 90.52% and 90.08% 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 98.59% of loans and advances of the Bank are collateralised. According to Credit Operating Manual, loan size must not exceed 75% of estimated saleable value of the pledged collateral.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(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 2018 and 31 December 2017 are as follows:

	The Group								
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
31 December 2018									
Balances with other banks	287,837	836,290	138,292	828,877	527,952	17,603,729	90,968	6,253,747	26,567,692
Loans and advances to customers	3,378,669,215	-	-	111,903,928	-	-	23,020,672	-	3,513,593,815
Other assets	32,381,345	-	-	942,322	-	-	406,347	-	33,730,014
As at 31 December 2018	3,411,338,397	836,290	138,292	113,675,127	527,952	17,603,729	23,517,987	6,253,747	3,573,891,521
<i>In KHR'000 equivalent (Note 4)</i>	<u>13,706,757,679</u>	<u>3,360,213</u>	<u>555,657</u>	<u>456,746,660</u>	<u>2,121,311</u>	<u>70,731,783</u>	<u>94,495,272</u>	<u>25,127,556</u>	<u>14,359,896,131</u>
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 (Note 4)</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>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(e) Concentration of financial assets with credit risk exposure (continued)

(i) *Geographical sector (continued)*

	The Bank								
	Cambodia US\$	France US\$	Germany US\$	Lao US\$	Singapore US\$	USA US\$	Myanmar US\$	Others US\$	Total US\$
31 December 2018									
Balances with other banks	298,484	836,290	138,292	-	527,952	17,603,729	46,686	4,888,243	24,339,676
Loans and advances to customers	3,378,669,215	-	-	-	-	-	-	-	3,378,669,215
Other assets	32,342,769			320			171,706		32,514,795
As at 31 December 2018	<u>3,411,310,468</u>	<u>836,290</u>	<u>138,292</u>	<u>320</u>	<u>527,952</u>	<u>17,603,729</u>	<u>218,392</u>	<u>4,888,243</u>	<u>3,435,523,686</u>
<i>In KHR'000 equivalent (Note 4)</i>	<u>13,706,645,460</u>	<u>3,360,213</u>	<u>555,657</u>	<u>1,286</u>	<u>2,121,311</u>	<u>70,731,783</u>	<u>877,499</u>	<u>19,640,960</u>	<u>13,803,934,170</u>
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	<u>2,973,362,717</u>	<u>15,747,477</u>	<u>690,780</u>	<u>5,202,424</u>	<u>21,357,813</u>	<u>70,648,515</u>	<u>186,378</u>	<u>5,006,770</u>	<u>3,092,202,874</u>
<i>In KHR'000 equivalent (Note 4)</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>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(e) Concentration of financial assets with credit risk exposure (continued)

(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 2018 and 31 December 2017 based on the industry sectors of the counterparty are as follows:

	The Group							
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	Total US\$
31 December 2018								
Balances with other banks	26,567,692	-	-	-	-	-	-	26,567,692
Loans and advances to customers	8,745,456	1,273,257,208	848,429,224	199,794,303	101,346,958	625,085,599	456,935,067	3,513,593,815
Other assets	6,348,577	8,812,457	5,317,162	1,263,808	662,768	5,419,516	5,905,726	33,730,014
As at 31 December 2018	<u>41,661,725</u>	<u>1,282,069,665</u>	<u>853,746,386</u>	<u>201,058,111</u>	<u>102,009,726</u>	<u>630,505,115</u>	<u>462,840,793</u>	<u>3,573,891,521</u>
<i>In KHR'000 equivalent (Note 4)</i>	<u>167,396,811</u>	<u>5,151,355,914</u>	<u>3,430,352,979</u>	<u>807,851,490</u>	<u>409,875,079</u>	<u>2,533,369,552</u>	<u>1,859,694,306</u>	<u>14,359,896,131</u>
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	<u>136,198,299</u>	<u>1,253,822,977</u>	<u>611,601,523</u>	<u>205,926,897</u>	<u>98,015,866</u>	<u>569,800,740</u>	<u>361,642,353</u>	<u>3,237,008,655</u>
<i>In KHR'000 equivalent (Note 4)</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>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(e) Concentration of financial assets with credit risk exposure (continued)

(ii) *Industry sector (continued)*

	The Bank							
	Financial institutions US\$	Wholesale and retail US\$	Services US\$	Housing US\$	Manufacturing US\$	Agriculture US\$	Others US\$	Total US\$
31 December 2018								
Balances with other banks	24,339,676	-	-	-	-	-	-	24,339,676
Loans and advances to customers	8,745,456	1,262,388,680	820,636,700	199,507,082	94,824,622	616,538,241	376,028,434	3,378,669,215
Other assets	6,491,639	8,639,675	5,035,432	1,261,214	595,599	5,260,881	5,230,355	32,514,795
As at 31 December 2018	<u>39,576,771</u>	<u>1,271,028,355</u>	<u>825,672,132</u>	<u>200,768,296</u>	<u>95,420,221</u>	<u>621,799,122</u>	<u>381,258,789</u>	<u>3,435,523,686</u>
<i>In KHR'000 equivalent (Note 4)</i>	<u>159,019,466</u>	<u>5,106,991,930</u>	<u>3,317,550,626</u>	<u>806,687,013</u>	<u>383,398,448</u>	<u>2,498,388,872</u>	<u>1,531,897,815</u>	<u>13,803,934,170</u>
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>
<i>In KHR'000 equivalent (Note 4)</i>	<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>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(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 2018, the Bank restructured loans and advances amounting to US\$10,209,053 of which US\$8,015,264 were reclassified as performing loans and the remaining US\$2,193,789 were reclassified as non-performing loans (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).

(g) Repossessed Properties

Repossessioned properties have to be sold within one year as required by the National Bank of Cambodia. Repossessed or foreclosed properties at 31 December 2018 were US\$930,171 (2017: nil). Foreclosed properties are presented in "Other assets" in the balance sheet.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(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			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Loans and advances:								
Neither past due nor impaired	3,559,005,020	3,083,905,384	14,300,082,170	12,449,726,033	3,422,878,766	2,936,208,191	13,753,126,881	11,853,472,467
Past due but not impaired	5,692,244	20,248,672	22,871,436	81,743,889	5,065,168	19,493,685	20,351,845	78,696,006
Individually impaired	62,862,212	67,833,806	252,580,369	273,845,076	60,626,442	66,856,630	243,597,044	269,900,216
Gross	3,627,559,476	3,171,987,862	14,575,533,975	12,805,314,998	3,488,570,376	3,022,558,506	14,017,075,770	12,202,068,689
Less: Provision for loan losses	(83,380,278)	(60,437,280)	(335,021,957)	(243,985,299)	(80,872,756)	(58,558,460)	(324,946,734)	(236,400,503)
Unamortised loan fees	(30,585,383)	(26,335,931)	(122,892,069)	(106,318,153)	(29,028,405)	(24,126,290)	(116,636,130)	(97,397,833)
Net loans and advances	<u>3,513,593,815</u>	<u>3,085,214,651</u>	<u>14,117,619,949</u>	<u>12,455,011,546</u>	<u>3,378,669,215</u>	<u>2,939,873,756</u>	<u>13,575,492,906</u>	<u>11,868,270,353</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(h) Credit quality of loans and advances (continued)

(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			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Normal	1,991,144	3,192,022	8,000,417	12,886,193	1,549,095	3,192,022	6,224,264	12,886,193
Special mention	4,127,640	17,056,650	16,584,857	68,857,696	3,516,073	16,301,663	14,127,582	65,809,813
	<u>6,118,784</u>	<u>20,248,672</u>	<u>24,585,274</u>	<u>81,743,889</u>	<u>5,065,168</u>	<u>19,493,685</u>	<u>20,351,846</u>	<u>78,696,006</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(h) Credit quality of loans and advances (continued)

(iii) *Loans and advances individually impaired*

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

	The Group				The Bank			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Substandard	10,268,760	38,642,601	41,259,878	156,000,180	9,410,896	38,283,075	37,812,980	154,548,775
Doubtful	13,992,905	15,718,979	56,223,493	63,457,518	13,149,461	15,109,525	52,834,534	60,997,152
Loss	38,600,547	13,472,226	155,096,998	54,387,378	38,066,085	13,464,030	152,949,530	54,354,289
	<u>62,862,212</u>	<u>67,833,806</u>	<u>252,580,369</u>	<u>273,845,076</u>	<u>60,626,442</u>	<u>66,856,630</u>	<u>243,597,044</u>	<u>269,900,216</u>

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

Position limits of the market risk (continued)

- 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 2018 and 31 December 2017, 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(i) *Interest Rate Risk (continued)*

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (Continued)

(i) Interest Rate Risk (continued)

	The Group						
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
As at 31 December 2018							
Financial assets							
Cash on hand	-	-	-	-	-	407,864,703	407,864,703
Balances with the central banks	329,800,000	258,728,332	31,400,000	-	-	310,338,089	930,266,421
Balances with other banks	19,311,712	310,905	-	-	-	6,945,075	26,567,692
Loans and advances to customers							
- Performing	110,591,346	229,001,865	707,651,497	2,088,162,819	429,289,737	-	3,564,697,264
- Non performing	-	-	-	-	-	62,862,212	62,862,212
- Provision for loan losses	-	-	-	-	-	(83,380,278)	(83,380,278)
- Unamortised loan fees	-	-	-	-	-	(30,585,383)	(30,585,383)
Other assets	-	-	-	-	-	33,730,014	33,730,014
Total financial assets	459,703,058	488,041,102	739,051,497	2,088,162,819	429,289,737	707,774,432	4,912,022,645
Financial liabilities							
Due to other banks and financial institutions	79,165,589	9,392,964	6,138,232	7,621,098	61,650,000	122,973,426	286,941,309
Deposits from customers	1,692,452,749	262,590,064	834,214,012	347,540,363	12,400,818	399,691,034	3,548,889,040
Other liabilities	-	-	-	-	-	75,029,516	75,029,516
Borrowings	27,790,778	27,562,817	371,308,913	349,664,206	8,345,165	-	784,671,879
Subordinated debts	-	-	32,000,000	17,000,000	28,101,490	-	77,101,490
Total financial liabilities	1,799,409,116	299,545,845	1,243,661,157	721,825,667	110,497,473	597,693,976	4,772,633,234
Total interest rate repricing gap	(1,339,706,058)	188,495,257	(504,609,660)	1,366,337,152	318,792,264	110,080,456	139,389,411
In KHR'000 equivalent (Note 4)	(5,382,938,941)	757,373,943	(2,027,521,614)	5,489,942,677	1,280,907,317	442,303,270	560,066,652

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(i) Interest Rate Risk (continued)

	The Group						
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total 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							
- Performing	102,743,407	237,715,586	660,284,373	1,766,703,146	336,707,544	-	3,104,154,056
- Non performing	-	-	-	-	-	67,833,806	67,833,806
- Provision for loan losses	-	-	-	-	-	(60,437,280)	(60,437,280)
- Unamortised loan fees	-	-	-	-	-	(26,335,931)	(26,335,931)
Other assets	-	-	-	-	-	31,539,087	31,539,087
Total financial assets	682,256,728	477,656,260	663,284,373	1,766,703,146	336,707,544	633,791,983	4,560,400,034
Financial liabilities							
Due to other banks and financial institutions	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	(841,848,526)	41,572,193	(481,719,026)	1,056,784,517	233,021,915	148,292,461	156,103,534
In KHR'000 equivalent (Note 4)	(3,398,542,499)	167,826,943	(1,944,699,708)	4,266,239,095	940,709,471	598,656,665	630,189,967

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(i) Interest Rate Risk (continued)

	The Bank						
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
As at 31 December 2018							
Financial assets							
Cash on hand	-	-	-	-	-	398,012,184	398,012,184
Balances with the central banks	329,800,000	258,106,521	31,400,000	-	-	304,321,257	923,627,778
Balances with other banks	19,311,377	-	-	-	-	5,028,299	24,339,676
Loans and advances to customers							
- Performing	103,362,713	213,785,963	661,943,419	2,021,037,372	427,814,467	-	3,427,943,934
- Non performing	-	-	-	-	-	60,626,442	60,626,442
- Provision for loan losses	-	-	-	-	-	(80,872,756)	(80,872,756)
- Unamortised loan fees	-	-	-	-	-	(29,028,405)	(29,028,405)
Other assets	-	-	-	-	-	32,514,795	32,514,795
Total financial assets	452,474,090	471,892,484	693,343,419	2,021,037,372	427,814,467	690,601,816	4,757,163,648
Financial liabilities							
Due to other banks and financial institutions	77,843,853	6,405,966	5,458,836	7,621,098	61,650,000	124,037,073	283,016,826
Deposits from customers	1,662,363,692	256,816,119	815,653,455	331,257,502	10,991,576	393,304,228	3,470,386,572
Other liabilities	-	-	-	-	-	70,727,761	70,727,761
Borrowings	27,790,777	22,656,172	361,100,467	332,952,383	3,750,000	-	748,249,799
Subordinated debts	-	-	32,000,000	17,000,000	28,101,490	-	77,101,490
Total financial liabilities	1,767,998,322	285,878,257	1,214,212,758	688,830,983	104,493,066	588,069,062	4,649,482,448
Total interest rate repricing gap	(1,315,524,232)	186,014,227	(520,869,339)	1,332,206,389	323,321,401	102,532,754	107,681,200
In KHR'000 equivalent (Note 4)	(5,285,776,365)	747,405,164	(2,092,853,004)	5,352,805,271	1,299,105,389	411,976,606	432,663,061

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(i) Interest Rate Risk (continued)

	The Bank						
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total 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							
- Performing	94,827,456	221,003,695	608,755,973	1,694,898,690	336,216,062	-	2,955,701,876
- Non performing	-	-	-	-	-	66,856,630	66,856,630
- Provision for loan losses	-	-	-	-	-	(58,558,460)	(58,558,460)
- Unamortised loan fees	-	-	-	-	-	(24,126,290)	(24,126,290)
Other assets	-	-	-	-	-	30,465,669	30,465,669
Total financial assets	674,340,689	463,944,369	611,755,973	1,694,898,690	336,216,062	612,009,068	4,393,164,851
Financial liabilities							
Due to other banks and financial institutions	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	(818,035,659)	41,043,217	(505,062,337)	1,028,467,409	235,747,661	130,101,419	112,261,710
In KHR'000 equivalent (Note 4)	(3,302,409,955)	165,691,467	(2,038,936,654)	4,151,922,930	951,713,307	525,219,429	453,200,524

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(i) *Interest Rate Risk (continued)*

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.

(ii) *Foreign exchange risk*

The Group operates in Cambodia, Lao PDR, and Republic of the Union of Myanmar and transacts in many currencies. It is exposed to various currency risks, primarily with respect to Khmer Riel, Euro, Thai Baht, LAK, JPY, AUD, VND, CAD, Kyat and others.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's and the Bank's functional currency.

Management monitors their foreign exchange risk against functional currencies. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group use forward contracts.

The table below summarises the Group's and the Bank's exposure to foreign currency exchange rate risk at 31 December 2018 and 31 December 2017. Included in the table are the financial instruments at carrying amount by currency in US\$ equivalent.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

31 December 2018	The Group In US\$ equivalent							Total
	KHR	USD	THB	EUR	AUD	LAK	Others	
Financial assets								
Cash on hand	74,046,163	307,627,846	16,180,115	1,919,631	297,112	5,457,692	2,336,144	407,864,703
Balances with the central banks	73,150,180	852,082,016	2,084,322	-	-	2,949,903	-	930,266,421
Balances with other banks	-	21,480,537	2,193,002	1,870,371	-	324,712	699,070	26,567,692
Loans and advances to customers	409,450,434	2,944,492,704	25,190,839	-	-	111,439,166	23,020,672	3,513,593,815
Other assets	3,858,376	28,257,307	271,936	-	-	936,048	406,347	33,730,014
Total financial assets	560,505,153	4,153,940,410	45,920,214	3,790,002	297,112	121,107,521	26,462,233	4,912,022,645
Financial liabilities								
Due to other banks and financial institutions	28,515,946	247,016,406	8,177,802	-	-	3,231,155	-	286,941,309
Deposits from customers	462,763,057	2,977,536,762	36,022,507	3,419,749	226	65,828,996	3,317,743	3,548,889,040
Other liabilities	7,798,190	64,769,133	85,192	221,604	-	1,886,589	268,808	75,029,516
Borrowings	44,225,984	716,884,518	-	-	-	13,519,453	10,041,924	784,671,879
Subordinated debts	-	77,101,490	-	-	-	-	-	77,101,490
Total financial liabilities	543,303,177	4,083,308,309	44,285,501	3,641,353	226	84,466,193	13,628,475	4,772,633,234
Net on-balance sheet position	17,201,976	70,632,101	1,634,713	148,649	296,886	36,641,328	12,833,758	139,389,411
In KHR'000 equivalent (Note 4)	69,117,537	283,799,782	6,568,277	597,272	1,192,888	147,224,856	51,566,040	560,066,652
Unused portion of overdrafts	2,152,583	99,229,205	245,940	-	-	-	-	101,627,728
Forward foreign exchange	-	-	-	-	-	-	-	-
Guarantees, acceptances and other financial facilities	2,488,159	43,548,457	48,973	183,938	-	-	197,702	46,467,229
Credit commitment	4,640,742	142,777,662	294,913	183,938	-	-	197,702	148,094,957
In KHR'000 equivalent (Note 4)	18,646,501	573,680,646	1,184,960	739,063	-	-	794,367	595,045,537

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

31 December 2017	The Group							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
Financial assets								
Cash on hand	76,213,263	220,429,347	15,417,138	1,834,800	261,176	6,670,970	917,551	321,744,245
Balances with the central banks	231,829,003	763,550,728	2,983,544	-	-	3,283,859	-	1,001,647,134
Balances with other banks	-	112,748,775	1,734,893	1,979,692	121,163	526,999	3,143,395	120,254,917
Loans and advances to customers	159,298,565	2,749,235,766	33,046,798	-	-	121,310,488	22,323,034	3,085,214,651
Other assets	2,069,307	27,677,709	380,793	-	-	1,057,738	353,540	31,539,087
Total financial assets	469,410,138	3,873,642,325	53,563,166	3,814,492	382,339	132,850,054	26,737,520	4,560,400,034
Financial liabilities								
Due to other banks and financial institutions	55,057,541	142,199,380	7,099,634	-	-	8,098,534	-	212,455,089
Deposits from customers	411,899,184	2,590,335,018	47,648,048	2,958,661	365	62,539,925	1,828,525	3,117,209,726
Other liabilities	6,607,197	50,222,208	323,572	113,664	783	1,886,383	415,606	59,569,413
Borrowings	-	870,969,337	-	-	-	22,736,169	12,672,676	906,378,182
Subordinated debts	-	108,684,090	-	-	-	-	-	108,684,090
Total financial liabilities	473,563,922	3,762,410,033	55,071,254	3,072,325	1,148	95,261,011	14,916,807	4,404,296,500
Net on-balance sheet position	(4,153,784)	111,232,292	(1,508,088)	742,167	381,191	37,589,043	11,820,713	156,103,534
In KHR'000 equivalent (Note 4)	(16,768,826)	449,044,763	(6,088,151)	2,996,128	1,538,868	151,746,967	47,720,218	630,189,967
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	57,502,094	175,394	1,338,272	-	-	88,354	60,653,273
Credit commitment	3,147,066	167,558,998	341,260	2,022,357	-	-	88,354	173,158,035
In KHR'000 equivalent (Note 4)	12,704,705	676,435,675	1,377,667	8,164,255	-	-	356,686	699,038,988

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

31 December 2018	The Bank							
	In US\$ equivalent							
	KHR	USD	THB	EUR	AUD	LAK	Others	Total
Financial assets								
Cash on hand	74,041,753	305,580,467	14,514,523	1,804,002	280,258	915	1,790,266	398,012,184
Balances with the central banks	73,150,180	850,477,598	-	-	-	-	-	923,627,778
Balances with other banks	-	21,415,851	389,949	1,870,371	-	-	663,505	24,339,676
Loans and advances to customers	409,450,434	2,944,147,761	25,071,020	-	-	-	-	3,378,669,215
Other assets	3,830,668	28,413,472	270,655	-	-	-	-	32,514,795
Total financial assets	<u>560,473,035</u>	<u>4,150,035,149</u>	<u>40,246,147</u>	<u>3,674,373</u>	<u>280,258</u>	<u>915</u>	<u>2,453,771</u>	<u>4,757,163,648</u>
Financial liabilities								
Due to other banks and financial institutions	28,515,946	246,314,526	8,186,354	-	-	-	-	283,016,826
Deposits from customers	462,773,950	2,974,491,811	29,699,555	3,419,749	226	-	1,281	3,470,386,572
Other liabilities	7,797,027	62,563,273	72,493	221,604	-	-	73,364	70,727,761
Borrowings	44,225,983	704,023,816	-	-	-	-	-	748,249,799
Subordinated debts	-	77,101,490	-	-	-	-	-	77,101,490
Total financial liabilities	<u>543,312,906</u>	<u>4,064,494,916</u>	<u>37,958,402</u>	<u>3,641,353</u>	<u>226</u>	<u>-</u>	<u>74,645</u>	<u>4,649,482,448</u>
Net on-balance sheet position	<u>17,160,129</u>	<u>85,540,233</u>	<u>2,287,745</u>	<u>33,020</u>	<u>280,032</u>	<u>915</u>	<u>2,379,126</u>	<u>107,681,200</u>
<i>In KHR'000 equivalent (Note 4)</i>	<u>68,949,399</u>	<u>343,700,656</u>	<u>9,192,159</u>	<u>132,674</u>	<u>1,125,169</u>	<u>3,676</u>	<u>9,559,328</u>	<u>432,663,061</u>
Unused portion of overdrafts	2,152,583	99,229,205	245,940	-	-	-	-	101,627,728
Forward foreign exchange	-	-	-	-	-	-	-	-
Guarantees, acceptances and other financial facilities	2,488,159	43,522,292	48,973	183,938	-	-	197,702	46,441,064
Credit commitment	<u>4,640,742</u>	<u>142,751,497</u>	<u>294,913</u>	<u>183,938</u>	<u>-</u>	<u>-</u>	<u>197,702</u>	<u>148,068,792</u>
<i>In KHR'000 equivalent (Note 4)</i>	<u>18,646,501</u>	<u>573,575,515</u>	<u>1,184,960</u>	<u>739,063</u>	<u>-</u>	<u>-</u>	<u>794,367</u>	<u>594,940,406</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	The Bank							
	In US\$ equivalent							
31 December 2017	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 and financial institutions	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
<i>In KHR'000 equivalent (Note 4)</i>	<i>(16,825,041)</i>	<i>455,322,702</i>	<i>2,882,313</i>	<i>2,875,026</i>	<i>1,514,969</i>	<i>4,739</i>	<i>7,425,816</i>	<i>453,200,524</i>
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
<i>In KHR'000 equivalent (Note 4)</i>	<i>12,704,705</i>	<i>676,267,506</i>	<i>1,377,667</i>	<i>8,164,255</i>	<i>-</i>	<i>-</i>	<i>356,685</i>	<i>698,870,818</i>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk (continued)

(ii) *Foreign exchange risk (continued)*

Sensitivity analysis

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

32.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations or payment or offset positions in a given economic and financial context and specific market situation. Typically, it is the risk of loss arising from situation where 1) the bank has not enough cash and/or cash equivalents to meet the needs of depositors, borrowers, and contingent liabilities, 2) the sale of illiquid assets lower than market price, and 3) illiquid assets would not be sold at the desired time due to a lack of buyers.

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:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

a) *Liquidity risk management process (continued)*

Principles of the liquidity risk:

- At all times the related senior management of the treasury group 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 related senior management of treasury group has established a risk control framework and procedures to ensure it maintains sufficient liquidity at all time, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources such as deposits, borrowings, capital raising 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 includes short, medium and long-term, institution-specific and market-wide stress which may put the Bank's liquidity at risk.
- The Treasury Department identifies, monitors, manages and controls the risk associated intraday liquidity as well as short, medium and long-term liquidity as these are key periods 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.
- The Bank incorporates liquidity cost, benefits and risks in the internal pricing, performance measurement, and new products/services approval process for all significant business activities (both on and off balance sheet) in order to align with the benefits from accepting risks of each business unit and liquidity risks affecting the business activities of the Bank.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

a) *Liquidity risk management process (continued)*

Position limits of the liquidity risk: (continued)

- 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 has put in place a robust and comprehensive liquidity risk management framework in accordance with National Bank of Cambodia's Prakas No. B7-017-301 dated on 27 September 2017 on Liquidity Risk Management Framework (LRMF), which consists of risk appetite, risk tolerance, policies, early warning indicators, and monitoring mechanism which are reviewed and endorsed by BRMC, and BALCO and approved by the Board. The key elements of the framework is to ensure that the Bank maintains sufficient liquidity at all times, including the holding of unencumbered eligible assets, to withstand a range of stress events, including the loss of funding sources, either internally (as with deposits) or externally (as with borrowings or raising additional capital), and other issues. The Bank ensures that the business activities are mainly funded with stable sources of funding on an ongoing basis.

The management designs a set of early warning indicators to aid its daily liquidity risk management processes in identifying the emergence of increased risk or vulnerabilities in its liquidity risk position or potential funding needs.

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%

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

a) *Liquidity risk management process (continued)*

Position limits of the liquidity risk: (continued)

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 financial institutions 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2018						
Financial liabilities						
Due to other banks and financial institutions	202,785,861	10,113,640	6,290,894	7,621,810	61,650,000	288,462,205
Deposits from customers	2,087,468,909	278,201,504	895,590,062	414,516,214	50,694,151	3,726,470,840
Other liabilities	35,823,121	2,138,196	24,533	-	-	37,985,850
Borrowings	29,667,244	27,003,827	405,038,890	409,523,327	9,113,652	880,346,940
Subordinated debts	-	-	37,530,913	28,036,923	41,139,839	106,707,675
Total financial liabilities (contractual maturity dates)	2,385,412,379	344,460,994	1,787,045,095	1,297,258,524	212,851,133	6,027,028,125
In KHR'000 equivalent (Note 4)	9,584,586,939	1,384,044,274	7,180,347,192	5,212,384,749	855,235,852	24,216,599,006
Assets held for managing liquidity risk (contractual maturity dates)	1,470,777,496	315,437,846	1,002,992,482	2,655,336,743	446,149,704	5,890,694,271
In KHR'000 equivalent (Note 4)	5,909,583,979	1,267,429,265	4,030,023,793	10,669,143,033	1,792,629,511	23,668,809,581

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2017						
Financial liabilities						
Due to other banks and financial institutions	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)	1,969,165,622	359,594,534	1,093,938,305	1,084,263,933	147,515,155	4,654,477,549
In KHR'000 equivalent (Note 4)	7,949,521,616	1,451,683,134	4,416,228,937	4,377,173,498	595,518,681	18,790,125,866
Assets held for managing liquidity risk (contractual maturity dates)	1,346,051,861	542,032,853	905,168,333	2,252,987,296	372,100,700	5,418,341,043
In KHR'000 equivalent (Note 4)	5,434,011,363	2,188,186,628	3,654,164,560	9,095,309,714	1,502,170,525	21,873,842,790

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2018						
Financial liabilities						
Due to other banks and financial institutions	202,512,052	7,048,599	5,573,415	7,621,810	61,650,000	284,405,876
Deposits from customers	2,050,741,823	271,963,891	875,085,080	394,769,677	48,546,708	3,641,107,179
Other liabilities	35,549,344	170,000	-	-	-	35,719,344
Borrowings	29,634,365	21,618,392	392,503,408	388,673,836	3,897,315	836,327,316
Subordinated debts	-	-	37,530,913	28,036,923	41,139,839	106,707,675
Total financial liabilities (contractual maturity dates)	2,348,071,949	322,419,274	1,740,727,137	1,235,813,005	200,271,016	5,847,302,381
In KHR'000 equivalent (Note 4)	9,434,553,091	1,295,480,643	6,994,241,636	4,965,496,654	804,688,942	23,494,460,966
Assets held for managing liquidity risk (contractual maturity dates)	1,444,081,097	295,917,277	946,795,806	2,574,932,801	446,190,620	5,707,917,601
In KHR'000 equivalent (Note 4)	5,802,317,848	1,188,995,619	3,804,225,549	10,346,079,994	1,792,793,912	22,934,412,922

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2017						
Financial liabilities						
Due to other banks and financial institutions	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 (Note 4)	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)	1,312,413,610	524,790,098	842,719,409	2,167,917,534	374,635,009	5,222,475,660
In KHR'000 equivalent (Note 4)	5,298,213,744	2,118,577,626	3,402,058,254	8,751,883,085	1,512,401,529	21,083,134,238

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

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 30) are summarised in table below:

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2018						
Unused portion of overdrafts	101,627,728	-	-	-	-	101,627,728
Bank guarantees	4,047,484	7,744,244	19,104,023	6,234,783	341	37,130,875
Letters of credit	2,461,481	5,256,610	1,618,263	-	-	9,336,354
Gross settled (forward foreign exchange contracts - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
- Net	-	-	-	-	-	-
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	(57,750)	(631,714)	(7,376,418)	(4,506,391)	(48,166)	(12,620,439)
- outflow	36,827	525,358	5,584,691	4,243,269	58,190	10,448,335
- Net	(20,923)	(106,356)	(1,791,727)	(263,122)	10,024	(2,172,104)
Total	108,115,770	12,894,498	18,930,559	5,971,661	10,365	145,922,853

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

d) *Off-balance sheet items (continued)*

i) *Loan commitments and guarantee (continued)*

	The Group					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

d) Off-balance sheet items (continued)

i) *Loan commitments and guarantee (continued)*

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2018						
Unused portion of overdrafts	101,627,728	-	-	-	-	101,627,728
Bank guarantees	4,037,734	7,727,829	19,104,023	6,234,783	341	37,104,710
Letters of credit	2,461,481	5,256,610	1,618,263	-	-	9,336,354
Gross settled (forward foreign exchange contracts - cash flow hedges)						
- (inflow)	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
- Net	-	-	-	-	-	-
Gross settled (interest rate swap - cash flow hedges)						
- (inflow)	(57,750)	(631,714)	(7,376,418)	(4,506,391)	(48,166)	(12,620,439)
- outflow	36,827	525,358	5,584,691	4,243,269	58,190	10,448,335
- Net	(20,923)	(106,356)	(1,791,727)	(263,122)	10,024	(2,172,104)
Total	108,106,020	12,878,083	18,930,559	5,971,661	10,365	145,896,688

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

d) Off-balance sheet items (continued)

i) *Loan commitments and guarantee (continued)*

	The Bank					
	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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

ii) *Other financial facilities*

Other financial facilities (Note 30) are also included as above based on the earliest contractual date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.4 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 financial institutions and deposits from customers*

The fair value of due to other banks and financial institutions 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 financial institutions 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (continued)

32.4 Fair value of financial assets and liabilities (continued)

(b) Financial instruments not measured at fair value (continued)

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.

32.5 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			
	2018 US\$	2017 US\$	2018 KHR'000 (NOTE 4)	2017 KHR'000 (NOTE 4)
Tier 1 capital				
Share capital	395,224,105	358,544,956	1,588,010,454	1,447,445,987
Retained earnings	80,746,559	86,486,798	324,439,674	349,147,204
General reserves	339,813,727	299,148,975	1,365,371,555	1,207,664,412
Less: Intangible assets	(9,986,536)	(10,737,495)	(40,125,902)	(43,347,267)
Less: Loans to related parties	(5,172,299)	(15,249,145)	(20,782,297)	(61,560,798)
	<u>800,625,556</u>	<u>718,194,089</u>	<u>3,216,913,484</u>	<u>2,899,349,538</u>
Tier 2 complementary capital				
General provision	34,490,134	29,394,002	138,581,359	118,663,586
Subordinated debts (*)	45,684,090	58,958,340	183,558,674	238,014,819
Less: Equity participation in banking or financial institutions	(63,345,281)	(57,151,960)	(254,521,339)	(230,722,463)
	<u>16,828,943</u>	<u>31,200,382</u>	<u>67,618,694</u>	<u>125,955,942</u>
	<u>817,454,499</u>	<u>749,394,471</u>	<u>3,284,532,178</u>	<u>3,025,305,480</u>

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

ACLEDA Bank Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

33. TAX CONTINGENCIES

On 24 December 2018, the Bank obtained the letter on Tax Reassessment for the financial years ended 2009 to 2013 from Department of Enterprise Tax Audit ("DETA") of the General Department of Taxation ("GDT") which has requested the Bank to pay the tax liabilities on various tax matters.

On 11 January 2019, the Bank lodged the administrative protests against the reassessment in accordance with the tax provisions. The objection letter was prepared by the Bank and submitted to the GDT on the grounds that the reassessment is not appropriate. Management believe that the tax liability recorded by the Bank is adequate and expects that the GDT will agree to the Bank's protests. There has been no response from GDT as at date of the report.

**APPENDIX: NOTES ON REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S
PRAKAS**

REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S PRAKAS FOR THE YEAR ENDED 31 DECEMBER 2018

This Appendix does not form part of the audited financial statements.

1. LIQUIDITY COVERAGE RATIO, Prakas No. B7-015-349

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:

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

Locally incorporated banks in Cambodia shall calculate LCR on both solo and consolidated basis, and banks that are foreign branches shall calculate LCR on a solo basis.

Based on the approval letter with reference no. B7-016-489 Chhortor dated 5 July 2016 from NBC, the consolidated LCR are required to calculate three entities which are ACLEDA Bank Plc., ACLEDA Bank Lao Ltd, and ACLEDA MFI Myanmar Co., Ltd.

As at 31 December 2018, the Bank is in compliance with LCR.

The Liquidity Coverage Ratio calculation is detailed in Schedule 1.

2. MINIMUM REGISTERED CAPITAL REQUIREMENT, Prakas No. B7-016-117

The National Bank of Cambodia's Prakas No. B7-016-117 on the minimum registered capital of banks and financial institutions requires the commercial banks established under the foreign branch banks that have the parent company with the investment rating scaled by a reputable rating agency must have minimum capital equal to at least KHR200 billion (or US\$50 million) and commercial banks incorporated as locally companies or as the subsidiaries of foreign banks must have minimum capital of at least KHR300 billion (or US\$75 million) within two years, starting from signing date 22 March 2016.

On 16 June 2016, the National Bank of Cambodia issued a Circular No. B7-016-003 on "implementation of Prakas No. B7-016-117 on new minimum registered capital requirement for banks and financial institutions". It requires financial institutions to fulfil 50% of the gap of minimum capital by March 2017 and remaining 50% by 22 March 2018.

As at 31 December 2018, the Bank had a paid-up share capital of US\$395,224,105 which was higher than the minimum registered capital requirement.

3. NET WORTH, Prakas No. B7-010-182

The Bank's Net Worth as at 31 December 2018 amounted to US\$817,454,499 as computed in Schedule 2.

Banks must maintain their net worth at least equal to the minimum capital. As at 31 December 2018, the Bank's net worth of US\$817,454,499 was higher by US\$742,454,499 compared to the minimum capital of US\$75,000,000.

The Net Worth calculation is detailed in Schedule 2.

**REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S PRAKAS
FOR THE YEAR ENDED 31 DECEMBER 2018****4. SOLVENCY RATIO, Prakas No. B7-00-46, B7-04-206, and B7-07-135**

Banks are required to maintain a Solvency Ratio of at least 15%.

As at 31 December 2018, the Bank maintained a Solvency Ratio of 22.61% of net worth as a percentage of its risk weighted assets and off balance sheet items.

The Solvency Ratio calculation is detailed in Schedule 3.

5. FOREIGN CURRENCY TRANSACTIONS, Prakas No. B7-00-50

The Bank transacts its business primarily in United States dollars (US\$) and maintains its books of accounts in US\$. Accordingly, all currencies other than US\$ are considered as foreign currencies.

Balance sheet items

As at 31 December 2018, in accordance with Prakas No. B7-00-50, all assets and liabilities of the Bank that were denominated in foreign currencies were translated using the period end exchange rate.

Off balance sheet items

The Bank is required to record off-balance sheet items from the capital commitments arising from purchases and sales of foreign currencies relating to spot transactions (with a completion period of two days) and forward foreign exchange transactions.

As at 31 December 2018, the Bank had commitments of this nature and the Bank was in compliance with this Prakas.

6. NET OPEN POSITION IN FOREIGN CURRENCY, Prakas No. B7-07-134

Banks are required, under the conditions of the above Prakas, to maintain their net open position in foreign currencies in either any foreign currency or overall net open position in all foreign currencies, whether long or short, shall not exceed twenty percent (20%) of Banks' net worth.

As at 31 December 2018, the Bank did not have net open position in foreign currencies exceeding 20% of the Bank's net worth as detailed in Schedule 4.

7. CREDIT RISK GRADING AND PROVISION FOR IMPAIRMENT, Prakas No. B7-017-344 and CIRCULAR No. B7-018-001 Sor Ror Chor Nor

The Bank's facilities classification and provisioning policy is in accordance with the National Bank of Cambodia's guidelines. The amount of the provision for facilities determined as at 31 December 2018 is in accordance with the requirements of this Prakas.

The details of the computation of the required provision for facilities are provided in Schedule 5.

**REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S PRAKAS
FOR THE YEAR ENDED 31 DECEMBER 2018****8. LARGE CREDIT EXPOSURES, Prakas No. B7-06-226**

Banks are required, under the conditions of the above Prakas, to maintain at all times a maximum ratio of 20% between their overall exposure resulting from their operations with each individual beneficiary and their net worth and the aggregate individual large credit exposure must not be more than 300% of the Bank's net worth.

As at 31 December 2018, the Bank had no exposure with a single beneficiary where such exposure exceeded 20% and 300% as aggregate of individual large credit exposure of the net worth as computed in Schedule 2.

For large exposure to net worth, please refer to ratio 20 on financial soundness indicators.

9. LOANS TO RELATED PARTIES, Prakas No. B7-02-146

The Bank is required to maintain total weighted outstanding of loans to related parties to be not more than 10% of the Bank's net worth.

As at 31 December 2018, loans to related parties exposure did not exceed 10% of the net worth as computed in Schedule 2.

For loans to related parties to net worth, please refer to ratio 19 on financial soundness indicators.

10. FIXED ASSETS, Prakas No. B7-01-186

Fixed assets acquired by banks for operational purposes shall be less than 30% of total bank's net worth as defined in Prakas B7-010-182. Fixed assets with no direct link to operating the Bank shall be sold not later than one year after the date they became property of the Bank.

As at 31 December 2018, the Bank's fixed assets amounting to US\$109,026,658 (including intangible assets of US\$9,986,536) was equivalent to 13.34% of the Bank's net worth.

11. PREPAID RENTAL AND LEASE, Prakas No. B7-04-037

The National Bank of Cambodia issued Prakas No. B7-04-037 on 9 March 2004 which stipulates that banks are only allowed to lease properties if these are directly related to its banking operations. Moreover, this Prakas stipulates that prepaid rental or lease should not exceed one year of the rental or lease term. In addition, rental with related parties is required to be reported as part of the loans and advances to related parties in a bank's quarterly related parties transactions and balances declaration with the National Bank of Cambodia. In the event that a bank has prepaid rental or lease of more than one year, the bank should be in compliance with the provisions of this Prakas within six months after 9 March 2004 and thereafter, the prepaid rental or lease of more than one year shall be deducted in calculating the bank's net worth.

As at 31 December 2018, the Bank's rents were for its operations and rental prepayment did not exceed one year rent.

**REQUIREMENT OF THE NATIONAL BANK OF CAMBODIA'S PRAKAS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. PROVISION OF CREDIT IN NATIONAL CURRENCY, Prakas No. B7-016-334

The Bank is required to maintain loans in national currency at least 10% (ten percent) of total loan portfolio, which shall take effect from the signing date of 1 December 2016 and be fully implemented by 31 December 2019.

As at 31 December 2018, the Bank's loans in national currency amounting to KHR1,683,402 million (equivalent to US\$418,965,280) was equivalent to 12.01% of the Bank's total loan portfolio.

13. DETERMINATION OF CAPITAL BUFFER OF BANKS AND FINANCIAL INSTITUTIONS, Prakas No. B7-018-068

The National Bank of Cambodia issued Prakas No. B7-018-068 on 22 February 2018 with the aims at:

- Strengthening capital base to settle any loss which may arise from risk of Institutions;
- Preventing the decrease of capital to that lower than minimum capital; and
- Reducing risk deriving from relationship between financial sector and pro-cyclicality.

The bank is required to build up capital conservation buffer 1.25% and 2.5% from 01 January 2019 and from 01 January 2020 respectively in addition to minimum tier 1 capital.

Distribution of annual profit shall be prohibited when tier 1 capital ratio (MCR1) of Institutions is under any quartile of capital conservation buffer as stipulated in article 11 of the present Prakas.

Tier 1 Capital Ratio	Minimum Capital Conservation Ratio (expressed as percentage of earnings)
≥ MCR1 (7.5%) to (MCR1 + 0.625%)	100
> (MCR1 + 0.625%) to (MCR1 + 1.25%)	80
> (MCR1 + 1.25%) to (MCR1 + 1.875%)	60
> (MCR1 + 1.875%) to (MCR1 + 2.5%)	40
> (MCR1 + 2.5%)	0

Institutions shall prepare report as per annex 1 of the Prakas including tier 1 capital, tier 2 capital, and risk weighted assets whose figures are the same as those in reports on solvency ratio and calculation of Bank's net worth, on both solo and consolidated basis.

For the consolidated capital conservation buffer is required to calculate three entities which are ACLEDA Bank Plc., ACLEDA Bank Lao Ltd, and ACLEDA MFI Myanmar Co., Ltd.

The calculation is detailed as in Schedule 6.

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2018**

**The Group
As at 31 December 2018**

In million riels				Non weighted amounts			Weighted amounts			Total
ASSETS				KHR	USD	Other currencies	KHR	USD	Other currencies	
HQLA	1.11	1	Notes and coins	297,512	1,235,968	105,234	297,512	1,235,968	105,234	1,638,714
	1.12	1	Reserves requirement with the NBC > minimum reserve requirement	-	1,128	-	-	1,128	-	1,128
	1.13	1	Reserves requirement with the NBC in KHR	128,700	-	-	128,700	-	-	128,700
	1.14	0.7	Reserves requirement with the NBC in USD	-	1,872,867	-	-	1,311,007	-	1,311,007
	1.15	1	Amounts deposited at the NBC excluding settlement account and capital guarantee account	250,836	783,161	17,729	250,836	783,161	17,729	1,051,726
	1.16	1	NCDs (and any other securities) issued by the NBC	-	2,250,080	-	-	2,250,080	-	2,250,080
	1.17	1	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating comprised between AAA and AA- included BIS, IMF, ECB, EU, and MDBs when rated AAA	-	-	-	-	-	-	-
			Total 1 = Σ (1.11 ; 1.17)	677,048	6,143,204	122,963	677,048	5,581,344	122,963	6,381,355
OLA	1.21	0.85	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating between A+ and A-	-	-	-	-	-	-	-
	1.22	0.85	Market value of unencumbered marketable debt securities on or guaranteed by Public Sector Entities (PSEs) and MDBs not included in 1.17 with rating higher or equal to A-	-	-	-	-	-	-	-
	1.23	0.85	Unencumbered eligible debt securities (including commercial paper) and covered bonds, with rating higher or equal to AA-	-	-	-	-	-	-	-
	1.24	0.75	Gold for own account	-	-	-	-	-	-	-
			Total 2 = Minimum [OLA ; 40% (HQLA+OLA)]	-	-	-	-	-	-	-
Total ASSETS			Total 3 = Total 1 + Total 2	677,048	6,143,204	122,963	677,048	5,581,344	122,963	6,381,355

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2018**

In million riels				Non weighted amounts			Weighted amounts			Total
				KHR	USD	Other currencies	KHR	USD	Other currencies	
NET CASH OUTFLOWS = expected cash outflows - expected cash inflows										
	OUTFLOWS									
CASH OUTFLOW	Retail cash outflows (regardless of amount) and qualifying SME deposits (less than or equal to USD 100,000 or equivalent)									
	2.11	0.05	Stable deposits	-	-	-	-	-	-	-
	2.12	0.15	Less stable deposits	976,257	9,805,509	382,700	146,439	1,470,826	57,405	1,674,670
			Unsecured wholesale funding							
	2.21	0.25	operational deposits (unsecured funding generated by clearing, custody and cash management activities)	-	7,866	-	-	1,967	-	1,967
	2.22	0.4	non operational deposits from non-financial corp. not qualifying for reporting in 2.11 to 2.12	150,939	1,626,843	33,756	60,376	650,737	13,502	724,615
	2.23	0.4	non operational deposits from sovereigns, central banks, and PSEs	690,621	236,532	2,732	276,248	94,613	1,093	371,954
	2.24	1	non operational deposits from banks and financial institutions (as defined in Annex 2)	95,144	576,993	52,922	95,144	576,993	52,922	725,059
	2.25	1	non operational deposits from all other legal entities	60,460	692,530	17,102	60,460	692,530	17,102	770,092
	2.26	1	any other unsecured wholesale funding including debt securities	-	-	-	-	-	-	-
			Secured funding							
	2.31	0	secured funding transactions backed by HQLA	-	-	-	-	-	-	-
	2.32	0.15	secured funding transactions backed by OLA other than Gold	-	-	-	-	-	-	-
	2.33	0.25	secured funding transactions backed by Gold for own account	-	-	-	-	-	-	-
	2.34	1	all other secured funding transactions	-	-	-	-	-	-	-
			Increased liquidity needs related to derivatives and other transactions							
	2.41	1	derivative payables	-	-	-	-	-	-	-
	2.42	1	outflows from market valuation changes of collateral for derivative transactions	-	-	-	-	-	-	-
	2.43	1	other derivative cash outflows	-	-	-	-	-	-	-
			Committed facilities							
			for the undrawn portion of committed credit and to retails and SMEs							
	2.51	0.05	credit facilities	7,599	331,019	988	380	16,551	49	16,980
	2.52	0.05	liquidity facilities	-	-	-	-	-	-	-
			to non financial corporates, sovereigns and central banks							
2.53	0.1	credit facilities	1,050	27,504	-	105	2,750	-	2,855	

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2018**

	In million riels			Non weighted amounts			Weighted amounts			Total
	OUTFLOWS			KHR	USD	Other currencies	KHR	USD	Other currencies	
CASH OUTFLOWS	2.54	0.3	liquidity facilities	-	-	-	-	-	-	-
			<i>to banks and financial institutions (as defined in Annex 2)</i>							
	2.55	0.4	credit facilities	-	40,180	-	-	16,072	-	16,072
	2.56	0.4	liquidity facilities	-	-	-	-	-	-	-
			<i>to other financial institutions</i>							
	2.57	0.4	credit facilities	-	-	-	-	-	-	-
	2.58	1	liquidity facilities	-	-	-	-	-	-	-
			<i>to other legal entities</i>							
	2.59	1	credit facilities	-	-	-	-	-	-	-
	2.60	1	liquidity facilities	-	-	-	-	-	-	-
			Other contingent funding obligations (whether contractual or not)							
	2.71	0.1	unconditional revocable credit and liquidity facilities' agreements	-	-	-	-	-	-	-
	2.72	1	trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	-	1,588	-	-	1,588	1,588
	2.73	0.5	Guarantees and letters of credit other than trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	-	-	-	-	-	-
	2.81	1	Other contractual outflows	13,455	243,911	2,301	13,455	243,911	2,301	259,667
			Total 4 = Σ (2.11 ; 2.81)	1,995,525	13,588,887	494,089	652,607	3,766,950	145,962	4,565,519
INFLOWS										
CASH INFLOWS			Outstanding Reverse repos and securities borrowing with remaining maturities within 30 days							
			<i>where the collateral received is not re-hypothecated</i>							
	3.11	0	covered by HQLA	-	-	-	-	-	-	-
	3.12	0.25	covered by OLA	-	-	-	-	-	-	-
	3.13	1	covered by other assets	-	-	-	-	-	-	-
			<i>where the collateral received is re-hypothecated</i>							
	3.14	0	covered by HQLA	-	-	-	-	-	-	-
	3.15	0	covered by OLA	-	-	-	-	-	-	-
	3.16	0	covered by other assets	-	-	-	-	-	-	-
			<i>Undrawn committed facilities from banks and financial institutions as defined in Annex 2</i>							

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2018**

In million riels				Non weighted amounts			Weighted amounts			Total
INFLOWS				KHR	USD	Other currencies	KHR	USD	Other currencies	
CASH INFLOWS	3.21	0	Committed facilities from banks and financial institutions other than those reported in 3.22	-	-	-	-	-	-	-
	3.22	1	Committed fund facilities with parent bank	-	-	-	-	-	-	-
			Other contractual inflows, either secured or unsecured, within 30 days							
	3.31	0.5	from retail customers	72,465	357,474	41,286	36,233	178,737	20,643	235,613
	3.32	0.5	from SMEs	-	1,662	54	-	831	27	858
	3.33	0.5	from non financial corporates	23	34,062	12	12	17,031	6	17,049
	3.34	1	from central banks	-	-	-	-	-	-	-
	3.35	1	from banks and financial institutions as defined in Annex 2	65	14	-	65	14	-	79
	3.36	0.5	from other financial institutions as defined in Annex 2	-	-	-	-	-	-	-
	3.37	0.5	from other legal entities	-	-	-	-	-	-	-
	3.38	0.5	from sovereigns	-	-	-	-	-	-	-
	3.39	1	deposits with banks and financial institutions as defined in Annex 2	-	59,691	15,119	-	59,691	15,119	74,810
			derivative cash inflows							
	3.50	1	net contractual derivative cash inflows within 30 days	-	1,031	-	-	1,031	-	1,031
	3.60	1	Contractual inflows from other securities maturing within 30 days	-	-	-	-	-	-	-
	3.70	0	Any other contractual inflows due in the next 30 days	-	-	-	-	-	-	-
Total 5 = Σ (3.11 ; 3.70)				72,553	453,934	56,471	36,310	257,335	35,795	329,440
TOTAL NET CASH OUTFLOWS				2,068,078	14,042,821	550,560	616,297	3,509,615	110,167	4,236,079
LIQUIDITY COVERAGE RATIO							109.86	159.03	111.62	150.64
LCR= Total 3/Total 6										

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2018**

**The Bank
As at 31 December 2018**

In million riels				Non weighted amounts			Weighted amounts			Total
ASSETS				KHR	USD	Other currencies	KHR	USD	Other currencies	
HQLA	1.11	1	Notes and coins	297,500	1,227,822	73,891	297,500	1,227,822	73,891	1,599,213
	1.12	1	Reserves requirement with the NBC > minimum reserve requirement	-	1,128	-	-	1,128	-	1,128
	1.13	1	Reserves requirement with the NBC in KHR	128,700	-	-	128,700	-	-	128,700
	1.14	0.7	Reserves requirement with the NBC in USD	-	1,872,867	-	-	1,311,007	-	1,311,007
	1.15	1	Amounts deposited at the NBC excluding settlement account and capital guarantee account	250,836	776,715	-	250,836	776,715	-	1,027,551
	1.16	1	NCDs (and any other securities) issued by the NBC	-	2,250,080	-	-	2,250,080	-	2,250,080
	1.17	1	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating comprised between AAA and AA- included BIS, IMF, ECB, EU, and MDBs when rated AAA	-	-	-	-	-	-	-
			Total 1 = Σ (1.11 ; 1.17)	677,036	6,128,612	73,891	677,036	5,566,752	73,891	6,317,679
OLA	1.21	0.85	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating between A+ and A-	-	-	-	-	-	-	-
	1.22	0.85	Market value of unencumbered marketable debt securities on or guaranteed by Public Sector Entities (PSEs) and MDBs not included in 1.17 with rating higher or equal to A-	-	-	-	-	-	-	-
	1.23	0.85	Unencumbered eligible debt securities (including commercial paper) and covered bonds, with rating higher or equal to AA-	-	-	-	-	-	-	-
	1.24	0.75	Gold for own account	-	-	-	-	-	-	-
			Total 2 = Minimum [OLA ; 40% (HQLA+OLA)]	-	-	-	-	-	-	-
TOTAL ASSETS			Total 3 = Total 1 + Total 2	677,036	6,128,612	73,891	677,036	5,566,752	73,891	6,317,679

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2018**

In million riels				Non weighted amounts			Weighted amounts			Total
				KHR	USD	Other currencies	KHR	USD	Other currencies	
NET CASH OUTFLOWS = expected cash outflows - expected cash inflows										
	OUTFLOWS									
CASH OUTFLOW			Retail cash outflows (regardless of amount) and qualifying SME deposits (less than or equal to USD 100,000 or equivalent)							
	2.11	0.05	Stable deposits	-	-	-	-	-	-	-
	2.12	0.15	Less stable deposits	976,257	9,790,256	113,643	146,439	1,468,538	17,046	1,632,023
			Unsecured wholesale funding							
	2.21	0.25	operational deposits (unsecured funding generated by clearing, custody and cash management activities)	-	7,866	-	-	1,967	-	1,967
	2.22	0.4	non operational deposits from non-financial corp.not qualifying for reporting in 2.11 to 2.12	150,939	1,623,371	18,920	60,376	649,348	7,568	717,292
	2.23	0.4	non operational deposits from sovereigns, central banks, and PSEs	690,621	233,390	43	276,248	93,356	17	369,621
	2.24	1	non operational deposits from banks and financial institutions (as defined in Annex 2)	95,144	581,228	32,893	95,144	581,228	32,893	709,265
	2.25	1	non operational deposits from all other legal entities	60,460	690,096	473	60,460	690,096	473	751,029
	2.26	1	any other unsecured wholesale funding including debt securities	-	-	-	-	-	-	-
			Secured funding							
	2.31	0	secured funding transactions backed by HQLA	-	-	-	-	-	-	-
	2.32	0.15	secured funding transactions backed by OLA other than Gold	-	-	-	-	-	-	-
	2.33	0.25	secured funding transactions backed by Gold for own account	-	-	-	-	-	-	-
	2.34	1	all other secured funding transactions	-	-	-	-	-	-	-
			Increased liquidity needs related to derivatives and other transactions							
	2.41	1	derivative payables	-	-	-	-	-	-	-
	2.42	1	outflows from market valuation changes of collateral for derivative transactions	-	-	-	-	-	-	-
	2.43	1	other derivative cash outflows	-	-	-	-	-	-	-
			Committed facilities							
			for the undrawn portion of committed credit and liquidity facilities							
			to retails and SMEs							
2.51	0.05	credit facilities	7,599	331,019	988	380	16,551	49	16,980	
2.52	0.05	liquidity facilities	-	-	-	-	-	-	-	
		to non financial corporates, sovereigns and central banks								
2.53	0.1	credit facilities	1,050	27,504	-	105	2,750	-	2,855	

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2018**

	In million riels			Non weighted amounts			Weighted amounts			Total
	OUTFLOWS			KHR	USD	Other currencies	KHR	USD	Other currencies	
	2.54	0.3	liquidity facilities	-	-	-	-	-	-	-
			to banks and financial institutions (as defined in Annex 2)							
	2.55	0.4	credit facilities	-	40,180	-	-	16,072	-	16,072
	2.56	0.4	liquidity facilities	-	-	-	-	-	-	-
			to other financial institutions							
	2.57	0.4	credit facilities	-	-	-	-	-	-	-
	2.58	1	liquidity facilities	-	-	-	-	-	-	-
			to other legal entities							
	2.59	1	credit facilities	-	-	-	-	-	-	-
	2.60	1	liquidity facilities	-	-	-	-	-	-	-
			Other contingent funding obligations (whether contractual or not)							
	2.71	0.1	unconditional revocable credit and liquidity facilities' agreements	-	-	-	-	-	-	-
	2.72	1	trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	-	1,588	-	-	1,588	1,588
	2.73	0.5	Guarantees and letters of credit other than trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	-	-	-	-	-	-
	2.81	1	Other contractual outflows	13,455	243,773	1,177	13,455	243,773	1,177	258,405
			Total 4 = Σ (2.11 ; 2.81)	1,995,525	13,568,683	169,725	652,607	3,763,679	60,811	4,477,097
	INFLOWS									
CASH INFLOWS			Outstanding Reverse repos and securities borrowing with remaining maturities within 30 days							
			<i>where the collateral received is not re-hypothecated</i>							
	3.11	0	covered by HQLA	-	-	-	-	-	-	-
	3.12	0.25	covered by OLA	-	-	-	-	-	-	-
	3.13	1	covered by other assets	-	-	-	-	-	-	-
			<i>where the collateral received is re-hypothecated</i>							
	3.14	0	covered by HQLA	-	-	-	-	-	-	-
	3.15	0	covered by OLA	-	-	-	-	-	-	-
	3.16	0	covered by other assets	-	-	-	-	-	-	-
			<i>Undrawn committed facilities from banks and financial institutions as defined in Annex 2</i>							

**SCHEDULE 1 - LIQUIDITY COVERAGE RATIO
AS AT 31 DECEMBER 2018**

In million riels				Non weighted amounts			Weighted amounts			Total
INFLOWS				KHR	USD	Other currencies	KHR	USD	Other currencies	
CASH INFLOWS	3.21	0	Committed facilities from banks and financial institutions other than those reported in 3.22	-	-	-	-	-	-	-
	3.22	1	Committed fund facilities with parent bank	-	-	-	-	-	-	-
			Other contractual inflows, either secured or unsecured, within 30 days							
	3.31	0.5	from retail customers	72,465	357,434	5,289	36,233	178,717	2,645	217,595
	3.32	0.5	from SMEs	-	1,662	-	-	831	-	831
	3.33	0.5	from non financial corporates	23	34,062	-	12	17,031	-	17,043
	3.34	1	from central banks	-	-	-	-	-	-	-
	3.35	1	from banks and financial institutions as defined in Annex 2	65	14	-	65	14	-	79
	3.36	0.5	from other financial institutions as defined in Annex 2	-	-	-	-	-	-	-
	3.37	0.5	from other legal entities	-	-	-	-	-	-	-
	3.38	0.5	from sovereigns	-	-	-	-	-	-	-
	3.39	1	deposits with banks and financial institutions as defined in Annex 2	-	59,386	7,587	-	59,386	7,587	66,973
			Derivative cash inflows							
	3.50	1	net contractual derivative cash inflows within 30 days	-	1,031	-	-	1,031	-	1,031
	3.60	1	Contractual inflows from other securities maturing within 30 days	-	-	-	-	-	-	-
	3.70	0	Any other contractual inflows due in the next 30 days	-	-	-	-	-	-	-
Total 5 = Σ (3.11 ; 3.70)				72,553	453,589	12,876	36,310	257,010	10,232	303,552
TOTAL NET CASH OUTFLOWS			Total 6 = Total 4 - Min (Total 5 ; 75% Total 4)	2,068,078	14,022,272	182,601	616,297	3,506,669	50,579	4,173,545
LIQUIDITY COVERAGE RATIO			LCR= Total 3/Total 6				109.86	158.75	146.09	151.37

**SCHEDULE 2 - NET WORTH
AS AT 31 DECEMBER 2018**

THE GROUP'S NET WORTH CALCULATION	in US\$	in Millions of KHR
Tier 1: (Core Capital)		
I. Sub-total A		
+ Paid-in capital/Capital endowment	395,224,105	1,588,010
+ Reserves (other than revaluation reserves)	344,745,744	1,385,188
+ Audited Net Profit (last financial year)	85,661,848	344,189
+ Retained Earnings	-	-
+ Other Items (to be detailed and supported by and NBC approval to be referred to)		
1. Provide reference of NBC's authority/approval	-	-
2. Provide reference of NBC's authority/approval	-	-
Sub-Total A	825,631,697	3,317,387
+ Limited check on retained earnings (max. 20% of Sub-Total A)	-	-
II. Sub-total B (Deduction)		
+ Own shares held (at Book Value)	-	-
+ Accumulated losses	-	-
+ Intangible assets to be deducted	11,170,185	44,882
+ Shareholders, Directors, Related Parties (deduct)	6,146,209	24,695
1. Unpaid portion(s) of capital (a)	-	-
2. Loans, overdrafts and other advances (b)	6,146,209	24,695
3. Debt instruments held bearing signature of Shareholders, Directors, Related Parties (c)	-	-
+ Other losses	21,020,813	84,462
(a), (b), and (c) to be itemized in an attachment		
Sub-Total B	38,337,207	154,039
Total Tier 1 (Core Capital) (A) - (B)	787,294,490	3,163,348
Tier 2: (Complementary Capital)		
III. Sub-Total C		
+ Re-evaluation reserves (NBC's Approval ref.)	-	-
+ Provisions for general banking risks (NBC's Approval ref.)	-	-
+ 1% General provision (Prakas on Asset Class)	35,884,811	144,185
+ Subordinated Debts Instruments (Provided complying with condition set forth in article 7)	45,684,090	183,559
+ Other items (to be detailed and supported)		
1. Provide reference of NBC's authority/approval	-	-
2. Provide reference of NBC's authority/approval	-	-
Sub-Total C	81,568,901	327,744
+ Limit check on Subordinated Debts (max. 50 % of Tier 1 Capital)	5.80	5.80
IV. Sub-Total D (Tier 2, Deductions)		
+ Equity participation banking & Fin. Institution	2,010,000	8,076
+ Other items to be deducted (def. charge...)	-	-
Sub-Total D	2,010,000	8,076
Total Tier 2 (Complementary Capital) (C) - (D)	79,558,901	319,668
+ Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1)	10.11	10.11
Regulatory Net Worth (A)- (B) + (C) - (D)	866,853,391	3,483,016

**SCHEDULE 2 - NET WORTH
AS AT 31 DECEMBER 2018**

THE BANK'S NET WORTH CALCULATION	in US\$	in Millions of KHR
Tier 1: (Core Capital)		
I. Sub-total A		
+ Paid-in capital/Capital endowment	395,224,105	1,588,010
+ Reserves (other than revaluation reserves)	339,813,727	1,365,372
+ Audited Net Profit (last financial year)	80,746,559	324,440
+ Retained Earnings	-	-
+ Other Items (to be detailed and supported by and NBC approval to be referred to)		
1. Provide reference of NBC's authority/approval	-	-
2. Provide reference of NBC's authority/approval	-	-
Sub-Total A	815,784,391	3,277,822
+ Limited check on retained earnings (max. 20% of Sub-Total A)	-	-
II. Sub-total B (Deduction)		
+ Own shares held (at Book Value)	-	-
+ Accumulated losses	-	-
+ Intangible assets to be deducted	9,986,536	40,126
+ Shareholders, Directors, Related Parties (deduct)	5,172,299	20,782
1. Unpaid portion(s) of capital (a)	-	-
2. Loans, overdrafts and other advances (b)	5,172,299	20,782
3. Debt instruments held bearing signature of Shareholders, Directors, Related Parties (c)	-	-
+ Other losses	-	-
(a), (b), and (c) to be itemized in an attachment		
Sub-Total B	15,158,835	60,908
Total Tier 1 (Core Capital) (A) - (B)	800,625,556	3,216,914
Tier 2: (Complementary Capital)		
III. Sub-Total C		
+ Re-evaluation reserves (NBC's Approval ref.)	-	-
+ Provisions for general banking risks (NBC's Approval ref.)	-	-
+ 1% General provision (Prakas on Asset Class)	34,490,134	138,581
+ Subordinated Debts Instruments (Provided complying with condition set forth in article 7)	45,684,090	183,559
+ Other items (to be detailed and supported)		
1. Provide reference of NBC's authority/approval	-	-
2. Provide reference of NBC's authority/approval	-	-
Sub-Total C	80,174,224	322,140
+ Limit check on Subordinated Debts (max. 50 % of Tier 1 Capital)	5.71	5.71
IV. Sub-Total D (Tier 2, Deductions)		
+ Equity participation banking & Fin. Institution	63,345,281	254,521
+ Other items to be deducted (def. charge...)	-	-
Sub-Total D	63,345,281	254,521
Total Tier 2 (Complementary Capital) (C) - (D)	16,828,943	67,619
+ Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1)	2.10	2.10
Regulatory Net Worth (A)- (B) + (C) - (D)	817,454,499	3,284,533

SCHEDULE 3 - SOLVENCY RATIO AS AT 31 DECEMBER 2018

THE GROUP'S SOLVENCY RATIO

The Group's Net Worth (NW) :

866,853,391

CALCULATION OF SOLVENCY RATIO

	in US\$	Weighting	in US\$	in Millions of KHR
I- Balance Sheet Items, weighted by degree of Counter-Party Risks				
1- Weighting 0% on Assets with low Risk	<u>1,873,419,221</u>		-	-
1.1- Cash	407,843,231	0%	-	-
1.2- Gold	-	0%	-	-
1.3- Claims on the National Bank of Cambodia	1,462,020,550	0%	-	-
1.4- Assets collateralized by Deposits 100% lodged with Banks	3,555,440	0%	-	-
1.5- Claims on or Guaranteed by Sovereigns rated AAA to AA- or equivalent	-	0%	-	-
2- Weighting 20% on Assets with Moderate Risk	<u>17,426,902</u>		<u>3,485,380</u>	<u>14,004</u>
2.1- Claims on or Guaranteed by Sovereigns rated A+ to A- or equivalent	-	20%	-	-
2.2- Claims on or Guaranteed by banks rated AAA to AA- or equivalent	17,426,902	20%	3,485,380	14,004
3- Weighting 50% on Assets with Medium Risk	<u>6,685,035</u>		<u>3,342,518</u>	<u>13,430</u>
3.1- Claims on or Guaranteed by Sovereigns rated BBB+ to BBB- or equivalent	-	50%	-	-
3.2- Claims on or Guaranteed by Banks rated A+ to A- or equivalent	6,685,035	50%	3,342,518	13,430
4- Weighting 100% on Assets with Full Risk	<u>3,779,788,911</u>		<u>3,779,788,911</u>	<u>15,187,192</u>
4.1- All other Assets, besides mentioned above	<u>3,779,788,911</u>	100%	<u>3,779,788,911</u>	<u>15,187,192</u>
5- Weighting 120% on Tradable Securities	-		-	-
5.1- Tradable Securities	-	120%	-	-
Total (I) = (1) + (2) + (3) + (4)	<u>5,677,320,069</u>		<u>3,786,616,809</u>	<u>15,214,626</u>
II- Off-Balance Sheet items, weighted by degree of Counter-Party Risk				
1- Weighting 0% on Operations with low Risk	<u>69,969,488</u>		-	-
1.1- Undrawn Facilities, particularly overdrafts and commitments to lend, which are for an initial term of not more than one year	69,969,488	0%	-	-
1.2- Other items carrying a low risk	-	0%	-	-
2- Weighting 20% on Operations with Moderate Risk	-		-	-
2.1- Documentary credits is sued or confirmed where the underlying goods serve as collateral and other similar transactions	-	20%	-	-
2.2- Other Items carrying moderate risk	-	20%	-	-
3- Weighting 50% on Operations with Medium Risk	<u>64,800,752</u>		<u>32,400,376</u>	<u>130,184</u>
3.1- Commitments to pay resulting from documentary credits, issued or confirmed, where the underlying goods do not serve as collateral	6,132,516	50%	3,066,258	12,320
3.2- Warranties and indemnity bonds (including tender, performance, customs and tax bonds) and guarantees not having the character of credit substitutes	27,009,996	50%	13,504,998	54,263
3.3- Undrawn facilities, particularly overdrafts and commitments to lend with an initial term of more than one year	31,658,240	50%	15,829,120	63,601
3.4- Other items carrying medium risk	-	50%	-	-
4- Weighting 100% on Operations with Full Risk	<u>17,389,275</u>		<u>17,389,275</u>	<u>69,870</u>
4.1- Loan guarantees (deductible from the risk exposure in respect of the beneficiary)	13,000,000	100%	13,000,000	52,234
4.2- Acceptances	4,389,275	100%	4,389,275	17,636
4.3- Endorsement on bills not bearing the name of another bank or financial institution	-	100%	-	-
4.4- Transactions with recourse	-	100%	-	-
4.5- Irrevocable credit lines, or guarantees, having the character of credit substitutes	-	100%	-	-
4.6- Other items carrying a high risk	-	100%	-	-
Total (II) = (1) + (2) + (3) + (4)	<u>152,159,515</u>		<u>49,789,651</u>	<u>200,054</u>
III- Total Assets and Operations after weighting Risk =(I) + (II)			<u>3,836,406,460</u>	<u>15,414,680</u>
Solvency Ratio = Total Net Worth / III (>15%)			<u>22.60%</u>	<u>22.60%</u>

SCHEDULE 3 - SOLVENCY RATIO AS AT 31 DECEMBER 2018

THE BANK'S SOLVENCY RATIO

The Bank's Net Worth (NW) :

817,454,499

CALCULATION OF SOLVENCY RATIO

	in US\$	Weighting	in US\$	in Millions of KHR
I- Balance Sheet Items, weighted by degree of Counter-Party Risks				
1- Weighting 0% on Assets with low Risk	<u>1,863,477,835</u>		-	-
1.1- Cash	398,012,184	0%	-	-
1.2- Gold	-	0%	-	-
1.3- Claims on the National Bank of Cambodia	1,462,020,550	0%	-	-
1.4- Assets collateralized by Deposits 100% lodged with Banks	3,445,101	0%	-	-
1.5- Claims on or Guaranteed by Sovereigns rated AAA to AA- or equivalent	-	0%	-	-
2- Weighting 20% on Assets with Moderate Risk	<u>17,426,902</u>		<u>3,485,380</u>	<u>14,004</u>
2.1- Claims on or Guaranteed by Sovereigns rated A+ to A- or equivalent	-	20%	-	-
2.2- Claims on or Guaranteed by banks rated AAA to AA- or equivalent	17,426,902	20%	3,485,380	14,004
3- Weighting 50% on Assets with Medium Risk	<u>6,685,035</u>		<u>3,342,518</u>	<u>13,430</u>
3.1- Claims on or Guaranteed by Sovereigns rated BBB+ to BBB- or equivalent	-	50%	-	-
3.2- Claims on or Guaranteed by Banks rated A+ to A- or equivalent	6,685,035	50%	3,342,518	13,430
4- Weighting 100% on Assets with Full Risk	<u>3,558,434,633</u>		<u>3,558,434,633</u>	<u>14,297,790</u>
4.1- All other Assets, besides mentioned above	<u>3,558,434,633</u>	100%	<u>3,558,434,633</u>	<u>14,297,790</u>
5- Weighting 120% on Tradable Securities	-		-	-
5.1- Tradable Securities	-	120%	-	-
Total (I) = (1) + (2) + (3) + (4)	<u>5,446,024,405</u>		<u>3,565,262,531</u>	<u>14,325,224</u>
II- Off-Balance Sheet items, weighted by degree of Counter-Party Risk				
1- Weighting 0% on Operations with low Risk	<u>69,969,488</u>		-	-
1.1- Undrawn Facilities, particularly overdrafts and commitments to lend, which are for an initial term of not more than one year	69,969,488	0%	-	-
1.2- Other items carrying a low risk	-	0%	-	-
2- Weighting 20% on Operations with Moderate Risk	-		-	-
2.1- Documentary credits is sued or confirmed where the underlying goods serve as collateral and other similar transactions	-	20%	-	-
2.2- Other Items carrying moderate risk	-	20%	-	-
3- Weighting 50% on Operations with Medium Risk	<u>64,800,752</u>		<u>32,400,376</u>	<u>130,184</u>
3.1- Commitments to pay resulting from documentary credits, issued or confirmed, where the underlying goods do not serve as collateral	6,132,516	50%	3,066,258	12,320
3.2- Warranties and indemnity bonds (including tender, performance, customs and tax bonds) and guarantees not having the character of credit substitutes	27,009,996	50%	13,504,998	54,263
3.3- Undrawn facilities, particularly overdrafts and commitments to lend with an initial term of more than one year	31,658,240	50%	15,829,120	63,601
3.4- Other items carrying medium risk	-	50%	-	-
4- Weighting 100% on Operations with Full Risk	<u>17,389,275</u>		<u>17,389,275</u>	<u>69,870</u>
4.1- Loan guarantees (deductible from the risk exposure in respect of the beneficiary)	13,000,000	100%	13,000,000	52,234
4.2- Acceptances	4,389,275	100%	4,389,275	17,636
4.3- Endorsement on bills not bearing the name of another bank or financial institution	-	100%	-	-
4.4- Transactions with recourse	-	100%	-	-
4.5- Irrevocable credit lines, or guarantees, having the character of credit substitutes	-	100%	-	-
4.6- Other items carrying a high risk	-	100%	-	-
Total (II) = (1) + (2) + (3) + (4)	<u>152,159,515</u>		<u>49,789,651</u>	<u>200,054</u>
III- Total Assets and Operations after weighting Risk =(I) + (II)			<u>3,615,052,182</u>	<u>14,525,278</u>
Solvency Ratio = Total Net Worth / III (>15%)			<u>22.61%</u>	<u>22.61%</u>

**SCHEDULE 4 - NET OPEN POSITION
AS AT 31 DECEMBER 2018**

In accordance with Prakas No. B7-07-134 dated 27 August 2007, net open position in foreign currencies as at 31 December 2018 computed based on net worth is as follows:

N°	Cur- rency	Elements after deduction of affected provision				Net open position	Net open position/ Net worth (%)	Limit (%)	Excess
		Assets	Liabilities and Capital	Currency receivables	Currency Payables				
				Off-balance sheet	Off-balance sheet				
		1	2	3	4	5 = 1-2+3-4			
1	USD	4,884,998,898	4,926,218,672	-	-	(41,219,774)	-5.04%	20%	
2	KHR	592,835,797	556,627,327	-	-	36,208,470	4.43%	20%	
3	EUR	3,693,266	3,643,125	-	-	50,141	0.01%	20%	
4	SGD	92,003	22,307	-	-	69,696	0.01%	20%	
5	THB	40,258,910	37,962,550	-	-	2,296,360	0.28%	20%	
6	JPY	1,221,005	2,124	-	-	1,218,881	0.15%	20%	
7	AUD	280,258	226	-	-	280,032	0.03%	20%	
8	CAD	134,271	395	-	-	133,876	0.02%	20%	
9	GBP	267,562	5,296	-	-	262,266	0.03%	20%	
10	CNY	86,047	46,099	-	-	39,948	0.00%	20%	
11	VND	659,589	400	-	-	659,189	0.08%	20%	
12	LAK	915	-	-	-	915	0.00%	20%	
Total		5,524,528,521	5,524,528,521	-	-	-			

**SCHEDULE 5 - CREDIT RISK GRADING AND PROVISION FOR IMPAIRMENT
AS AT 31 DECEMBER 2018**

The details of the Central Bank's required provision following its mandatory provisioning requirements based on the prescribed credit risk grading and provision for impairment to financial instruments are provided in the following table.

(a) Summary of financial instruments:

Financial instruments	Outstanding amount 31 December 2018 US\$	Estimated Collateral Value US\$	The Central Bank's Provision US\$	Bank provision US\$	Difference Amount US\$
Loans and advances to customers	3,488,570,375	4,360,712,967	80,872,756	80,872,756	-
Balances with other banks	24,585,531	-	245,855	245,855	-
Total	3,513,155,906	4,360,712,967	81,118,611	81,118,611	-

(b) Loans and advances to customers:

Class	The Central Bank's Required Classification	Loans and advances to customers amount 31 December 2018 US\$	Estimated Collateral Value US\$	The Central Bank's Provision Rate	The Central Bank's Required Provision US\$	Provision Recorded by the Bank US\$	Difference in Provision Amount US\$
1	Normal	3,424,427,861	4,280,534,825	1%	34,244,279	34,244,279	-
2	Special mention	3,516,073	4,395,091	3%	105,482	105,482	-
3	Substandard	9,410,896	11,763,620	20%	1,882,179	1,882,179	-
4	Doubtful	13,149,461	16,436,825	50%	6,574,731	6,574,731	-
5	Loss	38,066,085	47,582,606	100%	38,066,085	38,066,085	-
	Total	3,488,570,376	4,360,712,967		80,872,756	80,872,756	-

(c) Balances with other banks:

Class	The Central Bank's Required Classification	Balances with other banks amount 31 December 2018 US\$	Estimated Collateral Value US\$	The Central Bank's Provision Rate	The Central Bank's Required Provision US\$	Provision Recorded by the Bank US\$	Difference in Provision Amount US\$
1	Normal	24,585,531	-	1%	245,855	245,855	-
2	Special mention	-	-	3%	-	-	-
3	Substandard	-	-	20%	-	-	-
4	Doubtful	-	-	50%	-	-	-
5	Loss	-	-	100%	-	-	-
	Total	24,585,531	-		245,855	245,855	-

SCHEDULE 6 - REPORT ON THE NEED IN CAPITAL CONSERVATION BUFFER AND COUNTERCYCLICAL BUFFER AND MINIMUM CAPITAL CONSERVATION RATIO AS AT 31 DECEMBER 2018

THE GROUP	
Specific rules applicable to the institution:	%
Minimum solvency ratio =	18.75
Minimum Tier1 solvency ratio =	7.5
Capital conservation buffer (%) =	1.25
Countercyclical buffer (%) =	0

Buffer to be built	Amount	as % of RWA
Capital conservation buffer	192,684	1.25
Countercyclical capital buffer	-	0.00
Total capital buffer	192,684	1.25
Tier 1 Capital	3,163,348	20.52
Tier 2 Capital	319,668	2.07
Total Capital (Net Worth)	3,483,016	22.60
Risk Weighted Assets - RWA	15,414,680	
Tier 1 capital needed for Minimum Solvency ratio	2,570,585	16.68
Available Tier 1 Capital for Capital buffers	592,763	3.85
Additional Tier 1 Capital buffer to be built up	-	-

Minimum Tier 1 capital ratio + available Tier 1 capital for capital buffer	11.35
Minimum Capital Conservation ratio (expressed as percentage of earnings)	-

SCHEDULE 6 - REPORT ON THE NEED IN CAPITAL CONSERVATION BUFFER AND COUNTERCYCLICAL BUFFER AND MINIMUM CAPITAL CONSERVATION RATIO AS AT 31 DECEMBER 2018

THE BANK	
Specific rules applicable to the institution:	%
Minimum solvency ratio =	18.75
Minimum Tier1 solvency ratio =	7.5
Capital conservation buffer (%) =	1.25
Countercyclical buffer (%) =	0

Buffer to be built	Amount	as % of RWA
Capital conservation buffer	181,566	1.25
Countercyclical capital buffer	-	0.00
Total capital buffer	181,566	1.25
Tier 1 Capital	3,216,914	22.15
Tier 2 Capital	67,619	0.47
Total Capital (Net Worth)	3,284,533	22.61
Risk Weighted Assets - RWA	14,525,278	
Tier 1 capital needed for Minimum Solvency ratio	2,655,871	18.28
Available Tier 1 Capital for Capital buffers	561,043	3.86
Additional Tier 1 Capital buffer to be built up	-	-

Minimum Tier 1 capital ratio + available Tier 1 capital for capital buffer	11.36
Minimum Capital Conservation ratio (expressed as percentage of earnings)	-

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2018**

The following calculations of other ratios are based on the audited financial statements of the Bank and are presented as required by NBC in their Prakas No. B7-04-204 dated 29 December 2004.

**31 December
2018**

CAPITAL

1	Equity to total assets (A/B)	14.77%
	A – Equity	815,784,391
	B – Total assets	5,524,528,521
2	Capital Tier I to total assets (A/B)	14.49%
	A – Capital Tier 1	800,625,556
	B – Total assets	5,524,528,521
3	Capital Tier I to risk weighted assets (A/B)	22.15%
	A – Capital Tier 1	800,625,556
	B – Risk weighted assets	3,615,052,182
4	Capital Tier I +Tier II to risk weighted assets (A/B)	22.61%
	A – Capital Tier I + Tier II	817,454,499
	B – Risk weighted assets	3,615,052,182
5	Net worth to assets (A/B)	14.80%
	A – Net worth	817,454,499
	B – Total assets	5,524,528,521
6	Solvency ratio (A/B)	22.61%
	A – Net worth	817,454,499
	B – Risk weighted assets	3,615,052,182
7	Debt to total assets (A/B)	85.23%
	A – Total liabilities	4,708,744,130
	B – Total assets	5,524,528,521
8	Debt to equity (A/B)	577.20%
	A – Total liabilities	4,708,744,130
	B – Equity	815,784,391
9	Dividend to net profit (A/B)	56.75%
	A – Dividend	45,822,045
	B – Net profit	80,746,559

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2018**

**31 December
2018**

ASSET QUALITY

10	Banking reserves to total loans (A/B)	9.74%
	A – Banking reserves	339,813,727
	B – Total loans (gross)	3,488,570,376
11	Banking reserves to total assets (A/B)	6.15%
	A – Banking reserves	339,813,727
	B – Total assets	5,524,528,521
12	Non-performing loans to total loans (A/B)	1.74%
	A – Non-performing loans	60,626,442
	B – Total loans (gross)	3,488,570,376
13	Non-performing loans to total assets (A/B)	1.10%
	A – Non-performing loans	60,626,442
	B – Total assets	5,524,528,521
14	Classified assets to total loans (A/B)	1.74%
	A – Classified assets	60,626,442
	B – Total loans (gross)	3,488,570,376
15	Classified assets to total assets (A/B)	1.10%
	A – Classified assets	60,626,442
	B – Total assets	5,524,528,521
16	Classified assets to equity (A/B)	7.43%
	A – Classified assets	60,626,442
	B – Equity	815,784,391
17	Loans to related parties to total loans (A/B)	0.15%
	A – Loans to related parties	5,168,163
	B – Total loans (gross)	3,488,570,376
18	Large exposure to total loans (A/B)	0.00%
	A – Large exposure	-
	B – Total loans (gross)	3,488,570,376
19	Loans to related parties to net worth (A/B)	0.63%
	A – Loans to related parties	5,168,163
	B – Net worth	817,454,499
20	Large exposure to net worth (A/B)	0.00%
	A – Large exposure	-
	B – Net worth	817,454,499

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2018**
**31 December
2018**

21	General provision to total loans (A/B)	0.98%
	A – General provision	34,244,279
	B – Total loans (gross)	3,488,570,376
22	Specific provision to total loans (A/B)	1.34%
	A – Specific provision	46,628,477
	B – Total loans (gross)	3,488,570,376
23	Specific provision to non-performing loans (A/B)	76.91%
	A – Specific provision	46,628,477
	B – Non performing loans	60,626,442
24	All allowances to total assets (A/B)	1.47%
	A – Total all allowances	81,118,611
	B – Total assets	5,524,528,521
25	Loans to deposits (A/B)	100.27%
	A – Total loans to non-bank customers (gross)	3,479,634,049
	B – Customer's deposits	3,470,386,572

EARNINGS

26	Return on assets(ROA) (A/B)	1.46%
	A – Net profit	80,746,559
	B – Total assets	5,524,528,521
27	Return on equity (ROE) (A/B)	9.90%
	A – Net profit	80,746,559
	B – Equity	815,784,391
28	Gross yield (A/B)	7.25%
	A – Interest income	400,587,865
	B – Total assets	5,524,528,521
29	Net interest margin (NIM) to total assets ((A-B)/C)	4.65%
	A – Interest income	400,587,865
	B – Interest expense	143,606,525
	C – Total assets	5,524,528,521
30	Other income (OTINC) to total assets = (A/B)	1.27%
	A – Other incomes	70,231,565
	B – Total assets	5,524,528,521
31	Provision to total assets (A/B)	0.71%
	A – Provision	39,214,962
	B – Total assets	5,524,528,521

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2018**
**31 December
2018**

32	Overhead (OHEAD) to total assets = (A/B)	3.38%
	A – Non-interest expense	186,738,253
	B – Total assets	5,524,528,521
33	Net income before tax (NIBT) to total assets = (A/B)	1.83%
	A – Net income before tax	101,259,690
	B – Total assets	5,524,528,521
34	Tax to total assets (A/B)	0.37%
	A – Tax	20,568,867
	B – Total assets	5,524,528,521
35	Interest margin to gross income ((A-B)/C)	54.58%
	A – Interest income	400,587,865
	B – Interest expense	143,606,525
	C – Gross income	470,819,430
36	Non-interest income to gross income (A/B)	14.92%
	A – Non-interest income	70,231,565
	B – Gross income	470,819,430
37	Non-interest expense to gross income (A/B)	39.66%
	A – Non-interest expense	186,738,253
	B – Gross income	470,819,430
38	Times interest earned ((A+B)/C)	1.71
	A – Income before tax	101,259,690
	B – Interest expense	143,606,525
	C – Interest expense	143,606,525

LIQUIDITY

39	Liquid assets to total assets (A/B)	24.37%
	A – Liquid assets	1,346,575,449
	B – Total assets	5,524,528,521
40	Short-term liabilities to total assets (A/B)	70.03%
	A – Short-term liabilities (less than one year)	3,868,681,465
	B – Total assets	5,524,528,521
41	Net Liquid assets ((A-B)/C)	-53.56%
	A – Liquid assets	1,346,575,449
	B – Short-term liabilities (less than one year)	3,868,681,465
	C – Total liabilities	4,708,744,130

**SCHEDULE 6 - FINANCIAL SOUNDNESS INDICATORS
AS AT 31 DECEMBER 2018**

**31 December
2018**

42 Quick ratio (A/B)	34.80%
A – Quick assets	1,346,225,493
B – Current liabilities	3,868,681,465
43 Deposit to total loans (A/B)	99.73%
A – Total customers' deposits	3,470,386,572
B – Total loans to non-bank customers (gross)	3,479,634,049

ACLEDA Bank Plc.

**Condensed Consolidated and
Separate
Interim Financial Statements
for the nine-month period ended
30 September 2019
and
Independent Auditors' Report on
Review of Interim Financial Information**

Corporate Information

Bank	ACLEDA Bank Plc.	
Registration No.	00003077	
Registered office	No. 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh Phnom Penh Kingdom of Cambodia	
Shareholders	ACLEDA Financial Trust ASA Plc. SMBC COFIBRED S.A ORIX Corporation Triodos Microfinance Fund Triodos Fair Share Fund Triodos Sustainable Finance Foundation	
Board of Directors	Mr. Chhay Soeun Dr. In Channy Mr. Rath Yumeng Drs. Pieter Kooi Mr. Cornelius Reinhart Gunter Obert Mr. Ian Samuel Lydall Ms. Heng Su Yin Mr. Marc Robert Mr. Ryoji Nishimura Mrs. Femke Bos	Chairman (Non-executive Director) Member (Executive Director) Member (Executive Director) Member (Independent Director) Member (Independent Director) Member (Independent Director) Member (Non-executive Director) Member (Non-executive Director) Member (Non-executive Director) Member (Non-executive Director) (resigned on 13 August 2019)
Executive Committee	Dr. In Channy Dr. So Phonnary Mrs. Mar Amara Mr. Rath Yumeng Mr. Ly Thay Mrs. Buth Bunsayha Mr. Mach Theary Dr. Loeung Sopheap	President & Group Managing Director EVP & Group Chief Operations Officer EVP & Group Chief Financial Officer EVP & Group Chief Treasury Officer EVP & Group Chief Administrative Officer EVP & Group Chief Legal Officer and Corporate Secretary EVP & Group Chief Information Officer EVP & Group Risk Officer
Auditors	KPMG Cambodia Ltd	

ACLEDA Bank Plc.

CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

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ACLEDA Bank Plc.

HEADQUARTERS

Directors' report

The Board of Directors ("the Directors" or "the Board") hereby has submitted their report together with the condensed consolidated interim financial statements of ACLEDA Bank Plc. ("the Bank") and its subsidiaries (collectively referred to as "the Group") and the separate interim financial statements of the Bank for the nine-month period ended 30 September 2019 (hereafter referred to as "the condensed interim financial statements").

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 reviewed interim financial performance of the Group and the Bank for the nine-month period ended 30 September 2019 are set out in the condensed consolidated interim income statement and separate interim income statement on pages 9 – 10 and 14 – 15, respectively.

Share capital

On 25 April 2019, the Board of Directors of the Bank approved to increase the registered capital from US\$395,224,105 to US\$428,818,154 through stock dividends amounting to US\$33,594,049, and obtained approval from NBC on 19 June 2019. The revised Memorandum and Articles of Association ("MoAA") was endorsed by the Ministry of Commerce ("MoC") on 7 September 2019.

Bad and doubtful loans

Before the condensed interim 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 condensed interim financial statements of the Group and the Bank inadequate to any material extent.

Assets

Before the condensed interim 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 condensed interim 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 condensed interim 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 condensed interim financial period 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 period other than in the ordinary course of banking business as disclosed in the condensed interim financial statements.

No contingent or other liabilities of the Group and the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period 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 condensed interim financial statements of the Group and the Bank, which would render any amount stated in the condensed interim 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 period 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 period 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 period in which this report is made.

The Board of Directors and Executive Committee

The members of the Board of Directors during the period 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)
▪ Ms. Heng Su Yin	Member (Non-executive Director)
▪ Mr. Marc Robert	Member (Non-executive Director)
▪ Mr. Ryoji Nishimura	Member (Non-executive Director)
▪ Mrs. Femke Bos	Member (Non-executive Director) (resigned on 13 August 2019)

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

▪ Dr. In Channy	President & Group Managing Director
▪ Dr. So Phonnary	Executive Vice President & Group Chief Operations Officer
▪ Mrs. Mar Amara	Executive Vice President & Group Chief Financial Officer
▪ Mr. Rath Yumeng	Executive Vice President & Group Chief Treasury Officer
▪ Mr. Ly Thay	Executive Vice President & Group Chief Administrative Officer
▪ Mrs. Buth Bunsayha	Executive Vice President & Group Chief Legal Officer and Corporate Secretary
▪ Mr. Mach Theary	Executive Vice President & Group Chief Information Officer
▪ Dr. Loeung Sopheap	Executive Vice President & Group Risk Officer

The President & Group Managing Director's responsibilities in respect of the condensed interim financial statements

The President & Group Managing Director with the advice of the Executive Committee is responsible for ensuring that the condensed interim financial statements are prepared, in all material respects, in accordance with the accounting principles generally accepted in Cambodia for interim financial reporting.

In preparing these condensed interim 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 accounting principles generally accepted in Cambodia for interim financial reporting or, if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the condensed interim financial statements;
- (iii) maintain adequate accounting records and an effective system of internal controls;
- (iv) assess the Group's 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; 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 condensed interim financial statements.

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



Mrs. Mar Amara
Executive Vice President & Group Chief Financial Officer



Dr. In Channy
President & Group Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 5 DEC 2019

Approval of the condensed interim financial statements

The accompanying condensed interim financial statements for the nine-month period ended 30 September 2019, together with the notes thereto, as set out on pages 8 to 55, prepared, in all material respects, in accordance with the accounting principles generally accepted in Cambodia for interim financial reporting, 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: 5 DEC 2019



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**To the shareholders
ACLEDA Bank Plc.**

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of ACLEDA Bank Plc. and its subsidiaries ("the Group") and the condensed separate interim financial statements of the ACLEDA Bank Plc. ("the Bank"), which comprise the condensed consolidated and separate interim balance sheets of the Group and the Bank as at 30 September 2019, and the condensed consolidated and the separate interim income statements, the condensed consolidated and the separate interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2019, and other explanatory notes as set out on pages 8 to 55 (hereafter referred to as "the condensed interim financial statements").

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting principles generally accepted in Cambodia for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Cambodian International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the nine-month period ended 30 September 2019, are not prepared, in all material respects, in accordance with the accounting principles generally accepted in Cambodia for the interim financial reporting.

Other Matter

We draw attention to the fact that we have not reviewed the condensed interim income statement and statements of changes in equity and cash flows of the Group and the Bank for the three-month period ended 30 September 2018 and the nine-month period ended 30 September 2018, or any of the related notes and accordingly, we do not express conclusion and any form of assurance on them.

For KPMG Cambodia Ltd



Nge Huy
Partner



Phnom Penh, Kingdom of Cambodia

5 December 2019

ACLEDA Bank Plc.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2019

	Note	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
ASSETS					
Cash on hand	21	427,688,708	407,864,703	1,751,812,948	1,638,800,377
Balances with the central banks		1,733,631,077	1,470,592,514	7,100,952,891	5,908,840,721
Balances with other banks	6	134,964,832	26,567,692	552,815,952	106,748,986
Loans and advances to customers	7	3,659,264,594	3,513,593,815	14,988,347,777	14,117,619,949
Other assets		51,149,822	51,351,402	209,509,670	206,329,935
Statutory deposits		244,141	248,880	1,000,002	1,000,000
Property and equipment	8	133,276,277	137,862,097	545,899,631	553,929,906
Intangible assets	9	9,105,080	11,197,887	37,294,408	44,993,110
Deferred tax assets	10	23,118,831	21,939,917	94,694,732	88,154,587
Other investments		153,529	153,529	628,855	616,880
TOTAL ASSETS		6,172,596,891	5,641,372,436	25,282,956,866	22,667,034,451
LIABILITIES AND EQUITY					
LIABILITIES					
Due to other banks and financial institutions		294,053,218	286,941,309	1,204,441,981	1,152,930,180
Deposits from customers	11	4,049,581,515	3,548,889,040	16,587,085,885	14,259,436,163
Provision for off balance sheet commitments		1,541,672	1,666,147	6,314,689	6,694,579
Other liabilities		118,540,382	103,963,704	485,541,405	417,726,163
Borrowings	12	712,673,099	784,671,879	2,919,109,014	3,152,811,610
Subordinated debts	13	64,601,490	77,101,490	264,607,703	309,793,787
Current income tax liabilities	20(a)	23,206,135	13,810,997	95,052,329	55,492,586
Employee benefits	14	18,073,199	17,952,505	74,027,823	72,133,165
TOTAL LIABILITIES		5,282,270,710	4,834,997,071	21,636,180,829	19,427,018,233
EQUITY					
Share capital	15	428,818,154	395,224,105	1,756,439,159	1,588,010,454
General reserves		390,159,752	348,162,806	1,598,094,344	1,398,918,155
Currency translation reserves		(7,939,966)	(6,741,470)	(32,522,101)	(27,087,226)
Other reserves		(14,279,344)	(14,279,344)	(58,488,193)	(57,374,404)
Retained earnings		93,567,585	84,009,268	383,252,828	337,549,239
		890,326,181	806,375,365	3,646,776,037	3,240,016,218
TOTAL EQUITY		890,326,181	806,375,365	3,646,776,037	3,240,016,218
TOTAL LIABILITIES AND EQUITY		6,172,596,891	5,641,372,436	25,282,956,866	22,667,034,451

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Note	For the nine-month period ended			
		30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
Interest income	16	341,346,333	312,679,681	1,398,154,580	1,276,358,458
Interest expense	16	(116,100,221)	(113,639,471)	(475,546,505)	(463,876,321)
Net interest income		<u>225,246,112</u>	<u>199,040,210</u>	<u>922,608,075</u>	<u>812,482,137</u>
Fee and commission income	17	54,010,653	47,603,792	221,227,635	194,318,679
Fee and commission expense	17	(548,793)	(537,525)	(2,247,856)	(2,194,177)
Net fee and commission income		<u>53,461,860</u>	<u>47,066,267</u>	<u>218,979,779</u>	<u>192,124,502</u>
Provision for loan losses and balances with other banks	7(a)(i)	(9,707,150)	(34,254,644)	(39,760,486)	(139,827,457)
Provision for off balance sheet commitments		131,029	(32,807)	536,695	(133,918)
Net provision for loan losses, balances with other banks and off-balance sheet commitments		<u>(9,576,121)</u>	<u>(34,287,451)</u>	<u>(39,223,791)</u>	<u>(139,961,375)</u>
Net income after provision		<u>269,131,851</u>	<u>211,819,026</u>	<u>1,102,364,063</u>	<u>864,645,264</u>
Other incomes		12,545,490	10,205,337	51,386,327	41,658,186
Personnel expenses	18	(104,410,727)	(90,215,977)	(427,666,338)	(368,261,618)
General and administrative expenses	19	(39,734,260)	(37,993,072)	(162,751,529)	(155,087,720)
Depreciation charges	8	(16,005,104)	(16,396,082)	(65,556,906)	(66,928,807)
Amortisation charges	9	(2,696,308)	(2,661,277)	(11,044,078)	(10,863,333)
		<u>(162,846,399)</u>	<u>(147,266,408)</u>	<u>(667,018,851)</u>	<u>(601,141,478)</u>
Profit before income tax		<u>118,830,942</u>	<u>74,757,955</u>	<u>486,731,539</u>	<u>305,161,972</u>
Income tax expenses	20(b)	(25,263,357)	(15,754,326)	(103,478,711)	(64,309,158)
Profit for the period		<u>93,567,585</u>	<u>59,003,629</u>	<u>383,252,828</u>	<u>240,852,814</u>
Attributable to:					
Equity holders of the Bank		<u>93,567,585</u>	<u>59,003,629</u>	<u>383,252,828</u>	<u>240,852,814</u>

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

		For the three-month period ended			
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
			(Not reviewed)		(Not reviewed)
	Note	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Interest income	16	116,499,857	105,578,224	483,928,809	434,905,238
Interest expense	16	(39,596,403)	(37,539,301)	(164,481,981)	(154,681,330)
Net interest income		<u>76,903,454</u>	<u>68,038,923</u>	<u>319,446,828</u>	<u>280,223,908</u>
Fee and commission income	17	18,216,253	16,424,758	75,687,605	67,638,264
Fee and commission expense	17	(138,200)	(170,907)	(578,385)	(704,608)
Net fee and commission income		<u>18,078,053</u>	<u>16,253,851</u>	<u>75,109,220</u>	<u>66,933,656</u>
Provision for loan losses and balances with other banks	7(a)(i)	(4,715,497)	(18,775,382)	(19,464,425)	(76,935,215)
Provision for off balance sheet commitments		80,534	220,037	331,382	893,387
Net provision for loan losses, balances with other banks and off- balance sheet commitments		<u>(4,634,963)</u>	<u>(18,555,345)</u>	<u>(19,133,043)</u>	<u>(76,041,828)</u>
Net income after provision		<u>90,346,544</u>	<u>65,737,429</u>	<u>375,423,005</u>	<u>271,115,736</u>
Other incomes		4,966,749	3,621,722	20,571,166	14,908,958
Personnel expenses	18	(34,270,094)	(33,316,572)	(142,474,524)	(137,079,335)
General and administrative expenses	19	(13,746,048)	(13,145,520)	(57,083,459)	(54,132,116)
Depreciation charges	8	(5,336,464)	(5,430,908)	(22,178,216)	(22,377,305)
Amortisation charges	9	(885,673)	(903,264)	(3,682,036)	(3,720,526)
		<u>(54,238,279)</u>	<u>(52,796,264)</u>	<u>(225,418,235)</u>	<u>(217,309,282)</u>
Profit before income tax		<u>41,075,014</u>	<u>16,562,887</u>	<u>170,575,936</u>	<u>68,715,412</u>
Income tax expenses	20(b)	(8,466,867)	(3,313,556)	(35,184,183)	(13,762,311)
Profit for the period		<u>32,608,147</u>	<u>13,249,331</u>	<u>135,391,753</u>	<u>54,953,101</u>
Attributable to:					
Equity holders of the Bank		<u>32,608,147</u>	<u>13,249,331</u>	<u>135,391,753</u>	<u>54,953,101</u>

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Equity holders of the Bank						Non-controlling interest US\$	Total equity US\$
	Share capital US\$	General reserves US\$	Currency translation reserves US\$	Other reserves US\$	Retained earnings US\$	Total US\$		
For the nine-month period ended 30 September 2018								
As at 1 January 2018 (Not reviewed)	358,544,956	302,148,410	(2,512,499)	(14,132,007)	91,684,504	735,733,364	4,481,958	740,215,322
Conversion of retained earnings to share capital (Not reviewed)	36,679,149	-	-	-	(36,679,149)	-	-	-
Dividend in cash (Not reviewed)	-	-	-	-	(9,142,896)	(9,142,896)	-	(9,142,896)
Transfers to reserves (Not reviewed)	-	45,862,459	-	-	(45,862,459)	-	-	-
Profit for the period (Not reviewed)	-	-	-	-	59,003,629	59,003,629	-	59,003,629
Acquisition of non-controlling interest in AMM (Not reviewed)	-	151,938	-	-	-	151,938	(4,481,958)	(4,330,020)
Currency translation differences (Not reviewed)	-	-	(4,142,247)	(147,337)	-	(4,289,584)	-	(4,289,584)
As at 30 September 2018 (Not reviewed)	395,224,105	348,162,807	(6,654,746)	(14,279,344)	59,003,629	781,456,451	-	781,456,451
In KHR'000 equivalent (Note 4) (Not reviewed)	1,613,304,797	1,421,200,578	(27,164,673)	(58,288,282)	240,852,814	3,189,905,234	-	3,189,905,234
For the nine-month period ended 30 September 2019								
As at 1 January 2019	395,224,105	348,162,806	(6,741,470)	(14,279,344)	84,009,268	806,375,365	-	806,375,365
Conversion of retained earnings to share capital	33,594,049	-	-	-	(33,594,049)	-	-	-
Dividend in cash	-	-	-	-	(8,418,273)	(8,418,273)	-	(8,418,273)
Transfers of retained earnings to reserves	-	41,996,946	-	-	(41,996,946)	-	-	-
Profit for the period	-	-	-	-	93,567,585	93,567,585	-	93,567,585
Currency translation differences	-	-	(1,198,496)	-	-	(1,198,496)	-	(1,198,496)
As at 30 September 2019	428,818,154	390,159,752	(7,939,966)	(14,279,344)	93,567,585	890,326,181	-	890,326,181
In KHR'000 equivalent (Note 4)	1,756,439,159	1,598,094,344	(32,522,101)	(58,488,193)	383,252,828	3,646,776,037	-	3,646,776,037

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

		30 September 2019	For the nine-month period ended 30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	Note	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Cash flows from operating activities					
Net cash generated from operating activities	22	467,667,492	241,088,647	1,915,566,047	984,123,857
Cash flows from investing activities					
Capital guarantee with the central banks		(3,359,385)	(3,667,899)	(13,760,041)	(14,972,364)
Purchases of property and equipment	8	(11,531,270)	(18,938,994)	(47,232,083)	(77,308,974)
Purchases of intangible assets	9	(1,274,243)	(2,706,062)	(5,219,299)	(11,046,145)
Proceeds from disposals of property and equipment		108,381	163,474	443,929	667,301
Minority interest of subsidiaries		-	(4,481,958)	-	(18,295,352)
Net cash used in investing activities		(16,056,517)	(29,631,439)	(65,767,494)	(120,955,534)
Cash flows from financing activities					
Payment of dividends		(8,418,273)	(9,142,896)	(34,481,247)	(37,321,301)
Repayments of borrowings		(285,871,941)	(178,861,734)	(1,170,931,470)	(730,113,598)
Proceeds from borrowings		214,453,519	118,197,015	878,401,614	482,480,215
Repayments of subordinated debts		(12,500,000)	(21,000,000)	(51,200,000)	(85,722,000)
Net cash used in financing activities		(92,336,695)	(90,807,615)	(378,211,103)	(370,676,684)
Net increase in cash and cash equivalents		359,274,280	120,649,593	1,471,587,450	492,491,639
Cash and cash equivalents as at 1 January		1,305,671,409	1,430,430,666	5,246,187,721	5,774,648,599
Exchange differences		-	-	101,842,371	64,369,379
Cash and cash equivalents at the end of the period	21	1,664,945,689	1,551,080,259	6,819,617,542	6,331,509,617

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED SEPARATE INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2019

		30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Note					
ASSETS					
	21	416,795,399	398,012,184	1,707,193,954	1,599,212,955
Cash on hand					
Balances with the central banks		1,712,797,626	1,461,581,050	7,015,619,076	5,872,632,659
Balances with other banks	6	127,469,756	24,339,676	522,116,121	97,796,818
Loans and advances to customers	7	3,504,524,991	3,378,669,215	14,354,534,363	13,575,492,906
Other assets		46,722,925	47,623,565	191,377,100	191,351,484
Investment in subsidiaries		87,140,204	83,170,281	356,926,276	334,178,189
Property and equipment	8	94,834,414	99,040,122	388,441,760	397,943,210
Intangible assets	9	7,927,112	9,986,536	32,469,451	40,125,902
Deferred tax assets	10	22,950,014	21,952,363	94,003,257	88,204,595
Other investments		153,529	153,529	628,855	616,880
TOTAL ASSETS		6,021,315,970	5,524,528,521	24,663,310,213	22,197,555,598
LIABILITIES AND EQUITY					
LIABILITIES					
Due to other banks and financial institutions		279,888,930	283,016,826	1,146,425,057	1,137,161,607
Deposits from customers	11	3,960,608,845	3,470,386,572	16,222,653,829	13,944,013,246
Provision for off balance sheet commitments		1,671,672	1,666,147	6,847,169	6,694,579
Other liabilities		113,264,818	98,274,561	463,932,695	394,867,186
Borrowings	12	663,533,113	748,249,799	2,717,831,631	3,006,467,692
Subordinated debts	13	64,601,490	77,101,490	264,607,703	309,793,787
Current income tax liabilities	20(a)	21,928,796	12,901,983	89,820,348	51,840,168
Employee benefits	14	17,256,664	17,146,752	70,683,296	68,895,650
TOTAL LIABILITIES		5,122,754,328	4,708,744,130	20,982,801,728	18,919,733,915
EQUITY					
Share capital	15	428,818,154	395,224,105	1,756,439,159	1,588,010,454
General reserves		378,547,964	339,813,727	1,550,532,461	1,365,371,555
Retained earnings		91,195,524	80,746,559	373,536,865	324,439,674
TOTAL EQUITY		898,561,642	815,784,391	3,680,508,485	3,277,821,683
TOTAL LIABILITIES AND EQUITY		6,021,315,970	5,524,528,521	24,663,310,213	22,197,555,598

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED SEPARATE INTERIM INCOME STATEMENT FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

		For the nine-month period ended			
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		US\$	(Not reviewed) US\$	KHR'000 (NOTE 4)	(Not reviewed) KHR'000 (NOTE 4)
Note					
Interest income	16	322,663,574	295,572,760	1,321,629,999	1,206,528,006
Interest expense	16	(108,638,114)	(107,751,351)	(444,981,715)	(439,841,015)
Net interest income		214,025,460	187,821,409	876,648,284	766,686,991
Fee and commission income	17	47,325,535	41,997,410	193,845,391	171,433,428
Fee and commission expense	17	(318,193)	(370,443)	(1,303,319)	(1,512,148)
Net fee and commission income		47,007,342	41,626,967	192,542,072	169,921,280
Provision for loan losses and balances with other banks	7(a)(i)	(8,243,320)	(33,272,255)	(33,764,639)	(135,817,345)
Provision for off balance sheet commitments		1,029	(33,224)	4,215	(135,620)
Net provision for loan losses, balances with other banks and off- balance sheet commitments		(8,242,291)	(33,305,479)	(33,760,424)	(135,952,965)
Net income after provision		252,790,511	196,142,897	1,035,429,932	800,655,306
Other incomes		11,813,398	9,448,529	48,387,678	38,568,895
Personnel expenses	18	(97,241,501)	(83,460,020)	(398,301,188)	(340,683,802)
General and administrative expenses	19	(35,402,334)	(33,616,585)	(145,007,960)	(137,222,900)
Depreciation charges	8	(14,380,041)	(15,648,568)	(58,900,648)	(63,877,455)
Amortisation charges	9	(2,428,923)	(2,414,740)	(9,948,869)	(9,856,969)
		(149,452,799)	(135,139,913)	(612,158,665)	(551,641,126)
Profit before income tax		115,151,110	70,451,513	471,658,945	287,583,075
Income tax expenses	20(b)	(23,955,586)	(14,509,904)	(98,122,080)	(59,229,428)
Profit for the period		91,195,524	55,941,609	373,536,865	228,353,647

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED SEPARATE INTERIM INCOME STATEMENT (Continued) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

		For the three-month period ended			
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		US\$	(Not reviewed) US\$	KHR'000 (NOTE 4)	(Not reviewed) KHR'000 (NOTE 4)
	Note				
Interest income	16	109,760,271	99,997,818	455,965,169	411,907,017
Interest expense	16	(36,835,857)	(35,658,206)	(153,033,738)	(146,926,567)
Net interest income		72,924,414	64,339,612	302,931,431	264,980,450
Fee and commission income	17	16,198,751	14,573,091	67,283,887	60,008,420
Fee and commission expense	17	(115,850)	(118,711)	(480,592)	(489,361)
Net fee and commission income		16,082,901	14,454,380	66,803,295	59,519,059
Provision for loan losses and balances with other banks	7(a)(i)	(4,257,081)	(18,446,197)	(17,556,591)	(75,579,071)
Provision for off balance sheet commitments		80,534	220,037	327,482	893,379
Net provision for loan losses, balances with other banks and off- balance sheet commitments		(4,176,547)	(18,226,160)	(17,229,109)	(74,685,692)
Net income after provision		84,830,768	60,567,832	352,505,617	249,813,817
Other incomes		4,689,501	3,494,605	19,421,913	14,378,101
Personnel expenses	18	(32,334,516)	(31,087,837)	(134,389,387)	(127,895,622)
General and administrative expenses	19	(12,194,000)	(11,703,420)	(50,642,874)	(48,189,711)
Depreciation charges	8	(4,785,646)	(5,187,924)	(19,889,838)	(21,375,858)
Amortisation charges	9	(796,902)	(798,163)	(3,313,072)	(3,288,817)
		(50,111,064)	(48,777,344)	(208,235,171)	(200,750,008)
Profit before income tax		39,409,205	15,285,093	163,692,359	63,441,910
Income tax expenses	20(b)	(7,848,327)	(2,935,022)	(32,629,965)	(12,200,682)
Profit for the period		31,560,878	12,350,071	131,062,394	51,241,228

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Share capital US\$	General reserves US\$	Retained earnings US\$	Total equity US\$
For the nine-month period ended 30 September 2018				
As at 1 January 2018 (Not reviewed)	358,544,956	299,148,975	86,486,798	744,180,729
Conversion of retained earnings to share capital (Not reviewed)	36,679,149	-	(36,679,149)	-
Dividend in cash (Not reviewed)	-	-	(9,142,896)	(9,142,896)
Transfer to reserves (Not reviewed)	-	40,664,753	(40,664,753)	-
Profit for the period (Not reviewed)	-	-	55,941,609	55,941,609
As at 30 September 2018 (Not reviewed)	395,224,105	339,813,728	55,941,609	790,979,442
<i>In KHR'000 equivalent (Note 4) (Not reviewed)</i>	<u>1,613,304,797</u>	<u>1,387,119,638</u>	<u>228,353,648</u>	<u>3,228,778,083</u>
For the nine-month period ended 30 September 2019				
As at 1 January 2019	395,224,105	339,813,727	80,746,559	815,784,391
Conversion of retained earnings to share capital	33,594,049	-	(33,594,049)	-
Dividend in cash	-	-	(8,418,273)	(8,418,273)
Transfers of retained earnings to reserves	-	38,734,237	(38,734,237)	-
Profit for the period	-	-	91,195,524	91,195,524
As at 30 September 2019	428,818,154	378,547,964	91,195,524	898,561,642
<i>In KHR'000 equivalent (Note 4)</i>	<u>1,756,439,159</u>	<u>1,550,532,461</u>	<u>373,536,865</u>	<u>3,680,508,485</u>

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

CONDENSED SEPARATE INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

		30 September 2019	For the nine-month period ended 30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	Note	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Cash flows from operating activities					
Net cash generated from operating activities	22	465,277,142	230,267,073	1,905,775,174	939,950,192
Cash flows from investing activities					
Capital guarantee with the central banks		(3,359,404)	(3,667,915)	(13,760,119)	(14,972,429)
Purchases of property and equipment	8	(10,217,334)	(9,400,710)	(41,850,200)	(38,373,698)
Purchases of intangible assets	9	(995,504)	(1,765,988)	(4,077,584)	(7,208,763)
Investment in subsidiaries		(3,969,923)	(8,208,321)	(16,260,805)	(33,506,366)
Proceeds from disposals of property and equipment		94,159	139,197	385,675	568,202
Net cash used in investing activities		(18,448,006)	(22,903,737)	(75,563,033)	(93,493,054)
Cash flows from financing activities					
Payment of dividends		(8,418,273)	(9,142,896)	(34,481,246)	(37,321,302)
Repayments of borrowings		(269,053,257)	(163,651,649)	(1,102,042,141)	(668,026,031)
Proceeds from borrowings		184,336,570	101,872,033	755,042,591	415,841,639
Repayments of subordinated debts		(12,500,000)	(21,000,000)	(51,200,000)	(85,722,000)
Net cash used in financing activities		(105,634,960)	(91,922,512)	(432,680,796)	(375,227,694)
Net increase in cash and cash equivalents		341,194,176	115,440,824	1,397,531,345	471,229,444
Cash and cash equivalents as at 1 January		1,286,918,972	1,406,609,796	5,170,840,429	5,678,483,746
Exchange differences		-	-	100,379,680	63,297,441
Cash and cash equivalents at the end of the period	21	1,628,113,148	1,522,050,620	6,668,751,454	6,213,010,631

The accompanying notes form an integral part of these condensed interim financial statements.

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

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.

As at 30 September 2019, the Bank and its subsidiaries had 13,621 employees (31 December 2018: 13,728 employees).

2. Basis of preparation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting principles generally accepted in Cambodia for interim financial reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's and the Bank's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2018.

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

The condensed interim financial statements were approved by the Board of Directors and authorised for issue on 5 December 2019.

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

2. Basis of preparation (continued)

(c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However as the Bank transacts and maintains its accounting records primarily in United States Dollars ("US\$"), management have determined the US\$ to be the Bank's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

The condensed interim financial statements are presented in US\$, which is the Bank's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

(d) Basis of consolidation

(i) *Subsidiaries*

The condensed consolidated interim financial statements include the condensed interim financial statements of the Bank and all its subsidiaries made up to the end of the financial period. 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 period 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 condensed consolidated interim financial statements.

Inter-company transactions, balances and unrealised gain or loss arising from inter-company transactions are eliminated and the condensed consolidated interim financial statements reflect external transactions only. Losses resulting from intra-group transactions, which indicate an impairment loss, will be recognised in the condensed consolidated interim income statement. Condensed consolidated interim 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 condensed consolidated interim income statement.

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

Transactions with non-controlling 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 non-controlling interests are also recorded in equity.

(iii) *Investment in subsidiaries*

Investment in subsidiaries, which are eliminated on consolidation, is stated at cost in the Bank's separate interim 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 condensed interim income statement of the Bank.

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

2. Basis of preparation (continued)

(e) Use of estimates and judgements

The preparation of condensed interim 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 condensed interim financial statements, and the reported amounts of incomes and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the Group's and 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 below.

(i) *Impairment losses on loans and advances to customers and balances with other banks*

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 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. 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.

Provision for loans and advances are presented as reduction from loans and advances. The table below shows the classifications and regulatory provisioning requirements:

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%

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

2. Basis of preparation (continued)

(e) Use of estimates and judgements (continued)

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.

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

(ii) 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.

(iii) Seniority benefits

The present value of back pay seniority indemnity obligation depends on a number of factors that are determined by management using a number of assumptions such as turnover rates and mortality rates. The assumptions used in determining the net cost for back pay seniority indemnity 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 back pay seniority indemnity obligation.

(iv) 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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

3. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Group's and the Bank's consolidated and separate financial statements as at and for the year ended 31 December 2018.

4. Translation of United States Dollars into 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 condensed interim balance sheet, the condensed interim income statement, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and the notes to the condensed interim financial statements as of and for the nine-month period ended 30 September 2019 using the official rates of exchange published by the National Bank of Cambodia as at the reporting dates, which was US\$1 to KHR4,096 (30 September 2018: US\$1 to KHR4,082 and 31 December 2018: US\$1 to KHR4,018). Such translation amounts are not reviewed 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 condensed interim financial statements expressed in Khmer Riel are translations of US Dollars amounts at rates set by the National Bank of Cambodia.

5. Seasonality

The principal business of the Group and the Bank are mainly to provide banking and related financial services, securities brokerage and other services, training and education. There is no significant seasonality factor associated with these businesses.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

6. BALANCES WITH OTHER BANKS

a) By residency status

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Balances with local banks	20,607,091	1,183,476	84,406,645	4,755,206	13,755,905	301,499	56,344,187	1,211,423
Balances with overseas banks	115,748,091	25,663,330	474,104,181	103,115,260	115,001,424	24,284,032	471,045,833	97,573,240
	136,355,182	26,846,806	558,510,826	107,870,466	128,757,329	24,585,531	527,390,020	98,784,663
Regulatory allowances	(1,390,350)	(279,114)	(5,694,874)	(1,121,480)	(1,287,573)	(245,855)	(5,273,899)	(987,845)
	<u>134,964,832</u>	<u>26,567,692</u>	<u>552,815,952</u>	<u>106,748,986</u>	<u>127,469,756</u>	<u>24,339,676</u>	<u>522,116,121</u>	<u>97,796,818</u>

b) By interest rate

	The Group		The Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Local banks	0.00% - 8.25%	0.00% - 8.25%	0.00%	0.00% - 3.00%
Overseas banks	0.00% - 3.20%	0.00% - 4.20%	0.00% - 3.20%	0.00% - 4.20%

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

7. LOANS AND ADVANCES TO CUSTOMERS

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Commercial loans	3,127,076,269	2,955,416,780	12,808,504,397	11,874,864,622	2,970,534,964	2,821,587,843	12,167,311,212	11,337,139,951
Real estate loans	189,436,754	203,565,764	775,932,944	817,927,240	189,310,413	203,565,764	775,415,451	817,927,240
Home improvement loans	81,480,173	100,760,707	333,742,789	404,856,521	79,961,836	100,315,648	327,523,680	403,068,274
Staff loans	158,306,825	132,673,722	648,424,755	533,083,015	152,826,779	128,929,753	625,978,487	518,039,748
Credit revolving loans	33,244,319	63,295,647	136,168,731	254,321,910	33,244,319	63,295,647	136,168,731	254,321,910
Overdrafts	46,336,425	60,135,914	189,793,997	241,626,102	46,336,425	60,135,914	189,793,997	241,626,102
Consumer loans	119,650,600	103,505,043	490,088,858	415,883,263	119,650,600	103,505,043	490,088,858	415,883,263
Loans to related parties (Note 24(b.i))	5,613,580	6,139,298	22,993,224	24,667,699	10,130,740	5,168,163	41,495,511	20,765,679
Motor vehicle loans	3,410,003	2,066,601	13,967,372	8,303,603	3,410,003	2,066,601	13,967,372	8,303,603
	<u>3,764,554,948</u>	<u>3,627,559,476</u>	<u>15,419,617,067</u>	<u>14,575,533,975</u>	<u>3,605,406,079</u>	<u>3,488,570,376</u>	<u>14,767,743,299</u>	<u>14,017,075,770</u>
Provision for loan losses:								
Specific	(34,474,801)	(47,774,582)	(141,208,785)	(191,958,270)	(33,210,360)	(46,628,477)	(136,029,635)	(187,353,221)
General	(37,126,035)	(35,605,696)	(152,068,239)	(143,063,687)	(35,570,057)	(34,244,279)	(145,694,953)	(137,593,513)
	<u>(71,600,836)</u>	<u>(83,380,278)</u>	<u>(293,277,024)</u>	<u>(335,021,957)</u>	<u>(68,780,417)</u>	<u>(80,872,756)</u>	<u>(281,724,588)</u>	<u>(324,946,734)</u>
	3,692,954,112	3,544,179,198	15,126,340,043	14,240,512,018	3,536,625,662	3,407,697,620	14,486,018,711	13,692,129,036
Unamortised loan fees	(33,689,518)	(30,585,383)	(137,992,266)	(122,892,069)	(32,100,671)	(29,028,405)	(131,484,348)	(116,636,130)
	<u>3,659,264,594</u>	<u>3,513,593,815</u>	<u>14,988,347,777</u>	<u>14,117,619,949</u>	<u>3,504,524,991</u>	<u>3,378,669,215</u>	<u>14,354,534,363</u>	<u>13,575,492,906</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

a) Provision for loan losses

- (i) Provision for impairment losses on loans and advances to customers and regulatory provision for balances with other banks recognised in condensed interim income statements:

	The Group				The Bank			
	30 September 2019	For the nine-month period ended 30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	For the nine-month period ended 30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
- Provision for loan losses	8,595,914	33,073,344	35,208,863	135,005,390	7,201,602	32,090,955	29,497,762	130,995,279
- Regulatory provision for balances with other banks	1,111,236	1,181,300	4,551,623	4,822,067	1,041,718	1,181,300	4,266,877	4,822,066
	<u>9,707,150</u>	<u>34,254,644</u>	<u>39,760,486</u>	<u>139,827,457</u>	<u>8,243,320</u>	<u>33,272,255</u>	<u>33,764,639</u>	<u>135,817,345</u>

	The Group				The Bank			
	30 September 2019	For the three-month period ended 30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	For the three-month period ended 30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
- Provision for loan losses	4,034,099	18,405,075	16,660,523	75,408,213	3,602,308	18,075,890	14,863,032	74,052,070
- Regulatory provision for balances with other banks	681,398	370,307	2,803,902	1,527,002	654,773	370,307	2,693,559	1,527,001
	<u>4,715,497</u>	<u>18,775,382</u>	<u>19,464,425</u>	<u>76,935,215</u>	<u>4,257,081</u>	<u>18,446,197</u>	<u>17,556,591</u>	<u>75,579,071</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Provision for loan losses (continued)

(ii) Movements of provision for loan losses are as follows:

	The Group				The Bank			
	30 September 2019 US\$	For the nine-month period ended 30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	For the nine-month period ended 30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
At the beginning of the period	83,380,278	60,437,280	335,021,957	243,985,299	80,872,756	58,558,460	324,946,734	236,400,504
Provision for the period								
Specific	6,958,824	30,571,925	28,503,343	124,794,598	5,794,194	29,494,030	23,733,019	120,394,630
General	1,637,090	2,501,419	6,705,520	10,210,792	1,407,408	2,596,925	5,764,743	10,600,649
	<u>8,595,914</u>	<u>33,073,344</u>	<u>35,208,863</u>	<u>135,005,390</u>	<u>7,201,602</u>	<u>32,090,955</u>	<u>29,497,762</u>	<u>130,995,279</u>
Written off during the period	(20,113,437)	(12,999,240)	(82,384,638)	(53,062,898)	(19,202,771)	(12,572,284)	(78,654,550)	(51,320,063)
Currency translation difference	(261,919)	(192,586)	(1,072,820)	(786,136)	(91,170)	(55,771)	(373,432)	(227,657)
Exchange differences	-	-	6,503,662	2,719,678	-	-	6,308,074	1,522,519
At the end of the period	<u>71,600,836</u>	<u>80,318,798</u>	<u>293,277,024</u>	<u>327,861,333</u>	<u>68,780,417</u>	<u>78,021,360</u>	<u>281,724,588</u>	<u>317,370,582</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Provision for loan losses (continued)

(iii) Movements of provision for loan losses during the period are as follows:

	The Group				The Bank			
	30 September 2019	For the three-month period ended 30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	For the three-month period ended 30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
At the beginning of the period	74,429,454	68,655,287	302,630,160	278,946,431	71,603,050	66,165,999	291,138,002	268,832,454
Provision for the period								
Specific	3,221,518	16,010,320	13,307,457	65,630,797	2,870,198	15,683,730	11,844,051	64,283,381
General	812,581	2,394,755	3,353,066	9,777,416	732,110	2,392,160	3,018,981	9,768,689
	<u>4,034,099</u>	<u>18,405,075</u>	<u>16,660,523</u>	<u>75,408,213</u>	<u>3,602,308</u>	<u>18,075,890</u>	<u>14,863,032</u>	<u>74,052,070</u>
Written off during the period	(6,618,256)	(6,597,858)	(27,513,232)	(27,054,083)	(6,371,170)	(6,170,902)	(26,481,260)	(25,311,248)
Currency translation difference	(244,461)	(143,706)	(1,001,835)	(587,537)	(53,771)	(49,627)	(221,368)	(202,694)
Exchange differences	-	-	2,501,408	1,148,309	-	-	2,426,182	-
At the end of the period	<u>71,600,836</u>	<u>80,318,798</u>	<u>293,277,024</u>	<u>327,861,333</u>	<u>68,780,417</u>	<u>78,021,360</u>	<u>281,724,588</u>	<u>317,370,582</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

Loan and advances to customers can be analysed as follows:

(b) By classification

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Normal loans								
Secured	3,659,370,133	3,537,162,496	14,988,780,064	14,212,318,909	3,537,073,411	3,424,414,651	14,487,852,691	13,759,298,066
Unsecured	53,368,764	23,407,128	218,598,457	94,049,840	19,932,212	13,210	81,642,340	53,078
Special mention loans								
Secured	4,952,600	4,080,577	20,285,850	16,395,758	3,972,354	3,516,041	16,270,762	14,127,453
Unsecured	101,027	47,063	413,807	189,099	50,997	32	208,884	129
Substandard loans								
Secured	10,483,055	10,227,436	42,938,593	41,093,838	9,583,360	9,410,747	39,253,443	37,812,381
Unsecured	442,368	41,324	1,811,939	166,040	316,286	149	1,295,507	599
Doubtful loans								
Secured	7,632,633	13,962,864	31,263,265	56,102,788	6,691,687	13,149,217	27,409,150	52,833,554
Unsecured	110,729	30,041	453,546	120,705	43,769	244	179,278	980
Loss loans								
Secured	27,767,175	38,271,846	113,734,349	153,776,277	27,504,541	38,065,164	112,658,600	152,945,829
Unsecured	326,464	328,701	1,337,197	1,320,721	237,462	921	972,644	3,701
	<u>3,764,554,948</u>	<u>3,627,559,476</u>	<u>15,419,617,067</u>	<u>14,575,533,975</u>	<u>3,605,406,079</u>	<u>3,488,570,376</u>	<u>14,767,743,299</u>	<u>14,017,075,770</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

Loan and advances to customers can be analysed as follows: (continued)

(c) By maturity

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Not later than 1 year	1,069,662,428	1,047,244,707	4,381,337,306	4,207,829,233	992,125,699	979,092,094	4,063,746,862	3,933,992,034
Later than 1 year and not later than 3 years	1,436,185,294	1,324,766,454	5,882,614,964	5,322,911,612	1,373,132,979	1,271,494,907	5,624,352,682	5,108,866,536
Later than 3 years and not later than 5 years	836,780,825	765,166,254	3,427,454,259	3,074,438,009	815,381,729	749,542,464	3,339,803,562	3,011,661,620
Later than 5 years	421,926,401	490,382,061	1,728,210,538	1,970,355,121	424,765,672	488,440,911	1,739,840,193	1,962,555,580
	<u>3,764,554,948</u>	<u>3,627,559,476</u>	<u>15,419,617,067</u>	<u>14,575,533,975</u>	<u>3,605,406,079</u>	<u>3,488,570,376</u>	<u>14,767,743,299</u>	<u>14,017,075,770</u>

(d) By interest rates

	The Group		The Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Overdrafts	7.20% - 28.80%	6.75% - 28.80%	7.20% - 28.80%	6.75% - 28.80%
Loans	4.24% - 36.00%	5.50% - 36.00%	4.24% - 36.00%	5.50% - 36.00%
Housing loans	7.65% - 20.40%	7.65% - 20.40%	7.65% - 20.40%	7.65% - 20.40%
Staff loans	7.25% - 17.00%	7.25% - 17.00%	7.25% - 13.16%	7.25%

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

8. PROPERTY AND EQUIPMENT

During the nine-month period ended 30 September 2019, the Group and the Bank acquired property and equipment amounting to US\$11,531,270 and US\$10,217,334, respectively, and the depreciation expense amounting to US\$16,005,104 and US\$14,380,041 was charged to condensed consolidated and separate interim income statements during the same period.

9. INTANGIBLE ASSETS

During the nine-month period ended 30 September 2019, the Group and the Bank acquired the intangible assets amounting to US\$1,274,243 and US\$995,504, respectively, and the amortisation expense amounting to US\$2,696,308 and US\$2,428,923 was charged to condensed consolidated and separate interim income statements during the same period.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

10. DEFERRED TAX ASSETS

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Deferred tax assets	22,256,129	20,966,546	91,161,105	84,243,582	22,089,907	20,769,728	90,480,259	83,452,768
Deferred tax liabilities	862,702	973,371	3,533,627	3,911,005	860,107	1,182,635	3,522,998	4,751,827
Net deferred tax assets – Non-current	<u>23,118,831</u>	<u>21,939,917</u>	<u>94,694,732</u>	<u>88,154,587</u>	<u>22,950,014</u>	<u>21,952,363</u>	<u>94,003,257</u>	<u>88,204,595</u>

Movements in net deferred tax assets during the period are as follows:

	The Group				The Bank			
	30 September 2019 US\$	For the nine-month period ended 30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	For the nine-month period ended 30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
At the beginning of the period	21,939,917	25,321,024	88,154,587	102,220,974	21,952,363	25,156,363	88,204,595	101,556,237
Charged/(credited) to condensed income statement	1,178,914	(6,078,782)	4,828,831	(24,813,587)	997,651	(6,078,729)	4,086,378	(24,813,372)
Exchange differences	-	-	1,711,314	1,139,445	-	-	1,712,284	1,132,037
At the end of the period	<u>23,118,831</u>	<u>19,242,242</u>	<u>94,694,732</u>	<u>78,546,832</u>	<u>22,950,014</u>	<u>19,077,634</u>	<u>94,003,257</u>	<u>77,874,902</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

10. DEFERRED TAX ASSETS (continued)

	The Group				The Bank			
	For the three-month period ended				For the three -month period ended			
	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
At the beginning of the period	22,216,647	17,520,010	90,332,887	71,183,798	22,049,203	17,352,722	89,652,059	70,504,108
Charged/(credited) to condensed income statement	902,184	1,722,232	3,703,646	6,881,931	900,811	1,724,912	3,692,626	6,892,821
Exchange differences	-	-	658,199	481,103	-	-	658,572	477,973
At the end of the period	<u>23,118,831</u>	<u>19,242,242</u>	<u>94,694,732</u>	<u>78,546,832</u>	<u>22,950,014</u>	<u>19,077,634</u>	<u>94,003,257</u>	<u>77,874,902</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

11. DEPOSITS FROM CUSTOMERS

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Fixed deposits	1,741,103,992	1,566,273,443	7,131,561,951	6,293,286,694	1,691,397,143	1,523,646,379	6,927,962,698	6,122,011,150
Savings deposits	1,837,344,688	1,581,049,030	7,525,763,842	6,352,655,003	1,801,919,717	1,550,267,264	7,380,663,161	6,228,973,867
Current accounts	454,150,421	385,081,898	1,860,200,124	1,547,259,066	450,333,649	380,014,425	1,844,566,626	1,526,897,960
Margin deposits	16,982,414	16,484,669	69,559,968	66,235,400	16,958,336	16,458,504	69,461,344	66,130,269
	<u>4,049,581,515</u>	<u>3,548,889,040</u>	<u>16,587,085,885</u>	<u>14,259,436,163</u>	<u>3,960,608,845</u>	<u>3,470,386,572</u>	<u>16,222,653,829</u>	<u>13,944,013,246</u>

The deposit from customers can be analysed as follows:

(a) By maturity

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Not later than 1 year	3,629,116,483	3,187,706,373	14,864,861,116	6,293,286,694	3,566,411,435	3,126,765,626	14,608,021,237	6,122,011,150
Later than 1 year and not later than 3 years	246,950,109	193,560,978	1,011,507,646	6,352,655,003	227,195,938	181,392,753	930,594,562	6,228,973,867
Later than 3 years and not later than 5 years	160,127,650	155,220,530	655,882,854	1,547,259,066	154,900,724	151,236,276	634,473,366	1,526,897,960
Later than 5 years	13,387,273	12,401,159	54,834,269	66,235,400	12,100,748	10,991,917	49,564,664	66,130,269
	<u>4,049,581,515</u>	<u>3,548,889,040</u>	<u>16,587,085,885</u>	<u>14,259,436,163</u>	<u>3,960,608,845</u>	<u>3,470,386,572</u>	<u>16,222,653,829</u>	<u>13,944,013,246</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

11. DEPOSITS FROM CUSTOMERS (continued)

The deposit from customers can be analysed as follows: (continued)

(b) By interest rate

	The Group		The Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Type of accounts:				
Fixed deposits	0.05% - 13.25%	0.05% - 14.00%	0.05% - 8.25%	0.05% - 9.50%
Savings deposits	0.00% - 15.00%	0.00% - 15.00%	0.00% - 0.50%	0.00% - 1.25%
Current accounts	Nil	Nil	Nil	Nil
Margin deposits	Nil	Nil	Nil	Nil

12. BORROWINGS

The Group and the Bank have entered into borrowing agreements with various lenders. The repayments of principal and interest are made either on quarterly, semi-annual or annual basis based on the repayment schedule for each of the borrowing agreements.

The borrowings can be analysed as follows:

(a) By relationship

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Related parties	1,333,119	1,977,489	5,460,456	7,945,550	-	-	-	-
Non-related parties	711,339,980	782,694,390	2,913,648,558	3,144,866,060	663,533,113	748,249,799	2,717,831,631	3,006,467,692
	<u>712,673,099</u>	<u>784,671,879</u>	<u>2,919,109,014</u>	<u>3,152,811,610</u>	<u>663,533,113</u>	<u>748,249,799</u>	<u>2,717,831,631</u>	<u>3,006,467,692</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

12. BORROWINGS (continued)

The borrowings can be analysed as follows: (continued)

(b) By maturity

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Not later than 1 year	311,278,842	416,662,506	1,274,998,137	1,674,149,949	293,224,334	401,547,415	1,201,046,872	1,613,417,513
Later than 1 year and not later than 3 years	291,083,492	216,581,299	1,192,277,983	870,223,659	268,225,446	205,452,384	1,098,651,427	825,507,679
Later than 3 years and not later than 5 years	107,686,999	143,082,909	441,085,948	574,907,128	102,083,333	137,500,000	418,133,332	552,475,000
Later than 5 years	2,623,766	8,345,165	10,746,946	33,530,874	-	3,750,000	-	15,067,500
	<u>712,673,099</u>	<u>784,671,879</u>	<u>2,919,109,014</u>	<u>3,152,811,610</u>	<u>663,533,113</u>	<u>748,249,799</u>	<u>2,717,831,631</u>	<u>3,006,467,692</u>

(c) By interest rate (per annum)

	The Group		The Bank	
	2019	2018	2019	2018
Annual interest rates	2.50% - 13.00%	2.60% - 13.00%	2.60% - 7.69%	2.60% - 7.69%

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

13. SUBORDINATED DEBTS

These are subordinated debts from non-related parties. The subordinated debts are approved by the National Bank of Cambodia to be included as a Tier II line item in the calculation of the Bank's net worth in accordance with the Prakas No. B7-010-182 of the National Bank of Cambodia.

The subordinated debts can be analysed as follows:

(a) By relationship

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Related parties	-	-	-	-	-	-	-	-
Non-related parties	64,601,490	77,101,490	264,607,703	309,793,787	64,601,490	77,101,490	264,607,703	309,793,787
	<u>64,601,490</u>	<u>77,101,490</u>	<u>264,607,703</u>	<u>309,793,787</u>	<u>64,601,490</u>	<u>77,101,490</u>	<u>264,607,703</u>	<u>309,793,787</u>

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

(b) By maturity

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Not later than 1 year	19,500,000	32,000,000	79,872,000	128,576,000	19,500,000	32,000,000	79,872,000	128,576,000
Later than 1 year and not later than 3 years	14,000,000	14,000,000	57,344,000	56,252,000	14,000,000	14,000,000	57,344,000	56,252,000
Later than 3 years and not later than 5 years	3,000,000	3,000,000	12,288,000	12,054,000	3,000,000	3,000,000	12,288,000	12,054,000
Later than 5 years	28,101,490	28,101,490	115,103,703	112,911,787	28,101,490	28,101,490	115,103,703	112,911,787
	<u>64,601,490</u>	<u>77,101,490</u>	<u>264,607,703</u>	<u>309,793,787</u>	<u>64,601,490</u>	<u>77,101,490</u>	<u>264,607,703</u>	<u>309,793,787</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

13. SUBORDINATED DEBTS (continued)

The subordinated debts can be analysed as follows: (continued)

(c) By interest rate

	The Group		The Bank	
	2019	2018	2019	2018
Annual interest rates	7.00% - 8.48%	7.00% - 8.48%	7.00% - 8.48%	7.00% - 8.48%

14. EMPLOYEE BENEFITS

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Seniority benefits (a)	8,290,589	9,499,738	33,958,252	38,169,947	8,204,857	9,390,636	33,607,095	37,731,575
Retirement benefits (b)	9,746,498	8,415,303	39,921,656	33,812,688	9,051,807	7,756,116	37,076,201	31,164,075
Provident fund payables	36,112	37,464	147,915	150,530	-	-	-	-
	<u>18,073,199</u>	<u>17,952,505</u>	<u>74,027,823</u>	<u>72,133,165</u>	<u>17,256,664</u>	<u>17,146,752</u>	<u>70,683,296</u>	<u>68,895,650</u>

(a) Seniority benefits

As at 30 September 2019, the Group and the Bank has made provision for seniority payment amounting to US\$8,290,589 and US\$8,204,857, respectively. During the nine-month period ended 30 September 2019, the Group and the Bank made provision for the seniority payment benefits amounting to US\$2,024,109 and US\$1,984,961, respectively, and the Group and the Bank made payment amounting to US\$3,227,468 and US\$3,164,950, respectively.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

14. EMPLOYEE BENEFITS (continued)

(b) Retirement benefits

As at 30 September 2019, the Group and the Bank has made provision for employee retirement benefits amounting to US\$9,746,756 and US\$9,052,012, respectively. During the nine-month period ended 30 September 2019, the Group and the Bank made provision for the retirement benefits amounting to US\$1,510,523 and US\$1,414,171, respectively, and the Group and the Bank made payment amounting to US\$163,272 and US\$116,178, respectively.

15. SHARE CAPITAL

	30 September 2019			31 December 2018		
	Number of shares	US\$	% of shareholding	Number of shares	US\$	% of shareholding
ACLEDA Financial Trust	111,492,719	111,492,719	26.0000%	102,758,267	102,758,267	26.0000%
ASA Plc.	107,204,547	107,204,547	25.0000%	98,806,034	98,806,034	25.0000%
SMBC	78,259,310	78,259,310	18.2500%	72,128,396	72,128,396	18.2500%
COFIBRED S.A	52,530,223	52,530,223	12.2500%	48,414,952	48,414,952	12.2500%
ORIX Corporation	52,530,223	52,530,223	12.2500%	48,414,952	48,414,952	12.2500%
Triodos Microfinance Fund	10,938,339	10,938,339	2.5508%	10,081,418	10,081,418	2.5508%
Triodos Fair Share Fund	9,354,157	9,354,157	2.1814%	8,621,343	8,621,343	2.1814%
Triodos Sustainable Finance Foundation	6,508,636	6,508,636	1.5178%	5,998,743	5,998,743	1.5178%
	<u>428,818,154</u>	<u>428,818,154</u>	<u>100%</u>	<u>395,224,105</u>	<u>395,224,105</u>	<u>100%</u>
<i>In KHR'000 equivalent (Note 4)</i>		<u>1,756,439,159</u>			<u>1,588,010,454</u>	

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

16. NET INTEREST INCOME

	The Group (nine-month period ended)				The Bank (nine-month period ended)			
	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
Interest income from:								
Loans and advances to customers	335,541,496	307,144,169	1,374,377,968	1,253,762,498	316,850,430	289,973,298	1,297,819,360	1,183,671,003
Balances with the central banks	4,573,974	3,801,392	18,734,998	15,517,282	4,568,011	3,771,636	18,710,573	15,395,818
Balances with other banks:								
Banks inside Cambodia	64,692	70,574	264,978	288,083	58,985	53,127	241,604	216,864
Banks outside Cambodia	1,166,171	1,663,546	4,776,636	6,790,595	1,186,148	1,774,699	4,858,462	7,244,321
	<u>341,346,333</u>	<u>312,679,681</u>	<u>1,398,154,580</u>	<u>1,276,358,458</u>	<u>322,663,574</u>	<u>295,572,760</u>	<u>1,321,629,999</u>	<u>1,206,528,006</u>
Interest expense on:								
Fixed deposits	65,937,602	58,355,438	270,080,418	238,206,898	62,982,452	55,362,510	257,976,124	225,989,766
Subordinated debts	4,878,678	6,536,973	19,983,065	26,683,924	4,878,678	6,536,973	19,983,065	26,683,924
Borrowings	40,839,260	43,461,497	167,277,609	177,409,831	37,103,786	40,857,415	151,977,107	166,779,968
Savings deposits	4,409,182	5,050,094	18,060,009	20,614,484	3,637,699	4,646,052	14,900,015	18,965,184
Provident fund	-	8,567	-	34,970	-	121,499	-	495,959
Current accounts	35,499	226,902	145,404	926,214	35,499	226,902	145,404	926,214
	<u>116,100,221</u>	<u>113,639,471</u>	<u>475,546,505</u>	<u>463,876,321</u>	<u>108,638,114</u>	<u>107,751,351</u>	<u>444,981,715</u>	<u>439,841,015</u>
Net interest income	<u>225,246,112</u>	<u>199,040,210</u>	<u>922,608,075</u>	<u>812,482,137</u>	<u>214,025,460</u>	<u>187,821,409</u>	<u>876,648,284</u>	<u>766,686,991</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

16. NET INTEREST INCOME (continued)

	The Group (three-month period ended)				The Bank (three-month period ended)			
	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
Interest income from:								
Loans and advances to customers	114,389,323	104,067,857	475,173,233	428,663,442	107,649,515	98,472,099	447,208,440	405,601,632
Balances with the central banks	1,707,194	1,029,402	7,078,670	4,254,687	1,707,194	1,029,402	7,078,490	4,254,121
Balances with other banks:								
Banks inside Cambodia	60,291	28,432	247,084	116,860	56,480	16,605	231,419	68,475
Banks outside Cambodia	343,049	452,533	1,429,822	1,870,249	347,082	479,712	1,446,820	1,982,789
	<u>116,499,857</u>	<u>105,578,224</u>	<u>483,928,809</u>	<u>434,905,238</u>	<u>109,760,271</u>	<u>99,997,818</u>	<u>455,965,169</u>	<u>411,907,017</u>
Interest expense on:								
Fixed deposits	23,268,492	19,872,172	96,587,816	81,849,387	22,131,576	18,781,380	91,876,462	77,360,634
Subordinated debts	1,663,299	2,013,331	6,909,334	8,304,367	1,663,299	2,013,331	6,909,334	8,304,367
Borrowings	13,178,889	14,475,891	54,810,541	59,641,314	11,831,231	13,666,648	49,218,898	56,303,882
Savings deposits	1,473,997	1,220,807	6,125,547	5,056,091	1,198,025	1,126,815	4,980,301	4,666,524
Provident fund	-	(112,932)	-	(458,680)	-	-	-	2,309
Current accounts	11,726	70,032	48,743	288,851	11,726	70,032	48,743	288,851
	<u>39,596,403</u>	<u>37,539,301</u>	<u>164,481,981</u>	<u>154,681,330</u>	<u>36,835,857</u>	<u>35,658,206</u>	<u>153,033,738</u>	<u>146,926,567</u>
Net interest income	<u>76,903,454</u>	<u>68,038,923</u>	<u>319,446,828</u>	<u>280,223,908</u>	<u>72,924,414</u>	<u>64,339,612</u>	<u>302,931,431</u>	<u>264,980,450</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

17. NET FEE AND COMMISSION INCOME

	The Group (nine-month period ended)				The Bank (nine-month period ended)			
	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Fee and commission income:								
Lending and related fees	19,712,522	17,249,829	80,742,490	70,413,802	17,914,065	15,249,562	73,376,011	62,248,712
Commission fees	24,577,465	23,082,860	100,669,298	94,224,234	24,216,778	22,740,400	99,191,923	92,826,313
Others	9,720,666	7,271,103	39,815,847	29,680,643	5,194,692	4,007,448	21,277,457	16,358,403
	<u>54,010,653</u>	<u>47,603,792</u>	<u>221,227,635</u>	<u>194,318,679</u>	<u>47,325,535</u>	<u>41,997,410</u>	<u>193,845,391</u>	<u>171,433,428</u>
Fee and commission expense	<u>(548,793)</u>	<u>(537,525)</u>	<u>(2,247,856)</u>	<u>(2,194,177)</u>	<u>(318,193)</u>	<u>(370,443)</u>	<u>(1,303,319)</u>	<u>(1,512,148)</u>
Net fee and commission income	<u>53,461,860</u>	<u>47,066,267</u>	<u>218,979,779</u>	<u>192,124,502</u>	<u>47,007,342</u>	<u>41,626,967</u>	<u>192,542,072</u>	<u>169,921,280</u>

There were settlement fees amounting to KHR1,890,400 (US\$462) and US\$1,556 for cash settlement for SECC.

	The Group (three-month period ended)				The Bank (three-month period ended)			
	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Fee and commission income:								
Lending and related fees	7,206,902	6,417,067	29,894,639	26,400,290	6,607,282	5,794,973	27,402,631	23,834,717
Commission fees	8,120,788	7,591,233	33,756,450	31,281,753	7,993,776	7,494,981	33,229,197	30,884,176
Others	2,888,563	2,416,458	12,036,516	9,956,221	1,597,693	1,283,137	6,652,059	5,289,527
	<u>18,216,253</u>	<u>16,424,758</u>	<u>75,687,605</u>	<u>67,638,264</u>	<u>16,198,751</u>	<u>14,573,091</u>	<u>67,283,887</u>	<u>60,008,420</u>
	-	-	-	-	-	-	-	-
Fee and commission expense	<u>(138,200)</u>	<u>(170,907)</u>	<u>(578,385)</u>	<u>(704,608)</u>	<u>(115,850)</u>	<u>(118,711)</u>	<u>(480,592)</u>	<u>(489,361)</u>
	-	-	-	-	-	-	-	-
Net fee and commission income	<u>18,078,053</u>	<u>16,253,851</u>	<u>75,109,220</u>	<u>66,933,656</u>	<u>16,082,901</u>	<u>14,454,380</u>	<u>66,803,295</u>	<u>59,519,059</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

18. PERSONNEL EXPENSES

	The Group (nine-month period ended)				The Bank (nine-month period ended)			
	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Salaries and wages	73,899,701	70,300,505	302,693,175	286,966,661	67,386,488	64,246,694	276,015,055	262,255,005
Bonuses and incentives	19,700,629	11,977,113	80,693,776	48,890,575	18,633,751	10,741,843	76,323,844	43,848,203
Contributions to provident fund	172,930	180,918	708,321	738,507	-	-	-	-
Retirement benefits	1,510,523	(1,876,188)	6,187,102	(7,658,599)	1,414,171	(1,976,871)	5,792,444	(8,069,587)
Annual leave	1,593,224	1,675,239	6,525,846	6,838,326	1,532,289	1,597,009	6,276,256	6,518,991
Seniority benefits	2,024,109	2,374,936	8,290,750	9,694,489	1,984,961	2,325,285	8,130,400	9,491,813
Other benefits	5,509,611	5,583,454	22,567,368	22,791,659	6,289,841	6,526,060	25,763,189	26,639,377
	<u>104,410,727</u>	<u>90,215,977</u>	<u>427,666,338</u>	<u>368,261,618</u>	<u>97,241,501</u>	<u>83,460,020</u>	<u>398,301,188</u>	<u>340,683,802</u>

There were salaries and wages expense of ACLEDA Bank's staff who is responsible for cash settlement for SECC amounting to US\$26,960.

	The Group (three-month period ended)				The Bank (three-month period ended)			
	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Salaries and wages	24,898,506	23,810,932	103,454,316	98,079,526	22,719,259	21,761,528	94,398,102	89,637,776
Bonuses and incentives	4,748,953	4,032,145	19,900,261	16,610,170	4,757,090	3,602,341	19,901,340	14,840,406
Contributions to provident fund	56,857	59,662	236,368	245,844	-	-	-	-
Retirement benefits	257,232	298,786	1,091,221	1,178,320	225,608	275,052	959,747	1,079,976
Annual leave	589,743	763,929	2,445,692	3,135,673	552,457	751,211	2,292,259	3,082,514
Seniority benefits	1,669,257	2,374,936	6,847,922	9,694,489	1,641,717	2,325,285	6,734,770	9,491,813
Other benefits	2,049,546	1,976,182	8,498,744	8,135,313	2,438,385	2,372,420	10,103,169	9,763,137
	<u>34,270,094</u>	<u>33,316,572</u>	<u>142,474,524</u>	<u>137,079,335</u>	<u>32,334,516</u>	<u>31,087,837</u>	<u>134,389,387</u>	<u>127,895,622</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

19. GENERAL AND ADMINISTRATIVE EXPENSES

	The Group (nine-month period ended)				The Bank (nine-month period ended)			
	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Rental expenses	8,675,651	8,267,900	35,535,466	33,749,568	7,966,955	7,328,979	32,632,648	29,916,892
Repairs and maintenance	8,490,210	7,299,492	34,775,900	29,796,526	7,911,338	6,985,458	32,404,840	28,514,640
Utilities	4,146,311	3,708,696	16,983,290	15,138,897	3,780,532	3,437,470	15,485,059	14,031,753
Office supplies	2,017,918	2,135,949	8,265,392	8,718,944	1,727,551	1,826,943	7,076,049	7,457,581
Communication	3,580,878	3,308,262	14,667,276	13,504,325	2,976,221	2,726,980	12,190,601	11,131,532
Furniture and fixtures	1,911,389	1,754,280	7,829,049	7,160,971	1,708,625	1,500,406	6,998,528	6,124,657
Travelling	1,821,833	1,553,756	7,462,228	6,342,432	1,498,351	1,262,192	6,137,246	5,152,268
Marketing	758,477	846,203	3,106,722	3,454,201	649,710	692,105	2,661,212	2,825,173
Legal and professional fees	1,416,991	2,069,637	5,803,995	8,448,258	1,048,756	1,701,094	4,295,705	6,943,866
License fees	841,615	826,376	3,447,255	3,373,267	824,000	808,360	3,375,104	3,299,726
Others	6,072,987	6,222,521	24,874,956	25,400,331	5,310,295	5,346,598	21,750,968	21,824,812
	<u>39,734,260</u>	<u>37,993,072</u>	<u>162,751,529</u>	<u>155,087,720</u>	<u>35,402,334</u>	<u>33,616,585</u>	<u>145,007,960</u>	<u>137,222,900</u>

Above expenses include costs incurred for activities on cash settlement to SECC, consisting of the repairs and maintenance amounting to US\$7,291, office supplies amounting to US\$177, furniture and fixtures amounting to US\$44 and membership fees amounting to US\$9,460 (KHR38,750,000).

On 5 September 2019, the Bank paid US\$93,456 (KHR380,000,000) to the NBC, in accordance with notification letter dated 28 August 2019, following the inspection in February 2019 on the Bank's compliance to relevant laws and regulations.

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

19. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

	The Group (three-month period ended)				The Bank (three-month period ended)			
	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
Rental expenses	2,958,454	2,818,985	12,289,343	11,610,626	2,719,136	2,499,666	11,295,016	10,295,393
Repairs and maintenance	2,899,964	2,414,587	12,045,960	9,949,157	2,658,262	2,310,003	11,045,833	9,518,266
Utilities	1,385,348	1,299,491	5,757,214	5,350,297	1,261,277	1,202,435	5,241,768	4,950,806
Office supplies	723,613	751,425	3,002,748	3,093,623	610,024	645,684	2,532,184	2,658,126
Communication	1,304,891	1,157,237	5,413,113	4,764,710	1,095,726	953,688	4,544,508	3,926,647
Furniture and fixtures	689,919	606,941	2,862,552	2,499,333	623,800	514,483	2,587,630	2,118,852
Travelling	703,530	573,476	2,915,208	2,359,554	594,330	465,430	2,461,497	1,915,024
Marketing	237,577	402,448	988,743	1,651,224	200,668	347,498	835,407	1,425,035
Legal and professional fees	541,214	932,287	2,243,086	3,827,205	411,169	851,695	1,703,276	3,492,758
License fees	282,080	278,677	1,172,186	1,147,966	275,478	272,376	1,144,814	1,122,023
Others	2,019,458	1,909,966	8,393,306	7,878,421	1,744,130	1,640,462	7,250,941	6,766,781
	<u>13,746,048</u>	<u>13,145,520</u>	<u>57,083,459</u>	<u>54,132,116</u>	<u>12,194,000</u>	<u>11,703,420</u>	<u>50,642,874</u>	<u>48,189,711</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

20. INCOME TAX EXPENSES

a) Current income tax liabilities

	The Group (nine-month period ended)				The Bank (nine-month period ended)			
	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
At the beginning of the period	13,810,997	23,971,605	55,492,586	96,773,369	12,901,983	22,710,117	51,840,168	91,680,742
Income tax expense	26,442,271	9,675,544	108,307,542	39,495,571	24,953,237	8,431,175	102,208,458	34,416,056
Income tax paid	(17,047,133)	(27,547,110)	(69,825,057)	(112,447,303)	(15,926,424)	(26,403,034)	(65,234,633)	(107,777,185)
Exchange difference	-	-	1,077,258	1,078,722	-	-	1,006,355	1,021,956
At the end of the period	23,206,135	6,100,039	95,052,329	24,900,359	21,928,796	4,738,258	89,820,348	19,341,569
	The Group (three-month period ended)				The Bank (three-month period ended)			
	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
At the beginning of the period	15,562,155	2,597,935	63,275,722	10,555,410	14,599,737	1,297,328	59,362,531	5,271,044
Income tax expense	9,369,051	5,035,788	38,887,829	20,644,242	8,749,138	4,659,934	36,322,591	19,093,503
Income tax paid	(1,725,071)	(1,533,684)	(7,525,553)	(6,754,753)	(1,420,079)	(1,219,004)	(6,251,834)	(5,454,471)
Exchange difference	-	-	414,331	455,460	-	-	387,060	431,493
At the end of the period	23,206,135	6,100,039	95,052,329	24,900,359	21,928,796	4,738,258	89,820,348	19,341,569

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

20. INCOME TAX EXPENSES (continued)

b) Income tax expenses

	The Group (nine-month period ended)				The Bank (nine-month period ended)			
	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
Current income tax	26,442,271	9,675,544	108,307,542	39,495,571	24,953,237	8,431,175	102,208,458	34,416,056
Deferred tax (benefit)/expense	(1,178,914)	6,078,782	(4,828,831)	24,813,587	(997,651)	6,078,729	(4,086,378)	24,813,372
	<u>25,263,357</u>	<u>15,754,326</u>	<u>103,478,711</u>	<u>64,309,158</u>	<u>23,955,586</u>	<u>14,509,904</u>	<u>98,122,080</u>	<u>59,229,428</u>
	The Group (three-month period ended)				The Bank (three-month period ended)			
	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
Current income tax	9,369,051	5,035,788	38,887,829	20,644,242	8,749,138	4,659,934	36,322,591	19,093,503
Deferred tax (benefit)/expense	(902,184)	(1,722,232)	(3,703,646)	(6,881,931)	(900,811)	(1,724,912)	(3,692,626)	(6,892,821)
	<u>8,466,867</u>	<u>3,313,556</u>	<u>35,184,183</u>	<u>13,762,311</u>	<u>7,848,327</u>	<u>2,935,022</u>	<u>32,629,965</u>	<u>12,200,682</u>

c) 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 condensed interim financial statements could be changed at a later date, upon final determination by the respective tax authorities.

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

21. CASH AND CASH EQUIVALENTS

	The Group (nine-month period ended)				The Bank (nine-month period ended)			
	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)	30 September 2019 US\$	30 September 2018 (Not reviewed) US\$	30 September 2019 KHR'000 (NOTE 4)	30 September 2018 (Not reviewed) KHR'000 (NOTE 4)
Cash on hand	427,688,708	553,091,610	1,751,812,948	2,257,719,952	416,795,399	541,672,011	1,707,193,954	2,211,105,149
Balances with the central banks:								
Current accounts	350,901,799	347,217,730	1,437,293,769	1,417,342,774	332,560,420	332,999,711	1,362,167,480	1,359,304,820
Negotiable certificate of deposits, maturities of three months or less	750,000,000	532,248,898	3,072,000,000	2,172,640,002	750,000,000	532,248,898	3,072,000,000	2,172,640,002
Balances with other banks:								
Current accounts	65,100,624	44,070,064	266,652,155	179,894,001	58,818,272	41,902,344	240,919,643	171,045,368
Savings accounts	1,439,058	550,381	5,894,382	2,246,655	1,439,057	227,656	5,894,377	929,292
Fixed deposits, maturities of three months or less	69,815,500	73,901,576	285,964,288	301,666,233	68,500,000	73,000,000	280,576,000	297,986,000
	<u>1,664,945,689</u>	<u>1,551,080,259</u>	<u>6,819,617,542</u>	<u>6,331,509,617</u>	<u>1,628,113,148</u>	<u>1,522,050,620</u>	<u>6,668,751,454</u>	<u>6,213,010,631</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

22. CASH FLOWS FROM OPERATING ACTIVITIES

		The Group (nine-month period ended)				The Bank (nine-month period ended)			
	Note	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
		US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
Cash flows from operating activities									
Profit before income tax		118,830,942	74,757,955	486,731,539	305,161,972	115,151,110	70,451,513	471,658,945	287,583,075
Adjustments for:									
Depreciation charge	8	16,005,104	16,396,082	65,556,906	66,928,807	14,380,041	15,648,568	58,900,648	63,877,455
Amortisation charge	9	2,696,308	2,661,277	11,044,078	10,863,333	2,428,923	2,414,740	9,948,869	9,856,969
Adjustments of property and equipment		42,804	177,208	175,325	723,363	42,804	177,208	175,325	723,363
Adjustments of intangible assets		390,312	47,209	1,598,718	192,707	374,871	47,209	1,535,472	192,707
Provident fund expenses (the Group's/the Bank's contribution)		172,930	180,918	708,321	738,507	-	-	-	-
Provision for loan losses	7(a)	8,595,914	33,073,344	35,208,864	135,005,390	7,201,602	32,090,955	29,497,762	130,995,278
Provision for deposit and placement		1,111,236	1,181,300	4,551,623	4,822,067	1,041,718	1,181,300	4,266,877	4,822,067
Provision for off-balance sheet commitments		(131,029)	32,807	(536,695)	133,918	(1,029)	33,224	(4,215)	135,620
Retirement benefits expenses		1,510,265	(1,876,219)	6,186,045	(7,658,726)	1,413,966	(1,976,871)	5,791,605	(8,069,587)
Seniority benefits		2,024,109	2,374,936	8,290,750	9,694,489	1,984,961	2,325,285	8,130,400	9,491,813
Currency translation reserves		(1,198,496)	(4,289,584)	(4,909,040)	(17,510,082)	-	-	-	-
Net interest income	16	(225,246,112)	(199,040,210)	(922,608,075)	(812,482,137)	(214,025,460)	(187,821,409)	(876,648,284)	(766,686,991)
Loss on disposals of property and equipment		166,794	(68,684)	683,188	(280,368)	165,379	(84,753)	677,392	(345,962)
Unrealised exchange gain		(534,864)	(2,024,753)	(2,190,802)	(8,265,042)	(16,093)	(12,976)	(65,916)	(52,962)
		(75,563,783)	(76,416,414)	(309,509,255)	(311,931,802)	(69,857,207)	(65,526,007)	(286,135,120)	(267,477,161)
Change in working capitals									
Loans and advances to customers		(154,266,693)	(248,916,533)	(631,876,375)	(1,016,077,288)	(133,057,378)	(262,065,669)	(545,003,020)	(1,069,752,061)
Balances with the central banks		10,406,521	(76,403,184)	42,625,110	(311,877,797)	10,406,521	(76,403,184)	42,625,110	(311,877,797)
Reserve requirement with the central banks		(40,143,800)	(23,884,160)	(164,429,005)	(97,495,141)	(40,024,530)	(23,301,111)	(163,940,475)	(95,115,135)
Balances with other banks		-	2,000,000	-	8,164,000	-	5,000,000	-	20,410,000
Statutory deposits		4,739	62,181	19,411	253,823	-	-	-	-
Other assets		939,088	356,788	3,846,504	1,456,409	1,357,042	922,608	5,558,444	3,766,086
Deposits from customers		500,692,475	399,416,700	2,050,836,378	1,630,418,969	490,222,273	394,182,731	2,007,950,430	1,609,053,908
Due to other banks and financial institutions		7,111,909	115,918,771	29,130,379	473,180,423	(3,127,896)	118,303,274	(12,811,862)	482,913,964
Provident fund		158,519	284,398	649,294	1,160,913	-	121,287	-	495,094
Other liabilities		8,838,694	14,417,334	36,203,291	58,851,557	10,319,973	14,831,162	42,270,610	60,540,803
Net cash used in operations		258,177,669	106,835,881	1,057,495,732	436,104,066	266,238,798	106,065,091	1,090,514,117	432,957,701
Interest income received		340,608,825	313,824,554	1,395,133,748	1,281,031,830	322,207,172	296,757,972	1,319,760,577	1,211,366,043
Interest expenses paid		(110,355,683)	(114,047,878)	(452,016,878)	(465,543,438)	(103,961,276)	(108,525,811)	(425,825,386)	(443,002,361)
Income tax paid	20(a)	(17,047,133)	(27,547,110)	(69,825,057)	(112,447,303)	(15,926,424)	(26,403,034)	(65,234,633)	(107,777,185)
Provident fund paid		(325,446)	(37,915,116)	(1,333,027)	(154,769,504)	-	(37,574,101)	-	(153,377,480)
Retirement benefits paid	14(b)	(163,272)	(61,684)	(668,762)	(251,794)	(116,178)	(53,044)	(475,865)	(216,526)
Seniority benefits paid	14(a)	(3,227,468)	-	(13,219,709)	-	(3,164,950)	-	(12,963,636)	-
Net cash generated from operating activities		467,667,492	241,088,647	1,915,566,047	984,123,857	465,277,142	230,267,073	1,905,775,174	939,950,192

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

23. COMMITMENTS AND CONTINGENCIES

The Group and the Bank had the contractual amounts of the Group's 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			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Unused portion of overdrafts	69,419,071	61,877,427	284,340,515	248,623,502	69,419,071	61,877,427	284,340,515	248,623,502
Unused portion of loans	38,844,057	39,750,303	159,105,257	159,716,717	38,844,057	39,750,303	159,105,257	159,716,717
Bank guarantees	37,965,546	37,130,875	155,506,876	149,191,856	37,941,468	37,104,710	155,408,253	149,086,725
Letters of credits	9,752,684	9,336,354	39,946,994	37,513,470	9,752,684	9,336,354	39,946,994	37,513,470
	<u>155,981,358</u>	<u>148,094,959</u>	<u>638,899,642</u>	<u>595,045,545</u>	<u>155,957,280</u>	<u>148,068,794</u>	<u>638,801,019</u>	<u>594,940,414</u>

The Group and the Bank have made provision of US\$1,541,672 and US\$1,671,672 as at 30 September 2019 (31 December 2018 : US\$1,666,147) 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.

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

23. COMMITMENTS AND CONTINGENCIES (continued)

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			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Not later than 1 year	9,177,031	10,023,506	37,589,119	40,274,447	8,843,826	9,645,067	36,224,311	38,753,879
Later than 1 but not later than 5 years	22,345,809	26,517,809	91,528,434	106,548,557	20,237,900	24,734,012	82,894,438	99,381,260
Later than 5 years	6,949,186	8,995,364	28,463,866	36,143,373	3,185,670	5,088,294	13,048,504	20,444,765
	<u>38,472,026</u>	<u>45,536,679</u>	<u>157,581,419</u>	<u>182,966,377</u>	<u>32,267,396</u>	<u>39,467,373</u>	<u>132,167,253</u>	<u>158,579,904</u>

c) Capital expenditure commitment

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
Not later than 1 year	2,678,015	2,693,331	10,969,149	10,821,804	2,660,835	940,320	10,898,780	3,778,206
Later than 1 but not later than 5 years	(331,109)	778,623	(1,356,222)	3,128,507	-	-	-	-
	<u>2,346,906</u>	<u>3,471,954</u>	<u>9,612,927</u>	<u>13,950,311</u>	<u>2,660,835</u>	<u>940,320</u>	<u>10,898,780</u>	<u>3,778,206</u>

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

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

23. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

d) Other commitments

On 30 May 2016, the Bank guaranteed to IFC to secure the borrowing obtained by its subsidiary, ACLEDA Institute of Business, amounting to US\$13,000,000, maturing on 15 June 2026.

24. 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	Subsidiaries
Shareholders as disclosed in Note 15	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 party balances

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
i). Loans and advances								
Key management	5,613,580	6,139,298	22,993,224	24,667,699	5,130,740	5,168,163	21,015,511	20,765,679
Subsidiary	-	-	-	-	5,000,000	-	20,480,000	-
	<u>5,613,580</u>	<u>6,139,298</u>	<u>22,993,224</u>	<u>24,667,699</u>	<u>10,130,740</u>	<u>5,168,163</u>	<u>41,495,511</u>	<u>20,765,679</u>
ii). Balances with related parties								
Shareholder	458,631	261,728	1,878,553	1,051,623	458,631	261,728	1,878,553	1,051,623
Subsidiary	-	-	-	-	500,000	-	2,048,000	-
	<u>458,631</u>	<u>261,728</u>	<u>1,878,553</u>	<u>1,051,623</u>	<u>958,631</u>	<u>261,728</u>	<u>3,926,553</u>	<u>1,051,623</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related party balances (continued)

	The Group				The Bank			
	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
iii). Receivables from/payables to related parties								
Key management loan								
Interest receivables	10,617	4,249	43,487	17,072	9,552	4,136	39,125	16,618
Key management deposit								
Interest payables	-	17,286	-	69,455	-	16,728	-	67,213
Shareholders								
Other receivables	-	-	-	-	-	-	-	-
Other Payables	1,615	907	6,615	3,644	1,615	907	6,615	3,644
Subsidiaries								
Other receivables	-	-	-	-	179,086	171,708	733,536	689,923
Other Payables	-	-	-	-	26,774	39,730	109,667	159,635
	<u>12,232</u>	<u>22,442</u>	<u>50,102</u>	<u>90,171</u>	<u>217,027</u>	<u>233,209</u>	<u>888,943</u>	<u>937,033</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related party balances (continued)

		The Group				The Bank			
		30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)	30 September 2019 US\$	31 December 2018 US\$	30 September 2019 KHR'000 (NOTE 4)	31 December 2018 KHR'000 (NOTE 4)
iv). Deposits from related parties									
Key management		3,225,469	2,020,471	13,211,521	8,118,252	2,088,518	1,764,298	8,554,570	7,088,949
Shareholders		4,408,151	2,546,653	18,055,787	10,232,452	4,408,151	2,546,653	18,055,786	10,232,452
Shareholders									
Saving accounts		47,560	168,420	194,806	676,712	47,560	168,420	194,806	676,712
Fixed deposits		273,000	151,000	1,118,208	606,718	273,000	151,000	1,118,208	606,718
Subsidiaries									
Current accounts		-	-	-	-	2,538,468	1,342,002	10,397,565	5,392,164
Saving accounts		-	-	-	-	196,824	27,855	806,191	111,921
Fixed deposits		-	-	-	-	4,360,000	2,710,000	17,858,560	10,888,780
		<u>7,954,180</u>	<u>4,886,544</u>	<u>32,580,322</u>	<u>19,634,134</u>	<u>13,912,521</u>	<u>8,710,228</u>	<u>56,985,686</u>	<u>34,997,696</u>
v). Borrowings from related parties									
Shareholders		<u>1,333,119</u>	<u>1,977,489</u>	<u>5,460,456</u>	<u>7,945,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Related party transactions

	The Group (nine-month period ended)				The Bank (nine-month period ended)			
	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)	30 September 2019	30 September 2018 (Not reviewed)
	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)	US\$	US\$	KHR'000 (NOTE 4)	KHR'000 (NOTE 4)
i). Interest income from related parties								
Loans and advances to key management	99,604	376,802	407,978	1,538,106	55,231	301,459	226,226	1,230,556
Shareholders	-	112,178	-	457,911	-	112,178	-	457,911
Deposits with subsidiary	-	-	-	-	23,233	112,932	95,162	460,988
Loan to subsidiary	-	-	-	-	133,333	-	546,132	-
	<u>99,604</u>	<u>488,980</u>	<u>407,978</u>	<u>1,996,017</u>	<u>211,797</u>	<u>526,569</u>	<u>867,520</u>	<u>2,149,455</u>
ii). Fee and commission income from related parties								
Shareholders	20,447	21,640	83,751	88,335	20,447	21,640	83,751	88,335
Subsidiaries	-	-	-	-	3,461	906	14,177	3,699
	<u>20,447</u>	<u>21,640</u>	<u>83,751</u>	<u>88,335</u>	<u>23,908</u>	<u>22,546</u>	<u>97,928</u>	<u>92,034</u>
iii). Interest expenses to related parties								
Deposits of key management	97,504	117,722	399,376	480,541	95,994	113,009	393,191	461,303
Borrowing from shareholders	170,457	316,891	698,192	1,293,549	-	-	-	-
Deposits of shareholder	11,242	11,266	46,047	45,988	11,242	11,266	46,047	45,988
Deposits of subsidiaries	-	-	-	-	75,699	81,712	310,063	333,548
	<u>279,203</u>	<u>445,879</u>	<u>1,143,615</u>	<u>1,820,078</u>	<u>182,935</u>	<u>205,987</u>	<u>749,301</u>	<u>840,839</u>
iv). Fee and remuneration expenses to related parties								
Board of Directors	639,886	755,174	2,620,973	3,082,620	329,494	447,174	1,349,607	1,825,364
Key management	4,132,861	6,954,194	16,928,199	28,387,020	2,301,494	4,989,444	9,426,919	20,366,910
Subsidiary	-	-	-	-	1,111,221	1,215,273	4,551,561	4,960,744
	<u>4,772,747</u>	<u>7,709,368</u>	<u>19,549,172</u>	<u>31,469,640</u>	<u>3,742,209</u>	<u>6,651,891</u>	<u>15,328,087</u>	<u>27,153,018</u>

ACLEDA Bank Plc.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

25. TAX CONTINGENCIES

On 24 December 2018, the Bank obtained the letter on Tax Reassessment for the financial years ended 2009 to 2013 from Department of Enterprise Tax Audit (“DETA”) of the General Department of Taxation (“GDT”) which has requested the Bank to pay the tax liabilities on various tax matters.

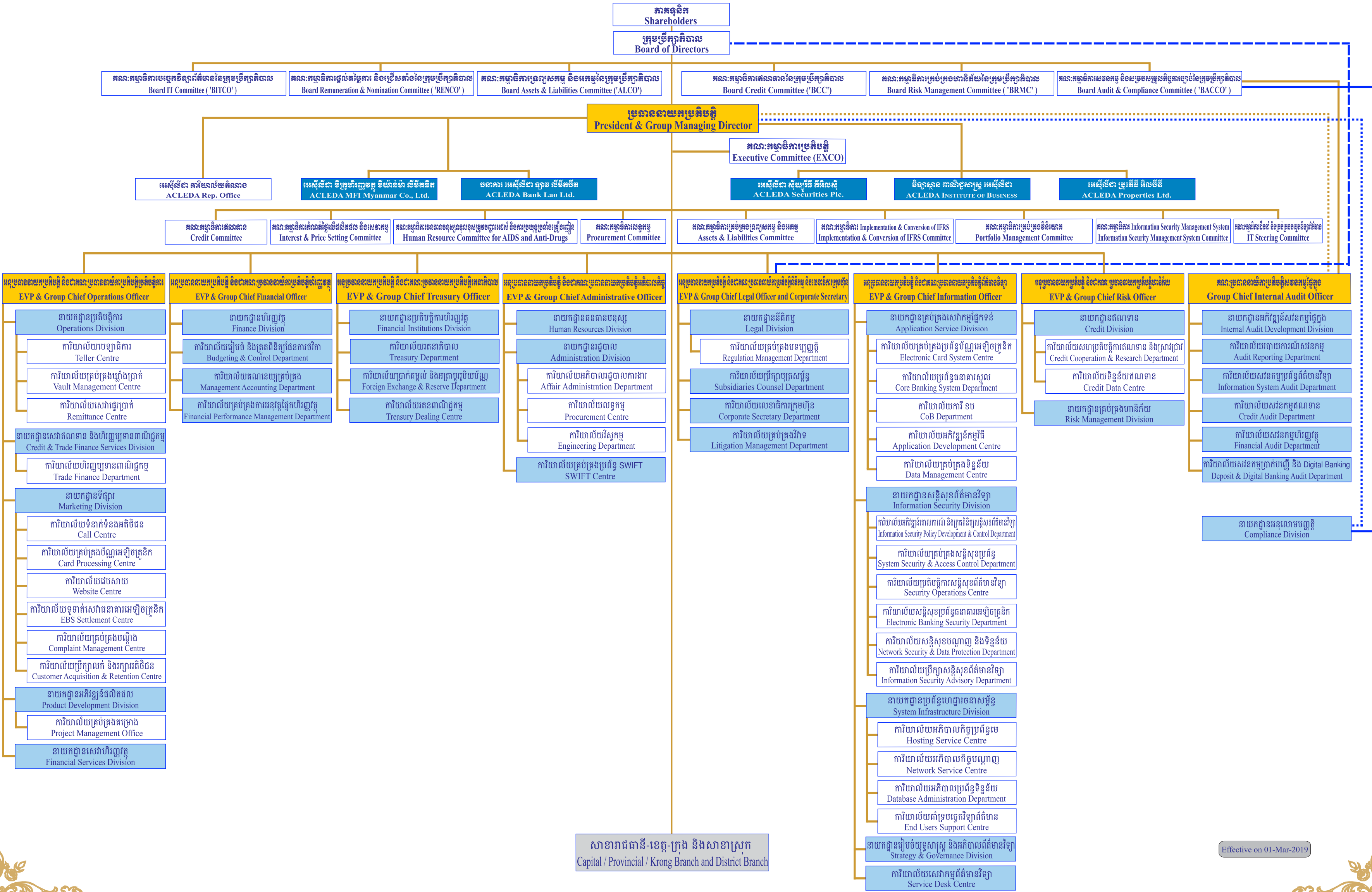
On 11 January 2019, the Bank lodged the administrative protests against the reassessment in accordance with the tax provisions. The protest letter was prepared by the Bank and submitted to the GDT on the grounds that the reassessment is not appropriate.

On 17 September 2019, the Bank received Notification Letter for Tax Collection from GDT, requesting for payment on tax in arrears resulted from above Tax Reassessment. On 23 September 2019, the protest letter was prepared by the Bank again and submitted to the GDT on the grounds that the reassessment is not appropriate. Management believes that the tax liability recorded by the Bank is adequate and expects that the GDT will agree to the Bank’s protests. There has been no official response from GDT as at date of the condensed interim financial statements.

26. SIGNIFICANT EVENT

The Directors have proposed that an initial public offering (“IPO”) for the Bank be undertaken in late 2019 financial year. On 26 November 2019, the Bank obtained a no-objection letter from the National Bank of Cambodia on its IPO. The public announcement on the IPO was made by the Bank on 2 December 2019. At the issuance date of these condensed interim financial statements, the Bank is in the process of seeking approval from the Securities and Exchange Commission of Cambodia (“SECC”).

អង្គការលេខ ធនាគារ អេស៊ីលីដា ភីអិលស៊ី
ORGANIZATIONAL CHART OF ACLEDA Bank Plc.



ពាក្យស្នើសុំចូលរួមប៊ុកប្បែង

BOOK BUILDING FORM

ព័ត៌មានអំពីមូលបត្រកម្មសិទ្ធិ / EQUITY SECURITIES INFORMATION

ក្រុមហ៊ុនបោះផ្សាយ : Issuer:	ធនាគារ អេស៊ីលីដា ភីអិលស៊ី ACLEDA Bank Plc.	ក្រុមហ៊ុនធានាទិញមូលបត្រ៖ Underwriter:	យាន់តា ស៊ីឃ្យូរីធី (ខេមបូឌា) ភីអិលស៊ី Yuanta Securities (Cambodia) Plc.

មូលបត្រកម្មសិទ្ធិសរុបដែលបម្រុងទុកសម្រាប់ប៊ុកប្បែងមានចំនួន **៤.៣៧៥.៦៩៦** ឯកតាមូលបត្រកម្មសិទ្ធិ។ មូលបត្រកម្មសិទ្ធិសរុបដែលបម្រុងទុកសម្រាប់បរិស្ថានមានចំនួនចាប់ពី **៤.៣៧៥.៦៩៥** ឯកតាមូលបត្រកម្មសិទ្ធិ ដល់ **១៧.៥០២.៧៨១** ឯកតាមូលបត្រកម្មសិទ្ធិ។

ធនាគារ អេស៊ីលីដា ភីអិលស៊ី បានកំណត់ថ្លៃលក់ចន្លោះពី **១៥.០០០ រៀល** ដល់ **១៧.៤០០ រៀល** ក្នុងមួយឯកតាមូលបត្រកម្មសិទ្ធិ។

វិនិយោគិនដែលចូលរួមក្នុងការស្ថាបនាថ្លៃលក់មូលបត្រ (Book-Building) ត្រូវជ្រើសរើសថ្លៃណាមួយក្នុងចំណោមចន្លោះថ្លៃដែលក្រុមហ៊ុនបានកំណត់ ដោយមានឯកតាមូលបត្រចំនួន **១០០ រៀល** និងបំពេញចំនួនមូលបត្រកម្មសិទ្ធិ ដែលមានបំណងធ្វើបរិស្ថានមូលបត្របញ្ចប់ពីបញ្ចប់ដំណាក់កាលនៃការធ្វើប៊ុកប្បែង ដោយមានចំនួនអប្បបរមាចាប់ពី **១០០** ឯកតាមូលបត្រកម្មសិទ្ធិឡើងទៅ។ ករណីបរិមាណមូលបត្រដែលមានបំណងធ្វើបរិស្ថានមូលបត្រចំនួនច្រើនជាងចំនួនអប្បបរមា ចំនួនមូលបត្រកម្មសិទ្ធិដែលបានស្នើសុំត្រូវស្មើនឹងចំនួនអប្បបរមាបូកនឹងចំនួនដងនៃ ១០ ឯកតាមូលបត្រកម្មសិទ្ធិ។ វិនិយោគិនដែលចូលរួមក្នុងការស្ថាបនាថ្លៃលក់មូលបត្រកម្មសិទ្ធិត្រូវតែម្ចាស់ប្រាក់ស្មើនឹងដប់ភាគរយ (១០%) នៃថ្លៃមូលបត្រកម្មសិទ្ធិសរុបដែលមានបំណងធ្វើបរិស្ថានមូលបត្រ។

The total number of equity securities reserved for Book Building are **4,375,696** units of equity securities. The total number of equity securities reserved for Subscription are from **4,375,695** to **17,502,781** units of equity securities.

ACLEDA Bank Plc. determined a price range from **KHR 15,000** to **KHR 17,400** per unit of equity securities.

Investors who participate in the Book Building shall select one price from the price range set by **ACLEDA Bank Plc.** along with tick price of **KHR 100** and fill out the quantity of shares intended to subscribe after the Book Building with the minimum size of **100 shares**. In case, the quantity of securities intended to subscribe is excess of the minimum size, the quoted number of share shall be the minimum plus a multiple of 10 units of equity securities. The investors, who participate in the Book Building, shall deposit ten percent (10%) of total amount of equity securities intended to subscribe.

ព័ត៌មានរបស់វិនិយោគិន / INVESTOR INFORMATION

ក. វិនិយោគិនជាបុគ្គល៖ ☐ សញ្ជាតិខ្មែរ **Cambodian Citizen** ☐ មិនមែនសញ្ជាតិខ្មែរ **Non-Cambodian Citizen**

A. For individual

ឈ្មោះជាអក្សរខ្មែរ _____ ឈ្មោះជាអក្សរឡាតាំង _____ ភេទ ☐ ប្រុស ☐ ស្រី
Name in Khmer Name in Latin Gender Male Female

លេខអត្តសញ្ញាណវិនិយោគិន _____ លេខគណនីជួញដូរ _____ ឈ្មោះក្រុមហ៊ុនមូលបត្រ _____
Investor ID No. Trading Account No. Securities Firm Name

លេខកូដប្រទេស និង ទូរស័ព្ទដៃ _____ អ៊ីមែល _____
Country Code & Mobile Phone Email

ខ. វិនិយោគិនជាអង្គការ៖ ☐ សញ្ជាតិខ្មែរ **Cambodian Citizen** ☐ មិនមែនសញ្ជាតិខ្មែរ **Non-Cambodian Citizen**

B. For Legal Entity

១. ឈ្មោះក្រុមហ៊ុន (អក្សរខ្មែរ) _____ ឈ្មោះក្រុមហ៊ុន (អក្សរឡាតាំង) _____
Company Name (Khmer) Company Name (Latin)

លេខអត្តសញ្ញាណវិនិយោគិន _____ លេខគណនីជួញដូរ _____ ឈ្មោះក្រុមហ៊ុនមូលបត្រ _____
Investor ID No. Trading Account No. Securities Firm Name

លេខកូដប្រទេស និង ទូរស័ព្ទដៃ _____ អ៊ីមែល _____
Country Code & Mobile Phone Email

២. ឈ្មោះអ្នកតំណាង (អក្សរខ្មែរ) _____ ឈ្មោះអ្នកតំណាង (អក្សរឡាតាំង) _____
Name of Representative (Khmer) Name of Representative (Latin)

លេខកូដប្រទេស និង ទូរស័ព្ទដៃ _____ អ៊ីមែល _____
Country Code & Mobile Phone Email

ព័ត៌មានពាក់ព័ន្ធនឹងការស្ថាបនាផ្ទៃក្នុងមូលបត្រកម្មសិទ្ធិ / INFORMATION RELATED TO THE BOOK BUILDING OF EQUITY SECURITIES

➢ វិនិយោគិនត្រូវកំណត់ថ្លៃមូលបត្រកម្មសិទ្ធិដោយជ្រើសរើសថ្លៃណាមួយក្នុងចំណោមថ្លៃដូចខាងក្រោម៖

Investor shall quote the price by selecting one among the price below:

☐ KHR 15,000	☐ KHR 15,100	☐ KHR 15,200	☐ KHR 15,300	☐ KHR 15,400	☐ KHR 15,500	☐ KHR 15,600
☐ KHR 15,700	☐ KHR 15,800	☐ KHR 15,900	☐ KHR 16,000	☐ KHR 16,100	☐ KHR 16,200	☐ KHR 16,300
☐ KHR 16,400	☐ KHR 16,500	☐ KHR 16,600	☐ KHR 16,700	☐ KHR 16,800	☐ KHR 16,900	☐ KHR 17,000
☐ KHR 17,100	☐ KHR 17,200	☐ KHR 17,300	☐ KHR 17,400			

➢ ចំនួនមូលបត្រកម្មសិទ្ធិអប្បបរមាដែលធ្វើបរិសកម្មត្រូវស្មើនឹង ១០០ឯកតាមូលបត្រកម្មសិទ្ធិ។ ការធ្វើបរិសកម្មលើសចំនួនអប្បបរមាត្រូវស្មើនឹងចំនួនអប្បបរមាបូកនឹងចំនួនដងនៃ១០ឯកតាមូលបត្រកម្មសិទ្ធិ។
Minimum subscribing quantity shall be 100 shares. Subscription more than the minimum shall be the minimum plus a multiple of 10 units of equity securities.

ចំនួនមូលបត្រកម្មសិទ្ធិ Total Number of Equity Securities [A]	ថ្លៃមូលបត្រកម្មសិទ្ធិដែលកំណត់ Quoted Price [B]	ចំនួនទឹកប្រាក់សរុប Total Amount [C] [C = A x B]	ចំនួនទឹកប្រាក់តម្កល់១០% 10% Deposit [D = C x 10%]	ចំនួនទឹកប្រាក់តម្កល់ជាក់ស្តែង Actual Deposit
Shares	KHR	KHR	KHR	KHR

មធ្យោបាយទូទាត់ប្រាក់តម្កល់១០%សម្រាប់ប្រើប្រាស់៖

Method of settlement of 10% deposit for Book Building:

☐ ប្រាក់សុទ្ធ
Cash

☐ មូលប្បទានបត្រ៖ មូលប្បទានបត្រលេខ _____ កាលបរិច្ឆេទ _____ ធនាគារ _____
Cheque: Cheque No. Date Bank

☐ ផ្ទេរតាមធនាគារ៖ ឈ្មោះគណនី _____ លេខគណនី _____ ធនាគារ _____
Bank Transfer: Account Name Account No. Bank

☐ គណនីជួញដូរ៖ ក្រុមហ៊ុនមូលបត្រ _____
Trading Account: Securities Firm

ព័ត៌មានពាក់ព័ន្ធនឹងការផ្ទេរប្រាក់កក់ / REFUND INFORMATION

☐ ករណីខ្ញុំមិនទទួលបានជោគជ័យក្នុងប្រតិបត្តិការស្ថាបនា ខ្ញុំសូមរក្សាទុកប្រាក់កក់ប្រើប្រាស់ដំណើរការធ្វើបរិសកម្ម។
In case I am not successful in Book Building, please keep the Book Building deposit for the subscription process.

☐ ករណីខ្ញុំមិនទទួលបានជោគជ័យក្នុងប្រតិបត្តិការស្ថាបនា ខ្ញុំមានបំណងទទួលបានប្រាក់កក់ប្រើប្រាស់ (ដកចេញនូវការចំណាយ ប្រសិនបើមាន) តាមរយៈមធ្យោបាយណាមួយខាងក្រោម៖
In case I am not successful in Book Building, I would like to receive the Book Building Deposit (subtract all the expenses, if any) through any one of the below methods:

☐ ផ្ទេរប្រាក់កក់ត្រឡប់ទៅគណនីជួញដូរវិញ / Refund to Trading Account

☐ ផ្ទេរប្រាក់កក់ទៅគណនីធនាគារ / Refund to Bank Account

ឈ្មោះធនាគារ _____ ឈ្មោះសាខាធនាគារ _____
Bank Name Branch Name
ឈ្មោះគណនី _____ លេខគណនី _____
Account Name Account No.
លេខកូដ SWIFT _____
Swift Code

* សម្គាល់៖ ម្ចាស់គណនី និង វិនិយោគិនដែលមិនទទួលបានជោគជ័យ ត្រូវតែជាបុគ្គលតែមួយ។ គណនីរួម មិនត្រូវបានអនុញ្ញាត។

* Note: The bank account owner and Unsuccessful Investor must be the same person. Joint Accounts are not allowed.

☐ ដកជាសាច់ប្រាក់ (នៅទីស្នាក់ការកណ្តាលនៃធនាគារ អេស៊ីស៊ី) / Refund in Cash (at ACLEDA Bank Head Quarter)

ឯកសារភ្ជាប់ / ATTACHED DOCUMENTS

☐ វិក្កយបត្រតម្កល់ប្រាក់
Proof of Deposit

សេចក្តីថ្លែងរបស់អ្នកធ្វើបរិសកម្ម / SUBSCRIBER STATEMENT

វិនិយោគិន និង ក្រុមហ៊ុនធានាទិញមូលបត្រ បានអាន យល់ច្បាស់ និងយល់ព្រមលើលក្ខខណ្ឌដែលបានចែងក្នុងសេវាប្រតិបត្តិការស្ថាបនា។

The Investor and the Underwriter named herein have understood and agreed on the terms and conditions of the Book Building Service attached hereto.

ហត្ថលេខា-ត្រា និងឈ្មោះវិនិយោគិន Signature-Seal and Name of Investor	ហត្ថលេខា និងឈ្មោះរបស់តំណាងភ្នាក់ងារចែកចាយលក់ Signature and Name of Representative of Selling Agent	ហត្ថលេខា ត្រា និងឈ្មោះប្រធានភ្នាក់ងារក្រុមហ៊ុនមូលបត្រ ឬនាយកប្រតិបត្តិ Signature-Seal and Name of Head of Securities Representatives or CEO
_____	_____	_____

សេវាប៊ុកបៀលឌីង **BOOK BUILDING SERVICE**

វិនិយោគិន និងក្រុមហ៊ុនធានាទិញមូលបត្របានអាន និងយល់ព្រមលើលក្ខខណ្ឌនៃសេវាប៊ុកបៀលឌីងដូចខាងក្រោម៖

The Investor and the Underwriter have hereby reviewed and agreed on the following terms and conditions of this Book Building Service.

១. គោលបំណង / PURPOSE

គោលបំណងចម្បងនៃសេវាប៊ុកបៀលឌីងនេះ (តទៅនេះហៅកាត់ថា «សេវាប៊ុកបៀលឌីង») គឺដើម្បីកំណត់លក្ខខណ្ឌនៃសេវាប៊ុកបៀលឌីងដែលត្រូវផ្តល់ជូនដោយក្រុមហ៊ុនធានាទិញមូលបត្រ អនុលោមទៅតាមច្បាប់ស្តីពីការបោះផ្សាយ និងការផ្សព្វផ្សាយមូលបត្រមហាជនលេខ នស/រកម/១០០៧/០២៨ ចុះថ្ងៃទី១៩ ខែតុលា ឆ្នាំ២០០៧ អនុក្រឹត្យស្តីពីការអនុវត្តច្បាប់ស្តីពីការបោះផ្សាយ និងការផ្សព្វផ្សាយមូលបត្រមហាជន លេខ៥៤ អនក្រ.បក ចុះថ្ងៃទី០៨ ខែមេសា ឆ្នាំ២០០៩ និងប្រកាសលេខ ០០៥/១៥ គ.ម.ក./ប្រ.ក. ស្តីពីការបោះផ្សាយលក់មូលបត្រកម្មសិទ្ធិជា សាធារណៈ ចុះថ្ងៃទី១០ ខែកញ្ញា ឆ្នាំ២០១៥ និងបទប្បញ្ញត្តិពាក់ព័ន្ធជាធរមានផ្សេងទៀត។

The main purpose of this Book Building Service (hereinafter referred to as the “Book Building Service”) is to set forth the terms and conditions for the Book Building Service to be provided by the Underwriter in accordance with the Law on Issuance and Trading of Non-government Securities No. NS/RKM/1007/028 dated on 19 October 2007, Anukret on the Implementation of the Law on Issuance and Trading of Non-government Securities No. 54 ANKR BK dated on 8 April 2009, and Prakas No. 005/15 SECC/PrK on Public Issuance of Equity Securities dated on 10 September 2015 and other relevant regulations in force.

២. និយមន័យ / DEFINITIONS

២.១ ចំនួនមូលបត្រកម្មសិទ្ធិដែលលែបម្រុងទុក មានន័យថា ចំនួនមូលបត្រកម្មសិទ្ធិបោះផ្សាយលក់ជាសាធារណៈ ដែលត្រូវបានកំណត់ជាបណ្តោះអាសន្នសម្រាប់បែងចែកឲ្យវិនិយោគិនដែលទទួលបានជោគជ័យស្របតាមលទ្ធផលនៃដំណើរការប៊ុកបៀលឌីង។

Pre-Allotted Equity Securities means an amount of publicly offered shares that have been tentatively determined for the relevant Successful Investors, in light of the outcome of the Book Building Process.

២.២ វិនិយោគិនដែលទទួលបានជោគជ័យ មានន័យថា វិនិយោគិនដែលចូលរួមក្នុងប៊ុកបៀលឌីង ហើយដាក់ថ្លៃស្មើ ឬខ្ពស់ជាងថ្លៃមូលបត្រកម្មសិទ្ធិដែលត្រូវធ្វើសំណើលក់ ហើយចំនួនមូលបត្រកម្មសិទ្ធិដែលលែបម្រុងទុកនឹងត្រូវបែងចែកជូនស្របតាមលទ្ធផលនៃដំណើរការប៊ុកបៀលឌីង។

Successful Investor(s) means investor(s) who participates in the Book Building by quoting the price that is equal to or higher than the final offering price and is granted with the Pre-Allotted Equity Securities as a result of the Book Building Process.

២.៣ វិនិយោគិនដែលមិនទទួលបានជោគជ័យ មានន័យថា វិនិយោគិនដែលចូលរួមក្នុងប៊ុកបៀលឌីង ហើយដាក់ថ្លៃទាបជាងថ្លៃមូលបត្រកម្មសិទ្ធិដែលត្រូវធ្វើសំណើលក់ ហើយចំនួនមូលបត្រកម្មសិទ្ធិដែលលែបម្រុងទុកនឹងមិនត្រូវបានបែងចែកជូនស្របតាមលទ្ធផលនៃដំណើរការប៊ុកបៀលឌីង។

Unsuccessful Investor(s) means investor(s) who participates in the Book Building Process by quoting the price that is lower than the final offering price and the Pre-Allotted Equity Securities is not granted as a result of the Book Building Process.

៣. ការចូលរួមក្នុងដំណើរការប៊ុកបៀលឌីង / PARTICIPATION IN THE BOOK BUILDING PROCESS

វិនិយោគិនសញ្ជាតិខ្មែរ ឬសញ្ជាតិបរទេស ត្រូវបានអនុញ្ញាតឲ្យចូលរួមក្នុងដំណើរការប៊ុកបៀលឌីងតែមួយដងគត់។ ក្នុងករណីដែលវិនិយោគិនមានសញ្ជាតិលើសពីមួយ វិនិយោគិនត្រូវបានអនុញ្ញាតឲ្យប្រើប្រាស់តែសញ្ជាតិមួយប៉ុណ្ណោះសម្រាប់ចូលរួមក្នុងដំណើរការប៊ុកបៀលឌីង។

An Investor, whether a Cambodian Investor or a Non-Cambodian Investor, shall not be permitted to participate more than once in the Book Building Process that is contemplated hereunder. In the event that an Investor has more than one nationality, such Investor shall only be allowed to use one nationality for the purpose of participating in the Book Building Process.

៤. សេវាប៊ុកបៀលឌីង / BOOK BUILDING SERVICE

៤.១ ការតម្កល់ប្រាក់សម្រាប់ប៊ុកបៀលឌីង៖ វិនិយោគិនដែលចូលរួមក្នុងដំណើរការប៊ុកបៀលឌីងត្រូវដាក់តម្កល់ប្រាក់ ១០% នៃតម្លៃសរុប (ចំនួនមូលបត្រកម្មសិទ្ធិ x ថ្លៃស្នើសុំ) («ប្រាក់កក់ប៊ុកបៀលឌីង») ដែលបានបំពេញក្នុងពាក្យស្នើសុំចូលរួមប៊ុកបៀលឌីង ទៅក្នុងគណនីប៊ុកបៀលឌីងរបស់ក្រុមហ៊ុនបោះផ្សាយ តាមរយៈវិធីណាមួយដែលបានកំណត់ខាងក្រោម យ៉ាងយូរត្រឹមថ្ងៃបញ្ចប់ដំណើរការប៊ុកបៀលឌីង («ថ្ងៃបញ្ចប់ដំណើរការប៊ុកបៀលឌីង») ហើយវិនិយោគិនត្រូវដាក់លិខិតបញ្ជាក់អំពីការដាក់ប្រាក់កក់មកក្រុមហ៊ុនធានាទិញមូលបត្រដើម្បីផ្ទៀងផ្ទាត់។

Book Building Deposit: The investor participating in the Book Building Process shall deposit 10% of the total value of equity securities (quantity x bid price) that the investor has bid on the Book Building Application Form (the “**Book Building Deposit**”) to the Issuer’s Book Building Account by any one or more of the permissible methods set forth below by the closing date of the Book Building Process (the “**Book Building Closing Date**”), and the Investor shall submit a documentary evidence to the Underwriter verifying the Book Building Deposit.

- ក. ដាក់ជាសាច់ប្រាក់
Cash deposit
- ខ. ដាក់មូលប្បទានបត្រ
Cheque deposit
- គ. ផ្ទេរប្រាក់ក្នុង និង ពីក្រៅប្រទេសតាមរយៈធនាគារ
Local and overseas bank transfer
- ឃ. ផ្ទេរប្រាក់ពីគណនីជួញដូរ ឬ
Transfer from Trading Account or
- ង. វិធីណាមួយផ្សេងទៀតដែលអាចបញ្ជាក់ថាប្រាក់កក់ប្រៀលខ្ចីត្រូវបានដាក់ក្នុងគណនីរបស់ក្រុមហ៊ុនបោះផ្សាយ។
Any other legitimate method that results in the funds being transferred to the Issuer’s Account.

៤.២ ទឹកប្រាក់ដែលដាក់តម្កល់នឹងមិនមានការប្រាក់ទេ។
No interest shall be accrued on the Book Building Deposit.

៤.៣ ប្រាក់កក់ប្រៀលខ្ចីត្រូវផ្ទេរឲ្យបានគ្រប់ចំនួនតាមការណែនាំរបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ។ ក្រុមហ៊ុនធានាទិញមូលបត្រមិនទទួលខុសត្រូវលើការកាន់ច្រឡំ ឬយឺតយ៉ាវណាមួយដែលកើតឡើងក្នុងអំឡុងពេលផ្ទេរប្រាក់ដែលបណ្តាលមកពីការមិនគោរពតាមការណែនាំខាងលើឡើយ។
Book Building Deposit must be transferred or remitted in full in accordance with the Underwriter’s instructions. The Underwriter assumes no responsibility for any error or delay in the transfer or remittance as a result of a failure to follow the aforementioned instructions.

៥. វិនិយោគិនដែលទទួលបានជោគជ័យ / SUCCESSFUL INVESTOR

វិនិយោគិនដែលទទួលបានជោគជ័យត្រូវចូលរួមក្នុងដំណាក់កាលបរិសកម្ម និងត្រូវធ្វើវិសកម្មយ៉ាងតិចស្មើនឹងចំនួនមូលបត្រកម្មសិទ្ធិដែលបានលៃបម្រុងទុកដល់ខ្លួន។ ប្រសិនបើវិនិយោគិនដែលទទួលបានជោគជ័យមិនបានចូលរួមក្នុងដំណាក់កាលបរិសកម្ម វិនិយោគិនដែលទទួលបានជោគជ័យនឹងត្រូវបានសន្មតថាបានធ្វើបរិសកម្មដោយស្វ័យប្រវត្តិលើចំនួនមូលបត្រកម្មសិទ្ធិដែលបានលៃបម្រុងទុក ឬចំនួនស្មើនឹង ១០% នៃប្រាក់តម្កល់ ដោយយកមួយណាដែលទាបជាងគេ។

Successful Investors shall participate in Subscription process and subscribe at least equal to the reserved equity securities. In case Successful Investors do not participate in Subscription process, Successful Investors shall be deemed as automatically subscribed the reserved equity securities or equal to 10% deposit whichever is lower.

៦. ការផ្ទេរប្រាក់កក់ / REFUND

៦.១ បន្ទាប់ពីទទួលបានការអនុម័តពី គ.ម.ក. លើលទ្ធផលនៃការធ្វើប្រៀលខ្ចី ក្រុមហ៊ុនបោះផ្សាយនឹងជូនដំណឹងដល់វិនិយោគិន និងផ្ទេរប្រាក់កក់ជូនវិនិយោគិនដែលមិនទទួលបានជោគជ័យវិញ ឬរក្សាទុកក្នុងករណីដែលវិនិយោគិនដែលមិនទទួលបានជោគជ័យមានបំណងចូលរួមបន្តក្នុងដំណាក់កាលបរិសកម្ម។

Immediately after the approval from the SECC on the Book Building result, the Issuer will announce the Book Building result and refund the 10% deposit to Unsuccessful Investors or keep it in the case where any one of such Unsuccessful Investors have indicated, in Book Building Application Form, to continue to participate in the Subscription process.

៦.២ រូបិយប័ណ្ណនៃការផ្ទេរប្រាក់កក់៖ ការផ្ទេរប្រាក់កក់ត្រូវធ្វើឡើងជាមួយនឹងរូបិយប័ណ្ណប្រាក់រៀល។
Currency for the Refund: Any refund hereof shall be made in KHR.

៦.៣ កម្រៃនៃការផ្ទេរប្រាក់កក់៖ វិនិយោគិនយល់ និងព្រមព្រៀងថា ក្នុងករណីដែលមានហេតុការណ៍ដូចដែលបានចែងខាងក្រោម វិនិយោគិនត្រូវទទួលប្រាក់កក់ប្រៀលខ្ចីវិញ បន្ទាប់ពីកាត់កងការចំណាយ និងកម្រៃមួយចំនួន និងចាំបាច់ទាំងឡាយ (រួមទាំងកម្រៃនៃការផ្ទេរតាមរយៈ ធនាគារ)៖

Refund Cost: The Investor understands and agrees that upon occurrence of any of the following events, the Investor shall be entitled to a refund of the amount of its Book Building Deposit after deducting any and all necessary expenses, fees and costs (including, without limitation, bank transfer fees):

- ក. ក្នុងករណីដែលការផ្ទេរប្រាក់មានភាពចាំបាច់ អាស្រ័យទៅតាមលទ្ធផលនៃដំណើរការប្រតិបត្តិការប្រៀបធៀបឱ្យបានយោបល់របស់ក្រុមហ៊ុនធានាទិញមូលបត្រ
In the event that the refund is necessary in light of the outcome of the Book Building Process in the opinion of the Underwriter;
- ខ. ក្នុងករណីដែលប្រាក់កក់ប្រៀបធៀបឱ្យបានត្រឹមត្រូវក្នុងគណនីក្រុមហ៊ុនបោះផ្សាយនៅថ្ងៃបញ្ចប់ដំណើរការប្រតិបត្តិការប្រៀបធៀបឱ្យបាន និង
In the event that the Book Building Deposit is not deposited into the Issuer's Account by the Book Building Closing Date; and
- គ. ករណីផ្សេងទៀតដែលការផ្ទេរប្រាក់កក់ប្រៀបធៀបឱ្យបានមិនអាចជៀសវាងបាន យោងតាមយោបល់របស់ក្រុមហ៊ុនធានាទិញមូលបត្រ។
Any other event where refund of the Book Building Deposit is inevitable in the opinion of the Underwriter.

៦.៤ ក្រុមហ៊ុនធានាទិញមូលបត្រមិនទទួលខុសត្រូវលើការកាន់ច្រឡំណាមួយ ដែលកើតឡើងក្នុងអំឡុងពេលផ្ទេរប្រាក់ត្រឡប់ទៅវិញ ដែលបណ្តាលមកពីព័ត៌មានគណនីធនាគារនៅក្នុងពាក្យស្នើសុំមិនត្រឹមត្រូវនោះឡើយ។
The Underwriter assumes no responsibility for any error in the refund due to inaccurate bank account details in the Application.

៧. អំណាចនៃត្រាបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងទម្រង់ហត្ថលេខារបស់ប្រធានភ្នាក់ងារក្រុមហ៊ុនធានាទិញមូលបត្រ
POWER OF SEAL OF THE UNDERWRITER AND SIGNATURE IMAGE OF THE UNDERWRITER'S HEAD OF SECURITIES REPRESENTATIVES

រូបភាពត្រាបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងរូបភាពទម្រង់ហត្ថលេខារបស់ប្រធានភ្នាក់ងារក្រុមហ៊ុនមូលបត្រនៃក្រុមហ៊ុនធានាទិញមូលបត្រ ដែលមាននៅលើពាក្យស្នើសុំប្រៀបធៀបឱ្យបាន ត្រូវចាត់ទុកដូចជាត្រាដើមរបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងហត្ថលេខាដើមរបស់ប្រធានភ្នាក់ងារក្រុមហ៊ុនមូលបត្រនៃក្រុមហ៊ុនធានាទិញមូលបត្រ និងមានឥទ្ធិពលតាមផ្លូវច្បាប់ដូចត្រាដើម និងហត្ថលេខាដើមតទៅ។
The seal image of the Underwriter as affixed hereto by the Underwriter and the signature image of the Underwriter's Head of Securities Representatives as they appear on the Book Building Application Form shall be deemed as the original seal of the Underwriter and the original signatures of the Underwriter's Head of Securities Representatives, and be construed as having the same legal effect as to the true originals thereof.

៨. ផ្សេងៗ / MISCELLANEOUS

៨.១ វិនិយោគិនយល់ និងព្រមព្រៀងថា គ្រប់ព័ត៌មានដែលបានផ្តល់ឲ្យដោយវិនិយោគិនមកក្រុមហ៊ុនធានាទិញមូលបត្រទាក់ទងនឹងដំណើរការប្រតិបត្តិការប្រៀបធៀបឱ្យបាន ពិតជាត្រឹមត្រូវ។ ប្រសិនបើ ១) ព័ត៌មានណាមួយដែលបានផ្តល់ឲ្យដោយវិនិយោគិនមកក្រុមហ៊ុនធានាទិញមូលបត្រខុស មិនត្រឹមត្រូវ ឬធ្វើឲ្យមានការភាន់ច្រឡំ ឬ ២) ព័ត៌មានរបស់គណនីធនាគារសម្រាប់ផ្ទេរប្រាក់កក់ប្រៀបធៀបឱ្យបានមិនត្រឹមត្រូវ ដំណើរការ ប្រតិបត្តិការប្រៀបធៀបឱ្យបានរបស់វិនិយោគិននឹងត្រូវលុបចោលដោយស្វ័យប្រវត្តិ។ ក្នុងករណីនេះ វិនិយោគិនត្រូវទទួលខុសត្រូវលើការចំណាយ ឬកម្រៃផ្សេងៗដែលបណ្តាលមកពីការលុបចោលនេះ។
The Investor understands and agrees that any and all information provided by the Investor to the Underwriter relating to the Book Building Process is true and accurate in all material respects. If (i) any information provided by the Investor to the Underwriter is false, inaccurate or misleading or (ii) the information on the bank transfer is different, then the Book Building Process for the Investor will be automatically cancelled. In such case, the Investor shall be liable for any amount of fee, cost or expense incurred due to such cancellation.

៨.២ វិនិយោគិនយល់ និងព្រមព្រៀងទៀតថា លទ្ធផលនៃដំណើរការប្រតិបត្តិការប្រៀបធៀបឱ្យបាននឹងមានផ្សព្វផ្សាយក្នុងសារព័ត៌មាន ឬគេហទំព័រផ្លូវការរបស់ក្រុមហ៊ុនបោះផ្សាយ ឬភ្នាក់ងារចែកចាយលក់របស់ក្រុមហ៊ុនធានាទិញមូលបត្រ ហើយវិនិយោគិននឹងត្រូវទទួលខុសត្រូវក្នុងការពិនិត្យលទ្ធផលនៃដំណើរការប្រតិបត្តិការប្រៀបធៀបឱ្យបានដែលបានផ្សព្វផ្សាយក្នុងសារព័ត៌មាន ឬគេហទំព័រនោះ។
The Investor further understands and agrees that the result of the Book Building Process will be made available on newspaper or websites of the Issuer or Underwriter's authorized selling agent(s) and the responsibility will be on the Investor to check the result of the Book Building Process from such newspaper or websites.

៨.៣ ក្រុមហ៊ុនធានាទិញមូលបត្ររក្សាសិទ្ធិកែប្រែលក្ខខណ្ឌដែលមានចែងក្នុងសេវាប្រតិបត្តិការប្រៀបធៀបឱ្យបាននេះ។
The Underwriter reserves the right to amend the terms and conditions contained herein.

ពាក្យស្នើសុំធ្វើបរិស័កម្មមូលបត្រកម្មសិទ្ធិ

SUBSCRIPTION APPLICATION FORM

ព័ត៌មានអំពីមូលបត្រកម្មសិទ្ធិ / EQUITY SECURITIES INFORMATION

ក្រុមហ៊ុនបោះផ្សាយ : Issuer:	ធនាគារ អេស៊ីលីដា ភីអិលស៊ី ACLEDA Bank Plc.	ក្រុមហ៊ុនធានាទិញមូលបត្រ: Underwriter:	យាន់តា ស៊ីឃ្យូរីតី (ខេមបូឌា) ភីអិលស៊ី Yuantan Securities (Cambodia) Plc.

មូលបត្រកម្មសិទ្ធិសរុបដែលត្រូវបានផ្សាយលក់ជាសាធារណៈមានមូលបត្រកម្មសិទ្ធិថ្មីចំនួន ៨.៧៥១.៣៩១ ឯកតាមូលបត្រកម្មសិទ្ធិ និង មូលបត្រកម្មសិទ្ធិច្បាប់ប្រចាំឆ្នាំ ១៣.១២៧.០៨៦ ឯកតាមូលបត្រកម្មសិទ្ធិ ដែលតម្លៃចាំក្នុងមួយឯកតាមូលបត្រកម្មសិទ្ធិស្មើនឹង ៤,០០០ រៀល ហើយតម្លៃក្នុងមួយឯកតាមូលបត្រកម្មសិទ្ធិស្មើនឹង ១៦.២០០ រៀល។

មូលបត្រកម្មសិទ្ធិសរុបដែលបម្រុងទុកសម្រាប់ប្រើប្រាស់ក្នុងឆ្នាំមានចំនួន ៤.៣៧៥.៦៩៦ ឯកតាមូលបត្រកម្មសិទ្ធិ។ មូលបត្រកម្មសិទ្ធិសរុបដែលបម្រុងទុកសម្រាប់បរិស័កម្មមានចំនួនចាប់ពី ៤.៣៧៥.៦៩៦ ឯកតាមូលបត្រកម្មសិទ្ធិ ដល់ ១៧.៥០២.៧៨១ ឯកតាមូលបត្រកម្មសិទ្ធិ។

សម្រាប់វិនិយោគិនដែលមិនទទួលបានជោគជ័យក្នុងការប្រៀបធៀប និងវិនិយោគិនដែលមិនទទួលបានជោគជ័យក្នុងការប្រៀបធៀប ការធ្វើបរិស័កម្មមូលបត្រកម្មសិទ្ធិត្រូវមានចំនួនអប្បបរមាចាប់ពី ១ ឯកតាមូលបត្រកម្មសិទ្ធិឡើងទៅ។ ការណ៍វិនិយោគិនដែលមិនទទួលបានជោគជ័យក្នុងការប្រៀបធៀប និងវិនិយោគិនដែលមិនទទួលបានជោគជ័យក្នុងការប្រៀបធៀប ធ្វើបរិស័កម្មច្រើនជាងចំនួនអប្បបរមា ចំនួនមូលបត្រកម្មសិទ្ធិដែលត្រូវធ្វើបរិស័កម្មត្រូវស្មើនឹងចំនួនអប្បបរមាបូកនឹងចំនួនដងនៃ១ឯកតាមូលបត្រកម្មសិទ្ធិ។

The total number of equity securities for public offering of new shares are 8,751,391 units of equity securities and existing shares are up to 13,127,086 units of equity securities with par value per unit of equity securities 4,000 riels and the offering price per unit of equity securities 16,200 riels.

The total number of equity securities reserved for Book Building are 4,375,696 units of equity securities. The total number of equity securities reserved for Subscription are from 4,375,695 to 17,502,781 units of equity securities.

For unsuccessful Book Building Investors and non-Book Building investors, the minimum of equity securities to be subscribed is 1 unit of equity securities. If unsuccessful Book Building investors and non-Book Building investors subscribe more than the minimum of equity securities as mentioned above, the subscription shall be the minimum plus a multiple of 1 unit of equity securities.

ព័ត៌មានរបស់វិនិយោគិន / INVESTOR INFORMATION

ក. វិនិយោគិនជាបុគ្គល: ☐ សញ្ជាតិខ្មែរ Cambodian Citizen ☐ មិនមែនសញ្ជាតិខ្មែរ Non-Cambodian Citizen

A. For individual

ឈ្មោះ (អក្សរខ្មែរ) _____ ឈ្មោះ (អក្សរឡាតាំង) _____ ភេទ ☐ ប្រុស ☐ ស្រី
Name in Khmer Name in Latin Gender Male Female

លេខអត្តសញ្ញាណវិនិយោគិន _____ លេខគណនីជួញដូរ _____ ឈ្មោះក្រុមហ៊ុនមូលបត្រ _____
Investor ID No. Trading Account No. Securities Firm Name

លេខកូដប្រទេស និង ទូរស័ព្ទដៃ _____ អ៊ីមែល _____
Country Code & Mobile Phone Email

ខ. វិនិយោគិនជាភ័ក្តិបុគ្គល: ☐ សញ្ជាតិខ្មែរ Cambodian Citizen ☐ មិនមែនសញ្ជាតិខ្មែរ Non-Cambodian Citizen

B. For Legal Entity

១. ឈ្មោះក្រុមហ៊ុន (អក្សរខ្មែរ) _____ ឈ្មោះក្រុមហ៊ុន (អក្សរឡាតាំង) _____
Company Name (Khmer) Company Name (Latin)

លេខអត្តសញ្ញាណវិនិយោគិន _____ លេខគណនីជួញដូរ _____ ឈ្មោះក្រុមហ៊ុនមូលបត្រ _____
Investor ID No. Trading Account No. Securities Firm Name

លេខកូដប្រទេស និង ទូរស័ព្ទដៃ _____ អ៊ីមែល _____
Country Code & Mobile Phone Email

២. ឈ្មោះអ្នកតំណាង (អក្សរខ្មែរ) _____ ឈ្មោះអ្នកតំណាង (អក្សរឡាតាំង) _____
Name of Representative (Khmer) Name of Representative (Latin)

លេខកូដប្រទេស និង ទូរស័ព្ទដៃ _____ អ៊ីមែល _____
Country Code & Mobile Phone Email

ព័ត៌មានពាក់ព័ន្ធនឹងការចូលរួមប្រៀបធៀប/ BOOK BUILDING INFORMATION

ប្រភេទវិនិយោគិន:
Type of Investor

☐ វិនិយោគិនមិនទទួលបានជោគជ័យក្នុងការប្រៀបធៀប
Non-Book Building Investor

☐ វិនិយោគិនទទួលបានជោគជ័យក្នុងការប្រៀបធៀប
Successful Book Building Investor

☐ វិនិយោគិនមិនទទួលបានជោគជ័យក្នុងការប្រៀបធៀប
Unsuccessful Book Building Investor

លេខប្រៀបធៀប _____ ចំនួនមូលបត្រកម្មសិទ្ធិដែលបានបែងចែកទុក _____
Book Building No. Pre-Allotted Equity Securities

លេខប្រៀបធៀប _____ ប្រាក់កក់ប្រៀបធៀប ☐ បានផ្ទេរត្រឡប់ទៅវិញ ☐ មិនបានផ្ទេរត្រឡប់ទៅវិញ
Book Building No. Book Building Deposit Refunded No-Refund

ព័ត៌មានពាក់ព័ន្ធនឹងការស្នើសុំធ្វើបរិសកម្ម / SUBSCRIPTION INFORMATION

ចំនួនមូលបត្រកម្មសិទ្ធិ Total Number of Equity Securities [A]	ថ្លៃលក់ក្នុងមួយឯកតា Offering Price [B]	ចំនួនទឹកប្រាក់សរុប Total Amount [C] [C = A x B]	ចំនួនទឹកប្រាក់តម្កល់ក្នុងប៊ុកប្បួលខ្ចីង Book Building Deposit [D]	ចំនួនទឹកប្រាក់ត្រូវតម្កល់ក្នុងបរិសកម្ម Subscription Deposit [E] [E = C - D]
Shares	KHR 16,200	KHR	KHR	KHR

ទឹកប្រាក់ដែលបានតម្កល់ជាក់ស្តែងក្នុងបរិសកម្ម
Actual Subscription Deposit

KHR

មធ្យោបាយទូទាត់ប្រាក់តម្កល់សម្រាប់បរិសកម្ម៖
Method of settlement of deposit for subscription:

☐ ប្រាក់សុទ្ធ
Cash

☐ មូលប្បទានបត្រ៖ មូលប្បទានបត្រលេខ _____ កាលបរិច្ឆេទ _____ ធនាគារ _____
Cheque: Cheque No. Date Bank

☐ ផ្ទេរតាមធនាគារ៖ ឈ្មោះគណនី _____ លេខគណនី _____ ធនាគារ _____
Bank Transfer: Account Name Account No. Bank

☐ ផ្ទេរតាមទាន់ចិត្ត៖ ឈ្មោះគណនី _____ លេខគណនី _____ លេខយោង _____
ToanChet: Account Name Account No. Reference No.

☐ គណនីជួញដូរ៖ ក្រុមហ៊ុនមូលបត្រ _____
Trading Account: Securities Firm

ព័ត៌មានពាក់ព័ន្ធនឹងការផ្ទេរប្រាក់កក់ / REFUND INFORMATION

ករណីខ្ញុំមិនទទួលបានមូលបត្រកម្មសិទ្ធិទៅតាមការស្នើសុំធ្វើបរិសកម្ម ខ្ញុំមានបំណងទទួលប្រាក់កក់បរិសកម្ម (ដកចេញនូវការចំណាយ ប្រសិនបើមាន) តាមរយៈមធ្យោបាយណាមួយខាងក្រោម៖
In case I did not receive the number of equity securities as I subscribed, I would like to receive the Subscription Deposit (subtract all the expenses, if any) through any one of the below methods:

☐ ផ្ទេរប្រាក់កក់ត្រឡប់ទៅគណនីជួញដូរវិញ / Refund to Trading Account

☐ ផ្ទេរប្រាក់កក់ទៅគណនីធនាគារ / Refund to Bank Account

ឈ្មោះធនាគារ _____ ឈ្មោះសាខាធនាគារ _____
Bank Name Branch Name

ឈ្មោះគណនី _____ លេខគណនី _____
Account Name Account No.

លេខកូដ SWIFT _____
Swift Code

* សម្គាល់៖ ម្ចាស់គណនី និង វិនិយោគិនដែលមិនទទួលបានជោគជ័យ ត្រូវតែជាបុគ្គលតែមួយ។ គណនីរួម មិនត្រូវបានអនុញ្ញាត។
* Note: The bank account owner and Unsuccessful Investor must be the same person. Joint Accounts are not allowed.

☐ ដកជាសាច់ប្រាក់ (នៅទីស្នាក់ការកណ្តាលនៃធនាគារ អេស៊ីប៊ីដា) / Refund in Cash (at ACLEDA Bank Head Quarter)

ឯកសារភ្ជាប់ / ATTACHED DOCUMENTS

☐ វិក្កយបត្រតម្កល់ប្រាក់
Proof of Deposit

សេចក្តីថ្លែងរបស់អ្នកធ្វើបរិសកម្ម / SUBSCRIBER STATEMENT

នៅក្នុងការធ្វើបរិសកម្មមូលបត្រកម្មសិទ្ធិនេះ ខ្ញុំបានទទួលឯកសារផ្តល់ព័ត៌មានក្នុងទម្រង់ជា៖
In subscribing to the equity securities, I received the disclosure document in the form of:

☐ ច្បាប់ចម្លង ☐ ឧបករណ៍ផ្ទុក ☐ អ៊ីមែលផ្ទុក ☐ តាមរយៈគេហទំព័របស់ធនាគារ អេស៊ីប៊ីដា ឬ ☐ ផ្សេងៗនេះ _____
Hard copy Storage device Email storage ACLEDA Bank's Website or Other

ការធ្វើបរិសកម្ម និងការទូទាត់ ដែលធ្វើឡើងដោយអ្នកធ្វើបរិសកម្មត្រូវតែស្របទៅតាមលក្ខខណ្ឌដែលមានចែងក្នុងឯកសារផ្តល់ព័ត៌មាន។ ខ្ញុំយល់ព្រម និងទទួលស្គាល់ថាក្រុមហ៊ុនបោះផ្សាយមានសិទ្ធិបដិសេធ ក្នុងករណី ការស្នើសុំធ្វើបរិសកម្មណាមួយដែលមិនគោរពតាមលក្ខខណ្ឌ។ ខ្ញុំយល់ព្រមទិញមូលបត្រកម្មសិទ្ធិក្នុងចំនួនដូចបានកំណត់ខាងលើ ឬចំនួនមូលបត្រកម្មសិទ្ធិដែលក្រុមហ៊ុនបានបែងចែកកម្រិតខ្ញុំ។ ខ្ញុំសូមសន្យាថាមិន លុបចោលការធ្វើបរិសកម្មរបស់ខ្ញុំទេ និងយល់ព្រមទទួលប្រាក់សងត្រឡប់មកវិញ ក្នុងករណីការធ្វើបរិសកម្មត្រូវបានបដិសេធ ឬការធ្វើបរិសកម្មរបស់ខ្ញុំមិនសម្រេចបានតាមការស្នើសុំទាំងអស់របស់ខ្ញុំ។ ខ្ញុំយល់ស្របតាម លក្ខខណ្ឌនៃសំណើបោះផ្សាយលក់មូលបត្រជាសាធារណៈលើកដំបូងដូចមានចែងនៅក្នុងឯកសារផ្តល់ព័ត៌មាន។ ខ្ញុំទទួលស្គាល់ផងដែរថា ការវិនិយោគលើមូលបត្រកម្មសិទ្ធិមានហានិភ័យពាក់ព័ន្ធ។
The subscription and payment made by subscriber shall be in accordance with the conditions specified in the disclosure document. I agree and acknowledge that issuer shall be entitled to refuse if any subscription does not comply with the said conditions. I undertake to purchase the number of equity securities as stated above or the number of equity securities allotted to me. I shall not cancel my subscription, and accept a return amount if the subscription is refused. I agree with the condition of initial public offering as specified in the Disclosure Document. I also acknowledge that the investment in equity securities is risk associated.

ខ្ញុំបានអានឯកសារផ្តល់ព័ត៌មានដោយម៉ត់ចត់មុនពេលធ្វើបរិសកម្ម និងមិនមានការបញ្ចុះបញ្ចូលដោយភាគីណាមួយទេ។
I thoroughly read the disclosure document before subscribing.

វិនិយោគិន និង ក្រុមហ៊ុនធានាទិញមូលបត្របានអាន និងយល់ព្រមលើលក្ខខណ្ឌនៃសេវាបរិសកម្មដូចដែលមានភ្ជាប់មកជាមួយ។
The Investor and the Underwriter have hereby reviewed and agreed on the following terms and conditions of the Subscription Service as attached hereto.

ហត្ថលេខា-ត្រា និងឈ្មោះវិនិយោគិន Signature-Seal and Name of Investor _____	ហត្ថលេខា និងឈ្មោះរបស់តំណាងភ្នាក់ងារចែកចាយលក់ Signature and Name of Representative of Selling Agent _____	ហត្ថលេខា ត្រា និងឈ្មោះប្រធានភ្នាក់ងារក្រុមហ៊ុនមូលបត្រ ឬនាយកប្រតិបត្តិ Signature-Seal and Name of Head of Securities Representatives or CEO  Park Sung Bae

សេវាបរិសកម្ម SUBSCRIPTION SERVICE

វិនិយោគិន និងក្រុមហ៊ុនធានាក្រុមហ៊ុនមូលបត្របានអាន និងយល់ព្រមលើលក្ខខណ្ឌនៃសេវាបរិសកម្មដូចខាងក្រោម៖

The Investor and the Underwriter have hereby reviewed and agreed on the following terms and conditions of this Subscription Service.

១. លក្ខខណ្ឌទូទៅ / GENERAL

- ១.១ ការដាក់ពាក្យស្នើសុំត្រូវធ្វើលើពាក្យស្នើសុំដែលបានរៀបចំដោយក្រុមហ៊ុន យាន់តា ស៊ីឃ្យូរីធី (ខេមបូឌា) ភីអិលស៊ី («ក្រុមហ៊ុន យាន់តា»)។
Application must be made on the application form that has been prepared by Yuanta Securities (Cambodia) Plc. ("YSC").
- ១.២ ពាក្យស្នើសុំត្រូវធ្វើឡើងដោយនីតិបុគ្គលដែលបានចុះបញ្ជី ឬបុគ្គលដែលមានសមត្ថភាពតាមផ្លូវច្បាប់។ អនីតិជន ឬបុគ្គលដែលមានសកម្មភាព គ្រប់គ្រាន់មិនត្រូវបានចាត់ទុកថាមានសមត្ថភាពតាមផ្លូវច្បាប់ក្នុងគោលបំណងនៃការដាក់ពាក្យស្នើសុំនេះទេ។
Application must be made by a registered legal entity or an existing individual with legal capacity. For avoidance of any doubt, a minor or a person with unsound mind shall not be considered as having legal capacity for the purpose of this Application.
- ១.៣ ពាក្យស្នើសុំត្រូវបំពេញឲ្យបានពេញលេញ និងគោរពតាមលក្ខខណ្ឌតម្រូវដែលមាន។
Application must be complete and satisfy the requirements contained herein.
- ១.៤ វិនិយោគិនត្រូវផ្តល់នូវ (១) ព័ត៌មានលម្អិតអំពីគណនីជួញដូរមូលបត្រដែលមាននៅក្រុមហ៊ុនមូលបត្រណាមួយដែលទទួលបានអាជ្ញាបណ្ណពីគ.ម.ក. និង (២) ឯកសារផ្សេងទៀតដែលស្នើសុំដោយក្រុមហ៊ុន យាន់តា ឬភ្នាក់ងារចែកចាយលក់របស់ក្រុមហ៊ុន យាន់តា នាពេលដាក់ពាក្យស្នើសុំ។
The investor shall provide its (1) Details of the Trading Account at one of the securities firms licensed by the SECC and (2) Any other documents requested by YSC or any one of its authorized selling agents at the time of submission of the application.
- ១.៥ ពាក្យស្នើសុំដែលមានព័ត៌មានមិនពិត ឬមិនត្រឹមត្រូវនឹងត្រូវបានបដិសេធ ហើយវិនិយោគិនអាចនឹងត្រូវពិន័យ ឬផ្ដន្ទាទោសតាមច្បាប់ ដែលក្នុងករណីនេះ ក្រុមហ៊ុន យាន់តា មិនទទួលខុសត្រូវឡើយ។
Application containing false statement or incorrect information shall be rejected and the investor may be subject to penalties or prosecution under the applicable law for which YSC assumes or undertakes no responsibility.
- ១.៦ វិនិយោគិនមិនអាចដាក់ពាក្យស្នើសុំលើសពីមួយបានទេ ហើយក្រុមហ៊ុន យាន់តា សូមរក្សាសិទ្ធិបដិសេធពាក្យស្នើសុំដែលដាក់ច្រើនដង ឬពាក្យស្នើសុំដែលសង្ស័យថាត្រូវបានដាក់ច្រើនដង។ ក្នុងករណីដែលវិនិយោគិនមានសញ្ជាតិលើសពីមួយ វិនិយោគិនត្រូវបានអនុញ្ញាតឲ្យប្រើប្រាស់តែសញ្ជាតិមួយប៉ុណ្ណោះសម្រាប់ចូលរួមក្នុងដំណើរការបរិសកម្ម។
An applicant cannot submit more than one application and YSC reserves the right to reject all multiple applications or those that are suspected as multiple applications in the opinion of YSC. In the event that an investor has more than one nationality, such investor shall only be allowed to use one nationality for the purpose of participating in the Subscription Process.

២. ការធ្វើបរិសកម្ម / SUBSCRIPTION

- ២.១ សម្រាប់វិនិយោគិនមិនទទួលបានជោគជ័យ និងវិនិយោគិនដែលមិនបានចូលរួមក្នុងប៊ុកបៀលឡើង ការធ្វើបរិសកម្មត្រូវមានចំនួនអប្បបរមាចាប់ពី ១ ឯកតាមូលបត្រកម្មសិទ្ធិ និងត្រូវស្មើនឹងចំនួនដងនៃ ១ ឯកតាមូលបត្រកម្មសិទ្ធិ ប្រសិនបើការធ្វើបរិសកម្មលើសពីចំនួនអប្បបរមា។
For the Unsuccessful Investors and Non-Participating Investors in the Book Building, the minimum subscription shall be from 1 unit of equity securities and the subscription more than a minimum shall be a multiple of 1 equity securities.
- ២.២ ការតម្កល់ប្រាក់សម្រាប់បរិសកម្ម៖ វិនិយោគិនដែលចូលរួមក្នុងដំណើរការបរិសកម្មត្រូវដាក់តម្កល់ប្រាក់ ១០០% នៃតម្លៃសរុប (ចំនួនមូលបត្រកម្មសិទ្ធិ x ថ្លៃមូលបត្រកម្មសិទ្ធិ) («ប្រាក់កក់បរិសកម្ម») ដែលបានបំពេញក្នុងពាក្យស្នើសុំចូលរួមបរិសកម្ម ក្នុងគណនីបរិសកម្ម របស់ក្រុមហ៊ុនបោះផ្សាយ តាមរយៈវិធីណាមួយដែលបានកំណត់ខាងក្រោម យ៉ាងយូរត្រឹមថ្ងៃបញ្ចប់ដំណើរការបរិសកម្ម («ថ្ងៃបញ្ចប់ដំណើរការបរិសកម្ម») ហើយវិនិយោគិនត្រូវដាក់លិខិតបញ្ជាក់អំពីការដាក់ប្រាក់កក់មកក្រុមហ៊ុន យាន់តា ដើម្បីផ្ទៀងផ្ទាត់។
Subscription Deposit: The investor participating in the Subscription Process shall deposit 100% of the total value of equity securities (quantity x offering price) that the investor has put on the Subscription Application Form (the "Subscription Deposit") to the Issuer's Subscription Account by any one or more of the permissible methods set forth below by the closing date of the Subscription Process (the "Subscription Closing Date"), and the Investor shall submit a documentary evidence to the Underwriter verifying the Subscription Deposit.

- ក. ដាក់ជាសាច់ប្រាក់
Cash deposit
- ខ. ដាក់មូលប្បទានបត្រ
Cheque deposit
- គ. ផ្ទេរប្រាក់ក្នុង និង ពីក្រៅប្រទេសតាមរយៈធនាគារ
Local and overseas bank transfer
- ឃ. ផ្ទេរប្រាក់ពីគណនីជួញដូរ ឬ
Transfer from Trading Account or
- ង. វិធីណាមួយផ្សេងទៀតដែលអាចបញ្ជាក់ថាប្រាក់កក់ប្រើប្រាស់បានដាក់ក្នុងគណនីរបស់ក្រុមហ៊ុនបោះផ្សាយ។
Any other legitimate method that results in the funds being transferred to the Issuer's Account.

២.៣ ទឹកប្រាក់ដែលដាក់តម្កល់នឹងមិនមានការប្រាក់ទេ។
No interest shall be accrued on the Subscription Deposit.

២.៤ ក្នុងករណីមានភាពខុសគ្នារវាងចំនួនមូលបត្រកម្មសិទ្ធិសរុបដែលបានធ្វើបរិស័កម្ម និងចំនួនមូលបត្រកម្មសិទ្ធិដែលអាចធ្វើបរិស័កម្មបានជាមួយនឹងប្រាក់កក់បរិស័កម្ម វិនិយោគិនត្រូវសន្មត់ថាបានធ្វើបរិស័កម្មលើចំនួនទឹកប្រាក់កក់បរិស័កម្ម។
In the event of any discrepancy between the subscribed amount and the amount that can be subscribed with the Subscription Deposit, the Investor shall be deemed to have subscribed for the amount corresponding to the Subscription Deposit.

២.៥ ប្រាក់កក់បរិស័កម្មត្រូវផ្ទេរឲ្យបានគ្រប់ចំនួនតាមការណែនាំរបស់ក្រុមហ៊ុន យាន់តា។ ក្រុមហ៊ុន យាន់តា មិនទទួលខុសត្រូវលើការកាន់ច្រឡំ ឬយឺតយ៉ាវណាមួយដែលកើតឡើងក្នុងអំឡុងពេលផ្ទេរប្រាក់ ដែលបណ្តាលមកពីការមិនគោរពតាមការណែនាំខាងលើឡើយ។
Subscription Deposit must be transferred or remitted in full, in accordance with YSC's instructions. YSC assumes no responsibility for any error or delay in the transfer or remittance as a result of a failure to follow the aforementioned instructions.

៣. ការបែងចែកមូលបត្រកម្មសិទ្ធិ / ALLOTMENT

ការបែងចែកមូលបត្រកម្មសិទ្ធិត្រូវធ្វើស្របទៅតាមនីតិវិធីដូចដែលមានចែងនៅក្នុងឯកសារផ្តល់ព័ត៌មាន។
The equity securities shall be allotted in accordance with the allocation method included in the disclosure document.

៤. ការផ្ទេរប្រាក់កក់ / REFUND

៤.១ ទឹកប្រាក់ដែលនៅសល់ពីប្រាក់កក់បរិស័កម្មបន្ទាប់ពីដំណាក់កាលបរិស័កម្ម ត្រូវផ្ទេរត្រឡប់ទៅបុគ្គលដាក់ពាក្យស្នើសុំវិញតាមរយៈមធ្យោបាយដែលបានបញ្ជាក់ក្នុងពាក្យស្នើសុំ ឬតាមវិធីដែលសមស្របផ្សេងទៀត។
Any remainder of the Subscription Deposit after the Subscription Period shall be refunded to the corresponding Applicants through the method stipulated in their Application or via any other reasonable methods.

៤.២ រូបិយប័ណ្ណនៃការផ្ទេរប្រាក់កក់៖ ការផ្ទេរប្រាក់កក់ត្រូវធ្វើឡើងជាមួយនឹងរូបិយប័ណ្ណប្រាក់រៀល។
Currency for the Refund: Any refund hereof shall be made in KHR.

៤.៣ កម្រៃនៃការផ្ទេរប្រាក់កក់៖ វិនិយោគិនយល់ និងព្រមព្រៀងថា ក្នុងករណីដែលមានហេតុការណ៍ដូចដែលបានចែងខាងក្រោម វិនិយោគិនត្រូវទទួលប្រាក់កក់បរិស័កម្មវិញ បន្ទាប់ពីកាត់កងការចំណាយ និងកម្រៃមួយចំនួន និងចាំបាច់ទាំងឡាយ (រួមទាំងកម្រៃនៃការផ្ទេរតាមរយៈធនាគារ)៖
Refund Cost: The Investor understands and agrees that upon occurrence of any of the following events, the Investor shall be entitled to a refund of the amount of its Subscription Deposit after deducting any and all necessary expenses, fees and costs (including, without limitation, bank transfer fees):

- ក. ក្នុងករណីដែលការផ្ទេរប្រាក់មានភាពចាំបាច់ អាស្រ័យទៅតាមលទ្ធផលនៃដំណើរការបរិស័កម្មតាមយោបល់របស់ក្រុមហ៊ុន យាន់តា
In the event that the refund is necessary in light of the outcome of the Subscription Process in the opinion of YSC;
- ខ. ក្នុងករណីដែលប្រាក់កក់បរិស័កម្មមិនបានតម្កល់ក្នុងគណនីក្រុមហ៊ុនបោះផ្សាយនៅថ្ងៃបញ្ចប់ដំណើរការបរិស័កម្ម និង
In the event that the Subscription Deposit is not deposited into the Issuer's Account by the Subscription Closing Date; and
- គ. ករណីផ្សេងទៀតដែលការផ្ទេរប្រាក់កក់បរិស័កម្មមិនអាចជៀសវាងបាន យោងតាមយោបល់របស់ក្រុមហ៊ុន យាន់តា។
Any other event where refund of the Subscription Deposit is inevitable in the opinion of YSC.

៤.៤ ក្រុមហ៊ុន យាន់តា មិនទទួលខុសត្រូវលើការកាន់ច្រឡំណាមួយដែលកើតឡើងក្នុងអំឡុងពេលផ្ទេរប្រាក់ត្រឡប់ទៅវិញ ដែលបណ្តាលមកពីព័ត៌មាន គណនីធនាគារនៅក្នុងពាក្យស្នើសុំមិនត្រឹមត្រូវនោះឡើយ។
YSC assumes no responsibility for any error in the refund due to inaccurate bank account details in the Application.

៥. អំណាចនៃត្រារបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងទម្រង់ហត្ថលេខារបស់ប្រធានភ្នាក់ងារក្រុមហ៊ុនធានាទិញមូលបត្រ
POWER OF SEAL OF THE UNDERWRITER AND SIGNATURE IMAGE OF THE UNDERWRITER'S HEAD OF SECURITIES REPRESENTATIVES

ត្រារបស់ក្រុមហ៊ុន យាន់តា និងទម្រង់ហត្ថលេខារបស់ប្រធានភ្នាក់ងារក្រុមហ៊ុនមូលបត្រនៃក្រុមហ៊ុន យាន់តា ដែលមាននៅលើពាក្យស្នើសុំបរិស្ថានត្រូវ ចាត់ទុកជាត្រាដើមរបស់ក្រុមហ៊ុន យាន់តា និងហត្ថលេខាដើមរបស់ប្រធានភ្នាក់ងារក្រុមហ៊ុនមូលបត្រនៃក្រុមហ៊ុន យាន់តា និងមានឥទ្ធិពលតាមផ្លូវច្បាប់ ដូចត្រាដើម និងហត្ថលេខាដើមតទៅ។
YSC's seal hereunder and the signature image of YSC's Head of Securities Representatives as they appear on the Subscription Application Form shall be deemed as the original of the seal of YSC and the original signatures of YSC's Head of Securities Representatives and be construed as having the same legal effect as to the true originals thereof.

៦. ផ្សេងៗ / MISCELLANEOUS

- ៦.១ វិនិយោគិនយល់ និងព្រមព្រៀងថា គ្រប់ព័ត៌មានដែលបានផ្តល់ឲ្យដោយវិនិយោគិនមកក្រុមហ៊ុន យាន់តា ទាក់ទងនឹងដំណើរការបរិស្ថានពិភពលោកត្រឹមត្រូវ។ ប្រសិនបើ ១) ព័ត៌មានណាមួយដែលបានផ្តល់ឲ្យដោយវិនិយោគិនមកក្រុមហ៊ុន យាន់តា ខុស មិនត្រឹមត្រូវ ឬធ្វើឲ្យមានការកាន់ច្រឡំ ឬ ២) ព័ត៌មានរបស់ គណនីធនាគារសម្រាប់ផ្ទេរប្រាក់កក់បរិស្ថានមិនត្រឹមត្រូវ ដំណើរការបរិស្ថានរបស់វិនិយោគិននឹងត្រូវលុបចោលដោយស្វ័យប្រវត្តិ។ ក្នុងករណីនេះ វិនិយោគិនត្រូវទទួលខុសត្រូវលើការចំណាយ ឬកម្រៃផ្សេងៗដែលបណ្តាលមកពីការលុបចោលនេះ។
The Investor understands and agrees that any and all information provided by the Investor to the Underwriter relating to the Subscription Process is true and accurate in all material respects. If (i) any information provided by the Investor to the Underwriter is false, inaccurate or misleading or (ii) the information on the bank transfer is different, then the Subscription Process for the Investor will be automatically cancelled. In such case, the Investor shall be liable for any amount of fee, cost or expense incurred due to such cancellation.
- ៦.២ វិនិយោគិនយល់ និងព្រមព្រៀងទៀតថា លទ្ធផលនៃដំណើរការបរិស្ថាននឹងមានផ្សព្វផ្សាយក្នុងសារព័ត៌មាន ឬគេហទំព័រផ្លូវការរបស់ក្រុមហ៊ុនបោះផ្សាយ ឬ ភ្នាក់ងារចែកចាយលក់របស់ក្រុមហ៊ុន យាន់តា ហើយវិនិយោគិននឹងត្រូវទទួលខុសត្រូវក្នុងការពិនិត្យលទ្ធផលនៃដំណើរការបរិស្ថានដែលបានផ្សព្វផ្សាយ ក្នុងសារព័ត៌មាន ឬគេហទំព័រនោះ។
The Investor further understands and agrees that the result of the Subscription Process will be made available on newspaper or websites of the Issuer or Underwriter's authorized selling agent(s) and the responsibility will be on the Investor to check the result of the Subscription Process from such newspaper or websites.
- ៦.៣ ក្រុមហ៊ុន យាន់តា រក្សាសិទ្ធិកែប្រែលក្ខខណ្ឌដែលមានចែងក្នុងសេវាបរិស្ថាននេះ។
YSC reserves the right to amend the terms and conditions contained herein.

Appendix 8: Address of Selling Agent

1. Phnom Penh

Head office of ACLEDA Securities Plc.

Address	5th Floor, Building # 61, Preah Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Cambodia
Phone Number	023 999 966, 023 999 977, 023 723 388, 015 723 388
Email	info@acledasecurities.com.kh
Website	www.acledasecurities.com.kh

Phnom Penh Branch

Address	No 29 and 30CD, Street 217 and 213, Group 63, Phum 7, Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh, Cambodia
Phone Number	023 997 169, 023 997 179, 023 997 189, 023 881 465, 023 881 224, 015 900 342
Email	pnp@acledabank.com.kh
Website	www.acledabank.com.kh

AEON Mall 1 Branch

Address	No. 132, Samdach Sothearos Blvd., Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia
Phone Number	023 901 525, 023 901 535
Email	str@acledabank.com.kh
Website	www.acledabank.com.kh
SWIFT Code	ACLBKHPP

AEON Mall 2 Branch

Address	Bayab Village, Sangkat Phnom Penh Thmei, Khan Saensokh, Phnom Penh, Cambodia
Phone Number	015 800 355
Email	ssk@acledabank.com.kh
Website	www.acledabank.com.kh

Boeng Trabaek Branch

Address	No28, No30 EOE1E2, No32 E1E2 & No34 E1E2, Mao Tse Toung Blvd., Sangkat Boeng Trabaek, Khan Chamkar Mon, Phnom Penh, Cambodia
Phone Number	015 900 242
Email	btrckm@acledabank.com.kh
Website	www.acledabank.com.kh

Chbar Ampov Branch

Address	No. 38, National Road No. 1, Group 3, Daeum Ampil Village, Sangkat Chbar Ampov Ti Muoy, Khan Chbar Ampov, Phnom Penh, Cambodia
Phone Number	023 720 633, 023 997 277, 015 900 315
Email	cap@acledabank.com.kh
Website	www.acledabank.com.kh

Chamkar Doung Branch

Address	Sambuor villag, Sangkat Dangkao, Khan Dangkao, Phnom Penh, Cambodia
Phone Number	023 985 230, 015 500 487
Email	cdg@acledabank.com.kh
Website	www.acledabank.com.kh

Chaom Chau Branch

Address	No 142,143 &147, National Road No 4, Group 3, Prey Chi Sak Village, Sangkat Chaom Chau 3, Khan Pur SenChey, Phnom Penh, Cambodia
Phone Number	023 866 107, 023 866 132, 023 866 125, 015 800 848
Email	chc@acledabank.com.kh
Website	www.acledabank.com.kh

Daun Penh Branch

Address	#248, Preah Monivong Blvd, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh, Cambodia
Phone Number	023 222 626, 023 222 424, 023 224 545
Email	dpn@acledabank.com.kh
Website	www.acledabank.com.kh

Mao Tse Toung Blvd., (Phsar Daeum Kor) Branch

Address	No 244, Mao Tse Toung Blvd. (245), Phum 3, Sangkat Tumnob Tuek, Khan Boeng Keng Kang, Phnom Penh, Cambodia
Phone Number	023 883 013, 023 883 014, 023 997 910, 023 997 911
Email	mtg@acledabank.com.kh
Website	www.acledabank.com.kh

Pochentong Branch

Address	No 46, Russian Federation Blvd., Group 1, Paprak Khang Tboung Village, Sangkat KaKab 1, Khan Pur SenChey, Phnom Penh, Cambodia
Phone Number	023 890 490, 023 890 468, 015 900 252
Email	pct@acledabank.com.kh
Website	www.acledabank.com.kh

Phsar Daeum Thkov Branch

Address	No 606, Street 271, Sansam Kosal 3 Village, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh, Cambodia
Phone Number	023 993 575, 023 993 585, 015 600 483
Email	pdt@acledabank.com.kh
Website	www.acledabank.com.kh

Phsar Toch Branch

Address	Lot 1580, National Road No5, Group 1, Sameakki Village, Sangkat Russey Keo, Khan Russey Keo, Phnom Penh, Cambodia
Phone Number	023 990 027, 015 400 958
Email	pht@acledabank.com.kh
Website	www.acledabank.com.kh

Praek Pnov Branch

Address	No 492, National Road No 5, Pou Mongkol Village, Sangkat Praek Pnov, Khan Praek Pnov, Phnom Penh, Cambodia
Phone Number	015 700 648
Email	ppv@acledabank.com.kh
Website	www.acledabank.com.kh

Russey Keo I Branch

Address	No 482, Group 6, Phum Spean Khpous, Sangkat Kilometre NO.6, Khan Russey Keo, Phnom Penh, Cambodia
Phone Number	023 430 673, 023 427 668, 015 900 370
Email	rsk1@acledabank.com.kh
Website	www.acledabank.com.kh

Stueng Mean Chey Branch

Address	No A1, A2, A3, A4, A5 & G19, Samdech Munireth Blvd., Trea Bei Village, Sangkat Stueng Mean Chey, Khan Mean Chey, Phnom Penh, Cambodia
Phone Number	023 995 322, 023 995 562, 015 700 757
Email	smc@acledabank.com.kh
Website	www.acledabank.com.kh

Tuol Kork Branch

Address	No 99C3, 4BlockB, 99C5 and No 101 A1 A2 A3 A4, Street 289, Phum 1, Sangkat Boeng Kak Ti Muoy, Khan Tuol Kork, Phnom Penh, Cambodia
Phone Number	023 990 550, 023 990 551, 015 800 218
Email	tkk@acledabank.com.kh
Website	www.acledabank.com.kh

Vimean Chaktomuk Branch

Address	No 145, Corner of Preah Norodom Blvd. and Samdach Louis Em Street. Phum 5, Sangkat Boeng Keng Kang Ti Muoy, Khan Boeng Keng Kang, Phnom Penh, Cambodia
Phone Number	023 998 677, 023 998 377
Email	vcm@acledabank.com.kh
Website	www.acledabank.com.kh

RHB Indochina Securities Plc.

Address	#1-3, Level 2&3, St. 271, Sangkat Toeuk Thla, Khan Sen Sok, Phnom Penh, Cambodia
Phone Number	023 969 161
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Campu Securities Plc.

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Cana Securities Ltd.

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2. Siem Reap Province

Siem Reap Branch

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Krong Siem Reap Branch

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3. Sihanouk Ville Province

Sihanouk Ville Branch

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4. Battambang Province

Battambang Provincial Branch

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Krong Battambang Branch

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5. Kampong Cham Province

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6. Kampot Province

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7. Svay Rieng Province

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8. Banteay Meanchey Province

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Scan here for bank's information

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