



ACLEDA Bank Plc.
The bank you can trust.



ANNUAL REPORT

2005



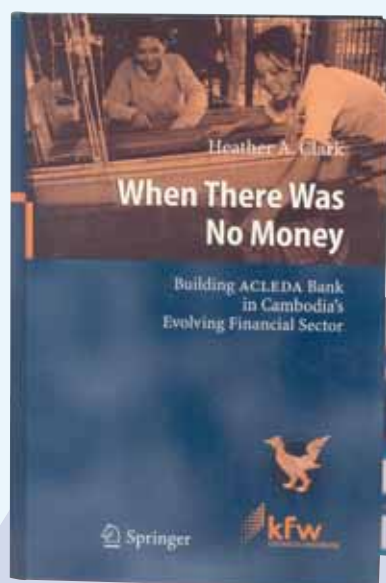
10th Anniversary Triodos Doen Award



CGAP Financial Transparency Award 2005



HSBC Global Payments and Cash Management 2005, Certificate of Excellence



When There Was No Money; Building ACLEDA Bank in Cambodia's Evolving Financial Sector. By Heather A. Clark



IFC's Client Leadership Award 2005

OUR VISION

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

OUR MISSION

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

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

Head Office: #28, Mao Tse Tung Blvd., Sangkat Boeung Trabek, Khan Chamcarmon, Phnom Penh, Kingdom of Cambodia.
Phone: (855)-23-214 634 / 993 780 / 364 619 Fax: (855)-23-364 914 / 217 816 / 213 239
E-mail: acledabank@acledabank.com.kh Website: www.acledabank.com.kh

FINANCIAL RESULTS

Unit in US\$ '000 (except EPS and Dividend)	12/31/05	31/12/04	31/12/03	31/12/02	31/12/01	Change
	Audited	Audited	Audited	Audited	Audited	(%) ¹
Assets	123,871	84,109	48,240	30,970	27,341	47.3
Loans (Net of Provision)	98,460	64,932	39,908	26,965	20,115	51.6
Liabilities	91,917	58,174	32,306	25,833	22,653	58.0
Deposits	61,901	31,640	13,161	5,679	1,950	95.6
Issued and Paid-Up Capital ²	13,000	13,000	13,000	4,000	4,000	
Shareholders' Equity ³	31,955	25,935	24,658	17,355	16,905	23.2
Total Income	25,679	17,128	11,758	8,266	9,015	49.9
Profit Before Tax	5,275	2,558	2,461	748	594	106.2
Net Profit After Tax	4,205	2,063	1,974	589	475	103.8
Earnings Per Share	\$0.3235	\$0.1587	\$0.1518	\$0.1473	\$0.1188	103.8
Dividend (For 2005 Dividend payout rate is 40%)	\$0.1294	\$0.0630	\$0.0607	\$0.0442	\$0.0350	105.4

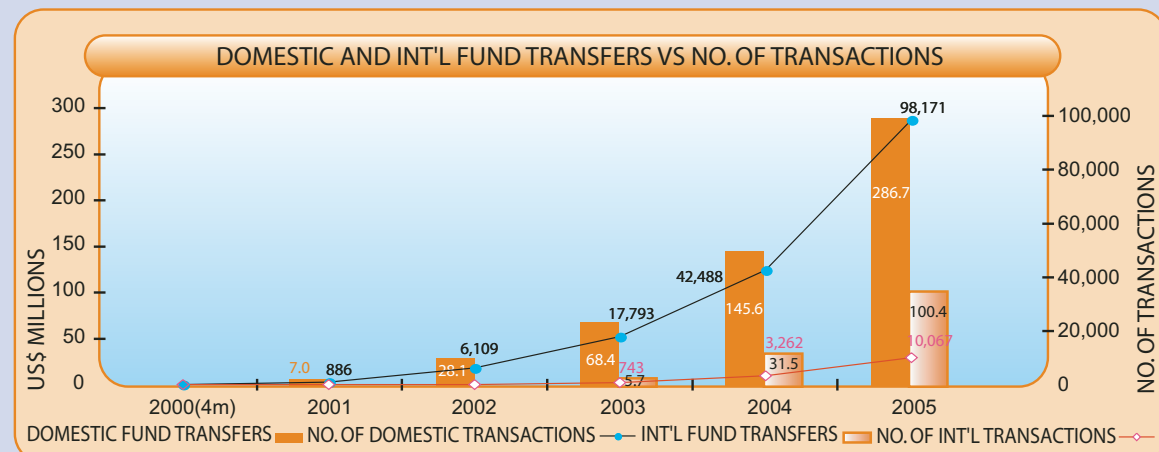
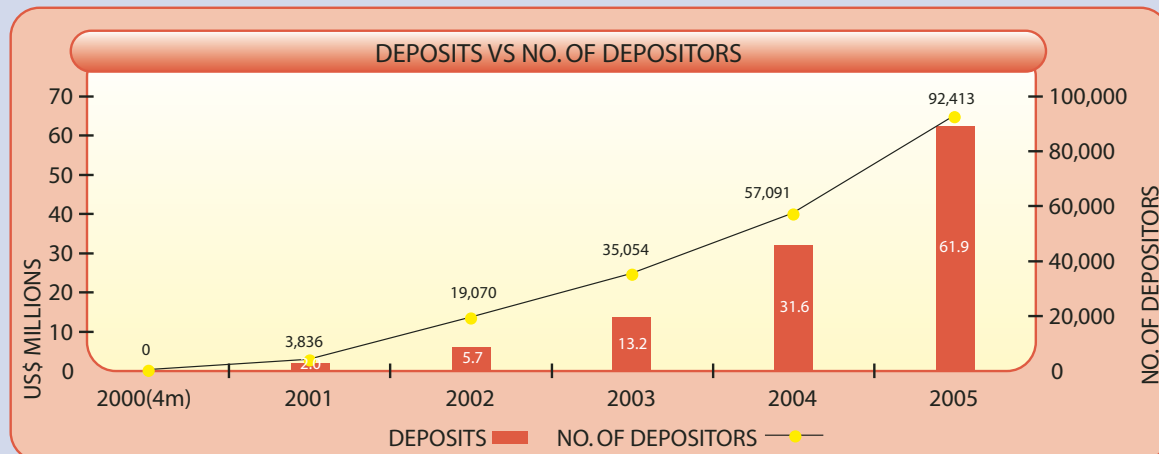
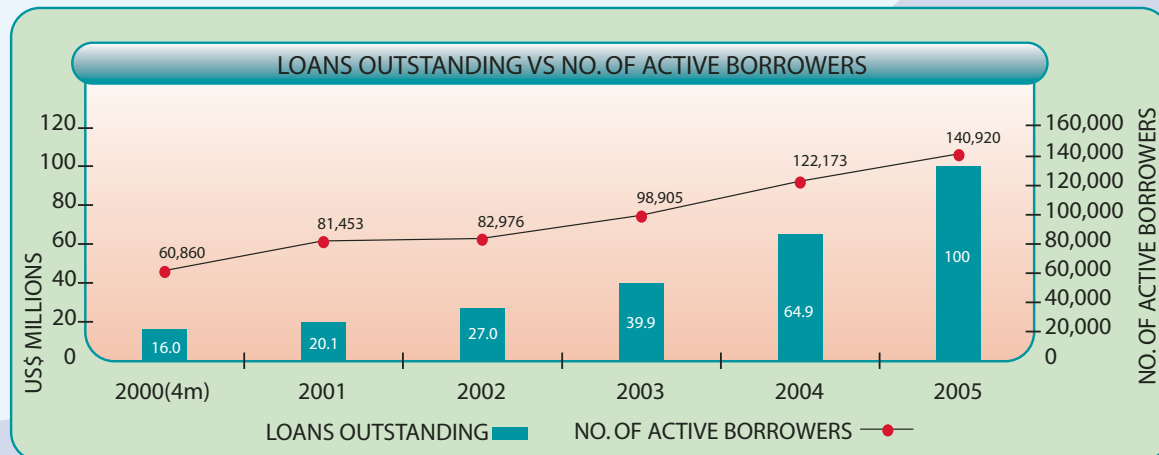
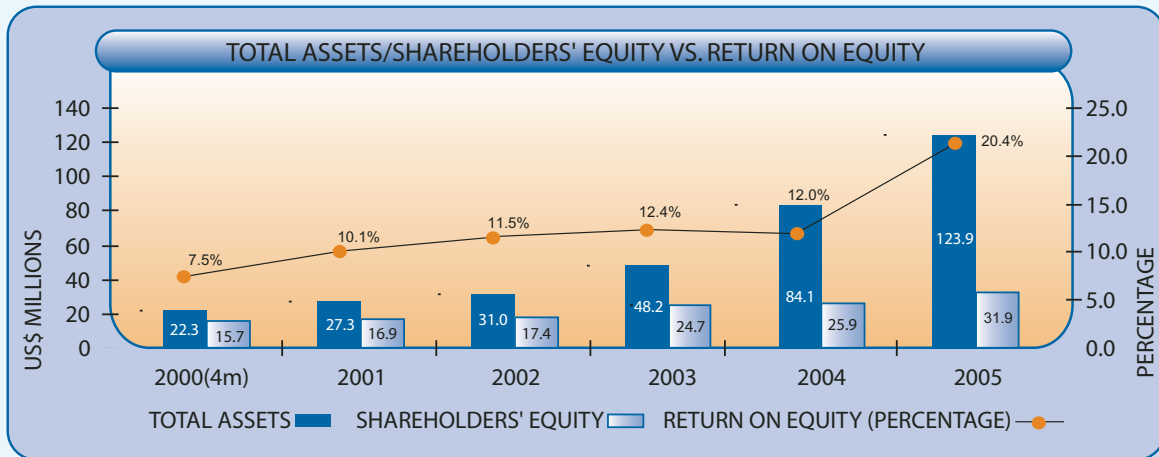
HIGHLIGHTS OF 2005

- Assets increased 47% to US\$124 million
- Loans up 52% to US\$98 million
- Deposits grew by 96% to US\$62 million
- Net Profit After Tax improved by 104% to US\$4.2 million
- Shareholders' Equity increased by 23% to US\$32 million
- Domestic funds transfers rose 97% from US\$145.7 million to US\$286.7 million
- Overseas funds transfers increased 227% from US\$31.6 million to US\$103.4 million
- Network expanded from 119 to 139 offices covering 22 provinces
- Correspondent relationships established with banks in 41 countries

¹ From 31/12/04 to 31/12/05

² Increased from US\$4 million to US\$13 million on 13th November, 2003

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



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Forecast of Cambodia's Key Economic Indicators¹

	2001	2002	2003	2004	2005e	2006f
1. GDP						
GDP % change	6.3	5.5	7.0	7.7	8.4	6.3
Per capita GDP (in U.S. dollar)	259	273	284	N/A	N/A	N/A
2. Inflation						
Inflation (final quarter basis)	-0.6	3.3	0.5	5.6	6.7	4.5
3. Government budget (In percent of GDP)						
Revenue	10.7	11.2	10.4	11.9	11.5	
Expenditure	16.3	17.8	17.4	18.0	15.8	
4. Money and Credit (12 month percentage change)						
M2	20.4	31.1	15.3	30.0	16.1	19.7
Total Deposits in the Banking System	20.7	24.1	15.1	25.9	15.6	
Total Outstanding Loans in the Banking System	-5.0	13.8	28.4	32.9	17.4	
Credit Private sector	4.2	13.1	26.2	35.9	21.3	
5. Balance of Payment						
Export	1,571.2	1,755.1	2,027.2	2,475.5	2,707.1	
Import	-2,094.0	-2,318.0	-2,559.9	-3,193.3	-3,738.3	
Trade Balance	-522.8	-562.9	-532.7	-717.7	-1,031.2	
Current account (excl.off.transfer)	-344.1	-361.3	-440.9	-882.1	-563.9	
Current account (incl.off.transfer)	-41.0	-49.5	-128.4	-213.2	-264.2	
Exchange Rate (Riel per Dollar end period)	3,900.0	3,935.0	3,980.0	4,027.0	4,112.0	



¹ Source: IMF, National Bank of Cambodia, ADB



"For the year 2005 the Bank reported a net profit after tax of US\$4.2 million an increase of 104% over the previous year compared to a 4.5% increase in 2004. These results were achieved by a combination of strong revenue growth and tighter control over our cost base."

– Chea Sok, Chairman

The Cambodian Economic Background In 2005

Macroeconomic

The good macroeconomic performance in the past few years continued throughout 2005. From 1999-2005 GDP growth averaged 7% annually, supported by prudent macroeconomic policies, large aid flows and greater openness to trade. Inflation has been kept low, although rising 5-6% as oil prices soared, and the external current deficit was reduced. Monetary aggregates are below targets set for the program, while the exchange rate is broadly stable, based on a managed float operating in a highly dollarized economy. Gross international reserves have increased steadily in dollar terms.

Real sector

2005 Economic growth is estimated at 8.4% the key performers being the agricultural sector +4.5%, the garments industry +5.3%, services +6% and construction +11%.

Inflation

Inflation rose from 0.5% in 2003 to 5.6% in 2004 and to 6.7% in 2005 mainly due to increases in oil and food prices.

Exchange Rate

The exchange rate remained relatively stable throughout 2005, depreciating by less than 2% although there are signs of a modest strengthening going into 2006.

Monetary and Banking

Currency in circulation grew by 15% at the end of 2005 compared with 22.7% in 2004, 18.6% in 2003 and 32.6% in 2002. The broad money supply (M2) increased by 16.1% in 2005 compared with 30% in 2004, 15.3% in 2003 and 31.1% in 2002. This was driven by an increase in foreign currency deposits of 16.6%, while net foreign assets increased by 14.1% and net domestic assets increased by 3.7%. The increase in foreign currency deposits is reflected in the increase of savings deposits of 15.2%, fixed deposits 21.6% and current deposits 21%. Credit to the private sector increased by 21.3% compared with 35.9% in 2004, 26.2% in 2003 and 13.1% in 2002.

Balance of Payments

Preliminary estimates give the current account (excluding official transfers) deficit at US\$563.9 million in 2005 17% higher than in 2004. Exports reached US\$2,707.1 million, surging 9.1% compared with 2004. At the same time, imports rose from US\$3,738.3 million in 2005 to US\$3,193.3 million in 2004, US\$2,559.9 million in 2003, an increase of 17.2% compared to 2004.

...and Trends for 2006

The macroeconomic prospects for 2006 and the medium term are generally positive. Even with demand constrained by the current high level of petroleum prices, Cambodia's real GDP is expected to increase by 6.3% in 2006, with similar growth in the following years. Inflation is expected to remain below 5%. Broad money (M2) growth is targeted at 19.7% while it is estimated that money in circulation will expand by 18.4% and foreign currency deposits by 19.6%.

As I reported last year the National Bank of Cambodia remains committed to the implementation of the 'Financial Sector Blueprint' for 2001-2010. This is a long-term plan covering seven key areas of development, namely:

1. A properly regulated financial infrastructure;
2. A rural banking system targeted at the poorer segment of the community;
3. A credible insurance sector;
4. An expansion of the range of non-banking financial services, especially in the areas of leasing and hire purchase;
5. An interbank money market to increase liquidity in the system;
6. A capital market to mobilize funds for long-term investment, and;
7. A legal infrastructure and accounting system that imposes the rule of law in commercial and financial transactions.

Shareholders' Meeting

The Annual General Meeting of Shareholders was held on May 12, 2005 at the Bank's Head Office. Notice of Meeting together with the Annual Report, the Meeting Agenda and the Board's recommendations were delivered to the shareholders in advance according to the bank's Articles of Association and regulations. Additional action was taken by the Shareholders during the year as provided for by Article 15 of the Articles of Association.

The key matters approved were:

- The Annual Report for the year 2004.
- The audited Financial Statements for the year 2004.
- The payment of a dividend for 2004 of US cents 6.30 per share.
- The re-appointment of PricewaterhouseCoopers (Cambodia) Limited as the external auditors for 2005.
- The Capital Expenditure Plan for 2005.
- An amendment to article 8 and article 26 of the Memorandum and Articles of Association of ACLEDA Bank Plc.
- The purchasing of land and the budget for construction of a new Head Office.

Results

For the year 2005 the Bank reported a net profit after tax of US\$4.2 million an increase of 104% over the previous year compared to a 4.5% increase in 2004. These results were achieved by a combination of strong revenue growth and tighter control over our cost base. In an increasingly competitive market it is satisfying to be able to report that the commitment we made last year to our shareholders that we would deliver on the investment made in staff, new branches and systems in 2003 and 2004 produced a record profit generating a 20.4% return on shareholder's equity.

The network was expanded from 119 to 139 offices during the year and one new province, Stung Treng, was brought into the family. I'm very pleased to inform you that the office there had already achieved profitability by the end of the year.

Dividends and Capital

The board is pleased to recommend a dividend per share of US\$12.94 cents – more than double the US\$6.30 cents for 2004. This is the fifth consecutive year in which we have increased the dividend payout to shareholder since ACLEDA was transformed to a bank in 2000. This represents approximately 40% of our Net Profit After Tax and, in keeping with our previous practice, we will propose that the remaining 60% of retained earnings be transferred to General Reserves.

The Bank's Capital Adequacy Ratio at 28.22% is comfortably above the 15% required by the National Bank of Cambodia and substantially exceeds international norms.

Rating

In spite of the lack of a sovereign risk rating for Cambodia, Moody's Investors Service reaffirmed its BFSR (Bank Financial Strength Rating) of 'D' – one of the strongest for domestic banks in Asian developing markets. As is reported elsewhere, this has had a most positive impact on our ability to raise funds in the international money markets and I strongly commend to everyone in the financial sector, be they banks or government, the advantages of having an international credit rating.

Governance Review

In March 2005 the Directors held an informal 'away day' to consider the long range strategic objectives of the bank and the skill-set and qualifications which the board will need to lead the bank forward. The result of this was the establishment of a list of strategic imperatives designed to consolidate ACLEDA's position as a world class microfinance bank and to build the leading retail and commercial enterprise bank in Cambodia – a true 'universal' bank for the people.

In 2006 members of the board will undertake a program provided by the Australian Institute of Company Directors to refresh their skills and gain the benefit of networking with fellow professionals in the field of corporate governance from other countries.

The terms of reference of the Board Committees were also reviewed and a number of changes were made to more closely align them with the evolving needs of the bank. John Brinsden, who had so ably chaired the Audit and Risk Committee for the last six years stepped down from that role (although he remains on the Committee) to allow Joe Hoess to take over the chair. At the same time an International Committee was set up with John Brinsden as chair to provide strategic coordination and planning of the bank's fast expanding foreign business.

This 'internal renewal' will be an ongoing exercise and you may expect further announcements towards bringing excellence into our boardroom in the future.

Some More Highlights of the year...

During 2005 the bank received some welcome recognition from various international organizations.

- On September 26, 2005 IFC presented ACLEDA Bank with its annual Client Leadership Award. This is awarded to only one recipient amongst approximately 1,400 institutions around the world which are financed by IFC and is given on the basis of good corporate governance, environmental and social responsibility and commercial sustainability.
- In the same month ACLEDA was pleased to receive the HSBC Certificate of Excellence for our commitment to straight-through processing of global payments and cash management.
- CGAP (the Consultative Group to Assist the Poor) honoured ACLEDA Bank with one of only five Financial Transparency Awards out of 175 candidates for 2005. Attached to this award was a cash prize which it is intended will be used to start a foundation to provide scholarships for qualified but under-privileged women to undertake a university education.

Some of these prizes are depicted on the inside front cover of this Annual Report.

In November/December ACLEDA was a joint Lead Sponsor along with the UNDP and KPMG of the 2005 Cambodia Investment, Trade and Infrastructure Conference which was opened by Samdech the Prime Minister and attended by over 300 local and international businessmen and investors. This is significant as it marks the bank's coming out as a commercial bank and opened the door to new international relationships.

During this conference, following its successful launch in New York, we held an event to introduce 'When There Was No Money: Building ACLEDA Bank in Cambodia's Evolving Financial Sector'. This excellent book, written by Heather Clark, is the history of ACLEDA from the earliest days and I'm glad to report that she was able to join us to autograph copies for those who attended this pleasant evening.

...and Expectations for 2006

On February 15, 2006, ACLEDA Bank, in the presence of senior officials from both the Cambodian and Vietnamese governments, signed an agreement with the Vietnam Bank for Agriculture and Rural Development to facilitate trade between Cambodia and Vietnam. This agreement provides that each party will open accounts in VND and USD, and set-up counters at offices in the border provinces of the two countries to provide direct payment services to each other's clients without the need to route them through third countries.

New offices will be established towards the middle of the year in the two remaining provinces, Rattanakiri and Mondul Kiri, not yet covered by our network which will at last bring much needed banking services to our customers located in Sen Monorom and Banlung towns.

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

Lastly, the long anticipated move to our spacious new headquarters on Monivong Boulevard is expected for the beginning of the 4th quarter this year and we shall look forward to greeting all our customers and friends in what will be undeniably the most comfortable and modern banking hall in Cambodia.

On behalf of the Board we wish to thank our shareholders, customers, investors, and the general public for their support and trust, and our staff and management for their contribution to the Bank's success for the past 5 years. We hope to receive your continued support to achieve our strategic objectives to be Cambodia's leading bank for the people.



Chea Sok
Chairman



"2005 was a year of increasing competition with the arrival of a major international bank and the rise of some of the local financial institutions, especially in the microfinance sector. Nevertheless, it was a year in which we delivered on our commitment to produce record results to justify the large investment in network, staff and systems expansion in 2004."

- In Channy, General Manager

Performance in 2005

In my report last year I expressed confidence that the heavy investment in growth, which had inflated our cost base and depressed net profits in 2004, would bear fruit in 2005. I am pleased to announce that this faith seems to have been justified.

Whilst Total Assets increased by 47% to US\$124 million Net Profit After Tax jumped by nearly 104% to a record US\$4.2 million. This translated into a Return on Average Equity of 20.4%—a substantial increase over 2004's 12.0%. This was largely achieved by:

- i) Tighter cost controls reducing our Operating Expense ratio from 69% to less than 64%.
- ii) Strong loan growth with the portfolio expanding by 52% to US\$98 million with all segments showing an improved performance. At the same time the Non-performing Loan ratio was almost halved from 0.31% to 0.16%. Net margins were maintained in spite of a reduction in interest rates in some of our higher priced loans during the year and as a result Net Interest Income rose 43%.
- iii) Deposits reached 62% of Total Loans against 48% the previous year contributing to a reduction in our average cost of funds despite rising interest rates on the international money markets. Our Deposit growth of 96% has been one of the more satisfying features of 2005 largely from new customers in provincial areas who did not previously keep their savings in banks.
- iv) Notwithstanding an increase in Gross Income of 50% Non-interest Income's contribution rose from 8.7% to 9.7% with Fee and Commission earnings almost doubling. This was mainly due to growth of 97% and 227% in Domestic and Overseas Funds Transfers respectively.

The Operating and Business Environment in 2005

2005 was a year of increasing competition with the arrival of a major international bank and the rise of some of the local financial institutions, especially in the microfinance sector. Nevertheless, it was a year in which we delivered on our commitment to produce record results to justify the very heavy investment in network, staff and systems expansion in 2004. The benefits of this strategy will continue to grow in the years to come and are already discernible in the first half of 2006.

In spite of this competition our market share advanced strongly on all fronts. Our share of deposits amongst all financial institutions has grown steadily over the past five years from 0.4% in 2001 to 1.0%; 2.0%; 3.8%; to 6.8% last year. Our lending market share has also performed robustly expanding from 8.6%; 9.9%; 11.3%; 13.9%; to 18.2% from 2001 to 2005. Such growth has brought with it many challenges and both the management and board of ACLEDA Bank recognise the need to be extremely vigilant in making sure that the bank's governance structure and balance sheet are robust enough to support this expansion.

A number of successful new products were launched during the year of which one, the 'EuroFlex' account, which allows customers to keep their accounts in Euros while writing cheques in other currencies such as the US\$, seems particularly promising.

Our newly established Trade Finance Department made an encouraging start and by the end of the year was making a welcome contribution to revenues. This was greatly supported by the activities of the Financial Institutions Unit who have built up a comprehensive web of correspondents around the world now covering over 250 branches in 41 countries, including some of the biggest names in international banking.

As the Chairman has touched upon in his report, our office network was expanded from 119 to 139 offices mainly in the rural districts and Stung Treng province was incorporated within our coverage area. GLOBUS, the bank's on-line IT system was migrated to more of the suburban and provincial branches and it is planned that the majority of our offices will be on-line by the end of 2006. At the same time the MIS was upgraded to provide more detailed information at the branch and district level which not only improves service but helps the bank manage risk better.

A new management structure was put in place with a view to flattening reporting lines and allowing those fast developing branches direct access to Head Office through the newly created Department for Branch Administration instead of communicating through the Provincial Branches. This has greatly helped to encourage and motivate younger and promising managers to raise their performance and supports our strategy of fast-track upgrading of any smaller offices showing particular potential.

Following international best practice we have separated Risk Management from the Internal Audit Department with the establishment of a Risk Management Committee to examine each product line and take appropriate measures to mitigate any risks identified. In addition ACLEDA Bank, as a member of the Risk Management Association – a leading US based industry association – has access to benchmark learning tools and international standards.

Through 2005, there have been enormous changes in our business and, while we remain strongly focused on microfinance we have been expanding into other banking activities – in some cases, such as Trade Finance, with very positive results. At the same time our traditional role as a microfinance provider has also flourished through our continually expanding network which will soon cover every province with deepening penetration into the rural areas.

Apart from the financial results there were other achievements of which we in ACLEDA can all take pride. As mentioned elsewhere, ACLEDA was honoured to receive awards from IFC, CGAP and HSBC. Such recognition is important in that it brings credibility to our bank well beyond the shores of Cambodia and raises our profile in the international marketplace as we seek to build our trade and remittance business.

Moody's reaffirmed ACLEDA's Bank Financial Strength Rating of 'D' with outlook 'stable' – one of the best ratings for domestic banks in Asia's emerging markets.

Future Challenge – Strategic Imperatives for 2006

'Our Commitment to Microfinance is Paramount'

Fundamental to our long term strategic direction is building on our microfinance franchise as that is where both the needs of the nation and market opportunities lie. At the same time, as our traditional customers move up the wealth scale, we will give them access to a wider range of products and services appropriate to their growing needs.

Our focus will be on five distinct business lines in which ACLEDA Bank can capture and sustain competitive advantage:

- Exploit our market leading position in micro and small scale credit (our traditional business) to open new markets in the provinces both directly and through other microfinance institutions;
- Expand our small to medium enterprise banking including credit and other services such as foreign exchange and trade finance especially in the smaller towns and suburbs;
- Build a countrywide retail banking (deposits and credit) network to attract the growing middle classes;
- Promote cash management services (transfers, collections, payrolls, etc.) – to all sectors including commercial, national and multi-national companies, financial institutions, government and development agencies.
- Develop our international business.

The key success factors to achieving this are:

- Continually upgrading our IT systems (major upgrade planned in 2006).
- Launching new products and services.
- Improve service delivery through the introduction of advanced platforms, especially electronic banking.
- Growing the branch network to reach those locations as yet un-banked.
- Expansion of our international correspondent network, partnerships, bi-lateral agreements and, where attractive opportunities arise, through direct investment.

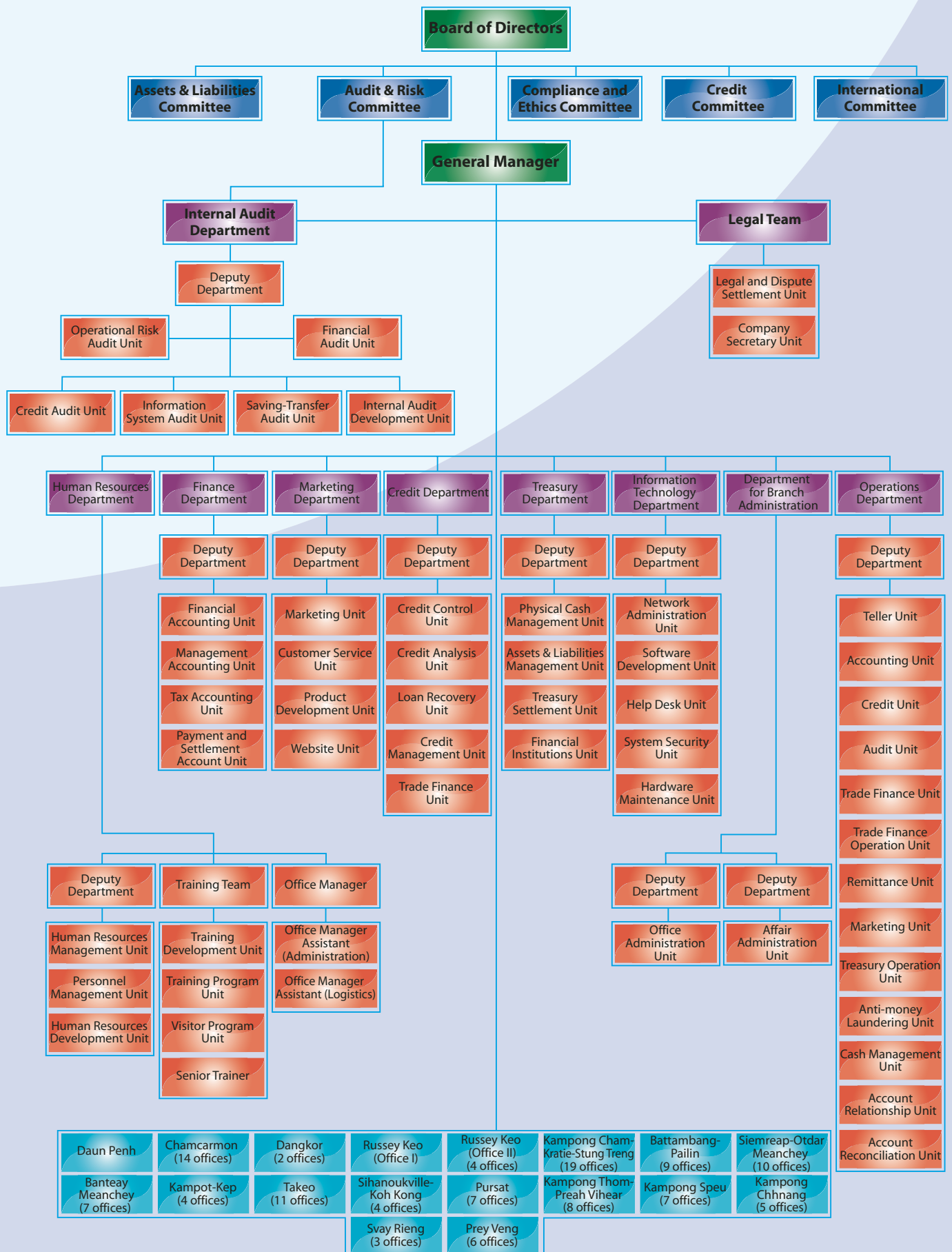
In order to deliver on this ambitious program without diluting shareholder value we shall focus on three key areas: i) further reduction in the operating costs ratio, ii) tight control over Portfolio At Risk and non-performing loans, and, iii) driving up our non-interest income through promotion of more fee based products and services.

Finally, I would like to draw your attention to our participation this year in the Global Reporting Initiative ('GRI'). The GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997, GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in cooperation with UN Secretary-General Kofi Annan's Global Compact. Further details of ACLEDA's contribution towards this worthwhile movement appear in our Environmental and Social Sustainability Report on pages 29-31 and the GRI index on page 67.

I cannot end my report without expressing sincere and warmest thanks to our shareholders, the Board of Directors, my colleagues in ACLEDA Bank and, above all, our customers for their continued support in our efforts to build ACLEDA Bank to be the market leader.



In Channy
General Manager





Principles

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

Shareholders

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

ACLEDA NGO

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

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

ACLEDA NGO's main activities are:

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

ASA, Inc

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

Deutsche Investitions-und Entwicklungsgesellschaft (DEG)

DEG–Deutsche Investitions-und Entwicklungsgesellschaft mbH, Cologne, Germany, a member of KfW banking group, is one of the largest European development finance institutions for long-term project and company financing. For more than 40 years, DEG has been financing and structuring the investments of private companies in developing and transition countries.

DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy, from agriculture to infrastructure and manufacturing to services. It also focuses on investment in the financial sector in order to facilitate reliable access to capital locally. Environmental protection, sustainable resource use and social standards are of particular significance for DEG involvement in investment projects. So far, it has worked together with more than 1,200 companies. By providing 6.2 billion euros of finance, DEG has achieved a total investment of over 41 billion euros.

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

The Netherlands Development Finance Company (FMO)

FMO supports businesses and financial institutions in developing countries with capital and know how. It does so by arranging loans, equity investments, guarantees and other investment promotion activities. Since it was founded in 1970 FMO's basic principle has been that economic growth is the necessary precondition for sustainable development and effective poverty reduction. A strong private sector is essential if these goals are to be achieved. With an outstanding and contracted investment portfolio of Euro1.99 billion and a staff of around 220, FMO is one of the largest bilateral development banks. FMO is a sound financial institution with a "Triple A" rating from Standard & Poor's. FMO's headquarters is in The Hague, Netherlands.

The International Finance Corporation (IFC)

The International Finance Corporation (IFC) is a member of the World Bank Group and is headquartered in Washington, DC. It shares the primary objective of all World Bank Group institutions: to improve the quality of the lives of people in its developing member countries.

IFC has 178 member countries, which collectively determine its policies and approve investments.

IFC's authorized capital is US\$2.45 billion.

The President of the World Bank Group also serves as IFC's president. IFC's Executive Vice President is responsible for the overall management of day-to-day operations.

Although IFC coordinates its activities in many areas with the other institutions in the World Bank Group, IFC generally operates independently as it is legally and financially autonomous with its own Articles of Agreement, share capital, management and staff.

IFC's mission is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives. IFC finances private sector investments in the developing world, mobilizes capital in the international financial markets, and provides technical assistance and advice to governments and businesses. Since its founding in 1956 through 2005, IFC has committed more than \$49 billion of its own funds and arranged \$24 billion in syndication for 3,319 companies in 140 developing countries. IFC's worldwide committed portfolio as of 2005 was \$19.3 billion for its own account and \$5.3 billion held for participants in loan syndications.

Triodos-Doen Foundation

Triodos-Doen Foundation was founded by Triodos Bank and DOEN Foundation in 1994. Both organizations are committed to financing projects and businesses with social, environmental and cultural added value. Triodos-Doen is one of the three microfinance funds managed by Triodos International Fund Management BV, part of the Triodos Bank Group from the Netherlands. Triodos Bank is a fully licensed independent Bank with branch offices in The Netherlands, Belgium, United Kingdom and Spain, and is a pioneering force in the world of sustainable banking. Triodos-Doen is involved in more than 35 micro-finance institutions in Asia, Latin America, Africa and Eastern Europe. The total portfolio at the end of 2005 amounted to EUR 32.5 million. Other equity investments in microfinance banks, besides ACLEDA Bank, include K-REP Bank in Kenya, Banco Solidario in Ecuador, Mibanco in Peru, FFP FIE in Bolivia, Akiba Commercial Bank in Tanzania and XacBank in Mongolia.

Triodos Fair Share Fund

Triodos Fair Share Fund, established in 2002 in The Netherlands, is and remains worldwide one of the first and very few social-ethical funds that offers the opportunity to invest in microcredit to the general public. The fund initially concentrates on the private investors market in the Netherlands. Triodos Fair Share Fund is one of the three microfinance funds managed by Triodos International Fund Management, part of the Triodos Bank Group, and invests in microfinance institutions in developing countries and Eastern Europe. The objective of the fund is to give low-income people in these countries access to financial services by contributing to a sustainable inclusive financial sector. At the end of 2005 the portfolio of Triodos Fair Share Fund amounted to EUR 16 million.



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

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

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

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

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

A complete list of existing Board Committees, their membership and their activities during 2005 appears on pages 22-28 of this report. It should be noted that membership is not confined only to members of the Board but includes management and others as is considered appropriate to the role of the particular committee. However, the Chairman of a Board Committee must always be a member of the Board.



BOARD OF DIRECTORS

Mr. Chea Sok, Chairman

Cambodian, joined the Board October, 2000. Born in 1943, he obtained Licence-es-Science Commercials in 1967 (specialized: Bank, Finance and Accounting). He joined Banque Khmère pour le Commerce (Commercial Bank) in 1965 as Branch Manager in Sihanoukville, Deputy BM Phnom Penh and Battambang till 1975. Branch Manager of National Bank of Battambang 1979-1990. From 1990-1999: Deputy Governor, Director of the Bank Supervision & Examination Department, Director of the Economic Research Department, General Director of the National Bank of Cambodia (Central Bank). From 1992, he attended numerous courses and seminars on Macro-Economic Management and Micro-finance in several countries and in Cambodia. Retired in 1999. (Experience: Banking, Finance, Legal, Management)

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



Mr. John Brinsden, OBE, Vice-chairman

British/New Zealand. Born in 1942, he has lived in Asia for 38 years. He previously worked for the Standard Chartered Bank from 1961 until retiring in 1999 as Resident Director, Mekong Sub-region. He assumed his present role on joining the Board of ACLEDA Bank in October, 2000. He has particular responsibility for advising the bank on commercial banking and international relations. He is a Fellow of the Chartered Institute of Bankers of England and a Graduate of the Australian Institute of Company Directors. Married with one daughter to Chuang Pi-Feng, Taiwanese, he now lives with his family in Cambodia but travels widely in the Asia-Pacific region and Europe.

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



Mr. Deepak C. Khanna, Director

An Indian national, born in 1957, joined the Board February, 2003. He is currently a Senior Program Manager in the IFC's Global Financial Markets Department, based in Dubai, UAE. His current responsibilities include developing new micro and small business banking operations in the Middle East, Africa and South Asia regions.

Between 2001 and 2005, he was IFC's Country Manager for Vietnam, Laos and Cambodia and from 1998 to 2001 he served as IFC's Country Manager for South Korea. In these roles, he was responsible for developing the Corporation's country strategies, assisting in managing portfolio companies and developing new business.

Mr. Khanna has both industry and financial markets experience and has served on the Board of Directors of several financial institutions and industrial companies. Mr. Khanna holds an MBA degree from George Washington University in the US and a Master's degree in Business Economics from the University of Delhi.



Mr. Joseph J. Hoess, Director

American, born in 1966. Mr. Joseph J. Hoess is Executive Director and Country Manager of ABN AMRO Thailand since December 2001. His career with ABN AMRO spans over 14 years in the United States, Europe, Brazil, China and Thailand. During this time, he has held senior management positions in both commercial and investment banking capacities. Mr. Hoess received a B.A. in History from Northern Illinois University in 1988 and MBA from the University of Illinois at Chicago in 1992. He is the Vice Chairman of the Foreign Banks Association of Thailand and sits on the Advisory Board of SASIN Business School at Chulalongkorn University. (Nominated to the Board on 17th March 2005)

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



Mrs. Femke Bos, Director

Dutch, born in 1969. Board member since August 2002. Mrs. Femke Bos joined Triodos Bank in 2002 and is currently Fund Manager of the Triodos-Doen Fund and Senior Investment Officer Asia and MENA (Middle East and North Africa). Prior to that she held several (management) positions with ABN AMRO Bank in the Netherlands, where she has worked since 1997. In 1994 she started her career as a lawyer for a real estate company after obtaining her Master's degree in Law at the University of Amsterdam. During her career she gained large experience in micro-finance, investments, retail and commercial banking, legal affairs and management. In addition, Mrs. Femke Bos serves on the Board of Directors of XacBank in Mongolia.

Board Committees: Credit (Chair).





Dr. Peter Kooi, Director

Dutch, joined the Board October, 2000. Peter Kooi studied corporate finance and sociology at the Erasmus University in Rotterdam, the Netherlands. He advised ACLEDA as a microfinance consultant over a period of seven years in its course from a development program into a commercial bank. From 1999, Peter Kooi worked as a short-term microfinance consultant for microfinance institutions and projects located mainly in Africa and Asia. From September, 2002, until December, 2005, Peter was Director of the Microfinance Unit of UNCDF in New York but now lives full time in Cambodia.

Board Committees: Credit, International.



Mr. Lonh Thol, Director

Cambodian, joined the Board October, 2000. Born in 1961. After studying Management Marketing he joined ILO in 1992 and moved to ACLEDA in 1993 where he now works in the Department for Branch Administration as Head of Security Unit. Married to Kong Ry, Cambodian with 4 children.



Mrs. Sok Vanny, Director

Cambodian, joined the Board October, 2000. Born in 1966, she studied accounting 1986-1992 and obtained a Bachelor Degree of Economic Sciences. She joined ACLEDA NGO in 1993 and now works in the Finance Department of ACLEDA Bank.



Mrs. Jutta Wagenseil, Director

German, joined the Board July, 2001. Born in 1953, she has more than 20 years of business experience in the Far East. She obtained a Masters Degree of Economics and Business Administration at Justus-Liebig-University, Giessen, Germany in 1978. She then participated in a Trainee Program of the reputed German Development Institute, Berlin, Germany. In 1979 she joined Klöckner Industrie-Anlagen GmbH, Duisburg, Germany (1979-1988) where she worked on Heavy Industry Projects with a regional emphasis on Southeast Asia. She left the company as Deputy Head of the Department for Economic Studies and Project Development. In 1988 she joined Deutsche Investitions und Entwicklungsgesellschaft mbH working in the Business Cooperation Program (1988-1991) and in the Regional Department East and Southeast Asia (1991-2000). Since 2000 she has been working in DEG's Portfolio Management as Vice President and Senior Investment Manager responsible for DEG's portfolio in Thailand, Vietnam and Cambodia.



Mr. Eric J. Rajendra, Director

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

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

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

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





Mr. In Channy, General Manager

Born on June 4th, 1960. He studied Business Organization and Management at Gwynedd Mercy College, USA in 1990. He obtained a Bachelor Degree in Education at the Faculty of Advanced Education in Thailand, in 1992. From 1993, he attended numerous courses on management and microfinance in Cambodia and overseas. In 1998, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. He is one the founders of ACLEDA.



Mr. Chhay Soeun, Manager, Financial Department

Born in 1954, graduated from high school in 1973 and from the Supreme Technology Institute in 1974. He studied Accounting at the Economic School in Phnom Penh in 1980. From 1993, he attended numerous courses on management and microfinance in Cambodia and overseas. From 1997, he completed a range of advanced courses in finance at the Regent College in Phnom Penh. In 1998, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. He also obtained a diploma in accounting in 2002. He is one the founders of ACLEDA in 1993 and has been its Finance Manager since 1994.



Mrs. So Phonnary, Manager, Marketing Department

Born in 1963, obtained a Bachelor Degree in Economic Science at the Economic Institute in Phnom Penh in 1989. From 1993, she attended numerous courses on management and microfinance in Cambodia and overseas. In 1998, she completed a course in microfinance at Colorado University, USA. She also obtained a diploma in accounting in 1998 at the Regent College in Phnom Penh. From 1993, she worked in ACLEDA as a Small Enterprise Promotion Officer and Credit Officer. In 1995 she was promoted to Provincial Branch Manager. She is one the founders of ACLEDA in 1993 and has been its Marketing Department Manager since 1996.



Mr. Cheam Teang, Manager, Treasury Department

Born in 1955, graduated from High School in 1973, studied teaching mathematics at the Pedagogy School in Phnom Penh from 1974 to 1975. He studied Accounting at the Economic School in Phnom Penh in 1980. From 1993, he attended numerous courses on management and microfinance in Cambodia and overseas. In 1998, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. He is one the founders of ACLEDA in 1993 and worked as Provincial Branch Manager till 1998 when he was promoted to Operations Manager in 1998 and he became Treasury Department Manager since 2000.



Mr. Chan Serey, Manager, Human Resources Department

Born in 1956, obtained an Associate Degree in Education in Thailand in 1992. From 1994, he attended numerous courses on management and microfinance in Cambodia and overseas. In 1998, he completed an executive course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. From 1994, he worked in ACLEDA as business trainer and credit officer. In 1996 he was promoted to deputy provincial branch manager and became a branch manager in 1997. He was Manager of Credit and Human Resources Department from 2000 before taking over his present role in 2002.



Mr. Mach Terry, Manager, Information Technology Department

Born in 1965. He completed his higher school certificate in 1986 in Australia. He was awarded a degree in Bachelor of Science in 1989 by Monash University in Australia, majoring in Computer Science and Statistics. He then proceeded to do a Graduate Diploma in Business Systems and was awarded the diploma in 1990 by the same university. He worked for several different organizations, including the ANZ Bank in Australia, Monash University, UNHCR in Cambodia, World Vision Cambodia, International Labour Organization, and finally, ACLEDA NGO as a consultant before assuming his present fulltime management position with ACLEDA Bank in July 2000.

EXECUTIVE | MANAGEMENT

Mrs. Kim Sotheavy, Manager, Internal Audit Department

Born in 1965, obtained a Bachelor Degree in Economic Science at the Economic Institute in Phnom Penh in 1991. She attended numerous courses on management and accounting in Cambodia. She worked in ACLEDA from 1994 as accountant. She was promoted to Internal Audit Team Leader since 1999 and was promoted to Manager in 2002.



Mr. In Siphann, Manager, Credit Department

Born in 1957, studied management and accounting at the Economic School in Phnom Penh in 1980, obtained a Diploma in General Business Management in 1988. Since 1997, he has attended numerous courses on management and accounting, microfinance in Cambodia and overseas. In 1999, he completed an executive course on Finance Institutions for Private Enterprise Development (FIPED) at Harvard University, USA. From 1994, he worked in ACLEDA Bank as Small Enterprise Promotion Officer. He became an accountant in 1997 and promoted as Deputy Branch Manager within the same year. In 1998, he was promoted to Branch Manager and then became Credit Department Manager in June 2002.



Mr. Ly Thay, Manager, Operations Department

Born in 1975, obtained a Bachelor Degree in Chemistry at Phnom Penh University in 1996. He attended numerous courses on selling skills and management by MPDF programs in Cambodia. From 1997, he worked in ACLEDA as accountant and as internal audit staff in 1999. In 2000, he was promoted to Svay Rieng Branch Manager and he then was promoted to office operation manager in 2002. He was promoted to Operations Department Manager in 2004.



Mr. Nay Soksamnang, Manager, Department for Branch Administration

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



Mr. Prom Visoth, Manager of Legal Department and Company Secretary

Born in 1975, obtained a Bachelor Degree in Accounting at Faculty of Business in 1997 and Bachelor Degree in Private Law at Faculty of Law and Science Economic in 2000 in Phnom Penh, Cambodia. He attended numerous courses on management and accounting in Cambodia. From 1998, he worked in ACLEDA as Accountant. In 1999 he was promoted to the technical staff of Credit Department and he then was continuously promoted to provincial branch manager in 2000. He has been Legal Team Leader and Company Secretary since 2001 and was promoted to be Manager of Legal Department in January 01, 2006.



Mr. Ung Sam Ol, Manager, International Trade Finance Department

Born in 1963, obtained a Master's Degree of Business Administration majoring in Accounting and Finance from Build Bright University in 2005, Phnom Penh. He graduated with a Bachelor Degree of Economics majoring in Banking and Finance, Norton University in 2001, Phnom Penh. He was awarded a diploma in Accounting and Finance in 1988 from Phnom Penh Business College. He started working for ACLEDA as an accountant in 1998 and became Head of the Credit Control Unit in 1999. He has attended numerous courses on management and accounting in Cambodia. He was promoted to be Branch Manager of ACLEDA Bank Plc, Kampong Thom Branch in 2001 and has been Deputy Manager of Operations Department since 2004 and was promoted to be Manager of International Trade Finance in January 01, 2006. (Nominated to the Executive Committee on 1st April 2005)



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

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



The Board met face-to-face four times in March, June, September and December during the course of 2005 and in addition passed 11 resolutions by email. Each meeting normally lasts one whole day except for the March meeting which extended into a second day to review the previous years results and meet with the external auditors.

Principal activities in 2005:

- Reviewed the Bank's quarterly financial reports and received progress reports on all operational aspects of the banks operations including services and products.
- Received and reviewed the external auditors' special Management Letters and approved management's response thereto.
- Received the NBC's inspectors' report and approved management's responses.
- Approved the Environment, Social and Community Policy.
- Approved the Directors' Service Agreement, the Board Charter, the Code of Conduct and Board Committee Rules.
- Approved the Terms of Reference of the International Committee.
- Approved the introduction of new strategic products and services and delivery processes.
- Approved the audited financial statements and Annual Report for the year 2004.
- Approved the Staff Housing Loan scheme.
- Ratified the Credit Policy on refinancing/rescheduling/restructuring.
- Reviewed and approved the Business Plan, Budget and Capital Expenditure Plans.
- Performed the annual appraisal of the General Manager and approved his 2005 remuneration package.

Committees of the Board of Directors

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

The reports appear on pages 22 to 28

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

Assets and Liabilities Committee (ALCO)

Scope and purpose:

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

Members:

- | | |
|--|---------------------|
| 1. Board Member (Chair) | – Mr. John Brinsden |
| 2. Board Member | – Mr. Chea Sok |
| 3. General Manager (ex officio) | – Mr. In Channy |
| 4. Manager, Finance Department (ex officio) | – Mr. Chhay Soeun |
| 5. Manager, Treasury Department (ex officio) | – Mr. Cheam Teang |
| 6. Manager, Marketing Department (ex officio) | – Mrs. So Phonnary |
| 7. Manager, Credit Department (ex officio) | – Mr. In Siphann |
| 8. Manager, Operations Department (ex officio) | – Mr. Ly Thay |

Issues and Activities of 2005:

- ALCO met twelve times during the year with a 100% attendance record achieved by all permanent members or their deputies.
- US Dollar liquidity remained comfortable throughout the year in spite of the rapid growth in assets although some temporary strain was experienced in Riel and Baht funding as depositors switched to the dollar due to the perceived weakening of the local currency.
- A review of the 3-day Stress Testing methodology was undertaken at the beginning of the year in the light of increasingly fluctuating balances in both commercial deposits and overdraft. Additional 'standby' lines were taken out with other commercial banks to provide a back-up for liquidity management.
- The bank adhered to a strict policy of keeping the total F/X position within $\pm 1\%$ of net worth which was vindicated when the Riel started weakening in the second quarter of the year. The interest rate risk was also managed within acceptable levels.
- In anticipation of the continued rise in US\$ interest rates over the medium term the bank secured some long term fixed-rate funding from international institutions at favourable rates which was greatly facilitated by the Moody's rating.
- To cover the shortage of Riel and Baht funds the bank mounted a successful marketing campaign to gather more deposits in these currencies. In addition, a US\$/Riel swap arrangement with the National Bank of Cambodia allowed the bank to continue to grow its local currency portfolio.
- In the light of rising US\$ interest rates on the international money markets and the development of new loan products with longer term interest rate profiles the bank reviewed the funding strategy for the next five years making it more flexible to meet the changing circumstances and better equipped to cater for new more complex products. The interest rate differential between international and local US\$ interest rates remain substantial although there are signs that this will reduce over the next year.
- A rationalisation of the interest rate structure was undertaken to more comprehensively reflect both supply and demand and risk pricing. This will be an ongoing exercise in 2006 in cooperation with ARCO and the Board Credit Committee.
- The Advances/Deposits ratio is still considered to be less than optimal and new initiatives are being put in place to gather more deposits. In the meantime, retail deposits continue to grow and are proving to be a most stable and reliable source of funds.

Audit and Risk Committee (ARCO)

Scope and purpose:

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

Members:

- | | |
|---|-----------------------|
| 1. Board Member (Chair)
(Chair from September, 2005) | – Mr. Joseph J. Hoess |
| 2. Board Member | – Mr. Chea Sok |
| 3. Board Member
(Chair until September, 2005) | – Mr. John Brinsden |
| 4. General Manager (ex officio) | – Mr. In Channy |
| 5. Manager, Finance Department (ex officio) | – Mr. Chhay Soeun |
| 6. Manager, Internal Audit Department (ex officio) | – Mrs. Kim Sotheavy |
| 7. Manager, IT Department (ex officio) | – Mr. Terry Mach |
| 8. Manager, Operations Department (ex officio) | – Mr. Ly Thay |
| 9. Chairman, Risk Management Committee (ex officio) | – Mr. Rath Yumeng |

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

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

Issues and Activities of 2005:

- ARCO met four times during the 2005 fiscal year – in March, August, September and December, with the regular June meeting being postponed to August in order to receive and address the National Bank of Cambodia’s (“NBC”) inspection report. In addition, a meeting between the former Chair (Mr. John Brinsden), as a non-executive member of the Committee, and the bank’s external auditors was conducted in February to review the results of the 2004 annual audit. Mr. Joseph Hoess became a non-executive member of ARCO in August 2005. He was approved by the Board to assume the Chair in September 2005, upon the resignation from the Chair of Mr. John Brinsden. After 5 years as ARCO Chair, Mr. Brinsden recommended the change as a matter of good corporate governance and to spread the responsibilities amongst other directors. Mr. Rath Yumeng, as Chairman of the newly created Risk Management Committee, became a member of the Committee ex-officio in September 2005. ACLEDA’s external auditors, PriceWaterhouseCoopers (‘PwC’), participated in the March, August and December ARCO meetings as observers to present their audit and internal control findings and to provide suggestions to the Committee on how it may improve itself and specific processes or issues within the bank as raised by Committee members.
- The Committee received the external auditor’s Management Letter pertaining to the fiscal year 2004 annual audit. This Letter revealed no serious shortcomings and they reported that they had received excellent cooperation from the management of the bank while performing its duties.

The external auditor’s 2004 Management Letter raised six areas for possible improvement, being security and safety, quality control, risk management in conformity with Basel II, IT control, reporting and taxation. The Committee was satisfied with management’s response and the various remedies proposed.

The Committee agreed that all matters still outstanding from the previous (2003) Management Letter that were both feasible to implement and appropriate for the betterment of ACLEDA had been effectuated.

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

- The Committee agreed that its non-executive members will meet with ACLEDA’s external auditor at least twice a year, in September (before the annual audit commences) and in the following February (after the annual audit is completed). Consistent with internationally accepted best practice for audit committees, these meetings will be held without the presence of management. In addition, the Committee agreed that the external auditor’s team leader (and any pertinent deputies) will be invited to attend ARCO meetings as observers to promote transparency and improvement. The external auditors also attend the full Board of Directors’ Meeting when the bank’s audited annual accounts are presented.

- Internal Audit quality control procedures were drafted and implemented in February 2005. The electronic working paper software package, 'TeamMate', was implemented in the Internal Audit Department to increase the productivity and effectiveness of the internal auditors by reducing their time in documenting, reviewing and reporting. It was decided that TeamMate will be rolled out in the bank's major branches in 2006 and will be implemented in all branches by the end of 2007.
- In the third quarter, ARCO received and reviewed the report of the National Bank of Cambodia's inspection team. The inspection team had shown particular interest in the bank's asset and liability management and funding strategy as this was a relatively new concept in Cambodia. They accepted an invitation to participate as observers in a future ALCO meeting to study how it works in practice.
- As per the recommendation of ACLEDA's external auditor, Systems Life Cycle procedures and planning were drafted by the IT Department and reviewed by the Internal Audit Department to ensure sufficient and sustainable systems support within the bank as it grows.
- In September, ACLEDA's risk management functions were formally separated from the Internal Audit Department, and the Systems Security Officer was made independent from the IT Department. These changes will create additional risk oversight and functional checks and balances. The reorganization of these operations is in line with the recommendations of ACLEDA's external auditors in their 2004 Management Letter.
- The intra-departmental team formed in 2004 to set up risk maps to aid the bank in assessing the origin and magnitude of risk as it pertains to ACLEDA's products and services has completed its profiling work in 2005. The existing risk mapping will now be updated regularly in line with product, organizational or procedural changes.
- At the behest of the Committee, the bank undertook a comprehensive review of all software being utilized by ACLEDA's employees to ensure that it is appropriately licensed and is in conformity to the software authorized for use in their respective departments.
- Although the NBC currently does not require commercial banks in Cambodia to implement Basel II, ACLEDA has begun to take initiatives toward compliance with these new industry standards. In 2003, ACLEDA formed a Basel II steering committee chaired by its Finance Manager, Mr. Chhay Soeun. While Basel II standards are being refined internationally, ACLEDA is extracting the historical information related to its portfolio and operations that will be necessary to implement them. In the beginning of 2006, ACLEDA will endeavour to review alternative internal ratings based models to assess different levels of risk within its corporate credit portfolio.
- Because the International Financial Reporting Standards ("IFRS") previously adopted by ACLEDA differ from Cambodian Accounting Standards (as set out in the National Bank of Cambodia's Prakas), the audited 2005 Annual Report will be stated in accordance with the NBC standards, with Notes detailing any IFRS variations.

Report and Recommendations

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

In recommending the re-appointment of PriceWaterhouseCoopers as external auditors for 2006, we are satisfied that they have demonstrated the necessary independence and professional expertise. Moreover, their practice of rotating the Audit Team Leader after no later than three years ensures that a fresh perspective is brought to the audit. During the year in question they had no other relationship with the bank by way of consultancy or any other fee earning arrangement which in the opinion of the Committee might have given rise to any conflict of interest.

Compliance and Ethics Committee (CEC)

Scope and purpose:

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

Members:

- | | |
|---|---------------------|
| 1. Chairman of the Board (Chair) | – Mr. Chea Sok |
| 2. General Manager (ex officio) | – Mr. In Channy |
| 3. Manager, Finance Department (ex officio) | – Mr. Chhay Soeun |
| 4. Manager, Legal Dept./Company Secretary (ex officio) | – Mr. Prom Visoth |
| 5. Manager, Marketing and External Affairs Dept. (ex officio) | – Mrs. So Phonnary |
| 6. Manager, Audit Department (ex officio) | – Mrs. Kim Sotheavy |
| 7. Manager, Treasury Department | – Mr. Cheam Teang |

Issues and Activities for 2005:

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

- Reviewing conduct to ensure compliance with external laws, Prakas and any new regulations by the National Bank of Cambodia and other authorities. In particular, the Committee oversaw the implementation of the central bank's guideline for the annual audit of financial statements, instalment loan classification and provisioning, money laundering policy and procedures, credit policy and procedures and rights to provide credit, dormant accounts, amendments to the liquidity and solvency ratios – all of which were revised during the year.
- Monitoring the evolution of regulatory and 'best practice' developments in the local, ASEAN and international economic, monetary and banking systems and implications for ACLEDA.
- Setting ethical standards and promoting the bank's values of 'trust, honesty and integrity' to all our stakeholders and launching our creed of 'fair, safe, challenging and rewarding work' and 'good service to customers' to our staff.
- Reviewing internal policies, procedures and processes to ensure that they meet the high levels required particularly in the areas of reputation, advertising and promotional programs, environmental, social and community matters, and behavioural issues in maintaining an ethical workplace and to ensure that the bank's activities conform to its policies on respecting human rights.
- During the year the Committee led a major review of the bank's governance processes which resulted in the adoption of a new Board Charter, Directors Code of Conduct and Board Committee Rules. A standard Letter of Appointment and Induction Checklist was also agreed for directors.

Credit Committee

Scope and purpose:

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

Members:

- | | |
|--|---------------------|
| 1. Board Member (Chair) | – Mrs. Femke Bos |
| 2. Board Member | – Mr. John Brinsden |
| 3. Board Member | – Drs. Peter Kooi |
| 4. Board Member | – Mr. Chea Sok |
| 5. General Manager (ex officio) | – Mr. In Channy |
| 6. Manager, Finance Department (ex officio) | – Mr. Chhay Soeun |
| 7. Manager, Credit Department (ex officio) | – Mr. In Siphann |
| 8. Phnom Penh/Kandal Provincial Branch Manager | – Mr. Prum Sang |

Issues and activities for 2005:

The Board Credit Committee met four times during the year.

The bank experienced a strong growth in loans in 2005 which required that the committee meticulously monitored the development and quality of the portfolio. The overall Portfolio At Risk fluctuated during the year between 0.93% and 0.37% and closing at 0.16% by the end of December. The committee is pleased with this excellent result.

All branches performed well and the problems that occurred in one particular branch in 2004 were largely solved in the year 2005. There were no remarkable peaks related to the quality of the loan portfolio across the different credit products.

The percentage of loans with bullet repayments further declined to 0.37% of the total portfolio. Bullet loans are perceived as higher risk and the committee is satisfied with the reduction in this segment of the portfolio.

With the strong increase in credit to medium sized businesses the Committee advised management to start the process to build up a sector specific knowledge base. Thorough analysis has been done and a number of sectors have been identified based on the current portfolio outstanding, namely tourism, agriculture and construction. Steps will be taken by management during 2006 to take the process to the next stage.

The committee monitored the introduction of trade finance facilities for medium sized customers with a specific focus on foreign trade. The progress was somewhat impeded because of the conservative attitude that management took regarding collateral requirements for trade finance facilities. After considerable research and debate and recognising pending changes in the legal environment it was agreed that stocks and receivables could also qualify as collateral for these facilities. In September it was decided that because of the broader implications of trade finance than merely credit, the monitoring of trade finance should be transferred to the full board of directors.

In September, two members of the committee conducted a workshop on credit for medium sized companies that was attended by the credit department staff and all 'Medium Sized Loan' officers. The workshop provided new insights on how to finance these larger companies and to be able to provide the right advice regarding different credit products, related to the business cycle and cash flow. As a result of this initiative the Credit Department reviewed its credit analysis processes to focus more on the general business environment, the cash flow of the business and quality of the management for medium sized borrowers.

Management implemented the concept of multiple loan products for medium sized customers to better suit their more complex financing needs. Furthermore the general guidelines for collateral were reviewed and in anticipation of the passing of the draft Law on Secured Transactions, amendments were made to include pledges on stocks and receivables. Pending promulgation of the Law, the committee advised management to implement these guidelines prudently and it was recommended that the Credit Department should centrally monitor the process.

In December, 2005, the committee approved a proposal for the introduction of housing loans for the staff subject to an initial cap of 5% of the total portfolio for staff housing loans. The provision of this facility will not only offer the bank possibilities to retain qualified staff but will also provide useful experience with housing finance for the future.

International Committee (INCO)

Scope and purpose:

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

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

Members:

- | | |
|-------------------------|---|
| 1. Board Member (Chair) | – Mr. John Brinsden |
| 2. Board Member | – Mr. Chea Sok |
| 3. Board Member | – Mr. Joseph J. Hoess |
| 4. Board Member | – Drs. Peter Kooi (appointed March, 2006) |
| 5. General Manager | – Mr. In Channy |
| 6. Company Secretary | – Mr. Prom Visoth |

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

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

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

Issues and Activities of 2005:

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

The committee has established an inventory and database of all international relationships which had been developed on an 'ad hoc' basis over the years. This included visits made by our executives overseas, foreign visitors received and our participation in various domestic and international bodies.

A 'data mining' exercise was conducted to analyse the transaction flow through our correspondent banking network to prioritise our financial institutional relationships and identify opportunities for business development.

- A study of the sources of direct foreign investment has been conducted to ascertain the leading countries investing in Cambodia in order to develop a strategy to promote our network services through e.g. embassies, trade offices, chambers of commerce, trade and investment missions, etc.
- In view of the bank's increasing foreign currency business, the committee has worked with Treasury Department in negotiating foreign currency inter-bank credit facilities, particularly in Thai Baht.
- Members of the committee have undertaken a number of visits to neighbouring countries to build relationships in the ASEAN region and to identify possible future strategic initiatives.
- On February 15th, 2006 an agreement was signed between ACLEDA Bank and the Vietnam Bank for Agriculture and Rural Development to facilitate trade between Cambodia and Vietnam. This agreement provides that each party will open accounts in VND and USD, and set-up counters at offices in the border provinces of the two countries to provide direct payment services to each other's clients without the need to route them through third countries.



'PEOPLE, PLANET, PROFIT'

Environmental and social sustainability mission statement

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

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

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

Environment

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

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

Environmental Performance Indicators

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

Paper usage

With the aim of reducing the use of paper we have been encouraging the electronic storage of data and the sending of information by e-mail and our internal intranet. Additionally all staff have been trained to use double sided printing and to recycle single sided documents (where consistent with confidentiality) to minimize waste.

2005

Materials

Paper in kg/FTE 38.9

Waste

Waste paper in kg/FTE 3.2

Energy consumption

The bank's energy needs result from the need to maintain a fleet of gasoline and diesel powered motor vehicles and motor-cycles to transport staff and goods between offices and to visit customers many of whom are located in rural areas often far from a branch. Electricity powers the IT systems, provides lighting and air-conditioning. The need to reduce the relative consumption and environmental impact is constantly in the mind of management. Changing from gasoline to diesel powered vehicles and the installation of more energy efficient lighting and air-conditioning, particularly in the new head office (which is also designed on energy efficient principles) are two initiatives being taken.

	2005
<i>Energy</i>	
Electricity in kWh/FTE	535.8
Gasoline in l/FTE	111.6
Diesel in l/FTE	40.4
Lubricant in l/FTE	4.5
Gas in kg/FTE	0.8
<i>Emission of CO₂ (equivalents - in thousands of kg)</i>	
Electricity	688
Gasoline	621
Diesel	259

The CO₂ equivalents up above is referred to the Greenhouse Gas Protocol Calculation principles.

Water

Water usage is monitored and ways to reduce the drain on water resources are being implemented with storage and recycling of rain water, especially during the monsoon season, to reduce the off-take from the mains which relies on river, reservoirs and bores. A large underground water storage and treatment tank is provided for in the new head office feeding directly off the roof and building.

	2005
<i>Water</i>	
Water in m ³ /FTE	30.3

Other environmental impact indicators will be implemented where relevant and cost-effective.

Social Sustainability

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

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

Staff

- ACLEDA is an 'equal opportunity' employer. Apart from those jobs which involve a higher physical risk (e.g. guards and messengers) appointment to all positions at every level is based entirely on merit regardless of gender or physical disability.
- ACLEDA Bank aims to be the most progressive employer in Cambodia providing medical, pension and other benefits such as personal loan schemes and an employee share ownership program, believed to be the first in Cambodia, for all staff who have completed probation. It provides comprehensive training both for new recruits as well as experienced staff and encourages those who wish to further develop themselves through external programs.
- A high level committee under the chairmanship of the Chairman of the Board has been specifically tasked with the responsibility of setting and monitoring the bank's moral and ethical standards and respect for human rights (see 'Compliance and Ethics Committee' report on page 25).
- In consultation with its staff the bank has drawn up social policies covering i) Code of Conduct, ii) Human Resources Management, iii) Health & Safety, iv) External Relations, v) Freedom of Association and the Right to Collective Bargaining. These are now published on Lotus Notes so that every member of the staff has free (and paperless) access to the most up-to-date versions.
- Following from the above, the staff are represented by a self elected Staff Representative Committee, which excludes

management, and a Staff Sports Committee, to promote healthy recreation and good fellowship. At its head office, the bank provides a clinic under the care of a full time doctor and healthy safe working practices are part of the training provided to all employees under the doctor's supervision. A Health and Safety Policy under the direct responsibility of the Human Resources Manager is in place which includes a policy for the support of our staff and their families with HIV/AIDS.

2005

Employment

Number of staff	2,484
Male	1,918
Female	566

Training and Education

(Attendees - absolute figures - Total during 2005)

Training - career development and refresher programs	4,084
Training of new recruits (induction program)	562

Community

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

- Developing and offering appropriate products and services carefully selected and developed for the particular needs of Cambodian society.
- Expanding outreach: opening up banking services to new communities in new locations by expanding our network in the provinces and extending on-line banking services to mobilise savings. With the opening of Monduliri and Rattanakiri, by the middle of 2006 ACLEDA will have offices in all 24 provinces.
- Focusing on particular activities which improve local living standards. In June, 2005, we have conducted a survey on our micro, small and medium loan customers' living standards test the impact of our credit services. This involved 1200 accounts randomly selected from our loan customers of whom 800 were micro loans, 300 small, and 100 from medium loan clients as a proportion of our total loan customers. The responses indicated that across all sectors approximately 90% considered that their wealth had increased as a result of credit provided by ACLEDA, 7.5% - 9.5% did not detect any noticeable change either way while 1.1% - 2.3% had the perception that they were worse off than before. Whilst we draw some comfort from these figures, we accept that further more detailed research needs to be undertaken to ascertain more precisely why approximately one in ten did not see any benefit or worse, felt that in fact their financial position had deteriorated, and to address those factors which are within our power to remedy.
- Incorporated into our policies are strictures against overselling or encouraging customers to over commit themselves or buy inappropriate products or services. As a matter of principle, ACLEDA does not impose mandatory savings requirements on its customers.
- Transparency and 'truth in advertising' are strictly enforced when developing promoting and selling our products and services and full and detailed information is provided through brochures, our website and other promotional material.
- ACLEDA practices equality in its lending irrespective of gender or race: 63% of our borrowing customers are female.
- Customer confidentiality is inculcated in all our staff during induction training and transgressions are treated as a serious offence.
- Recognising the particular problem of disability in Cambodia, ACLEDA is taking into account the special needs of the disabled when constructing new, or renovating old, offices.
- As a commercial organisation ACLEDA does not receive subsidies but may on occasion, and where appropriate, receive financial support to provide non-commercial services such as workshops for external trainees. There were no such subsidies in 2005.
- From time to time, ACLEDA makes individual donations to worthwhile causes for the betterment of the community based on the criteria that the project will 'help the beneficiaries help themselves'. There was one such case in 2005 to promote microfinance and others are under consideration for 2006.
- ACLEDA does not ally itself to any particular political parties or creeds but seeks to cooperate and work in harmony with the elected government of the day. To this end the bank regularly participates in meetings with senior officials through industry associations, business forums, chambers of commerce and other group activities. Individual meetings with officials are conducted with transparency and important matters are minuted. ACLEDA has strict rules governing 'undue entertainment' or other activities which might be open to question on the grounds of probity, including the provision of banking services at non-commercial rates ('policy lending').
- To assist the development of microfinance ACLEDA provided 282 internships for local students and 9 for international students from Belgium, Eritrea, France, Laos and the Philippines.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of ACLEDA Bank Plc. ("the Bank") presents its report and the Bank's audited financial statements for the year ended 31 December 2005.

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 Head Office located in Phnom Penh and 14 branches in the Kingdom of Cambodia. On 1 December 2003, the National Bank of Cambodia ("the Central Bank") issued a license for the Bank to become a private commercial bank for a period of three years commencing 1 December 2003. A three-year commercial banking license is standard practice within the Kingdom of Cambodia and the Bank's license is expected to be renewed for a further three year period on 1 December 2006. The registered office of the Bank is located at No 28 Mao Tse Tung Boulevard, Sangkat Beung Trabek, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia. The Bank may open additional offices in Cambodia and in other countries, and may change the location of its main registered office upon registering the change with the Ministry of Commerce and receiving approval from the Central Bank.

RESULTS AND DIVIDENDS

Net profit after tax for the year ended 31 December 2005 amounted to US\$4,204,673 (2004: US\$2,063,073).

On 24 May 2005, dividends amounting to US\$819,002 (2003: US\$789,100) were declared and paid from the Bank's net income for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

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

THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

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

- Mr. Chea Sok (Chairman)
- Mr. John Brinsden (Vice-Chairman)
- Mr. Joseph J. Hoess
- Drs. Peter Kooi
- Ms. Jutta Wagenseil
- Mr. Emile Hubert Joseph Groot (resigned on 22 February 2005)
- Mr. Deepak C. Khanna
- Ms. Femke Bos
- Mr. Lonh Thol
- Ms. Sok Vanny

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

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

- Mr. In Channy, General Manager
- Mr. Chhay Soeun, Finance Manager
- Mrs. So Phonnary, Marketing Department Manager
- Mr. Cheam Teang, Treasury Department Manager
- Mr. Chan Serey, Human Resources Department Manager
- Mr. Mach Terry, IT Department Manager
- Mr. Prom Visoth, Legal Team Leader and Company Secretary
- Mrs. Kim Sotheavy, Internal Audit Department Manager
- Mr. In Siphann, Credit Department Manager
- Mr. Ly Thay, Operations Department Manager

AUDITORS

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

STATEMENT OF THE EXECUTIVE MANAGEMENT

The Bank's Executive Management is responsible for ascertaining that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Bank as at 31 December 2005 and of the results of its operations and its cash flows for the period then ended. In preparing these financial statements, the Board of Directors is required to:

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

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



Mr. In Channy
General Manager
Phnom Penh, Kingdom of Cambodia
Date: 27 March 2006

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, which give a true and fair view of the financial position of the Bank as at 31 December 2005, and of the results of its operations and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines issued by the Central Bank, were approved by the Board of Directors.

On behalf of the Board of Directors



Chea Sok
Chairman
Phnom Penh, Kingdom of Cambodia
Date: 27 March 2006

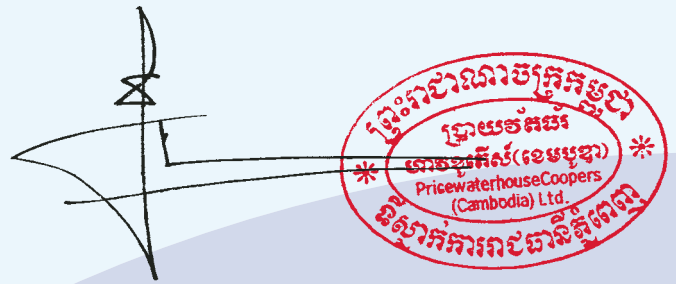
We have audited the accompanying balance sheet of ACLEDA Bank Plc. ("the Bank") as of 31 December 2005, and the related statements of income and cash flows for the year then ended on pages 35 to 65. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

This report, including the opinion, has been prepared for and only for the shareholders of ACLEDA Bank Plc. and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, except where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Each balance of the financial statements was translated into Khmer Riel at the official rate of exchange as at the reporting date as regulated by the National Bank of Cambodia ("the Central Bank"), in accordance with Announcement No. B795-139-AN issued on 5 December 1995. The financial statements which were expressed in Khmer Riel do not form part of the audited financial statements and therefore we do not express an opinion on the financial statements expressed in Khmer Riel.

In our opinion, the financial statements set out on pages 35 to 65 give a true and fair view of the financial position of the Bank as of 31 December 2005, and of the results of its operations and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and guidelines issued by the Central Bank.



Senaka Fernando
Authorised signatory

PRICEWATERHOUSECOOPERS (CAMBODIA) LIMITED

Date: 27 March 2006
Phnom Penh, Kingdom of Cambodia

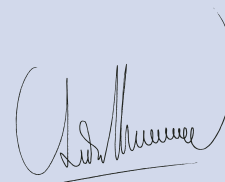


INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 US\$	31 December 2004 US\$	2005 Riel '000 (At year-end exchange rate)	31 December 2004 Riel '000 (At year-end exchange rate)
Interest income	3	23,197,054	15,643,502	95,386,286	62,996,383
Interest expense	4	(3,952,942)	(2,149,309)	(16,254,498)	(8,655,267)
Net interest income		19,244,112	13,494,193	79,131,788	54,341,116
Fee and commission income	5	1,306,189	672,289	5,371,049	2,707,308
Fee and commission expense		(95,305)	(92,838)	(391,894)	(373,857)
Net fee and commission income		1,210,884	579,451	4,979,155	2,333,451
Other operating income	6	1,059,936	772,313	4,358,457	3,110,104
Foreign exchange gain, net		115,961	39,657	476,832	159,699
General and administrative expenses	7	(15,672,629)	(11,695,270)	(64,445,850)	(47,096,854)
Operating profit before extensions of credit		5,958,264	3,190,344	24,500,382	12,847,516
Provision for loan losses	12(f)	(682,803)	(632,669)	(2,807,686)	(2,547,759)
Profit before income tax		5,275,461	2,557,675	21,692,696	10,299,757
Income tax expense	8	(1,070,788)	(494,602)	(4,403,080)	(1,991,762)
Profit for the year		4,204,673	2,063,073	17,289,616	8,307,995



In Channy
General Manager
Date: 27 March 2006



Chhay Soeun
Finance Manager
Date: 27 March 2006

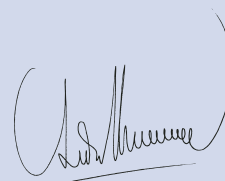
The accompanying notes on pages 39 to 65 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER | 2005

	Note	2005 US\$	31 December 2004 US\$	2005 Riel '000 (At year-end exchange rate)	31 December 2004 Riel '000 (At year-end exchange rate)
ASSETS					
Cash on hand		8,798,970	5,907,224	36,181,365	23,788,391
Balances with other banks and financial institutions	9	1,199,572	780,169	4,932,640	3,141,740
Placements with other banks and financial institutions	10	853,254	1,367,000	3,508,580	5,504,910
Balances with the Central Bank	11	6,594,322	5,264,987	27,115,852	21,202,103
Investment in treasury bills		-	123,551	-	497,540
Loans and advances to customers	12	98,460,298	64,932,486	404,868,745	261,483,121
Property and equipment	13	5,082,355	3,415,718	20,898,644	13,755,096
Computer software	14	646,030	595,400	2,656,475	2,397,676
Other assets	15	2,218,839	1,716,511	9,123,866	6,912,390
Property foreclosed		17,440	5,800	71,714	23,357
Total assets		123,871,080	84,108,846	509,357,881	338,706,324
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits from customers	16	61,901,125	31,640,359	254,537,426	127,415,726
Accruals and other liabilities	17	3,854,593	2,229,776	15,850,086	8,979,309
Borrowings	18	19,000,000	18,000,000	78,128,000	72,486,000
Senior debt	19	5,896,818	6,040,215	24,247,716	24,323,946
Staff pension liability	20	902,324	534	3,710,356	2,149
Provision for health insurance	21	361,700	263,004	1,487,311	1,059,118
Total liabilities		91,916,560	58,173,888	377,960,895	234,266,248
SHAREHOLDERS' EQUITY					
Share capital	22	13,000,000	13,000,000	53,456,000	52,351,000
Subordinated debt	23	11,360,303	8,726,412	46,713,566	35,141,261
Reserves		3,389,544	2,145,473	13,937,805	8,639,820
Retained earnings		4,204,673	2,063,073	17,289,615	8,307,995
Total shareholders' equity		31,954,520	25,934,958	131,396,986	104,440,076
Total liabilities and shareholders' equity		123,871,080	84,108,846	509,357,881	338,706,324



In Channy
General Manager
Date: 27 March 2006



Chhay Soeun
Finance Manager
Date: 27 March 2006

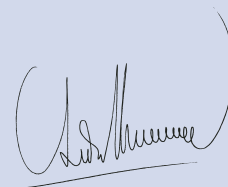
The accompanying notes on pages 39 to 65 form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	Share capital US\$	Subordinated debt US\$	General reserve US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2004	13,000,000	8,723,125	960,693	1,973,880	24,657,698
Dividend relating to 2003 profit	-	-	-	(789,100)	(789,100)
Transfer to general reserve	-	-	1,184,780	(1,184,780)	-
Profit for the year	-	-	-	2,063,073	2,063,073
Currency translation differences	-	3,287	-	-	3,287
Balance at 31 December 2004	13,000,000	8,726,412	2,145,473	2,063,073	25,934,958
In Riel'000 equivalents	52,351,000	35,141,261	8,639,820	8,307,995	104,440,076
Balance at 1 January 2005	13,000,000	8,726,412	2,145,473	2,063,073	25,934,958
Dividend relating to 2004 profit	-	-	-	(819,002)	(819,002)
Transfer to general reserve	-	-	1,244,071	(1,244,071)	-
Re-lending of interest paid	-	3,000,000	-	-	3,000,000
Profit for the year	-	-	-	4,204,673	4,204,673
Currency translation differences	-	(366,109)	-	-	(366,109)
Balance at 31 December 2005	13,000,000	11,360,303	3,389,544	4,204,673	31,954,520
In Riel '000 equivalents	53,456,000	46,713,566	13,937,805	17,289,615	131,396,986



In Channy
General Manager
Date: 27 March 2006



Chhay Soeun
Finance Manager
Date: 27 March 2006



The accompanying notes on pages 39 to 65 form an integral part of these financial statements.

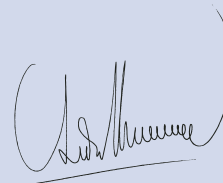
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 US\$	31 December 2004 US\$	2005 Riel '000 (At year-end exchange rate)	31 December 2004 Riel '000 (At year-end exchange rate)
Cash flows from operating activities					
Cash used in operations	26	4,421,927	(2,802,488)	18,182,963	(11,285,619)
Income tax paid		(562,523)	(567,803)	(2,313,094)	(2,286,543)
Net cash used in operating activities		3,859,404	(3,370,291)	15,869,869	(13,572,162)
Cash flows from investing activities					
Reserve deposit with the Central Bank		(1,515,989)	(1,564,993)	(6,233,747)	(6,302,227)
Statutory deposit with the Central Bank		-	-	-	-
Fixed deposits with other banks		(16,000)	(8,000)	(65,792)	(32,215)
Purchases of treasury bills		123,551	(123,551)	508,042	(497,540)
Purchases of intangible assets		(313,572)	(259,817)	(1,289,408)	(1,046,283)
Purchases of property and equipment		(2,731,931)	(3,187,042)	(11,233,700)	(12,834,218)
Proceeds from sales of property and equipment		8,287	26,201	34,076	105,511
Net cash used in investing activities		(4,445,654)	(5,117,202)	(18,280,529)	(20,606,972)
Cash flows from financing activities					
Payment of dividends		(819,002)	(789,100)	(3,367,736)	(3,177,706)
Repayment of borrowings		(2,500,000)	(750,000)	(10,280,000)	(3,020,250)
Proceeds from borrowings		3,500,000	16,500,000	14,392,000	66,445,500
Proceeds from issuance of shares		-	-	-	-
Re-lending of interest on senior debt		3,000,000	-	12,336,000	-
Net cash from financing activities		3,180,998	14,960,900	13,080,264	60,247,544
Net increase in cash and cash equivalents		2,594,748	6,473,407	10,669,604	26,068,410
Cash and cash equivalents at the beginning of the year		10,431,884	3,958,477	42,009,196	15,738,905
Currency translation at balance sheet date		-	-	886,711	201,881
Cash and cash equivalents at end of the year	25	13,026,632	10,431,884	53,565,511	42,009,196



In Channy
General Manager
Date: 27 March 2006



Chhay Soeun
Finance Manager
Date: 27 March 2006

The accompanying notes on pages 39 to 65 form an integral part of these financial statements.

1. GENERAL

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

The registered office of the Bank is located at No 28 Mao Tse Tung Boulevard, Sangkat Beng Trabek, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia. The Bank may open additional offices in Cambodia and in other countries, and may change the location of its main registered office upon registering the change with the Ministry of Commerce and receiving approval from the Central Bank.

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

As at 31 December 2005, the Bank had 2,484 employees (2004: 2,108 employees).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of presentation

The financial statements have been prepared in accordance with Cambodian Accounting Standards and guidelines issued by the Central Bank. 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 only addressed to those who are informed about the Cambodian Accounting Standards and the guidelines issued by the Central Bank. The financial statements have been prepared in United States dollars ("US\$") using the historical cost convention.

For the sole purpose of complying with Announcement No. B795-139-AN dated 5 December 1995 of the Central Bank, each account of the financial statements has to be translated into Khmer Riel ("Riel") at the official rate of exchange regulated by the Central Bank as at reporting date. The financial statements expressed in Riel do not form part of the audited financial statements and are not for the use of parties other than the Central Bank. As at 31 December 2005, this translation was made at the rate of US\$1 to Riel 4,112 (2004: US\$1 to Riel 4,027).

2.2 Foreign currencies

a) Functional and presentation currency

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

b) Transactions and balances

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

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

	31 December 2005	31 December 2004
Riel	4,112	4,027
THB	41.12	38.99
Euro	0.84	0.7344

2.3 Interest income and expense

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

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

2.4 Fee and commission income

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

2.5 Loans and advances to customers

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

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

2.6 Provision for loan losses

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

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

In addition to minimum specific provisioning, the Bank provides a general provision at 1.5% (2004: 1.5%) of the total loans and advances outstanding, net of specific provision.

2.7 Overdue loans

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

2.8 Property and equipment

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

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

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

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

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

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

2.9 Computer software

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

2.10 Investments in treasury bills, and overnight deposits and short-term deposits with other banks

The Bank classified its investments in treasury bills, and overnight deposits and short-term deposits with other banks, as held-to-maturity investments which have fixed maturity where the Bank has both the intent and the ability to hold to maturity. These investments are stated at carrying value less any provision for impairment.

2.11 Deferred tax

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

2.12 Operating lease

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

2.13 Staff pension fund

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

- (1) A monthly contribution which is determined based on the monthly salary of an employee is contributed by the Bank and its employees at a rate of 10% and 5%, respectively.
- (2) The Bank contributes interest on the cumulative balance of the pension fund computed at interest rate of 5% per annum. Prior to 2004, the Bank contributes interest only on the portion of pension fund contributed by employee at interest rate of 5% per annum.

The pension fund will be fully paid to the employee upon termination of employment with the Bank for any reason. The staff pension fund can be transferred to the Bank's share capital owned by ASA Inc. upon written mutual agreement between the Bank's staff and management (note 20).

2.14 General reserve

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

2.15 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash, balances with banks and other financial institutions, placement with other banks, and current accounts and fixed deposits with the Central Bank.

2.16 Related party

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

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

2.17 Provision for health insurance

The Bank provides US\$120 each year per staff member to claim in relation to medical expenses incurred during the year. Any unclaimed amounts are carried forward and accumulated to cover future medical costs. The unclaimed amounts are not vested.

2.18 Subordinated debt

Subordinated debt is treated as part of the Bank's equity under the Central Bank's regulations. Foreign exchange differences on the subordinated debt of the Bank are taken through reserves rather than the income statement (refer note 23).

3. INTEREST INCOME

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Loans and advances to customers	23,027,475	15,585,817	94,688,977	62,764,085
Placements with other banks	169,579	57,685	697,309	232,298
	23,197,054	15,643,502	95,386,286	62,996,383



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

4. INTEREST EXPENSE

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Deposits from customers	1,203,733	460,134	4,949,750	1,852,960
Subordinated debt	564,325	371,222	2,320,504	1,494,911
Senior debt	340,502	338,744	1,400,144	1,364,122
Blue Orchard Micro Finance				
Securities I, LLC ("Blue Orchard MFS")	499,992	214,290	2,055,967	862,946
Blue Orchard Finance SA	97,286	90,552	400,040	364,653
Nederlandse Financierings- Maatschappij Voor Ontwikkelingslanden ("FMO")	338,137	240,382	1,390,419	968,018
Triodos International Fund				
Management ("Triodos IFM")	296,040	224,727	1,217,316	904,976
International Finance Corporation ("IFC")	520,952	73,039	2,142,155	294,128
Rural Development Bank ("RDB")	66,429	54,121	273,156	217,945
Others	25,546	82,098	105,047	330,608
	3,952,942	2,149,309	16,254,498	8,655,267

5. FEES AND COMMISSION INCOME

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Fees from fund transfers	930,708	434,563	3,827,071	1,749,985
Loan processing fees	322,541	214,465	1,326,289	863,651
Other income	52,940	23,261	217,689	93,672
	1,306,189	672,289	5,371,049	2,707,308

6. OTHER OPERATING INCOME

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Bad loans recovered	417,726	429,269	1,717,689	1,728,666
Penalty fee received from late payment	493,047	297,693	2,027,409	1,198,810
Gain on disposal of property and equipment	7,311	24,673	30,063	99,358
Grant income	50,000	-	205,600	-
Others	91,852	20,678	377,696	83,270
	1,059,936	772,313	4,358,457	3,110,104

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Salaries and wages	7,431,714	5,158,734	30,559,208	20,774,222
Other staff benefits	2,398,678	1,559,937	9,863,364	6,281,866
Depreciation	1,064,318	802,668	4,376,476	3,232,344
Rental, repairs and maintenance	951,285	737,206	3,911,684	2,968,729
Telecommunication and utilities	806,952	618,021	3,318,187	2,488,771
Office supplies	611,831	588,616	2,515,849	2,370,357
Traveling related expenses	464,986	390,930	1,912,022	1,574,275
Furniture and fixture expenses	389,050	359,100	1,599,774	1,446,096
Training expenses	224,442	285,155	922,906	1,148,319
Professional fee	202,997	232,815	834,724	937,546
Insurance and security	81,903	217,038	336,785	874,012
Amortisation of computer software	262,942	214,628	1,081,218	864,307
Marketing expenses	217,797	146,662	895,581	590,608
Other operating expenses	563,734	383,760	2,318,072	1,545,402
	15,672,629	11,695,270	64,445,850	47,096,854

8. TAXATION

a) Income tax expense

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Current	1,247,591	465,258	5,130,093	1,873,594
Deferred tax	(185,174)	50,565	(761,435)	203,627
	1,062,417	515,823	4,368,658	2,077,221
Foreign exchange adjustment	8,371	(21,221)	34,422	(85,459)
	1,070,788	494,602	4,403,080	1,991,762

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

b) Reconciliation between income tax expense and accounting profit

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Profit before taxation	5,275,461	2,557,675	21,692,696	10,299,757
Non deductible expenses	36,625	21,442	150,602	86,347
Taxable income	5,312,086	2,579,117	21,843,298	10,386,104
Tax on Profit rate	20%	20%	20%	20%
Tax charge for the year	1,062,417	515,823	4,368,658	2,077,221

c) Other tax matter

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER | 2005

9. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Current accounts:				
Banks inside Cambodia	140,639	228,900	578,308	921,780
Banks outside Cambodia	1,058,933	551,269	4,354,332	2,219,960
	1,199,572	780,169	4,932,640	3,141,740

Current accounts do not earn interest.

10. PLACEMENTS WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Overnight placement	825,254	1,355,000	3,393,444	5,456,585
Fixed deposits	28,000	12,000	115,136	48,325
	853,254	1,367,000	3,508,580	5,504,910

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

	2005	2004
Overnight placement	1.225% - 4.400%	1.646%
Fixed deposits	1.875% - 3.675%	3.5% - 3.75%

11. BALANCES WITH THE CENTRAL BANK

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Current accounts				
Riel	120,180	74,353	494,180	299,420
US\$	2,082,656	1,815,137	8,563,881	7,309,557
Statutory deposit	1,300,000	1,300,000	5,345,600	5,235,100
Reserve account	3,091,486	1,575,497	12,712,191	6,344,526
Fixed deposits	-	500,000	-	2,013,500
	6,594,322	5,264,987	27,115,852	21,202,103

In compliance with Prakas No. B701-136 dated 15 October 2001, the Bank maintains a statutory deposit with the Central Bank equivalent to US\$1,300,000 and which represents 10% of its registered capital. This deposit earns interest at the rate of 3/8 six month SIBOR. This deposit is refundable should the Bank cease its operations in Cambodia.

Reserve account represents the minimum reserve requirement which is calculated at 8% of the total deposits from customers and settlements of accounts of other banks. In calculating the minimum reserve, the Central Bank allows for an amount of cash on hand in local currency of Riel 6,878,510 thousand held by the Bank as at 31 December 2005 (2004: Riel 4,889,402 thousand) to be deducted from the required reserves.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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

	2005	2004
Current accounts	0%	0%
Statutory deposit	1.39% - 1.40%	0.73%
Reserve account	0%	0%
Fixed deposits	1.81% - 3.15%	1.81%

12. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by type of loans

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Commercial loans:				
Short term loans	43,480,377	35,296,979	178,791,310	142,140,934
Long term loans	50,414,830	28,528,877	207,305,781	114,885,788
Overdrafts	2,788,740	477,416	11,467,299	1,922,554
Staff loans	94,106	72,397	386,964	291,543
Personal loans	3,216,754	1,605,559	13,227,292	6,465,586
	99,994,807	65,981,228	411,178,646	265,706,405
Provision for loan losses				
Specific provision	35,114	59,922	144,389	241,306
General provision	1,499,395	988,820	6,165,512	3,981,978
	1,534,509	1,048,742	6,309,901	4,223,284
	98,460,298	64,932,486	404,868,745	261,483,121

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

Staff loans including General Manager and internal auditors were unsecured, granted in US\$ for a maximum term of five years with an interest rate at 12% per year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Standard loans				
Secured	94,407,412	60,880,636	388,203,278	245,166,321
Unsecured	5,427,675	4,896,985	22,318,600	19,720,159
Substandard loans				
Secured	59,650	34,148	245,281	137,514
Unsecured	7,831	12,412	32,201	49,983
Doubtful loans				
Secured	75,983	121,522	312,442	489,369
Unsecured	15,264	23,880	62,766	96,165
Losses				
Secured	-	6,755	-	27,202
Unsecured	992	4,890	4,078	19,692
	99,994,807	65,981,228	411,178,646	265,706,405
Provision for loan losses				
Specific provision	35,114	59,922	144,389	241,306
General provision	1,499,395	988,820	6,165,512	3,981,978
	1,534,509	1,048,742	6,309,901	4,223,284
	98,460,298	64,932,486	404,868,745	261,483,121

(c) Analysis by type of industry

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Commerce	69,332,165	48,858,680	285,093,862	196,753,904
Service	19,673,458	11,484,430	80,897,259	46,247,800
Manufacturing	2,827,895	3,658,538	11,628,304	14,732,932
Agriculture	8,161,289	1,979,580	33,559,221	7,971,769
	99,994,807	65,981,228	411,178,646	265,706,405
Provision for loan losses				
Specific provision	35,114	59,922	144,389	241,306
General provision	1,499,395	988,820	6,165,512	3,981,978
	1,534,509	1,048,742	6,309,901	4,223,284
	98,460,298	64,932,486	404,868,745	261,483,121

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

(d) Analysis by relationship

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Non-related parties	99,900,701	65,908,831	410,791,683	265,414,862
Related parties	94,106	72,397	386,963	291,543
	99,994,807	65,981,228	411,178,646	265,706,405
Provision for loan losses				
Specific provision	35,114	59,922	144,389	241,306
General provision	1,499,395	988,820	6,165,512	3,981,978
	1,534,509	1,048,742	6,309,901	4,223,284
	98,460,298	64,932,486	404,868,745	261,483,121

(e) Analysis by maturity

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Within one year	80,584,343	42,822,607	331,362,818	172,446,639
Over one year but less than three years	19,274,477	21,629,174	79,256,649	87,100,683
Over three years but less than five years	135,987	1,529,447	559,179	6,159,083
	99,994,807	65,981,228	411,178,646	265,706,405
Provision for loan losses				
Specific provision	35,114	59,922	144,389	241,306
General provision	1,499,395	988,820	6,165,512	3,981,978
	1,534,509	1,048,742	6,309,901	4,223,284
	98,460,298	64,932,486	404,868,745	261,483,121

(f) Provisions for loan losses

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

	Specific provision US\$	General provision US\$	Total US\$
Balance at 1 January 2004	58,556	606,580	665,136
Charge for the year	250,429	382,240	632,669
Bad debts written-off	(249,063)	-	(249,063)
Balance at 31 December 2004	59,922	988,820	1,048,742
Balance at 1 January 2005	59,922	988,820	1,048,742
Charge/(written back) for the year	172,228	510,575	682,803
Bad debts written-off	(197,036)	-	(197,036)
Balance at 31 December 2005	35,114	1,499,395	1,534,509

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

(g) Interest rates

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

	2005	2004
Overdrafts		
in US\$	14.4% - 24%	18% - 24%
in Riel	24% - 30%	18% - 24%
Staff loans (including related parties)	12%	12%
Other loans:		
in US\$		
Less than US\$1,500	36%	36%
More than US\$1,500 and less than US\$10,000	24%	24%
More than US\$10,000 and less than 5% of net worth	14.4% - 24%	18% - 24%
in Riel		
Less than Riel 1,500,000	48%	60%
More than Riel 1,500,000 and less than Riel 5,000,000	48%	48%
More than Riel 5,000,000 and less than Riel 40,000,000	36%	36%
More than Riel 40,000,000 and less than 5% of net worth	24% - 36%	24% - 36%
in Baht		
Less than Baht 15,000	48%	60%
More than Baht 15,000 and less than Baht 50,000	48%	48%
More than Baht 50,000 and less than Baht 400,000	36%	36%
More than Baht 400,000 and less than 5% of net worth	24% - 36%	24% - 36%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

13. PROPERTY AND EQUIPMENT

	Land US\$	Office equipment US\$	Motor vehicles US\$	Computer equipment US\$	Leasehold improvements US\$	Work in progress US\$	Total US\$
Year ended 31 December 2005							
Opening net book amount	1,328,325	426,679	796,308	623,469	84,395	156,542	3,415,718
Additions	-	288,436	245,835	521,333	82,550	1,593,777	2,731,931
Allocations	-	-	-	64,802	-	(64,802)	-
Disposals, net book amount	-	-	(618)	-	(358)	-	(976)
Depreciation charge	-	(233,880)	(382,141)	(395,115)	(53,182)	-	(1,064,318)
Closing net book amount	1,328,325	481,235	659,384	814,489	113,405	1,685,517	5,082,355
At 31 December 2005							
Cost	1,328,325	1,243,105	2,047,399	2,092,023	227,460	1,685,517	8,623,829
Accumulated depreciation	-	(761,870)	(1,388,015)	(1,277,534)	(114,055)	-	(3,541,474)
Net book amount	1,328,325	481,235	659,384	814,489	113,405	1,685,517	5,082,355
In KHR'000 equivalents	5,462,072	1,978,838	2,711,387	3,349,179	466,321	6,930,846	20,898,644
At 1 January 2004							
Cost	-	619,581	1,273,909	965,393	57,759	30,112	2,946,754
Accumulated depreciation	-	(433,054)	(775,603)	(671,605)	(33,620)	-	(1,913,882)
Net book amount	-	186,527	498,306	293,788	24,139	30,112	1,032,872
Year ended 31 December 2004							
Opening net book amount	-	186,527	498,306	293,788	24,139	30,112	1,032,872
Additions	1,328,325	387,010	623,724	633,237	88,316	126,430	3,187,042
Disposals, net book amount	-	(94)	(931)	(203)	(300)	-	(1,528)
Depreciation charge	-	(146,764)	(324,791)	(303,353)	(27,760)	-	(802,668)
Closing net book amount	1,328,325	426,679	796,308	623,469	84,395	156,542	3,415,718
At 31 December 2004							
Cost	1,328,325	970,973	1,820,999	1,543,056	145,675	156,542	5,965,570
Accumulated depreciation	-	(544,294)	(1,024,691)	(919,587)	(61,280)	-	(2,549,852)
Net book amount	1,328,325	426,679	796,308	623,469	84,395	156,542	3,415,718
In KHR'000 equivalents	5,349,165	1,718,236	3,206,732	2,510,710	339,859	630,394	13,755,096

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

14. COMPUTER SOFTWARE

	GLOBUS US\$	SWIFT US\$	Lotus Note US\$	ACL US\$	Team Mate US\$	Trade finance US\$	MS office US\$	Others US\$	Work in progress US\$	Total US\$
Year ended 31 December 2005										
Opening net book amount	416,011	52,911	30,756	5,462	-	-	-	-	90,260	595,400
Additions	132,694	2,929	-	-	-	-	43,560	31,798	102,591	313,572
Allocations	49,610	10,814	-	-	37,764	94,663	-	-	(192,851)	-
Amortisation charge	(219,572)	(13,178)	(6,734)	(1,094)	(4,446)	(8,087)	(7,324)	(2,507)	-	(262,942)
Closing net book amount	378,743	53,476	24,022	4,368	33,318	86,576	36,236	29,291	-	646,030
At 31 December 2005										
Cost	1,206,197	77,140	33,690	5,474	37,764	94,663	43,560	31,798	-	1,530,286
Accumulated amortisation	(827,454)	(23,664)	(9,668)	(1,106)	(4,446)	(8,087)	(7,324)	(2,507)	-	(884,256)
Net book amount	378,743	53,476	24,022	4,368	33,318	86,576	36,236	29,291	-	646,030
In KHR'000 equivalents	1,557,392	219,894	98,779	17,960	137,002	356,000	149,004	120,444	-	2,656,475
At 1 January 2004										
Cost	901,362	-	-	-	-	-	-	-	55,096	956,458
Accumulated amortisation	(406,247)	-	-	-	-	-	-	-	-	(406,247)
Net book amount	495,115	-	-	-	-	-	-	-	55,096	550,211
Year ended 31 December 2004										
Opening net book amount	495,115	-	-	-	-	-	-	-	55,096	550,211
Additions	122,093	4,419	33,690	5,474	-	-	-	-	94,141	259,817
Allocations	-	58,977	-	-	-	-	-	-	(58,977)	-
Amortisation charge	(201,197)	(10,485)	(2,934)	(12)	-	-	-	-	-	(214,628)
Closing net book amount	416,011	52,911	30,756	5,462	-	-	-	-	90,260	595,400
At 31 December 2004										
Cost	1,023,455	63,396	33,690	5,474	-	-	-	-	90,260	1,216,275
Accumulated amortisation	(607,444)	(10,485)	(2,934)	(12)	-	-	-	-	-	(620,875)
Net book amount	416,011	52,911	30,756	5,462	-	-	-	-	90,260	595,400
In KHR'000 equivalents	1,675,276	213,073	123,854	21,995	-	-	-	-	363,478	2,397,676

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

15. OTHER ASSETS

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Accrued interest receivable	1,286,810	828,662	5,291,363	3,337,022
Prepayments	518,698	601,708	2,132,886	2,423,078
Receivables from Western Union	85,523	137,817	351,671	554,989
Stationary supplies	76,558	55,073	314,806	221,779
Deferred tax asset	216,895	41,840	891,872	168,490
Cheques waiting for clearing at the clearing house	-	18,559	-	74,737
Others	34,355	32,852	141,268	132,295
	2,218,839	1,716,511	9,123,866	6,912,390

16. DEPOSITS FROM CUSTOMERS

(a) Analysis by category

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Current accounts	14,989,338	12,223,227	61,636,158	49,222,935
Saving deposits	23,764,081	10,292,334	97,717,901	41,447,229
Fixed deposits	22,392,794	9,001,718	92,079,169	36,249,919
Margin deposits	754,912	123,080	3,104,198	495,643
	61,901,125	31,640,359	254,537,426	127,415,726

Margin deposits represent the aggregate balance of required non-interest bearing cash deposits from customers for letters of credit and guarantees outstanding at year-end (note 24).

(b) Analysis by relationship

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
External parties	58,624,283	26,071,654	241,063,052	104,990,551
Related parties:				
ACLEDA NGO	2,257,708	4,515,912	9,283,695	18,185,578
ASA Inc.	5,934	11,827	24,401	47,628
Board of Directors and Executive Management	200,106	113,030	822,836	455,172
Staff	813,094	927,936	3,343,442	3,736,797
	61,901,125	31,640,359	254,537,426	127,415,726

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

(c) Analysis by customers

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Individuals	39,308,251	15,852,664	161,635,528	63,838,678
Enterprises	22,592,874	15,787,695	92,901,898	63,577,048
	61,901,125	31,640,359	254,537,426	127,415,726

(d) Analysis by resident status

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Resident	58,963,709	31,587,356	242,458,771	127,202,283
Non-resident	2,937,416	53,003	12,078,655	213,443
	61,901,125	31,640,359	254,537,426	127,415,726

(e) Analysis by maturity

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Within one year	58,200,444	31,062,116	239,320,226	125,087,141
Over one year but less than three years	2,988,142	517,593	12,287,240	2,084,347
Over three years but less than five years	437,261	39,700	1,798,017	159,872
Over five years	275,278	20,950	1,131,943	84,366
	61,901,125	31,640,359	254,537,426	127,415,726

(f) Interest rates

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

	2005	2004
Current accounts		
in US\$	0% - 1%	0% - 1%
in THB	0% - 2%	0% - 0.5%
in Riel	0% - 2%	0% - 1%
Saving deposits		
in US\$	2%	2%
in THB	4%	3%
in Riel	4%	3%
Fixed deposits		
in US\$	3% - 6%	3% - 6%
in THB	5% - 8%	3.5% - 6.5%
in Riel	5% - 8%	3.5% - 6.5%
Marginal deposits	0%	0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

17. ACCRUALS AND OTHER LIABILITIES

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Accrued interest payable	1,090,402	889,655	4,483,733	3,582,641
Bonus	677,332	350,632	2,785,189	1,411,995
Cheques and fund transfers	710,631	337,089	2,922,115	1,357,457
Income tax	1,015,716	312,501	4,176,624	1,258,442
Professional fees	41,587	95,500	171,006	384,579
Withholding tax	32,166	92,206	132,267	371,314
Salary tax	83,511	36,583	343,397	147,320
Other accruals	203,248	115,610	835,755	465,561
	3,854,593	2,229,776	15,850,086	8,979,309

18. BORROWINGS

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Related parties:				
FMO	3,000,000	4,000,000	12,336,000	16,108,000
IFC	6,000,000	4,000,000	24,672,000	16,108,000
Triodos IFM	3,000,000	3,000,000	12,336,000	12,081,000
	12,000,000	11,000,000	49,344,000	44,297,000
Non-related parties:				
Blue Orchard MFS	5,000,000	5,000,000	20,560,000	20,135,000
Blue Orchard Finance SA	1,000,000	1,000,000	4,112,000	4,027,000
RDB	1,000,000	1,000,000	4,112,000	4,027,000
	7,000,000	7,000,000	28,784,000	28,189,000
	19,000,000	18,000,000	78,128,000	72,486,000

FMO

On 23 March 2004, the Bank entered into a loan agreement with FMO to borrow US\$4,000,000 with an interest rate calculated by using US\$ swap rates quoted at Bloomberg page IRSB at the loan repayment dates increased by the margin of 5.58%. The loan is to be repaid in four equal installments of US\$1,000,000. The first installment is payable in the month of October 2005 and the remaining three installments are payable after 6 months of each payment. The principle outstanding is US\$3,000,000 as at 31 December 2005.

IFC

On 21 May 2004, the Bank entered into a credit facility agreement with IFC with the maximum credit of US\$6,000,000 with a rate of interest equal to the sum of the Spread and the Base Fixed Rate, with rate ranging from 8.40% to 8.70%. The Bank is to repay the loan in eight consecutive equal installments commencing from 15 June 2006 and ending on 15 December 2009. As at 31 December 2005 the Bank has fully utilised the total facility of US\$6,000,000.

Triodos IFM

On the 1 March 2004, the Bank entered into a loan agreement with Triodos IFM and its related companies to borrow as follows:

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

The Bank is to repay the loan within two years from the date the loan was first drawn, and no later than 1 April 2006, with an interest rate of 8.5%.

Blue Orchard MFS

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

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

Blue Orchard Finance SA

On 2 December 2004, the Bank obtained loan of US\$500,000 from Blue Orchard Finance SA with an interest rate of LIBOR US\$ six month plus 5.5% equivalent to 8.135%. The principal will be repaid on 2 December 2006.

On 17 May 2005, the Bank obtained an additional loan of US\$500,000 from Blue Orchard Finance with an interest rate of LIBOR US\$ six month plus 4.75% equivalent to 8.24%. The principal will be repaid on 17 May 2007.

RDB

On 7 March 2003, the Bank signed a loan agreement with RDB for the amount of US\$1,000,000 with an interest rate of 4% plus LIBOR six month US\$ deposit on 30 November of the year equivalent to 8.60% for 2005 (2004: 6.64%). Disbursements of US\$500,000, US\$375,000 and US\$125,000 were made on 1 April 2003, 9 September 2003 and 30 September 2003 respectively. The borrowing term is for the period of three years commencing the disbursement dates.



19. SENIOR DEBT

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

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

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

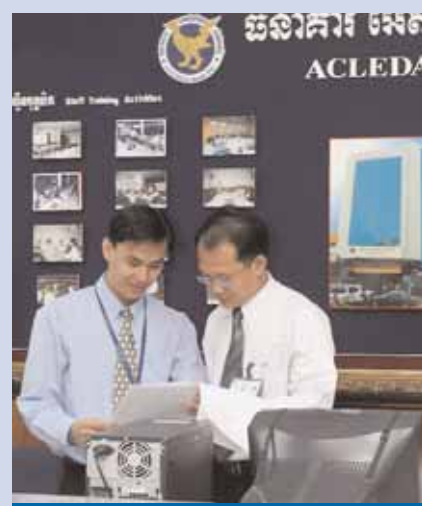
The Bank shall pay the principal of senior debt by semi-annual installments on interest payment dates which fall within 14 days after each January 15 and each July 15 starting 2001. In any event, all amounts owing under this SDA shall be repaid no later than 1 July 2014.

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

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

Movement of senior debt is as follows:

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Balance at 1 January	6,040,215	6,099,044	24,323,946	24,560,850
Currency translation differences	(143,397)	(58,829)	(76,230)	(236,904)
Balance at 31 December	5,896,818	6,040,215	24,247,716	24,323,946



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

20. STAFF PENSION LIABILITIES

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
As at 1 January	534	163,179	2,149	657,122
Additions for the year:				
Bank's contribution	638,424	454,634	2,625,199	1,830,811
Employees' contribution	319,212	227,317	1,312,600	915,405
Interest	17,613	11,413	72,471	46,417
Payment to employees	(9,796)	(8,303)	(40,281)	(81,171)
Acquire the Bank's shares from ACLEDA NGO	(69,811)	(847,706)	(287,063)	(3,366,435)
Pension fund paid back by ASA Inc.	6,148	-	25,281	-
As at 31 December	902,324	534	3,710,356	2,149

In accordance with letters from individual members of staff to the Board of Directors of ASA Inc. allowing ASA Inc. to use their pension funds with the Bank to purchase the Bank's share capital from ACLEDA NGO, staff pension funds amounting to US\$68,751 out of US\$69,811 (see note 22) was used by ASA Inc. to purchase shares from ACLEDA NGO on 28 February 2005.

21. PROVISION FOR HEALTH INSURANCE

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
As at 1 January	263,004	137,109	1,059,117	552,138
Additions for the year	308,089	263,419	1,266,862	1,060,789
Claims for the year	(209,393)	(137,524)	(861,024)	(553,809)
Currency translation	-	-	22,356	-
As at 31 December	361,700	263,004	1,487,311	1,059,118

22. SHARE CAPITAL

The total authorised amount of share capital is 13,000,000 shares (2003: 13,000,000 shares) with a par value of US\$1 per share (2003: US\$1 per share). All issued shares are fully paid.

	Percentage	2005 US\$	Percentage	2004 US\$
ACLEDA NGO	32.00%	4,160,000	32.53%	4,228,751
ASA Inc.	19.00%	2,470,000	18.47%	2,401,249
Deutsche Investitions-und Entwicklungsgesellschaft (DEG)	12.25%	1,592,500	12.25%	1,592,500
FMO	12.25%	1,592,500	12.25%	1,592,500
IFC	12.25%	1,592,500	12.25%	1,592,500
Stichting Triodos Doen	10.33%	1,342,500	10.33%	1,342,500
Triodos Fair Share Fund	1.92%	250,000	1.92%	250,000
	100%	13,000,000	100%	13,000,000

Movement of share capital during the year was as follows

	ACLEDA NGO US\$	ASA Inc. US\$	Other US\$	Total US\$
At 1 January 2005	4,228,751	2,401,249	6,370,000	13,000,000
ACLEDA NGO sold to ASA Inc.	(68,751)	68,751	-	-
At 31 December 2005	4,160,000	2,470,000	6,370,000	13,000,000

During the year ASA Inc. purchased 0.53% (US\$68,751) of the Bank's share capital from ACLEDA NGO. ASA Inc. can purchase up to a maximum of 19% of the Bank's share capital under the agreement between ASA Inc. and ACLEDA NGO.

23. SUBORDINATED DEBT

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

The subordinated debt is treated as part of the Bank's equity under the Central Bank's regulations. According to Approval T70382 dated 18 August 2003 by the Supervision Department of the Central Bank, an amount of US\$3,492,317 was transferred from subordinated debt to the Bank's share capital owned by ACLEDA NGO.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

During the year, unpaid interest totaling US\$3,000,000 was re-lent to the Bank and capitalised into the principal outstanding.

Annual interest rates were as follows:

	2005	2004
EUR (2.5% plus LIBOR)	4.684% - 4.643%	-
US\$ (2.5% plus SIBOR)	5.385% - 6.341%	3.615% - 4.3525%
Baht Corporate Customer Rate	2.603% - 3.032%	1.275% - 1.15%
Riel refinance rate	6%	6%

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

24. CONTINGENCIES AND COMMITMENTS

a) Operations

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

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Unused portion of approved credit facilities	1,133,260	534,611	4,659,965	2,152,878
Letter of credit	365,940	-	1,504,745	-
Bank guarantees	1,100,508	123,080	4,525,289	495,643
	2,599,708	657,691	10,689,999	2,648,521

These commitments (letter of credit and Bank guarantees) are secured by cash deposits of US\$754,912 (2004: US\$123,080), as disclosed in note 16.

b) Operating lease commitments

As at 31 December 2005, the Bank had lease commitments for the lease of its head office and provincial offices, with details as follows:

	2005 US\$	2004 US\$
Not later than one year	372,157	114,675
Within one year to five years	621,016	276,199
More than five years	-	-
	993,173	390,874

c) Capital expenditure and other service commitments

The following are the capital commitments of new office building and other services as at 31 December 2005.

	2005 US\$
Not later than one year	6,150,978
Within one year to five years	43,028
More than five years	-
	6,194,006

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

25. CASH AND CASH EQUIVALENTS

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Cash on hand	8,347,253	5,907,224	34,323,904	23,788,391
Clearing house with NBC	439,381		1,806,735	
Travelers cheques	12,336	-	50,726	-
Balances with other banks and other financial institutions	1,199,572	780,169	4,932,640	3,141,740
Placement with other banks and financial institutions	825,254	1,355,000	3,393,444	5,456,585
Current accounts with the Central Bank	2,202,836	1,889,491	9,058,062	7,608,980
Fixed deposits with the Central Bank	-	500,000	-	2,013,500
	13,026,632	10,431,884	53,565,511	42,009,196

26. CASH USED IN OPERATIONS

	For the year ended 2005 US\$	For the year ended 2004 US\$	For the year ended 2005 Riel '000 (At year-end exchange rate)	For the year ended 2004 Riel '000 (At year-end exchange rate)
OPERATING ACTIVITIES				
Profit before income tax	5,275,461	2,557,675	21,692,696	10,299,757
Adjustments for:				
Provisions for loan losses	682,803	632,669	2,807,686	2,547,758
Depreciation	1,064,318	802,668	4,376,476	3,232,344
Amortisation of intangible assets	262,942	214,628	1,081,218	864,307
Gain on sales of property and equipment	(7,311)	(24,673)	(30,063)	(99,358)
Bad debts written off	(197,036)	(249,063)	(810,212)	(1,002,977)
Unrealised foreign exchange gain on senior and subordinated debts	(509,506)	(55,542)	(2,095,089)	(223,668)
Operating income before working capital changes	6,571,671	3,878,362	27,022,712	15,618,163
Changes in working capital:				
Increase in loans and advances to customers	(34,013,579)	(25,408,558)	(139,863,837)	(102,320,263)
Increase in other assets	(502,328)	(268,981)	(2,065,573)	(1,083,186)
Increase in property foreclosed	(11,640)	(5,800)	(47,864)	(23,356)
Increase in deposits from customers	30,260,766	18,479,674	124,432,270	74,417,647
Increase in accruals and other liabilities	1,116,551	559,565	4,591,257	2,253,368
Increase/(decrease) in staff pension liability	901,790	(162,645)	3,708,160	(654,971)
Increase in provision for health insurance	98,696	125,895	405,838	506,979
Cash used in operation	4,421,927	(2,802,488)	18,182,963	(11,285,619)

27. CONTINGENT LIABILITIES

- a) On 29 November 2005, the Enterprise Verifying Office of the Tax Department issued a notice of Tax Re-assessment to ACLEDA Bank for the year ended 31 December 2000 and 2001 with a tax liability of Riel 4,182,552 thousand (equivalent to US\$1,015,000). The additional tax liability was assessed due to the Bank's deduction of interest in its tax calculations for these years whereas the Tax Department has stated that interest is in-fact non-deductible. The Bank lodged a formal protest to the Tax Department in relation to the re-assessment which has informally been agreed by the Tax Department. No formal documents have been issued to the Bank by the Tax Department in relation to this agreement. As at 31 December 2005, there is no provision made in the financial statements of the Bank.
- b) On 13 July 2005, the Bank received a Notice of Tax Re-assessment for the year ended 31 December 2003 from Real Regime Department of Tax requesting them to pay withholding tax liabilities amounting to Riel 819,877 thousand (equivalent to US\$200,000) including penalties. This withholding tax liability is related to interest paid to ACLEDA NGO which the Bank did not withhold due to the NGO status of ACLEDA NGO. A letter of indemnity has been provided to the Bank by ACLEDA NGO accepting the responsibility for any taxes and penalties that are found to be due by the Bank. There has been no provision made in relation to the re-assessment as at 31 December 2005.

28. RELATED PARTIES TRANSACTIONS AND BALANCES

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

	2005 US\$	2004 US\$	2005 Riel '000 (At year-end exchange rate)	2004 Riel '000 (At year-end exchange rate)
Board of directors:				
Fees and related expenses	67,770	38,097	278,670	153,417
Loans:				
Loans to General Manager and Internal Auditor	94,106	72,397	386,964	291,543
Interest income earned	9,635	8,583	39,619	34,564
Deposits:				
ACLEDA NGO, shareholder	2,257,708	4,515,912	9,283,695	18,185,578
ASA Inc., shareholder	5,934	11,827	24,401	47,627
Directors	200,106	113,030	822,836	455,172
	2,463,748	4,640,769	10,130,932	18,688,377
Interest expense on deposits	23,076	26,563	94,889	106,969
Borrowings and debts:				
Borrowings	12,000,000	11,000,000	49,344,000	44,297,000
Senior debt	5,896,818	6,040,215	24,247,716	24,323,946
Subordinated debt	11,360,303	8,726,412	46,713,566	35,141,261
	29,257,121	25,766,627	120,305,282	103,762,207
Interest expense on borrowings and debts	2,043,891	1,248,114	8,404,480	5,026,155

29. SEGMENT INFORMATION

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

30. FINANCIAL RISK MANAGEMENT

a) Credit risk

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

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

b) Market risk

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

(i) Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank sets limits on the level of currency exposure which is monitored monthly.

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

(ii) Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Bank sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored monthly.

The table in note 32 to the financial statements summarises the Bank's exposure to interest rate risk, which includes the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

(c) Liquidity risk

Liquidity risk is defined as a risk when the maturity of assets and liabilities do not match. The Bank monitors the maturity gap analysis monthly.

An analysis of the assets and liabilities of the Bank grouped based on the remaining period at balance sheet to contractual maturity is provided in note 33 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

31. CURRENCY ANALYSIS

	Thai Baht	Riel	Euro	US\$	AUD	Total
As at 31 December 2005						
ASSETS						
Cash in hand	907,111	1,672,789	49,385	6,169,301	384	8,798,970
Balances with other banks and financial institutions	37,820	-	161,522	981,593	18,637	1,199,572
Placements with other banks and financial institutions	-	-	-	853,254	-	853,254
Balances with the Central Bank	-	120,666	-	6,473,656	-	6,594,322
Investment in treasury bills	-	-	-	-	-	-
Loans and advances to customers	4,478,672	16,904,081	-	77,077,545	-	98,460,298
Property and equipment	4,085	24,668	-	5,053,602	-	5,082,355
Computer software	-	-	-	646,030	-	646,030
Other assets	60,721	610,817	2,064	1,545,237	-	2,218,839
Property foreclosed	-	-	-	17,440	-	17,440
Total assets	5,488,409	19,333,021	212,971	98,817,658	19,021	123,871,080
LIABILITIES						
Deposits from customers	1,761,104	5,512,838	145,669	54,481,514	-	61,901,125
Accruals and other liabilities	93,362	1,548,042	2,254	2,206,136	4,799	3,854,593
Borrowings	-	-	-	19,000,000	-	19,000,000
Senior debt	583,330	5,284,710	-	28,778	-	5,896,818
Staff pension fund	-	-	-	902,324	-	902,324
Provision for health insurance	-	-	-	361,700	-	361,700
Total liabilities	2,437,796	12,345,590	147,923	76,980,452	4,799	91,916,560
Net on balance sheet position	3,050,613	6,987,431	65,048	21,837,206	14,222	31,954,520
As at 31 December 2004						
Total assets	3,785,304	14,155,506	125,465	66,042,571	-	84,108,846
Total liabilities	1,304,308	9,016,027	33,654	47,819,899	-	58,173,888
Net on balance sheet position	2,480,996	5,139,479	91,811	18,222,672	-	25,934,958



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

32. INTEREST RATE RISK

	Up to 1 month US\$	1 – 3 months US\$	3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	non-interest bearing US\$	Total US\$
As at 31 December 2005							
ASSETS							
Cash on hand	-	-	-	-	-	8,798,970	8,798,970
Balances with other banks and financial institutions	-	-	-	-	-	1,199,572	1,199,572
Placements with other banks and financial institutions	825,254	-	28,000	-	-	-	853,254
Balances with the Central Bank	1,300,000	-	-	-	-	5,294,322	6,594,322
Investment in treasury bills	-	-	-	-	-	-	-
Loans and advances to customers	1,128,205	4,340,202	54,117,486	38,874,405	-	-	98,460,298
Property and equipment	-	-	-	-	-	5,082,355	5,082,355
Computer software	-	-	-	-	-	646,030	646,030
Other assets	-	-	-	-	-	2,218,839	2,218,839
Property foreclosed	-	-	-	-	-	17,440	17,440
Total assets	3,253,459	4,340,202	54,145,486	38,874,405	-	23,257,528	123,871,080
LIABILITIES							
Deposits from customers	28,566,130	4,369,736	11,264,649	3,350,599	275,277	14,074,734	61,901,125
Accruals and other liabilities	-	-	-	-	-	3,854,593	3,854,593
Borrowings	-	4,000,000	4,500,000	8,000,000	2,500,000	-	19,000,000
Senior debt	612,108	-	-	1,636,740	3,647,970	-	5,896,818
Staff pension fund	-	-	-	902,324	-	-	902,324
Provision for health insurance	-	-	-	-	-	361,700	361,700
Total liabilities	29,178,238	8,369,736	15,764,649	13,889,663	6,423,247	18,291,027	91,916,560
Total interest sensitivity gap	(25,924,779)	(4,029,534)	38,380,837	24,984,742	(6,423,247)	4,966,501	31,954,520
As at 31 December 2004							
Total assets	4,388,609	2,847,408	38,187,249	22,799,771	-	15,885,809	84,108,846
Total liabilities	13,989,992	2,179,537	6,737,195	11,057,827	10,417,207	13,792,130	58,173,888
Total interest sensitivity gap	(9,601,383)	667,871	31,450,054	11,741,944	(10,417,207)	2,093,679	25,934,958

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

33. LIQUIDITY ANALYSIS

	Up to 1 month US\$	1 – 3 months US\$	3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	No fixed date US\$	Total US\$
At 31 December 2005							
ASSETS							
Cash on hand	8,798,970	-	-	-	-	-	8,798,970
Balances with other banks and financial institutions	1,199,572	-	-	-	-	-	1,199,572
Placements with other banks and financial institutions	825,254	-	28,000	-	-	-	853,254
Balances with Central Bank	2,202,835	-	-	-	-	4,391,487	6,594,322
Investment in treasury bills	-	-	-	-	-	-	-
Loans and advances to customers	8,798,847	18,022,308	53,970,587	17,668,556	-	-	98,460,298
Property and equipment	1,794,745	200,765	1,067,631	690,889	-	1,328,325	5,082,355
Computer software	-	-	-	646,030	-	-	646,030
Other assets	1,581,187	189,300	149,249	78,871	-	220,232	2,218,839
Property foreclosed	-	-	17,440	-	-	-	17,440
Total assets	25,201,410	18,412,373	55,232,907	19,084,346	-	5,940,044	123,871,080
LIABILITIES							
Deposits from customers	42,013,011	4,701,205	11,486,228	3,425,404	275,277	-	61,901,125
Accruals and other liabilities	2,202,448	5,898	1,646,247	-	-	-	3,854,593
Borrowings	-	4,000,000	4,000,000	8,500,000	2,500,000	-	19,000,000
Senior debt	-	-	-	1,636,740	4,260,078	-	5,896,818
Staff pension fund	-	-	-	-	-	902,324	902,324
Provision for health insurance	-	-	-	-	-	361,700	361,700
Total liabilities	44,215,459	8,707,103	17,132,475	13,562,144	7,035,355	1,264,024	91,916,560
Net liquidity gap	(19,014,049)	9,705,270	38,100,432	5,522,202	(7,035,355)	4,676,020	31,954,520
At 31 December 2004							
Total assets	18,507,514	13,604,824	35,409,592	12,368,250	14,843	4,203,823	84,108,846
Total liabilities	25,908,263	2,496,831	6,386,798	12,057,293	11,061,165	263,538	58,173,888
Net liquidity gap	(7,400,749)	11,107,993	29,022,794	310,957	(11,046,322)	3,940,285	25,934,958

Credit Opinion: ACLEDA Bank Plc.
Phnom Penh, Cambodia

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits – Foreign Currency	B3/NP
Bank Deposits – Domestic Currency	Ba1/NP
Bank Financial Strength	D
Issuer Rating – Foreign Currency	B2
Issuer Rating – Domestic Currency	Ba1
ST Issuer Rating	NP

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



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HEAD OFFICE

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

OPERATIONS DEPARTMENT

(Located within ACLEDA Bank Plc. Head Office)
Tel: (855)-23-994 392 / 993 223
Fax: (855)-23-217 816
E-mail: operation@acledabank.com.kh

PHNOM PENH-KANDAL

KHAN CHAMCARMON

#55A-B, Street 113, Sangkat Beung Keng Kang 3, Khan Chamcarmon,
Phnom Penh, Cambodia.
P.O. Box: 1149
Tel: (855)-23-210 835 / 221 520
Fax: (855)-23-220 300
E-mail: pnk@acledabank.com.kh or ckm@acledabank.com.kh

KHAN DAUN PENH

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

KHAN RUSSEY KEO I

#482, Group 6, Phum Spean Khnous, Sangkat Kilometre Lek 6,
Khan Ruessey Keo, Phnom Penh, Cambodia.
P.O. Box: 1149
Tel: (855)-23-430 673 / 427 668, (855)-12-587 862
Fax: (855)-23-430 645
Email: 012587862@mobitel.com.kh

KHAN RUSSEY KEO II

#30 I, Street 6A, Khum Kien Khlang, Sangkat Chruoy Chang Var,
Khan Ruessey Keo, Phnom Penh, Cambodia.
P.O. Box: 1149
Tel: (855)-23-430 527, (855)-12-968 294
Fax: (855)-23-430 537
E-mail: 012968294@mobitel.com.kh

And 4 offices (Mukh kampul, Rokakaong I, Khsach Kandal (Khum Vihear Sour), Khsach Kandal (Khum Svay Romiet))

KHAN DANGKOR

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

And 2 offices (Angk Snoul, Damnak Ampil)

TAKHMAO DISTRICT–KANDAL

Phum Krapeu Ha, Khum Preaek Ruessei, Takhmao District,
Kandal Province, Cambodia.

P.O. Box: 1149

Tel: (855)-23-425 623, (855)-12-587-865

Fax: (855)-23-425 691

E-mail: tkm_kdl@camshin.com.kh

And 7 offices (Kandal Stueng, Bueng Khyang, S'ang, Svay Rolum, Preaek Ambel, Kaoh Thum, Sampov Poun)

KHAN MEAN CHEY

#32, National Road No. 1, Gr. 3, Phum Doeum Ampil, Sangkat Chbar
Ampeou I, Khan Mean Chey, Phnom Penh, Cambodia.

P.O. Box: 1149

Tel: (855)-23-720 633, (855)-12-217 953

Fax: (855)-23-720 414

E-mail: 012217953@mobitel.com.kh

KIEN SVAY

Phum Tuol Thnort, Khum Koki, Kien Svay District, Kandal Province,
Cambodia. P.O. Box: 1149

Tel: (855)-24-397 575, (855)-12-965 029

Fax: (855)-24-395 757

E-mail: 012965029@mobitel.com.kh

And 3 offices (Preaek Thmei, Lvea Aem, Samraong Thum)

KAMPONG CHAM–KRATIE

#31 & 33, Street Khemarak Phomin, Phum 14, Khum Kampong Cham,
Kampong Cham District, Kampong Cham Province, Cambodia.

P.O. Box: 1149

Tel: (855)-42-941 703 / 941 708, (855)-12-900 110

Fax: (855)-42-941 707 / 941 702

E-mail: kcm@acledabank.com.kh

And 8 offices (Kaoh Soutin, Prey Chhor, Batheay, Cheung Prey, Chamkar Leu, Stueng Trang, Bos Khnor, Krouch Chhmar)

TBOUNG KHMUM DISTRICT–KAMPONG CHAM

National Road #7, Phum Cheung Lorn, Khum Suong,
Tboung Khmum District, Kampong Cham Province, Cambodia.

Tel: (855)-42-340 236, (855)-12-683 961

Fax: (855)-42-393 915

E-mail: 012683961@mobitel.com.kh

And 5 offices (Memot, Ou Reang Ov, Ponhea Kraek, Tboung Khmum, Snuol)*

SREY SANTHOR DISTRICT–KAMPONG CHAM

Phum Prekpor Krom, Khum Prekpo, Srey Santhor District,
Kampong Cham Province, Cambodia.

Tel: (855)-12-683 981

Fax: (855)-42-394 447

Email: 012683981@mobitel.com.kh

And 3 offices (Kang Meas, Kang Meas (Kang Ta Neung), Khum Prektanong Koh Sotin District-Srey Santhor District-Kampong Cham Branch)

KRATIE

Road 12, Phum Kratie, Khum Kratie, Kratie District, Kratie Province,
Cambodia. P.O. Box: 1149
Tel: (855)-72-971 707
Fax: (855)-72-971 706
E-mail: kte@acledabank.com.kh

And 1 office (Chhloung)

STUNG TRENG

Phum Kandal, Khum Stung Treng, Stung Treng District,
Stung Treng Province, Cambodia.
P.O. Box: 1149
Tel: (855)-74-973 684
Fax: (855)-74-973 685
E-mail: stg@acledabank.com.kh

BATTAMBANG-PAILIN

#899, Group 5, Phum Romchek 4, Khum Rottanak,
Battambang District, Battambang Province, Cambodia.
P.O. Box: 1149
Tel: (855)-53-952 054 / 953 153 / 953 152, (855)-12-900 103
Fax: (855)-53-952 051
E-mail: btb@acledabank.com.kh

And 5 offices (Banan, Bavel, Thma Koul, Moung Ruessei, Samlout)

KHAN PAILIN

#Cho2/231, Phum Pahi Tboung, Sangkat Pailin, Khan Pailin,
Krong Pailin, Cambodia.
P.O. Box: 1149
Tel: (855)-12-424 501
E-mail: 012424501@mobitel.com.kh

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

SIEM REAP-OTDAR MEANCHEY

#006, National Road No 6, Group 7, Phum Salakanseng,
Khum Svay Dangcum, Siem Reap District, Siem Reap Province,
Cambodia. P.O. Box: 1149
Tel: (855)-63-963 660 / 963 251 / 939 900
Fax: (855)-63-963 280
E-mail: srp@acledabank.com.kh

And 12 offices (Siem Reap, Prasat Bakong, Soutr Nikom, Chi kraeng, Puok, Sasar Sdam, Kralanh, Srei Snam, Samraong, Banteay Ampil, Angkor Chum, Anlong Veng*)*

BANTEAY MEANCHEY

#D268-D269-D270-D271, Group 13, Phum 3, Khum Preah Ponlear,
Serei Saophoan District, Banteay Meanchey Province, Cambodia.
P.O. Box: 1149
Tel: (855)-54-958 821 / 958 634 / 958 541
Fax: (855)-54-710 092
E-mail: bmc@acledabank.com.kh

And 5 offices (Mongkul Borei, Thma Puok, Preah Netr Preah, Svay Chek, Phnom Srok)

O CHROV DISTRICT-BANTEAY MEANCHEY

#043, Group 1, Phum Balelay, Khum Poypet, O Chrov District,
Banteay Meanchey Province, Cambodia.
Tel: (855)-54-967 020
Fax: (855)-54-967 469
E-mail: ppt@acledabank.com.kh

And 2 offices (Malai, O Chrov)

KAMPOT-KEP

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

And 5 offices (Kampong Trach, Chhuk, Banteay Meas, Angkor Chey, Chumkiri)

TAKEO

Road 10, Group 4, Phum 2, Khum Rokar khnong, Don Kaev District,
Takeo Province, Cambodia.
P.O. Box: 1149
Tel: (855)-32-931 246
Fax: (855)-32-931 144
E-mail: tko@acledabank.com.kh

And 11 offices (Tram Kak (Phsar Angk Ta Saom), Tram Kak (Phsar Tram Kak), Kiri Vong, Treang, Kiri Vong, Bati, Bati-Tramkhnar, Samraong (Khum Samraong), Samraongc (Khum Beung Tranh Khang Choeung), Prey Kabbas, Angkor Borei)

SIHANOUKVILLE-KOH KONG

Street Ekareach, Group 16, Phum 2, Sangkat Lek 4,
Khan Mittakpheap, Sihanoukville, Cambodia.
P.O. Box: 1149
Tel: (855)-34-320 232 / 933 723
Fax: (855)-34-933 923
E-mail: snv@acledabank.com.kh

And 3 offices (Prey Nob, Stueng Hav, Srae Ambel)

SMACH MEANCHEY DISTRICT-KOH KONG

Phum 2, Khum Smach Mean Chey, Smach Mean Chey District,
Koh Kong Province, Cambodia.
P.O. Box: 1149
Tel: (855)-35-936 693
Fax: (855)-35-936 639

PURSAT

#239, Phum Peal Nhek 1, Khum Pteah Prey, Sampov Meas District,
Pursat Province, Cambodia.
P.O. Box: 1149
Tel: (855)-52-951 434, (855)-12-900 104
Fax: (855)-52-951 634
E-mail: pur@acledabank.com.kh

And 7 offices (Phnum Kravanh, Krakor, Chheu Tom, Bakan (Khum Trapeang Choung), Ou Tapaong, Bakan (Khum Talou), Kandieng)

KAMPONG THOM-PREAH VIHEAR

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

And 6 offices (Baray (Khum Balang), Stoung, Baray (Khum Baray), Soyoung, Prasat Sambour, Kampong Svay)*

TBENG MEAN CHEY DISTRICT-PREAH VIHEAR

Phum Lor Oet, Khum Kampong Pranak, Tbeng Mean Chey District,
Preah Vihear Province, Cambodia.
P.O. Box: 1149
Tel: (855)-12-289 851
Fax: (855)-12-401 507
E-mail: 012289851@mobitel.com.kh

And 2 offices (Kuleaen, Rovieng)

KAMPONG SPEU

National Road N° 4, Phum Samnang, Khum Rokar Thom,
Chbar Mon District, Kampong Speu Province, Cambodia.
P.O. Box: 1149
Tel: (855)-25-987 236 / 987 108
Fax: (855)-25-987 236
E-mail: ksp@acledabank.com.kh

And 5 offices (Samraong Tong, Phnum Sruoch (Khum Kiriwant), Phnum Sruoch (Khum Traeng Trayueung), Kong Pisei, Basedth)

ODONGK-KAMPONG SPEU

Phum Odongk, Khum Viengchass, Odongk District, Kampong Speu
Province, Cambodia.
Tel: (855)-25-395 565, (855)-12-903 294
Fax: (855)-25-394 565
E-mail: 012903294@mobitel.com.kh

And 1 office (Odongk)

KAMPONG CHHNANG

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

And 5 offices (Baribour, Tuek Phos, Rolea B'ier, Kampong Tralach, Chol Kiri)

SVAY RIENG

Road 113, Phum Rong Banlae, Khum Svay Rieng, Svay Rieng District,
Svay Rieng Province, Cambodia.
P.O. Box: 1149
Tel: (855)-44-945 545 / 945 596
Fax: (855)-44-945 545
E-mail: svg@acledabank.com.kh

And 3 offices (Svay Teap, Romeas Haek, Svay Chrum)

PREY VENG

Group 9, Phum Lek 4, Khum Kampong Leav, Kampong Leav District,
Prey Veng Province, Cambodia.
P.O. Box: 1149
Tel: (855)-43-944 555
Fax: (855)-43-944 555 / 944 577
E-mail: pvg@acledabank.com.kh

And 4 offices (Pea Reang (Khum Rokar), Pea Reang (Khum Kampong Po Pil), Kampong Trabaek, Kamchay Mear)

PEAM RO DISTRICT–PREY VENG

Group 3, Phum Lek 1, Khum Preaek Khsay Khor, Peam Ro District,
Prey Veng Province, Cambodia.
Tel: (855)-43-750 142, (855)-12-639 374
E-mail: 012639374@mobitel.com.kh

And 2 offices (Leuk Daek, Peam Chor)

RATTANAK KIRI–MONDUL KIRI*

Phum 1, Khum Labanseak, Banlung District, Rattanak Kiri Province,
Cambodia.

MONDUL KIRI*

Phum O Spean, Khum Speanmeancheay, Senmonorom District,
Mondul Kiri Province, Cambodia.

Note: All of above offices with asterisk sign (*) were established in 2006.

42 banks in 41 countries with 255 corresponding branches

Country (number of Correspondents)	Name of Bank
Australia (2)	Commonwealth Bank of Australia (Sydney*) - AUD Commonwealth Bank of Australia (Adelaide, Brisbane, Darwin, Hobart, Melbourne, Perth) KEB Australia Ltd. (Sydney)
Belgium (3)	Bank of New York (Brussels) Commerzbank AG, The Brussels Branch (Brussels) ING Belgium NV/SA (Brussels*) - EUR
Brazil (1)	American Express Bank, Brazil (Sao Paulo)
Canada (1)	Korea Exchange Bank of Canada (Toronto)
Cayman Islands (1)	Nordea Bank Finland Plc (Georgetown)
China (9)	Bank of New York (Shanghai) Bank of Tokyo-Mitsubishi UFJ Ltd (Beijing, Dalian, Shanghai, Shenzhen, and Tianjin) China Construction Bank (All branches in China) Commerzbank AG, Shanghai Branch (Shanghai) IntesaBci S.P.A. (Shanghai) Korea Exchange Bank (Beijing, Dalian, Shanghai and Tianjin) Standard Chartered Bank (Shanghai) Sumitomo Mitsui Banking Corporation (Guangzhou, Shanghai, Suzhou, and Tianjin) Woori Bank (Beijing and Shanghai)
Czech Republic (1)	Commerzbank AG (Prague)
Denmark (1)	Nordea Bank Denmark A/S (Copenhagen)
Egypt (1)	American Express Bank Ltd. (Cairo)
Estonia (1)	Nordea Bank Finland Plc Estonia Branch (Tallinn)
Finland (1)	Nordea Bank Finland Plc (Helsinki)
France (4)	Banca Commerciale Italiana (France) S.A. (Paris) Bank of Tokyo-Mitsubishi Ltd. Paris Branch (Paris) Commerzbank AG (Paris) Korea Exchange Bank (Paris)

Germany (8)	<p>American Express Bank GMBH (Frankfurt*) - EUR</p> <p>Bank of New York (Frankfurt)</p> <p>Bank of Tokyo-Mitsubishi Ltd. Duesseldorf Branch (Duesseldorf)</p> <p>Commerzbank AG (Frankfurt, Berlin, Duesseldorf, Hamburg, Muenchen)</p> <p>Korea Exchange Bank (Deutschland) AG (Frankfurt)</p> <p>Landesbank Hessen-Thueringen Girozentrale (Frankfurt)</p> <p>Nordea Bank Finland Plc Niederlassung Deutschland (Frankfurt)</p> <p>UFJ Bank Limited (Dusseldorf)</p>
Greece (1)	<p>American Express Bank Ltd. (Athens)</p>
Hong Kong SAR (13)	<p>American Express Bank Limited</p> <p>Banca Intesa S.P.A</p> <p>Bank of New York</p> <p>Bank of Tokyo-Mitsubishi Ltd. Hong Kong Branch</p> <p>Commerzbank AG</p> <p>Commonwealth Bank of Australia</p> <p>Korea Exchange Bank</p> <p>Standard Chartered Bank</p> <p>Sumitomo Mitsui Banking Corporation</p> <p>UFJ Bank Limited</p> <p>Union Bank of California, N.A.</p> <p>Wachovia Bank</p> <p>Woori Bank</p>
Hungary (1)	<p>Commerzbank (Budapest) RT. (Budapest)</p>
India (5)	<p>American Express Bank Limited (New Delhi, Chennai, Kolkata and Mumbai)</p> <p>Bank of Tokyo-Mitsubishi Ltd. (New Delhi, Chennai, Mumbai)</p> <p>Canara Bank (Mumbai)</p> <p>Standard Chartered Bank (Mumbai)</p> <p>UFJ Bank Limited (New Delhi)</p>
Indonesia (5)	<p>American Express Bank Limited (Jakarta)</p> <p>Bank of Tokyo-Mitsubishi Ltd. (Jakarta)</p> <p>Bank Rakyat Indonesia (Jakarta)</p> <p>P.T. KEB Danamon (Indonesia) (Jakarta)</p> <p>P.T. Woori Bank Indonesia (Jakarta)</p>
Ireland (2)	<p>Commerzbank Europe (Ireland) (Dublin)</p> <p>IntesaBci Bank Ireland Plc (Dublin)</p>
Italy (2)	<p>Banca Intesa S.P.A. (Milan)</p> <p>Commerzbank AG (Milano)</p>

Japan (12)	<p>American Express Bank Limited (Tokyo) Bank of New York (Tokyo and Tokyo Trade Service Centre) Bank of Tokyo Mitsubishi Ltd (Tokyo) Commerzbank AG (Tokyo) Commonwealth Bank of Australia (Tokyo) IntesaBci S.P.A (Tokyo) Korea Exchange Bank (Tokyo and Osaka) Standard Chartered Bank (Tokyo) Sumitomo Mitsui Banking Corporation (Tokyo) Union Bank of California, N.A (Tokyo) Wachovia Bank N.A. (Tokyo) Woori Bank (Tokyo)</p>
Korea (11)	<p>American Express Bank Limited (Seoul) Bank of New York (Seoul) Bank of Tokyo-Mitsubishi Ltd. (Seoul, Pusan) KOOKMIN BANK (Seoul) Korea Exchange Bank (Seoul) Standard Chartered Bank (Seoul) Sumitomo Mitsui Banking Corporation (Seoul) UFJ Bank Limited (Seoul) Union Bank of California, N.A (Seoul) Wachovia Bank N.A. (Seoul) Woori Bank, (Seoul)</p>
Laos (1)	<p>Banque Pour Le Commerce Exterieur Lao (Vientiane)</p>
Luxembourg (3)	<p>American Express Bank (Luxembourg) S.A. Bank of New York (Luxembourg) S.A. Nordea Bank S.A. (Luxembourg)</p>
Malaysia (4)	<p>Bank of Tokyo-Mitsubishi (Malaysia) Berhad (Kuala Lumpur) Bumiputra Commerce Bank Berhad (Kuala Lumpur) Commerzbank AG, Labuan Branch (Labuan) Standard Chartered Bank Bhd (Kuala Lumpur)</p>
Netherlands (5)	<p>ABN AMRO Bank N.V. (Amsterdam) Commerzbank (Nederland) N.V (Amsterdam) ING Bank N.V. (Amsterdam) Korea Exchange Bank (Amstelveen) Rabobank Nederland (Utrecht)</p>
Norway (1)	<p>Nordea Bank Norge ASA (Oslo)</p>
Philippines (3)	<p>American Express Bank Limited (Manila) Korea Exchange Bank (Manila) Union Bank of California, Manila Offshore Banking Unit (Manila)</p>
Poland (1)	<p>Nordea Bank Polska SA (Gdynia)</p>

Russian Federation (2)	Banca Intesa ZAO (Moscow) Commerzbank Eurasaja Sao (Moscow)
Singapore (11)	American Express Bank Bank of New York Bank of Tokyo-Mitsubishi UFJ Ltd. Singapore Branch Commerzbank AG, (Singapore Branch) Commonwealth Bank of Australia DBS Bank Ltd. Korea Exchange Bank Nordea Bank Finland Plc Standard Chartered Bank Sumitomo Mitsui Banking Corporation Woori Bank
South Africa (1)	Commerzbank AG (Johannesburg)
Spain (2)	Commerzbank AG (Madrid) Caja de Ahorros del Mediterraneo (Alicante)
Sweden (1)	Nordea Bank AB (Stockholm, Malmo, Goteberg)
Switzerland (3)	American Express Bank (Switzerland) SA (Geneva) Commerzbank (Schweiz) AG (Zurich) Nordea Bank S.A. (Zurich)
Taiwan (9)	American Express Bank Limited (Taipei) Bank of New York (Taipei) Bank of Panhsin Bank of Tokyo-Mitsubishi Ltd. (Taipei) Standard Chartered Bank (Taipei) Sumitomo Mitsui Banking Corporation (Taipei) UFJ Bank Limited (Taipei) Union Bank of California, N.A. (Taipei) Wachovia Bank N.A. (Taipei)
Thailand (7)	American Express Bank Limited (Bangkok) Bank of Nova Scotia, Bangkok Branch (Bangkok) Bank of Tokyo-Mitsubishi Ltd. (Bangkok) Standard Chartered Bank (Thai) Pcl (Bangkok) Sumitomo Mitsui Banking Corporation (Bangkok) UFJ Bank Limited (Bangkok International Banking Facility) (Bangkok) United Overseas Bank (Thai) Public Company Limited (Bangkok*) - THB
UAE (2)	Mashreqbank psc (Dubai) Standard Chartered Bank (Dubai)

United Kingdom (11)

Bank of New York (London)
 Banca Intesa S.P.A. (London)
 Bank of Tokyo-Mitsubishi Ltd. London Branch (London)
 Commerzbank AG (London)
 Commonwealth Bank of Australia (London)
 Korea Exchange Bank (London)
 Nordea Bank Finland Plc (London)
 Standard Chartered Bank (London*) - EUR
 UFJ Bank Limited (London)
 Wachovia Bank N.A. (London)
 Woori Bank London(London)

USA (19)

ABN AMRO Bank N.V. (Chicago, Miami and New York)
 American Express Bank Limited (New York*) - USD
 Bank of New York (New York)
 Bank of Tokyo-Mitsubishi Ltd. (Los Angeles, New York)
 Citizens Bank of Rhode Island (Rhode Island)
 Commerzbank AG (New York)
 Commonwealth Bank of Australia (New York)
 Credit Lyonnais (New York)
 Far East National Bank (Los Angeles)
 HSBC Bank USA (New York*) - USD
 IntesaBci S.P.A. (New York)
 Korea Exchange Bank (Los Angeles Agency and New York)
 Nordea Bank Finland Plc (New York)
 Standard Chartered Bank (New York*) - USD
 Sumitomo Mitsui Banking Corporation (New York)
 UFJ Bank Limited (Los Angeles and New York)
 Union Bank of California International (New York, Sanfrancisco, Ca)
 Wachovia Bank, NA (Charlotte, Los Angeles, Miami, New York and
 Int'l Operations, Philadelphia)
 Woori Bank (Los Angeles and New York)

Vietnam (12)

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

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



Photos of construction site taken in April 2006



Artist's Impression of ACLEDA Bank Plc's new H.Q. – Side view



Artist's Impression of ACLEDA Bank Plc's new H.Q.



Reception lobby



Board room



Banking hall



Artist's Impression of ACLEDA Bank Plc's new H.Q. – Night view



ACLEDA Bank Plc.
28, Mao Tse Tung Blvd., Sangkat Beung Trabek,
Khan Chamcarmon, Phnom Penh. P.O.Box 1149
Tel: (855-23) 364 619 / 993 780 / 214 634 Fax: (855-23) 364 914
Email: acledabank@acledabank.com.kh
Web site: www.acledabank.com.kh