



ធនាគារ អេស៊ីលីដា ភីអិលស៊ី ACLEDA Bank Plc.

The bank you can trust



Annual Report
2008



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

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Vision and Mission

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.”



Consolidated Financial Results

Units in US\$ '000
(except EPS and
dividend which are
in dollars)

	31/12/08 Audited	31/12/07 Audited	31/12/06 Audited	31/12/05 Audited	31/12/04 Audited	Change (%) ¹
Assets	692,877	473,053	223,202	123,871	84,109	+46.5
Loans (Net of Provision)	457,422	310,681	156,571	98,460	64,932	+47.2
Liabilities	601,420	423,401	180,622	91,917	58,174	+42.1
Deposits	487,803	344,533	123,150	61,901	31,640	+41.6
Issued and Paid-Up Capital	50,000	30,000	30,000	13,000	13,000	+66.7
Total Equity ²	91,457	49,652	42,580	31,955	25,935	+84.2
Gross Income	100,941	59,585	37,204	25,679	17,128	+69.4
Profit Before Tax	24,885	12,278	8,361	5,275	2,558	+102.7
Net Profit After Tax	19,448	9,739	6,668	4,205	2,063	+99.7
Earnings Per Share	\$0.3890	\$0.3246	\$0.2223	\$0.3235	\$0.1587	+19.8
Dividend for 2008	\$0.1630	\$0.1299	\$0.0889	\$0.1294	\$0.0630	+25.5

¹ From 31/12/07 to 31/12/08

² From 31/12/06 excludes subordinated debt (prior to 2006 subordinated debt was included to conform to local accounting conventions).



Highlights of 2008 (ACLEDA Bank Plc unconsolidated³)

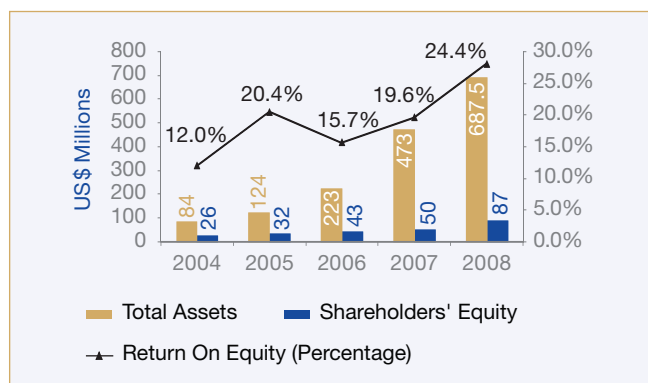
- Assets rose 45% to US\$687.5 million
- Loans grew 47% to US\$456.3 million
- Non Performing Loans to Total Loans remain low at 0.22%
- Deposits increased by 41% to US\$487.0 million
- Domestic funds transfers soared by 78.4% to US\$2,344.6 million
- Overseas funds transfers grew 49.6% to US\$1,438.2 million
- Net Profit After Tax rose by 118% to US\$21.2 million
- Shareholders' Equity grew by 75% from US\$49.7 million to US\$86.9 million
- Return on Equity (excl. subordinated debt) improved from 19.6% to 24.4%
- Non-interest expense to gross income reduced from 57.7% to 51.5%
- Cambodian network grew from 204 to 226 offices
- ACLEDA Bank Lao Limited opened with 3 branches in Vientiane, Savannakhet and Champasak.

³ These figures relate to the operations in Cambodia only so will differ from the consolidated financial statements which include Laos.

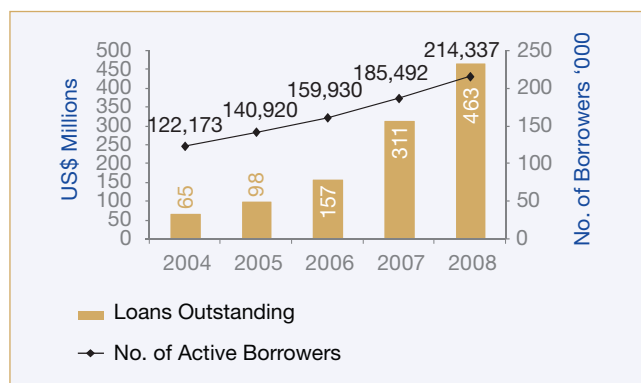


Performances for 2008 (ACLEDA Bank Plc only)

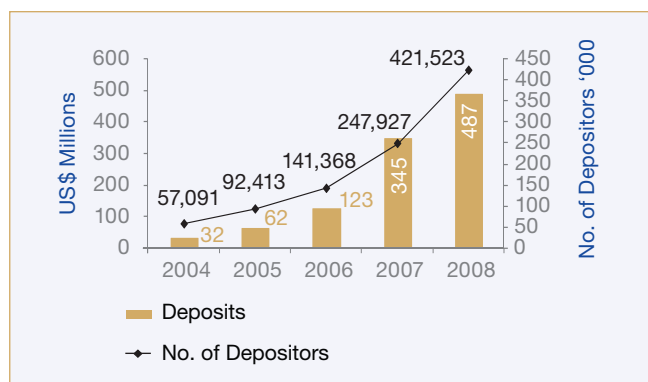
Total Assets/Shareholders' Equity VS Return On Equity



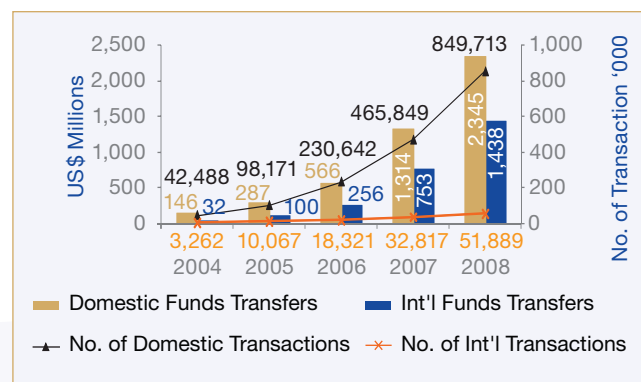
Loans Outstanding VS No. of Active Borrowers



Deposits VS No. of Depositors



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





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Cambodia Key Economic Indicators 2008

Forecast of Cambodia's Key Economic Indicators¹

	2004	2005	2006	2007	2008e	2009f
1. GDP						
GDP % change	10.0	13.4	10.8	10.1	7.0	6.0
Per capita GDP (in U.S. dollar)	373.0	430.0	513.0	550.0		
2. Inflation						
Inflation (y-o-y)	5.6	6.6	2.81	10.8	13.5	7.4
3. Government Budget (in percent of GDP)						
Revenue	10.3	10.3	11.5	11.9	12.5	12.1
Expenditure	14.9	13.7	14.2	14.7	14.2	15.4
4. Money and Credit (12 month percentage change)						
M2	30.0	16.1	38.2	62.9	17.0	6.1
Total Deposits in the Banking System	25.9	15.6	44.8	75.0	2.6	
Total Outstanding Loans in the Banking System	32.9	17.4	62.8	78.0		
Credit Private Sector	35.9	31.8	51.6	76.0	55.0	
5. Balance of Payment						
Exports	2,589.0	2,910.3	3,693.2	4,088.5	4,809.2	4,197.0
Imports	-3,269.0	-3,903.5	-4,727.4	-5,419.0	-6,661.3	-5,798.0
Trade Balance	-681.0	-993.2	-1,034.1	-1,330.5	-1,852.1	-1,601.0
Current Account (exclude official transfers)	-436.0	-607.3	-527.0	-701.3	-1,179.2	-1,311.0
Current Account (include official transfers)	-116.0	-266.0	-146.0	-170.0	-353.0	845.0
Exchange Rate (Riel per Dollar end period)	4,027.0	4,112.0	4,057.0	3,999.0	4,077.0	

¹ Source: IMF, National Bank of Cambodia



Chea Sok

“In 2008 ACLEDA Bank Plc celebrated its 15th anniversary as a financial institution and 5th year as a full commercial bank by turning out a record performance made more remarkable in a period of difficult market conditions.”

Chairman's Report

The Cambodian Economy in 2008

Compared to the steady economic growth experienced in 2007, 2008 was a turbulent year starting off with high inflation, a booming property market and a run-up to the pivotal mid-year elections. Nevertheless the government maintained a steady course and their macroeconomic stabilization efforts were underpinned by a balanced fiscal policy aimed at maintaining the exchange rate and combating inflation.

The real GDP growth is estimated at around 7% which is slightly lower than 2007 continuing the general trend of the last three years from a peak of 13.4% in 2005, 10.8% in 2006 and 10.2% in 2007. The softer growth was due to several negative factors including the global financial crisis, which has had a severe impact on garment exports, tourism and property development – the latter of which was hit particularly hard by the sharp fall in direct foreign investment.

In 2008 the annual inflation increased by more than 26% in May due to the pressure from high prices of oil, consumer goods and food, as well as the depreciation of the US dollar. However, largely due to the government's deflationary measures including a credit squeeze in mid-year this fell to 13.5% by the end of 2008. It is estimated the downward trend will continue into 2009.

The Khmer Riel remained fairly stable against the US Dollar throughout trading between KHR4,000 at the beginning of 2008 to KHR4,130, before finishing the year 2.7% down at KHR4,108.

Whilst the banking and financial sector are somewhat isolated from the international markets and have not yet felt the full weight of the global financial crisis, the first tremors were felt in mid-year. In the face of rising inflation the National Bank of Cambodia was forced to tighten the money supply by doubling the Deposit Reserve Requirements for non-Riel bank deposits. The high level of dollarisation of the economy restricts the NBC's options for monetary measures when the U.S. Federal Reserve Bank's concerns (deflation) conflict with those of Cambodia (inflation). Throughout the third quarter almost every bank felt the liquidity squeeze and credit growth was severely constricted. Broad money grew by 4.8% compared to 2007 to reach 28.6% of GDP but credit to the private sector grew more rapidly to 23.0% of GDP but for a developing country this level remains very low nevertheless.

The international reserves increased to more than US\$2.2 billion at the end of 2008, which is sufficient to cover 3.8 month of imports of goods and service for domestic consumption.

The agriculture sector growth reached 3.5% (at constant prices), the industrial sector by 5.6% and services by 7.2%.

Economic outlook for 2009

Looking forward the economic outlook is expected to remain challenging over the near term and Cambodia has yet to feel the full impact of the global economic slowdown which is expected to affect the main pillars of the economy especially garment, tourism and construction. Nevertheless the government forecasts real GDP to increase by 6% whilst inflation should continue to decline to around 7.4% in 2009 as commodity prices recede and domestic pressure eases.

The focus should be on improving the investment climate, strengthening corporate governance, bolstering the health of the banking system – all of which are prerequisites for the expected launching of the nation's first stock exchange in December – and increasing expenditure on infrastructure development for the rural areas and agriculture.

Broad money (M2) growth is targeted at 6.1% while it is estimated that money in circulation will expand by 20% and foreign currency deposits by 2.6%.

Achievements in 2008 and strategy for 2009

In January, 2008, mindful of the need to maintain our capital base at the upper level of the regulatory prudency ratios to support our planned growth in this relatively undeveloped financial environment, ACLEDA raised its issued and paid up capital by US\$20 million to US\$50 million by way of a rights issue which was taken up in full by the existing shareholders. This helps to build public trust and by demonstrating that we have strong shareholders ready and willing to support the bank we are creating confidence in our ability to protect our customers' savings.

In spite of the deteriorating operating environment in the second half of the year ACLEDA Bank turned out a strong performance with robust growth across all the business lines. A record first half underpinned by the US\$20 million capital increase in January sustained the bank's revenues through the liquidity squeeze and credit slowdown that affected the financial sector from July. The consolidated Net Profit After Tax, including the first year

loss of ACLEDA Bank Lao Ltd, was US\$20.3 million while that for ACLEDA Bank Plc alone was US\$21.2 million, an increase of 118% over 2007 and a return on Equity of 24.4%. I will leave it to the President and CEO to provide more analysis but I would highlight two noteworthy items. Firstly, asset quality remains good with a Non Performing Loan ratio of 0.22%. Whilst this is higher than in previous years due to the deteriorating economic situation it is still one of the lowest in the banking sector and ACLEDA has negligible exposure to the troubled property segment. Secondly, the bank is highly liquid with a Solvency Ratio in excess of 25% at year end.

Finally, the opening of our subsidiary, ACLEDA Bank Lao Ltd (ABL) in July 2008 was another milestone in the history of our bank. This is the first time a Cambodian bank has extended a network outside the country and with its Headquarters in Vientiane and two branches in Sovannakhet and Champasak (Pakse) it has turned in a strong performance in its first few months with business levels ahead of expectations. A full report is available separately.

As noted earlier, we expect 2009 to be a slower year with the full impact of the global financial crisis appearing in the second half. In the circumstances our strategy must be adjusted to reflect these realities and maintaining portfolio quality and keeping higher levels of liquidity must take priority over growth. Accordingly the stellar profit levels of previous years may be difficult to sustain but we remain confident that we shall still achieve satisfactory returns in the coming year.

Shareholders' Meeting

The Annual General Meeting of Shareholders was held on May 21, 2008 at the bank's Headquarters and in addition four Resolutions were passed by email during the year. 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 government regulations and other action was taken by the Shareholders during the year as provided for in Article 15 of the Articles of Association.

The key matters approved were:

- The Annual Report for the year 2007
- The audited Financial Statements for the year 2007
- The payment of a dividend for 2007 of US cents 12.99 per share
- The re-appointment of PricewaterhouseCoopers (Cambodia) Limited as the external auditors for 2008
- Amendments to update Articles 6, 8 and 26 of the Memorandum and Articles of Association of ACLEDA Bank Plc.
- Amendment of the Exclusion list

Board Performance

Last year I announced that the Directors decided to implement a Board self appraisal exercise as a logical follow-up to the Board development program. As reported on page 29 the first critical stage has been completed and the second and third stages should be concluded by the end of this year.

On behalf of the Board and myself I express our appreciation to the CEO and his management team as well as the staff for their outstanding efforts in turning in the excellent results just reported.

I would also like to recognise the contribution of our customers, regulators, shareholders, suppliers and the general public during 2008 and in particular the Royal Government for its leadership in these testing times. With your support our strategic objective to be Cambodia's leading bank for the people and a regional centre of excellence will be achieved. I wish you all good health and prosperity in the coming year.



Chea Sok
Chairman



ACLEDA Bank's shareholders' meeting



In Channy

“2008 was a difficult year for banks in Cambodia with high inflation, border disturbances, elections at home and in neighbouring countries, and the worsening global financial crisis all providing distractions to business not seen in recent years. In spite of this ACLEDA produced best ever profits with record results across all our businesses.”

President & CEO's Report

Performance in 2008

Competitive Environment

Four out of the 26 commercial banks in Cambodia account for 70% of the total deposits and 73% of the total credit in the banking system. ACLEDA's share in deposits grew from 13.3% to 19.8% whilst loans remained steady at 19.3%. As a result our market position moved from #4 in 2007 to #1 for deposits and from #3 to #2 in credit. With 226 offices only ACLEDA can claim to a true nationwide branch network in every province and town – our nearest competitor has less than 30.

In the strategically important micro-lending segment, however, the predictions of last year that the emergence of bigger, better managed and well funded microfinance institutions ('MFIs') would provide significant competition proved correct and loan growth in this area was more challenging. This was compensated to a large extent by the resultant growth in wholesale banking to the MFIs and illustrates our long-held view that our competitor can also be our customer.

Management Structure

One of the most important innovations in 2008 was in management. We had become concerned that the ongoing expansion and increasing complexity of the

bank's business, which necessitated the establishment of several new functional divisions, was stressing the existing management structure and leading to 'reporting line overload'. During 2008 we undertook an overhaul of the organisation with a view to rationalising the operational functions and simplifying reporting lines. In doing so we took into account two important principles: firstly, to cluster those functions which naturally go together to obtain efficiency and control through better communication, and, secondly, to preserve the concept of 'dual control' i.e. separation of 'back office' from 'front office'. The results of this can be found on page 14 from which it can be seen that the number of direct reports to the President and CEO has been reduced from 12 to 5 and management committees from 7 to 6.

Operational Performance

Retail, Micro and Small Business

Micro Loans grew by 32.1%, Small Loans by 42.5% and Personal Loans by 35.8%. Housing Loans rose by a more modest 25.2% due to stricter property valuation guidelines introduced in the face of a weakening property market. Housing Loans represent only 10.9% of total loans outstanding – down from 12.8% a year earlier.

Retail deposits grew by 33.7% to US\$458.3 million, a significant amount of which came from first time depositors such as employees paid through our Payroll Service and customers in rural areas where we have newly opened offices. It is satisfying to note that the retail deposits cover the total loans outstanding of US\$456.3.

An important factor in the growth of deposits was the continuing development and expansion of our automated delivery system which at the end of 2008 comprised 60 ATMs and 540 POS terminals throughout the country with more than 175,000 cards issued.

Medium and Corporate Business

Medium and corporate lending rose sharply in the first half before slackening off as the tighter liquidity conditions reduced available funding and the bank gave priority to its traditional retail, micro and small business as the average loan size is smaller and margins are better. Nevertheless this segment finished the year up by 62.2% due to Medium and Revolving Credits while Overdrafts and Trade Finance lending remained static.

Cash Management performed strongly with domestic transfers increasing by 78.4% to US\$2,344.6 million while international transfers rose 49.6% to US\$1,438.2 million. The National Social Security Fund appointed ACLEDA as custodian to receive employers' contributions and agreements have been signed with various public utilities allowing their consumers to pay their bills through the bank. Demand for Payroll Services was particularly strong in 2008 with a number of large local and international companies and official organisations signing up which provided excellent opportunities for cross-selling of other products.

Whilst Trade Finance lending remained flat, the value of trade transactions handled increased substantially leading to a rise of 69% in fee and commission earnings from this division.

Fee and commission earnings (excluding loan fees) climbed 77.4% and accounted for 10.1% of gross revenue for the year.

Treasury and International

Foreign exchange earnings rose by 716.6% to nearly US\$1.3 million which is particularly satisfying as our F/X business is 'settlement only' – the bank does not trade speculatively or take positions. The main source of this was remittances and trade finance.

The Financial Institutions Department enjoyed an active year gaining a number of significant new correspondents and implementing the new SWIFT 'Relationship Management Application'. At the end of 2008 we had arrangements with 412 correspondents in 52 countries.

Deposits from other banks jumped 1,586.7% to US\$29.5 million led by wholesale services for microfinance institutions.

An encouraging feature of the year was that despite the credit crisis international lenders continue to offer funding to ACLEDA Bank at normal rates and we believe that the bank would have no difficulty in raising additional loans in need.

Administration

Tighter cost control made an important contribution to our profits with non-interest expense to gross income reduced from 57.7% to 51.5%.

The network expanded from 204 to 226 offices in Cambodia and 3 in Laos. In addition, 11 Service Posts were upgraded to full service offices.

The number of staff employed increased from 4,401 at the end of 2007 to 6,128 – a rise of 39.2%. Although new offices accounted for part of this the main factor was the growth of existing branches. 1,428 career development and refresher programs were run for mature staff and 1,901 induction programs for new recruits.

ACLEDA Bank Plc has signed a 4-year Management Service Agreement to provide support, including the secondment of experienced senior managers, to ACLEDA Bank Lao Ltd. The agreement provides for services 'at cost' plus a mark-up for overheads and is not intended to be a profit centre.

2009

At the time of writing the outlook for 2009 is not encouraging with many uncertainties making it hard to formulate a growth strategy. Whilst opportunities should be taken when they present themselves the focus must be on maintaining loan portfolio quality and liquidity. This comes at a cost as keeping substantially higher levels of liquidity than would be normal in more settled times reduces the funds available for lending and this will impact on our earnings to some extent. Nevertheless we still expect a satisfactory outcome for the full year albeit at reduced levels.

In these circumstances effective risk management is even more important and to address this we are separating the risk management function from the Audit and Risk Management Committee ('ARCO') into a new Board level Committee – the 'Risk Committee'. At the same time the former Risk Management Unit has been upgraded to Risk Management Division to provide more resources and reflect the enhanced importance we attach to this function.

22 new offices are planned in Cambodia in 2009 and our ATM and POS network will be aggressively expanded.

The major upgrade of our MIS I mentioned last year will continue with the focus on a more efficient architecture to handle growth in volumes, new electronic banking platforms and expedite report generation.

Notwithstanding the prospect of slower growth in 2009 we must take the longer view and build up capital to meet any exigencies and provide for expansion when and where appropriate. Accordingly management is revisiting its forecasts and will present to the Board early in 2009 its 3-year estimates for any additional capital required.

Strategic Priorities

Our long term strategic priorities are:

- As far as is consistent with prudent asset and liability management, to ensure that our financial resources are employed within Cambodia for the development of our customers' business and the benefit of the national economy.
- To 'fill the gap' between microfinance and commercial banking to provide a seamless transition for our clients to move up the wealth ladder – to be a bank where all comers, irrespective of their financial status, will be 'ACLEDA' customers.
- To build upon our model as an integrated microfinance, retail and commercial bank as a solid foundation for regional expansion.
- To take a proactive role in the development of a capital market in Cambodia, with a stock exchange expected to be launched in 2009/2010, both with a view to the opportunities it can offer for our future capital raising as well as new financial services which it may create.

Last year, I listed as a strategic priority 'to develop our "International Visitor Program" into a recognised training centre to share our experiences and encourage interchange of knowledge and "best practice" with others in our field'. I am delighted to report that thanks to a generous grant of EUR610,000 from KfW in December, 2008, the ACLEDA-ASEAN Regional Microfinance Center, which is managed by ACLEDA Bank Plc, commenced operation in January, 2009. The Center will be open to policy makers, practitioners and staff from Microfinance Institutions and Banks in the ASEAN region and all over the world and it is expected that approximately 1,200 students will be accommodated every year. Later plans include seeking accreditation from an internationally recognised university and developing an MBA program in Microfinance.

ACLEDA continues to win praise for service quality and during the year received a number of awards from our counterparties which included Western Union, Citibank, HSBC and Standard Chartered. At the Association of Banks of Cambodia Annual Dinner in December ACLEDA Bank received a Certificate of Appreciation from the National Bank of Cambodia recognising our contribution to bringing financial services to all sectors of the community throughout the country.

In the light of these outstanding results it is my greatest pleasure to record my sincere gratitude to all our customers; my colleagues on the Board of Directors, management and staff; our professional advisors and, not least, for

the support of the Royal Government and the National Bank of Cambodia who have steered the banking system through a difficult time. I wish you all the best for the coming year.

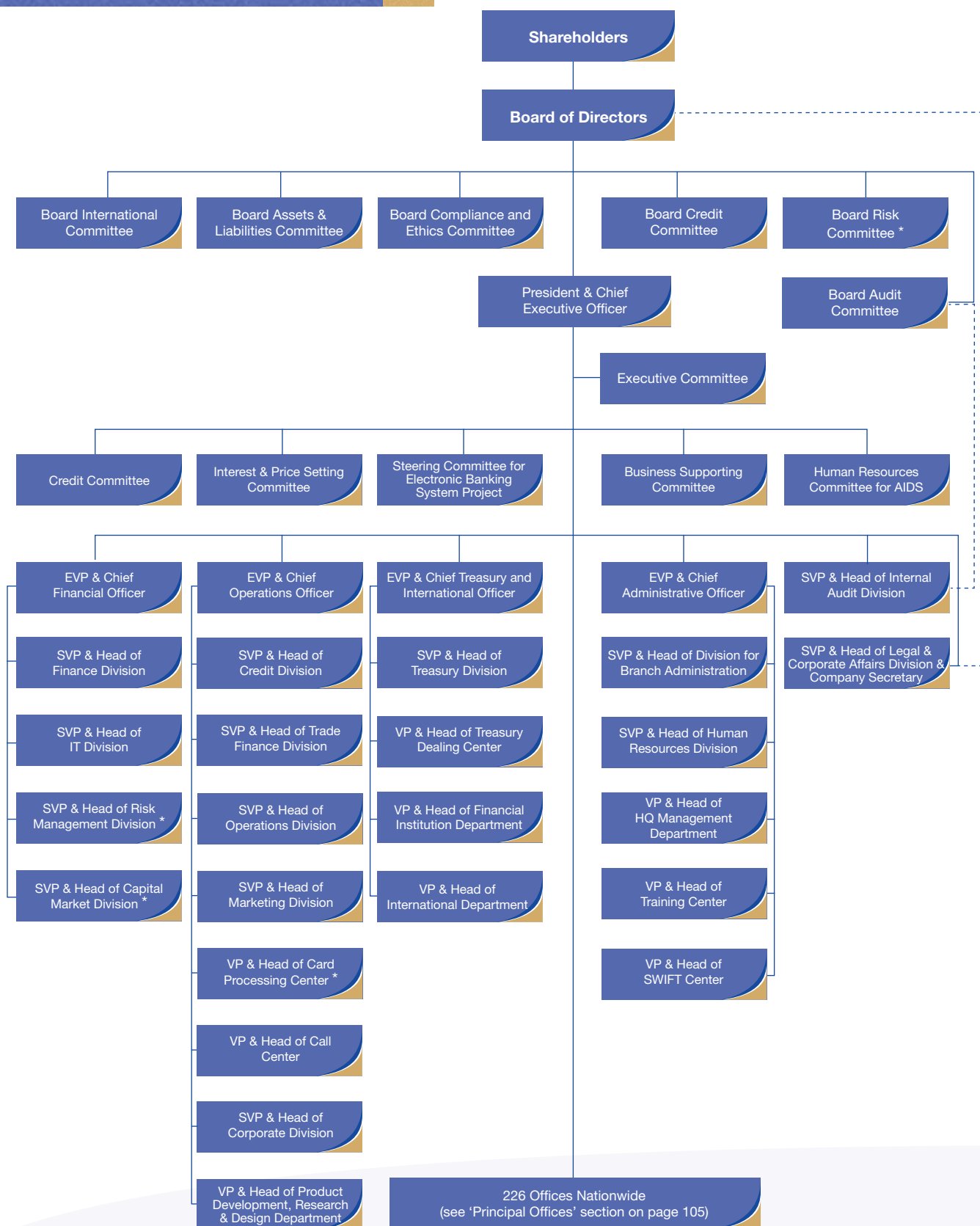


In Channy
President & CEO

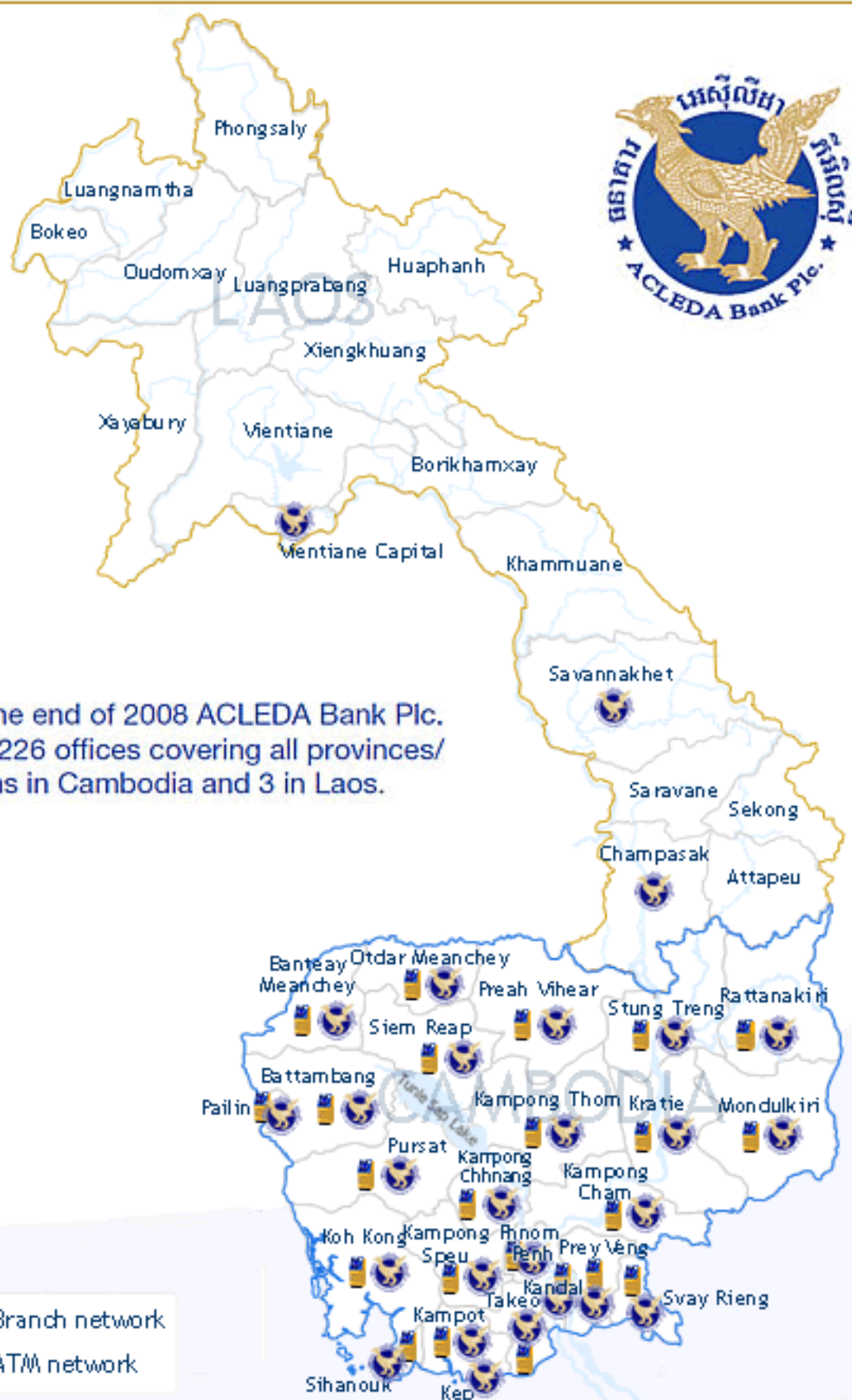


H.E. Chea Chanto, Governor of National Bank of Cambodia, presents an award to Mr. In Channy, President & CEO of ACLEDA Bank Plc. for an outstanding contribution to bringing financial services to all sectors of the community throughout Cambodia.

Organisational Chart



Note: * Established in 2009



By the end of 2008 ACLEDA Bank Plc. had 226 offices covering all provinces/towns in Cambodia and 3 in Laos.



Corporate Governance

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 led by the President & CEO who has the direct day-to-day responsibility for controlling the business and operational affairs of the bank.

Certain standing committees ('Board Committees') have been created to assist the Board on specific matters. Board Committees are chaired by a Director and report directly to the Board.

Shareholders

The shareholders are the owners of the bank. However, except for approving certain critical strategic matters the Shareholders have no direct powers to manage 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 Organisation 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 specialised 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.

DEG - Deutsche Investitions-und Entwicklungsgesellschaft (DEG)

DEG, member of KfW Bankengruppe (KfW banking group), is one of the largest European development finance institutions for long-term project and company financing. For more than 45 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. We also focus on investments in the financial sector in order to facilitate reliable access to capital locally.

To date, we have worked together with more than 1,500 companies. We have committed financings of around EUR4.7 billion over the past five years alone.

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

The Netherlands Development Finance Company (FMO)

The Netherlands Development Finance Company (FMO) is the international development bank of the Netherlands. FMO invests risk capital in companies and financial institutions in developing countries. FMO's investment portfolio is EUR4.2 billion and FMO is one of the largest bilateral private sector development banks worldwide. Thanks in part to its relationship with the Dutch

government, FMO is able to take risks which commercial financiers are not - or not yet - prepared to take. FMO's mission: to create flourishing enterprises, which can serve as engines of sustainable growth in their countries.

The International Finance Corporation (IFC)

IFC, a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments. Our new investments totalled US\$16.2 billion in fiscal 2008, a 34 percent increase over the previous year. For more information, visit www.ifc.org

Triodos-Doen Foundation

Triodos-Doen Foundation was founded by Triodos Bank and DOEN Foundation in 1994. Triodos-Doen's vision is to develop microfinance into a full-fledged and integral part of the financial sector in developing countries. The creation of an inclusive financial sector, a sector where the majority of people have access to financial services, will provide a sustainable basis for a balanced social-economic development.

Triodos-Doen is one of the microfinance funds managed by Triodos Investment Management BV, part of Triodos Bank NV in the Netherlands. Triodos Bank is the leading sustainable bank in Europe. Triodos-Doen provides capital to 49 microfinance institutions in Asia, Latin America, Africa and Eastern Europe. The total portfolio at the end of 2008 amounted to EUR54 million. Other equity investments in microfinance banks, besides ACLEDA Bank Cambodia, include K-REP Bank in Kenya, Mibanco in Peru, FFP FIE in Bolivia, Akiba Commercial Bank in Tanzania, XacBank in Mongolia, BRAC Afghanistan Bank in Afghanistan, AccèsBanque Madagascar, Sathapana Limited in Cambodia, Reliance Financial Services in The Gambia, Kashf Microfinance Bank in Pakistan and ACLEDA Bank Lao in Laos.

Triodos Fair Share Fund

Triodos Fair Share Fund, established in 2002 in the Netherlands, is one of the first and few funds worldwide that offers the opportunity to invest in microfinance institutions to the general public. The fund initially concentrates on the private investors market in the Netherlands. Triodos Fair Share Fund is one of the microfinance funds managed by Triodos Investment Management BV, part of the Triodos Bank NV. The fund is involved in 27 microfinance institutions in developing countries, Central Asia 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 2008 the portfolio of Triodos Fair Share Fund amounted to EUR59 million. Besides its equity investment in ACLEDA Bank Cambodia, Triodos Fair Share Fund is a shareholder in FFP FIE in Bolivia, XacBank in Mongolia, Mibanco in Peru, Kashf Microfinance Bank in Pakistan and ACLEDA Bank Lao in Laos.



Delegation from the Bank of the Lao PDR led by H.E. Phouphet Khamphounvong, Governor of Bank of the Lao PDR visit ACLEDA Bank Plc's headquarters in Phnom Penh, Cambodia.



Board of Directors

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:

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

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

The Board of Directors assumes responsibility for corporate governance and for promoting the success of the bank by directing and supervising its business operations and affairs. It appoints and may remove

the President & CEO. 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 2008 appears on pages 29-37 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.



Mr. CHEA Sok

Chairman

Cambodian

Board Committees:

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

Joined the Board October 2000. Born in 1943, he obtained a Licence-es-Science Commercials in 1967 (specialising in banking, finance and accounting). He joined the Banque Khmère pour le Commerce (Commercial Bank) in 1965 as Branch Manager in Sihanoukville, Deputy Branch Manager in Phnom Penh and Battambang until 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 microfinance in several countries and in Cambodia. He retired from the National Bank in 1999 after 20 years in banking, finance, legal and management. In 2006 he undertook the International Company Directors Course in Perth, WA, organised by Australian Institute of Company Directors. Mr. CHEA Sok is also Chairman of the Board of ACLEDA Bank Lao Ltd.



Mr. John BRINDSEN, OBE

Vice-chairman

British/New Zealand

Board Committees:

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

Born in 1942, he has lived in Asia for 43 years the last 20 of which were in Vietnam and Cambodia. 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 governance 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 Phnom Penh but travels widely in the Asia-Pacific region and Europe. Mr. Brinsden also sits on the Board of ACLEDA Bank Lao Ltd and is currently Vice-chairman of the International Business Club of Cambodia.



Mrs. Femke BOS

Director

Dutch

Born in 1969. Board member since August 2002. Mrs. Femke Bos is Fund Manager of the Triodos Microfinance Fund at Triodos Bank since January 2009. She previously worked as Fund Manager of the Triodos-Doen Fund – one of the four, mixed debt/equity funds under Triodos' management – investing in microfinance institutions in emerging and frontier markets. In addition she is responsible for a number of equity investments in microfinance banks in Asia. She joined Triodos Bank in 2002 as Senior Investment Officer Asia. Prior to this, she held several positions with ABN AMRO Bank in the Netherlands in commercial and retail banking activities. She obtained a Master's degree in Law from the University of Amsterdam in 1994. She attended the Australian Institute of Company Directors' International Company Directors Course in Perth, Western Australia, in 2006. Mrs. Femke Bos is also a board member of ACLEDA Bank Lao Ltd in Lao PDR and Xacbank in Mongolia.

Board Committees:

Credit (Chair).



Mr. Joseph J. HOESS

Director

American

Born in 1966, Mr. Hoess is a Director of Dragon Capital Clean Development Investments Ltd. and Director of APG World Inc. He previously worked as a career expatriate for ABN AMRO Bank NV from 1991-2006. While with ABN AMRO, he held senior management positions in both commercial and investment banking capacities while posted in the United States, Europe, Brazil, China and Thailand. Mr. Hoess received his B.A. in History with honors from Northern Illinois University in 1988 and an MBA from the University of Illinois at Chicago in 1992. He is a Graduate of the Australian Institute of Company Directors and is a regional consultant to Enterprise Bank Inc. of the Philippines under the Bankers for Bankers Program founded by FMO, Triodos Bank, PUM and NFX (Netherlands Financial Sector Development Exchange). Mr. Hoess is also Vice-chairman of ACLEDA Bank Lao Ltd.

Board Committees:

**Audit & Risk (Chair),
International.**



Drs. Peter KOOI

Director

Dutch

Born in 1958, joined the Board October 2000. Peter Kooi studied corporate finance and sociology at the Erasmus University in Rotterdam, the Netherlands. From 1993, he advised ACLEDA as a microfinance consultant over a period of seven years in its course from a development program into a commercial bank. From 1999, 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. Since then Peter has worked as a Resident Director of the Board of ACLEDA Bank. He is a Graduate of the Australian Institute of Company Directors.

Board Committees:

International (Chair),
Credit, Assets and Liabilities.



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 Division for Branch Administration as Assistant Vice President and Manager of the Security Unit.



Mrs. SOK Vanny

Director

Cambodian

Joined the Board October 2000. Born in 1966, she obtained a master's degree of business administration majoring in finance and banking from the National University of Management, Phnom Penh, Cambodia, in September 2006. She graduated with a bachelor's degree of business administration majoring in management from the National Institution of Management, Phnom Penh, Cambodia, in 2001. She joined ACLEDA NGO in 1993 and now works as Vice President and Manager of ACLEDA Bank's Tuol Kork branch.



Mrs. Jutta WAGENSEIL

Director

German

Joined the Board July 2001. Born in 1953, she has more than 28 years of business experience in the Far East. She obtained a master's 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 DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH working in the Business Cooperation Program of the German Government (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, Cambodia and the Philippines. She serves on the Board of Directors of several companies in Thailand and the Philippines. She attended the Australian Institute of Company Directors' International Company Directors Course in Perth, Western Australia, in 2006.



Mr. Syed Aftab AHMED

Director

Pakistani

Born in 1945, joined the Board in March, 2008. Mr. Ahmed obtained his M.A. in Economics from Karachi University, in 1973. Mr. Ahmed has worked for the International Finance Corporation, since 1989, in several positions, including as Senior Manager in charge of IFC's Global Micro and Small Business Finance Group. In this capacity, he led the development of IFC's global microfinance business practice and related investment portfolio. Mr. Ahmed has been instrumental in defining IFC's microfinance strategy and, in 1996, designed a new institutional model, Greenfield Commercial Microfinance Bank, for the delivery of a full range of financial services, including credit, to the micro and small businesses, on commercial terms. The institutional model has since been successfully replicated in many countries, and today is the provider of the bulk of the credit and other financial services to the micro entrepreneurs around the world. Recognised for his contributions to the development of the global commercial microfinance industry, Mr. Ahmed has spoken extensively at international conferences on expanding the frontier of commercial microfinance, and integrating it into the formal financial systems of the developing countries. Presently, he represents IFC on the board of directors of several commercial banks and microfinance institution in Asia and Europe.

Prior to joining IFC in 1989, Aftab held several senior management positions in a number of top-tier financial institutions in Pakistan, including Pakistan Industrial Credit and Investment Corporation (PICIC), and Investment Corporation of Pakistan (ICP).



Executive Management

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

The President & CEO appoints and chairs an Executive Committee comprising such of the senior management as he deems appropriate (subject to any changes being notified to the Board in a timely manner). The Terms of

Reference and proceedings of the Executive Committee shall be determined by the President & CEO at his discretion under the general headings of:

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



Mr. IN Channy

President & Chief Executive Officer

Born on June 04, 1960. He holds a master's degree of business administration from Norton University and studied Business Organisation and Management at Gwynedd Mercy College, USA in 1990. He obtained a bachelor's degree in education at the Faculty of Advanced Education in Thailand, in 1992. From 1993 onwards, he has 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 a Graduate of the Australian Institute of Company Directors (GAICD) and has received a Diploma on 'Productivity Improvement and Management for Asian Economies in Transition', Torino, Italy. He was one of the founders of ACLEDA in 1993.



Mr. CHHAY Soeun

Executive Vice President & Chief Financial Officer

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 obtained a bachelor's degree of business administration (BBA) from the Universiti Tun Abdul Razak (UNITAR), Malaysia, in June 2006. He attended the International Company Directors Course in Perth, WA, July 2006, organised by the Australian Institute of Company Directors and was awarded their diploma in January 2007. He was one of the founders of ACLEDA in 1993 and has been in charge of Finance since 1994 and has been Executive Vice President & Chief Financial Officer since July 2006.



Mrs. SO Phonnary

Executive Vice President & Chief Operations Officer

Born in 1963, obtained a master's degree of business administration majoring in management from Charles Sturt University, Wagga Wagga, NSW, Australia, in April 2007. She has a bachelor's degree in economic sciences 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 has been Manager of Marketing Department since 1996 and became Senior Vice President & Head of Marketing Division since July 2006. She has been Executive Vice President & Chief Operations Officer since September 01, 2008.



Mr. CHEAM Teang

Executive Vice President & Chief Treasury and International Officer

Born in 1955, obtained a master's degree of business administration from Rushmore University, Dakota Dunes, USA, in June 2001. He 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 was one of the founders of ACLEDA in 1993 and worked as Provincial Branch Manager until he was promoted to Operations Manager in 1998 and he became Treasury Department Manager in 2000. He was Senior Vice President & Head of Treasury Division in July 2006 and has been Executive Vice President & Chief Treasury and International Officer since September 01, 2008.



Mr. CHAN Serey

Executive Vice President & Chief Administrative Officer

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 as Human Resources Department Manager in 2002 and became Senior Vice President & Head of Human Resources Division in July 2006. He has been Executive Vice President & Chief Administrative Officer since September 01, 2008.



Mrs. KIM Sotheavy

Senior Vice President & Head of Internal Audit Division

Born in 1965, obtained a master's degree of business administration majoring in finance and banking from Western University, Cambodia, in December 2007. She graduated with a bachelor's degree in economic sciences majoring in business at the Economic Institute in Phnom Penh in 1991. Since 1992 she has attended numerous courses on management, accounting and auditing in Cambodia and overseas. From 1997, she completed a range of advanced courses in finance and auditing at the Regent College in Phnom Penh. She worked in ACLEDA from 1994 as accountant. She was promoted to internal audit team leader in 1999 and was promoted to Manager in 2002 and has been Senior Vice President & Head of Internal Audit Division since July 2006.



Mr. PROM Visoth

Senior Vice President & Head of Legal & Corporate Affairs Division and Company Secretary

Born in 1975, obtained a master's degree of business administration majoring in finance from Charles Sturt University, Wagga Wagga, NSW, Australia, in April 2006. He graduated with a bachelor of business administration majoring in accounting from the Faculty of Business in 1997 and bachelor of law administration majoring in private law from the Faculty of Law and Economic Sciences in 2000 in Phnom Penh, Cambodia. He started working for ACLEDA as accountant in June 1998 and was promoted to the technical staff of Credit Department in 1999 and then was appointed to be Manager of Svay Rieng Branch in 2000. He became Legal Team Leader and Company Secretary in 2001 and Manager of Legal Department and Company Secretary in January 2006 and has been Senior Vice President & Head of Legal & Corporate Affairs Division and Company Secretary since July 2006.

Management Team at our Headquarters

Left to right, back row standing:

Mr. Yin Virak
VP & Head of International Department

Mr. Rath Yumeng
SVP & Head of Treasury Division

Mr. Vuth Heng
VP & Deputy Head of Treasury Division

Mr. Kong Sean
VP & Head of Financial Institution Department

Mrs. Sam Sethavy
VP & Head of Treasury Dealing Center

Mr. Thong Chandara
VP & Head of Training Center

Mr. Nay Sok Samnang
SVP & Head of Division for Branch Administration

Mrs. Chhov Phally
VP & Head of SWIFT Center

Mr. Chhorn Sopha
SVP & Head of Human Resources Division

Mr. Hass Sambath
VP & Head of HQ Management Department

Mrs. Kim Sotheavy
SVP & Head of Internal Audit Division

Mr. Prom Visoth
SVP & Head of Legal & Corporate Affairs Division
& Company Secretary

Mr. Ly Thay
SVP & Head of Operations Division

Mr. In Siphann
SVP & Head of Credit Division

Mrs. Sok Sophea
SVP & Head of Marketing Division

Mr. Ung Sam Ol
SVP & Head of Trade Finance Division

Mr. Soth Saran
SVP & Head of Corporate Division

Mr. Loeung Sopheap
SVP & Head of Product Development Division

Mr. Svay Hay
SVP & Head of Capital Market Division

Mr. Mach Terry
SVP & Head of IT Division

Mrs. Mar Amara
SVP & Head of Finance Division

Ms. Tauch Piphall
SVP & Head of Risk Management Division





Code of Conduct

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

Members of the Board attended 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.



A loan client plants rubber trees



Report of the Board of Directors

The Board met face-to-face four times in March, July, September and December during the course of 2008 and in addition passed 44 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 2008:

- Reviewed the bank's quarterly financial reports and received progress reports on all operational aspects of the bank's operations including services and products.
- Received and reviewed the external auditors' special Management Letters and approved management's response thereto.
- Approved a rights issue to increase the capital from US\$50 million to US\$60 million.
- Approved the audited financial statements and Annual Report for the year 2007.
- Reviewed and approved the Business Plan, Budget and Capital Expenditure Plans, and Funding Strategy.
- Approved the branch expansion plan.
- Approved the renewal of local currency loans from National Bank of Cambodia and Foreign Trade Bank.
- Approved the conversion of FMO and DEG senior debt to subordinated debt.
- Reviewed the activities of the various Board Committees.
- Approved the introduction of new strategic products and services, and delivery processes and the progress of the Electronic Banking Service.
- Approved the investment in a new subsidiary, ACLEDA Bank Lao Ltd, in Laos.
- Approved and ratified amendments to various policies including the Exclusion List of categories of business which for ethical and moral reasons is unacceptable to the bank.
- Undertook a feasibility study for cross-border expansion.
- Amendment to the Subscription and Shareholders Agreement and the Memorandum and Articles of Association of ACLEDA Bank Plc.
- Performed the annual appraisal of the President & CEO and approved his 2008 remuneration package.
- Completed the first phase of the Board Self-Assessment programme (see below)

Board Evaluation

As reported last year the Directors have introduced a board self-appraisal programme as a mean to monitor and improve Board performance. The first step, 'establishing

a benchmark as to the standards which a “good” ACLEDA board should meet’ was completed during the year. The next step ‘to evaluate how well the board collectively meets these standards; identify areas of strength and weakness and to suggest how to build on those strengths and remedy those weaknesses’ is already under way and the whole exercise is expected to be completed before the end of the year.

Board Committees

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 30 to 37:

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

Assets and Liabilities Committee (ALCO)

Scope and purpose:

Monitor and advise on balance sheet management to optimize returns whilst ensuring that appropriate levels of liquidity are maintained and 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. Board Member | Drs. Peter Kooi |
| 4. President and CEO (ex officio) | Mr. In Channy |
| 5. EVP and Chief Financial Officer (ex officio) | Mr. Chhay Soeun |
| 6. EVP and Chief Treasury and International Officer (ex officio) | Mr. Cheam Teang |
| 7. EVP and Chief Operations Officer (ex officio) | Mrs. So Phonnary |
| 8. SVP and Head of Credit Division (ex officio) | Mr. In Siphann |
| 9. SVP and Head of Operations Division (ex officio) | Mr. Ly Thay* |
| 10. SVP & Head of Treasury Division (ex-officio) | Mr. Rath Yumeng* |
| 11. Secretary to ALCO, VP & Deputy Head of Treasury Division | Mr. Vuth Heng** |

* Resigned November, 2008

** Non-voting

Report on 2008:

The Committee met twelve times during the year and all permanent members or their deputies were in regular attendance.

To rationalise the committee in the light of the major reorganisation of the bank's management structure, ALCO reduced its number to eight, excluding the Committee Secretary. The Committee expresses its sincere appreciation for the contribution made over the years by the outgoing members.

- 2008 was a particularly challenging year in which surplus liquidity in the banking system at the beginning turned into an acute shortage in the second half as the National Bank raised the reserve requirement for foreign currency deposits to combat inflation. The tight money conditions forced banks to curtail lending as they struggled to meet the prudential ratios set by the central bank and ACLEDA was no exception. A local election, border disputes and political turmoil in a neighbouring country added to the uncertainty and deposits were extremely volatile in the fourth quarter exacerbated by the sharp reduction of inward remittances due to the global crisis. In spite of this ACLEDA finished the year in a relatively good position with deposits, particularly in Khmer Riel – which historically has been in short supply – starting to grow again.
- Rapidly falling US Dollar interest rates in the international markets had little impact on our cost of funding as fierce domestic competition drove local deposit rates to record levels. Those banks, like ACLEDA, who run a balanced loans-to-deposits ratio were particularly affected. However, this was largely mitigated by judicious re-pricing of both loans and deposits and the final impact was marginal. Particularly encouraging is that in spite of the global credit crisis international lenders continue to offer funding to ACLEDA on reasonable terms.
- The Khmer Riel, which had shown some strength at the end of 2007 came under moderate pressure against the US Dollar from May but had recovered most of its ground by November. The substantial dollarisation of the Cambodian economy limits the government's monetary policy options and the

efforts of the Federal Reserve Bank to stimulate the US economy by lowering interest rates ran counter to the interests of Cambodia where high inflation was the main concern.

- In response to the high daily volatility of deposits and rumours concerning some banks' exposure to the sharp fall in property prices in the second half, ALCO has temporarily relaxed its previous target of keeping the liquidity ratio within 3% over the central bank's minimum limit. Whilst this allows Treasury to maintain much higher levels of liquidity to meet any exigencies it had some impact on earnings towards the end of the year and will remain a depressive influence until normalcy returns.
- Active use of the special arrangements in place with the National Bank and Foreign Trade Bank ensured a sufficient supply of Khmer Riel to meet strong demand for microcredit. However, steady growth in local currency deposits in the last quarter resulting from the success of management's Riel strategy is progressively reducing dependency on the banks and reducing cost of funds. We expect to achieve our target of a 1:1 loans-to-deposits ratio in our Riel book by the second quarter of 2009.

Audit and Risk Committee (ARCO)

Scope & Purpose

The duties and responsibilities of the ARCO are as follows:

- 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 at their 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)	Mr. Joseph J. Hoess
2. Board Member	Mr. Chea Sok
3. Board Member	Mr. John Brinsden
4. President & CEO (ex officio)	Mr. In Channy
5. EVP & CFO (ex officio)	Mr. Chhay Soeun
6. SVP, Internal Audit Division (ex officio)	Mrs. Kim Sotheavy
7. SVP, IT Division (ex officio)	Mr. Mach Terry
8. SVP, Operations Division (ex officio)	Mr. Ly Thay
9. SVP, Finance Division & Risk Management (ex officio)	Mr. Rath Yumeng
10. Manager, Risk Management Committee (ex officio)	Mrs. Mar Amara

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 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.

Meetings in 2008:

ARCO met five times during the 2008 fiscal year – in March, April, July, September and December. In addition, a meeting between the non-executive members of ARCO and the Bank's external auditors, PricewaterhouseCoopers ("PwC"), was conducted in February after the 2007 fiscal year audit process. There were no changes to the membership of ARCO in 2008. The Committee experienced only one member absence at its April meeting.

The Committee also welcomed representatives of the bank's external auditors, PricewaterhouseCoopers:

- Mr. Boonlert Kamolchanokkul, Partner
- Mr. Lang Hy, Senior Manager
- Mr. Lim Kuy, Senior Manager

PwC participated in the March Board of Directors Meeting to present the 2007 Audited Financial Statements and its Management Report to the Directors.

In order to comply with the National Bank of Cambodia's ("NBC") directive to regularly rotate banks' external auditors ARCO received credential presentations from two top international firms for both Cambodia and Laos for 2009. After due consideration of both proposals, ARCO has recommended to the Board and Shareholders the appointment of KPMG to complete the 2009 fiscal year audit of both ACLEDA Bank Plc. and ACLEDA Bank Lao Ltd. All ARCO members attended the credential presentations.

2008 Interim Audit

In April 2008, the National Bank of Cambodia issued a Prakas requiring all banks in Cambodia to produce interim audited financial statements and an assessment of their loan portfolios (including debtor cash flow; collateral value and documentation review) to be submitted by end September 2008.

In conjunction with a 2007 year-end joint initiative by the Board Credit Committee (“BCC”), ARCO, and the Executive Committee (“EXCO”), ACLEDA Bank’s Internal Audit Division had already performed a review of all medium and large loans at the time that the Prakas was issued. This greatly facilitated the completion of a quality report and on-time submission to the NBC.

Significant External Fraud Event

At the end of March 2008, the bank was the innocent and unwitting beneficiary of funds transmitted from the U.S. by wire fraud. Prompt action by ACLEDA Bank and the local authorities resulted in the apprehension of the suspects and partial recovery of the funds. After a thorough investigation by Internal Audit Division, ARCO concluded that the ACLEDA Bank staff had conducted the applicable transfer business in full compliance with the bank’s policies and procedures.

There was no loss to ACLEDA Bank nor reputational impact and the bank has received praise from both the local and U.S. law enforcement officials due to its capable and cooperative handling of the situation.

Other Issues and Activities in 2008:

- Throughout the year, ARCO, in coordination with BCC and EXCO, placed particular emphasis on the proper implementation of credit safeguards, such as execution of documentation, timely execution of reviews of outstanding loans and secured access to title of collateral. The Internal Audit Division undertook special assignments to review these safeguards and overall loan portfolio quality, and based on their recommendations ACLEDA reclassified certain loans, issued several instructional circulars to credit officers and provided additional credit training as needed.
- ARCO worked with the Operations Division to remedy some identified weaknesses in the bank’s Anti-Money Laundering (“AML”) documentation

procedures which resulted in a considerable reduction in the number of shortcomings reported by Internal Audit.

- ARCO instigated changes to procedures to reduce the risk inherent in dormant customer accounts.
- ARCO monitored the implementation by the Information Technology Management Committee of the recommendations made by our consultant from Development Alternatives Inc. (“DAI”). The benefits have been removing unnecessary report generation and an increase in the number of credit product codes in the system. This paved the way for the migration to Multibook processing, which began in mid-2008. At the end of 2008, Multibook was operational in 15 branches which has greatly improved efficiency and reduced processing time.
- ARCO requested the Internal Audit Division to perform an assessment of the operation of electronic banking services and their findings have helped to improve overall ATM operations, reliability and customer security.

Report and Recommendations

It is the opinion of ARCO 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.

The Committee recommends the appointment of KPMG as external auditors for 2009. This appointment is consistent with the results of its appraisal of international accounting firms performed during the year.

ARCO is satisfied that KPMG will demonstrate independence and professional expertise in composing the fiscal year 2009 audited financial accounts of ACLEDA Bank. Except for the related 2009 audit of ACLEDA Bank Lao Ltd., KPMG currently has no other relationship with the bank by way of consultancy or any other fee earning arrangement which in the opinion of the Committee may give rise to any conflict of interest.

The Committee expresses its appreciation for the excellent professional service provided by the outgoing external auditors, PricewaterhouseCoopers over many years.

Compliance and Ethics Committee (CEC)

Scope and purpose

- i. 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.
- ii. Foster a corporate culture of integrity, morality and probity in dealing with all customers and counterparties, 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. President & CEO (ex officio)	Mr. In Channy
3. EVP & CFO (ex officio)	Mr. Chhay Soeun
4. SVP & Head of Legal & Corporate Affairs Division (ex officio)	Mr. Prom Visoth
5. EVP & COO (ex officio)	Mrs. So Phonnary
6. SVP & Head of Internal Audit Division (ex officio)	Mrs. Kim Sotheavy
7. EVP & CTIO (ex officio)	Mr. Cheam Teang
8. Compliance Officer (ex officio)	Mr. Hok Leangkry

Issues and Activities for 2008

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

- Reviewing operating manuals and procedures to ensure compliance with external laws, 'Prakas' and any new regulations by the National Bank of Cambodia ('NBC') and other authorities, especially including:
 - i. Bankruptcy and Civil Law;
 - ii. Prakas on the National Social Securities Fund and on the timing of the implementation of work accident insurance;
 - iii. Prakas of NBC to revise the reserve requirements of foreign currency deposits from 8% to 16%;
 - iv. Prakas on Financial Leasing;
 - v. Circular on credit ceiling limitation for financing immovable assets;
 - vi. Prakas on Bank Identification Numbers;
 - vii. Prakas on Cheque standards;
 - viii. Prakas increasing minimum paid-up capital of commercial banks;
 - ix. Prakas on Anti-Money Laundering and Combating the Financing of Terrorism; and
 - x. Anukret on the conduct and organization of the Securities and Exchange Commission of Cambodia (SECC).
- Monitoring the evolution of good governance developments in the local, ASEAN and international economic, monetary and banking systems and implications and benefits for ACLEDA.
- 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.

- Conduct a study with the internal auditors to assess the impact on the rapid growth of our staff, particularly new employees, on working practices and ethical behaviour within the bank and monitor the effectiveness of the training and counselling programs as a mean of maintaining the organisation's standards.
- Reviewing product development to ensure that new products and services, and the promotional advertising conforms to the bank's ethical standards.

Credit Committee (BCC)

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. President & CEO (ex officio)	Mr. In Channy
6. EVP & CFO (ex officio)	Mr. Chhay Soeun
7. SVP & Head of Credit Division (ex officio)	Mr. In Siphann
8. VP & Manager, Daun Penh Branch	Mr. So Bunnarith

Issues and activities for 2008

The Board Credit Committee met four times during the year with all members present.

In 2008 the loan portfolio increased by 47% over the previous year end to reach US\$456.3 million. The portfolio quality remained good with the Non Performing Loans to Total Loans ratio of 0.22% compared to 0.06% at the end of 2007. The write-off rate was a negative 0.02% as loan recoveries during the year exceeded fresh write-offs. The committee closely monitored the effects of the global financial crisis on the Cambodian economy and on the portfolio as a whole. Management has taken measures to reduce potential losses in the portfolio by refocusing its attention on micro and small loans, which are considered to be lower risk and whilst reducing sales activities in certain sectors that are considered to be of higher risk. In a few districts, especially in the micro loan portfolio, the bank is being confronted by clients that have taken multiple loans from different financial institutions creating repayment problems. Management is currently in the process of discussing solutions and pushing for a credit bureau to be established in the country.

During the year the bank has been in full compliance with all limits set in the credit policy. Loans to related parties were 4.7% of the bank's net worth or 1.0% of the total portfolio.

Specific activities undertaken during 2008 were:

- The committee reviewed the bank's credit appraisal methodology and review process for the bank's Medium Loan segment. This was a follow up action of last year's credit scoring pilot. Recommendations were given and management is in the process of implementing them.

- The collateral valuation process of both the Medium Loan segment and Mortgage portfolio was reviewed in close cooperation with the Audit and Risk committee. A stress test was done towards the end of the year to check if the portfolio is still sufficiently covered given the falling real estate prices in Cambodia. Management has taken measures to reduce the risk of negative collateral margins by factoring in future trends in valuing collateral.
- At the same time, emphasis is being given to additional training for the staff to further improve the quality of the loan assessment and collateral valuation process.
- The Credit Department and the committee closely monitored the effects of the global financial crisis on the country's economy and identified a number of sectors at risk in the Medium Loan segment. New loan disbursements to these sectors have been restricted. Outstanding direct exposure in these sectors represents only a small percentage of the portfolio. Disbursement of new Mortgage loans was also restricted due to the falling demand and prices of real estate.
- The Credit Department expects higher Non Performing Loans for the year 2009 compared to the previous years as a result of the anticipated deterioration of the economic situation in Cambodia.

International Committee (INCO)

Scope and purpose:

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

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

Members:

- | | |
|---|---------------------|
| 1. Board Member (Chair) | Drs. Peter Kooi |
| 2. Board Member | Mr. Chea Sok |
| 3. Board Member | Mr. John Brinsden |
| 4. Board Member | Mr. Joseph J. Hoess |
| 5. President and CEO | Mr. In Channy |
| 6. SVP and Head of Legal Division and 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 2008:

INCO met six times during the year with a 100% attendance record by all permanent members. Members of the Committee undertook a number of visits to neighbouring countries to build relationships in the ASEAN region and to identify possible future strategic initiatives.

The Committee spent considerable time to support the establishment of ACLEDA Bank Lao which received a full commercial banking license in July 2008. At present ACLEDA Bank Lao operates through three branches located in Vientiane, Savannakhet and Champasak. Members of the committee have been active participants

in various international business associations, committees and groups of which the bank is a member and met with a number of international delegations from the private and public sectors.

INCO worked closely with the ACLEDA Investment Committee, headed by Mr. Svay Hay, Vice President and Head of the Capital Market Division in preparation for envisaged private equity placements and IPO.

The committee supported the Financial Institution Unit in developing ACLEDA's correspondent banking network, both qualitatively and quantitatively, which has grown to 412 corresponding banks in 52 countries. Despite the beginning of a world wide recession our export trade finance increased 26% from a total sales volume of US\$53.3 million in 2007 to US\$67.4 million in 2008.

ACLEDA's Regional training center provided training in 2008 to 38 staff members of Cambodian Microfinance Institutions and 79 foreign participants.



A loan customer in his corn farm



Environmental and Social Data at a Glance

Absolute amounts/FTE (Full Time Equivalent)¹

ENVIRONMENTAL PERFORMANCE INDICATORS

	2008	2007	2006	2005
Materials				
Paper in kg/FTE	23.18	23.30	25.44	38.92
Tissue in kg/FTE	2.57	1.48	1.30	1.23
Waste paper in kg/FTE	2.32	2.61	2.32	3.18
Energy				
Electricity in kWh/FTE	943.92	741.34	510.44	535.83
Gasoline in l/FTE	64.92	78.31	96.36	111.56
Diesel in l/FTE	61.07	44.00	45.66	40.43
Lubricant in l/FTE	2.94	3.19	4.03	4.54
Gas in kg/FTE	0.29	0.45	0.53	0.78
Emission of CO₂ (Equivalents – in thousands of kg)²				
Electricity	2,768	1,605	793	688
Gasoline	824	734	648	621
Diesel	894	476	354	259
Water				
Water in m ³ /FTE	22.98	24.02	26.62	30.29
Business Travel				
By vehicle in km/FTE	362.55	337.46	335.02	-
By motorcycle in km/FTE	2,789.73	3,479.21	4,336.23	-

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

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

SOCIAL PERFORMANCE INDICATORS

	2008	2007	2006	2005
Employment				
Number of staff	6,128	4,401	3,028	2,484
Male	4,228	3,164	2,265	1,918
Female	1,900	1,237	763	566
Number of staff (FTE)	5,331	3,937	2,825	2,335
Training and Education				
Training – career development and refresher programs	1,428	1,178	950	4,084
Training new recruit – induction program	1,901	1,714	686	562
Provide training to external students – local	695	654	638	282
Provide training to external students – international	3	4	12	9
Lower Segment Outreach				
Number of Microbusiness loans outstanding	146,545	138,861	126,289	-
Average Microbusiness loan size (US\$)	389	494	400	-



A water containers manufacturing enterprise



Environmental and Social Sustainability Report

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 results are given under their respective headings below and will be used to benchmark our future performance.

Paper usage

In 2008, paper usage was cut by 0.52% and waste paper was cut by 11.11% per co-worker compared to 2007. This was mainly due to increased use of electronic data storage and the sending of information by e-mail and our internal intranet. Additionally all staff have been trained to use double side printing and to recycle single sided documents.

	2008	2007	2006	2005
Materials				
Paper in kg/FTE	23.18	23.30	25.44	38.92
Waste				
Waste paper in kg/FTE	2.32	2.61	2.32	3.18

Energy consumption

Electricity consumption per co-worker increased by 27.33% in 2008 because of the increasing use of technology and the number of new offices connected to the grid (as opposed to relying on generators). Gasoline consumption per co-worker was cut by 17.10% compared to 2007 because the opening of new offices closer to our customers in the rural areas reduced the need for travel. However diesel usage rose by 38.80% as the bank is reducing the use of motorcycles in favour of diesel cars for the safety and security of its staff. Lubricant and Gas consumption were also cut in 2008 by 7.84% and 35.56% compared in 2007.

	2008	2007	2006	2005
Energy				
Electricity in kWh/FTE	943.92	741.34	510.44	535.83
Gasoline in l/FTE	64.92	78.31	96.36	111.56
Diesel in l/FTE	61.07	44.00	45.66	40.43
Lubricant in l/FTE	2.94	3.19	4.03	4.54
Gas in kg/FTE	0.29	0.45	0.53	0.78
Emission of CO₂ (Equivalents - in thousands of kg)				
Electricity	2,768	1,605	793	688
Gasoline	824	734	648	621
Diesel	894	476	354	259

Water

Water consumption was cut by 4.33% in 2008 compared to 2007 because usage is monitored and water saving procedures are being implemented with storage and recycling of rain water, especially during the monsoon season, to reduce the off-take from the main which relies on river, reservoirs and bores. An underground water storage and treatment tank is provided for in the headquarters building feeding directly off the roof and car park.

	2008	2007	2006	2005
Water				
Water in m ³ /FTE	22.98	24.02	26.62	30.29

Business Travel

In 2008, the total distance travelled by car rose by 7.43% whilst motorcycle use was reduced by 19.82%. The explanation for this is that i) the opening of more rural branches entails more travel between branches, and, ii) for safety and security reasons the bank is phasing down the use of motorcycles in favour of cars.

	2008	2007	2006	2005
Business Travel				
By car in km/FTE	362.55	337.46	335.02	-
By motorcycle in km/FTE	2,789.73	3,479.21	4,336.23	-

Social Sustainability

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

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

Staff

- ACLEDA is an 'equal opportunity' employer. Apart from those jobs which involve a higher physical risk (e.g. guards and messengers) appointment to all positions at every level is based entirely on merit regardless of gender or physical disability.
- ACLEDA Bank aims to be the most progressive employer in Cambodia providing medical, pension and other benefits such as personal and housing loan schemes and an employee share ownership program for all staff who have completed probation. It provides comprehensive training both for new recruits as well as experienced staff and encourages those who wish to further develop themselves through external programs.
- 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 34).

- In consultation with its staff the bank has drawn up social policies covering i) Code of Conduct, ii) Human Resources Management, iii) Health & Safety, iv) External Relations, v) Freedom of Association and the Right to Collective Bargaining. These are now published on Lotus Notes so that every member of the staff has free (and paperless) access to the most up-to-date versions.
- The staff 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 headquarters, the bank provides a clinic under the care of a full time doctor and a full time nurse. 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 Senior Vice President & Head of Human Resources Division is in place which includes a policy for the support of our staff and their families suffering from HIV/AIDS.

	2008	2007	2006	2005
Employment				
Number of staff	6,128	4,401	3,028	2,484
Male	4,228	3,164	2,265	1,918
Female	1,900	1,237	763	566
Number of staff (FTE)	5,331	3,937	2,825	2,335
Training and Education				
Training – career development and refresher programs	1,428	1,178	950	4,084
Training of new recruits – induction program	1,901	1,714	686	562
Provide training to external students – local	695	654	638	282
Provide training to external students – international	3	4	12	9

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. In 2006 the bank launched a housing loan scheme, with interest rates fixed for up to 10 years to enable Cambodian people, especially in the lower wealth segment, to purchase their own homes.
- Expanding outreach: opening up banking services to new communities in new locations by expanding our network in the provinces and extending on-line banking services to mobilise savings. The expansion of our 24 hours a day/7 days a week ATM network to all provinces in 2008 has enabled our customers to access their funds at their own convenience irrespective of the normal opening hours of the bank or national holidays.
- During January 12 - February 20, 2009, we conducted our annual survey on our micro, small and medium loan customers' living standards to test the impact of our credit services. This involved 2,500 accounts randomly selected from our loan customers of whom 64.1% were micro loans, 27.4% were small loans and 8.5% from medium loan clients, as a proportion of our total loan customers. The responses indicated that across all sectors approximately 87.4% considered that their wealth had increased as a result of credit provided by ACLEDA Bank, 8.9% did not detect any noticeable change either way while 3.7% had the perception that they were worse off than before.

	2008	2007	2006	2005
Income Situation				
Growth	87.4%	89.2%	93.3%	90.0%
Stability	8.9%	7.4%	6.2%	7.5%-9.5%
Reduced	3.7%	3.4%	0.5%	1.1%-2.3%

Whilst these results show a disappointing decline from recent years, our analysis indicates that the economy is at least partly responsible with a sharp rise in inflation in 2008 and an estimated reduction of 3.1% in GDP growth. Nevertheless, it is a matter of real concern and further investigation will be undertaken in 2009 to obtain more specific information as to the underlying causes.

During 2008, ACLEDA extended its outreach to the lower segment with an increase of 7,784 (5.5%) new Microbusiness loans over the previous year.

	2008	2007	2006	2005
Number of Microbusiness loans outstanding	146,545	138,861	126,289	-
Average Microbusiness loan size (US\$)	389	494	400	-

- 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: 59% 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.
- 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 695 internships for local students and 3 for international students from Japan, India, and England.



Report of the Board of Directors

“ *The Board of Directors of ACLEDA Bank Plc. (“the Bank”) presents its report on the Bank’s audited consolidated financial statements for the year ended 31 December 2008.* ”

The Bank

Prior to 1 December 2003, the Bank was a public limited company formed under the laws of the Kingdom of Cambodia to operate as a specialised bank with its Head Office located in Phnom Penh and 14 branches in the Kingdom of Cambodia. On 1 December 2003, the National Bank of Cambodia (“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 Bank’s license was renewed for an indefinite period on 28 November 2006. The registered office of the Bank is located at No 61, Preah Monivong Boulevard, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, 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 (attributed to the Bank) for the year ended 31 December 2008 amounted to US\$20,361,109 (31 December 2007: US\$9,738,918).

On 22 May 2008, dividends amounting to US\$3,897,000 were declared and paid from the Bank’s net income for the year ended 31 December 2007.

Principal Activities

The Bank operates under regulation by the Central Bank with special focus on providing lending and other financial services to the citizenry and small and medium size enterprises, and to engage in all other activities which the 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
- Mr. Peter Kooi
- Ms. Jutta Wagenseil
- Mr. Aftab Ahmed
- 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.

During 2008, the Bank reorganized its top Executive Management structure into four divisions, which are Administration, Operations, Finance and Treasury & International. Each will be headed by an Executive Vice President with direct report to the President & CEO.

This new structure is to ensure smooth integration of related functions in order to enhance efficiency and strengthen control through inherent communication and cross-check improvements. The new structure and members of the top Executive Management came into effective from the 1 September 2008 and are as follows:

- Mr. In Channy President and Chief Executive Officer
- Mr. Chhay Soeun Executive Vice President and Chief Finance Officer
- Mrs. So Phonnary Executive Vice President and Chief Operations Officer
- Mr. Cheam Teang Executive Vice President and Chief Treasury & International Officer
- Mr. Chan Serey Executive Vice President and Chief Administrative Officer
- Mrs. Kim Sotheavy Senior Vice President and Head of Internal Audit Division
- Mr. Prom Visoth Senior Vice President, Head of Legal & Corporate Affairs Division and Company Secretary

Auditors

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

Statement of the Executive Management

The Bank's Executive Management is responsible for ascertaining that the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2008, its financial performance and its cash flows for the year then ended. In preparing these consolidated financial statements, the Executive Management is required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii. ensure compliance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards 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 consolidated financial statements;
- iii. ensure the Bank maintains adequate accounting records and an effective system of internal controls;

- iv. prepare the consolidated financial statements on a 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 consolidated financial statements.

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



Mr. In Channy

President and Chief Executive Officer
Phnom Penh, Kingdom of Cambodia
Date: 24 March 2009

Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2008, and its financial performance and its cash flows for the year ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards were approved by the Board of Directors.

On behalf of the Board of Directors



Mr. Chea Sok

Chairman

Phnom Penh, Kingdom of Cambodia

Date: 24 March 2009



Signing agreement between ACLEDA Bank and National Social Security Fund to act as custodian for the fund's occupational risk program

Independent Auditor's Report



Independent Auditor's Report

To the Shareholders of ACLEDA Bank Plc.

We have audited the accompanying consolidated financial statements of ACLEDA Bank Plc. ("the Bank") which comprise the balance sheet as of 31 December 2008 and the consolidated income statement, consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year ended 31 December 2008 and a summary of significant accounting policies and other explanatory notes on pages 54 to 102.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including

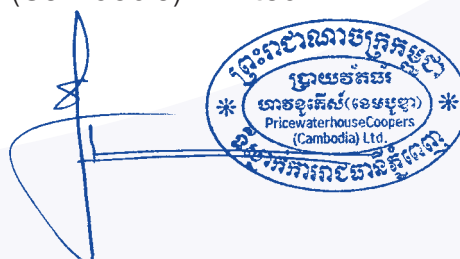
the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

For PricewaterhouseCoopers
(Cambodia) Limited



By Senaka Fernando

Director

Phnom Penh, Kingdom of Cambodia
Date: 24 March 2009

Consolidated Income Statement

For the Year Ended 31 December 2008

	Note	31 December 2008		31 December 2007	
		US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Interest and similar income	4	88,704,200	362,001,840	52,724,561	211,056,418
Interest expense and similar charges	5	(20,138,332)	(82,184,533)	(11,496,954)	(46,022,307)
Net interest income		68,565,868	279,817,307	41,227,607	165,034,111
Fee and commission income	6	8,616,897	35,165,557	4,866,581	19,480,924
Fee and commission expense		(468,124)	(1,910,414)	(545,652)	(2,184,245)
Net fee and commission income		8,148,773	33,255,143	4,320,929	17,296,679
Other operating income	7	3,619,567	14,771,453	1,992,335	7,975,316
General and administrative expenses	8	(53,257,843)	(217,345,257)	(33,822,003)	(135,389,478)
Operating profit before extensions of credit		27,076,365	110,498,646	13,718,868	54,916,628
Provision for loan losses	13 (f)	(2,191,705)	(8,944,348)	(1,441,106)	(5,768,747)
Profit before income tax		24,884,660	101,554,298	12,277,762	49,147,881
Income tax expense	9	(5,436,185)	(22,185,071)	(2,538,844)	(10,162,993)
Profit for the year		19,448,475	79,369,227	9,738,918	38,984,888
Unconsolidated net profit of					
ACLEDA Bank Plc		21,186,825	86,463,433	-	-
Share of losses of Laos subsidiary		(825,716)	(3,369,747)	-	-
Attributable to equity holders of the Bank		20,361,109	83,093,686	-	-
Minority interest of other shareholders in the subsidiary		(912,634)	(3,724,459)	-	-
		19,448,475	79,369,227	-	-



The accompanying notes on pages 54 to 102 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2008

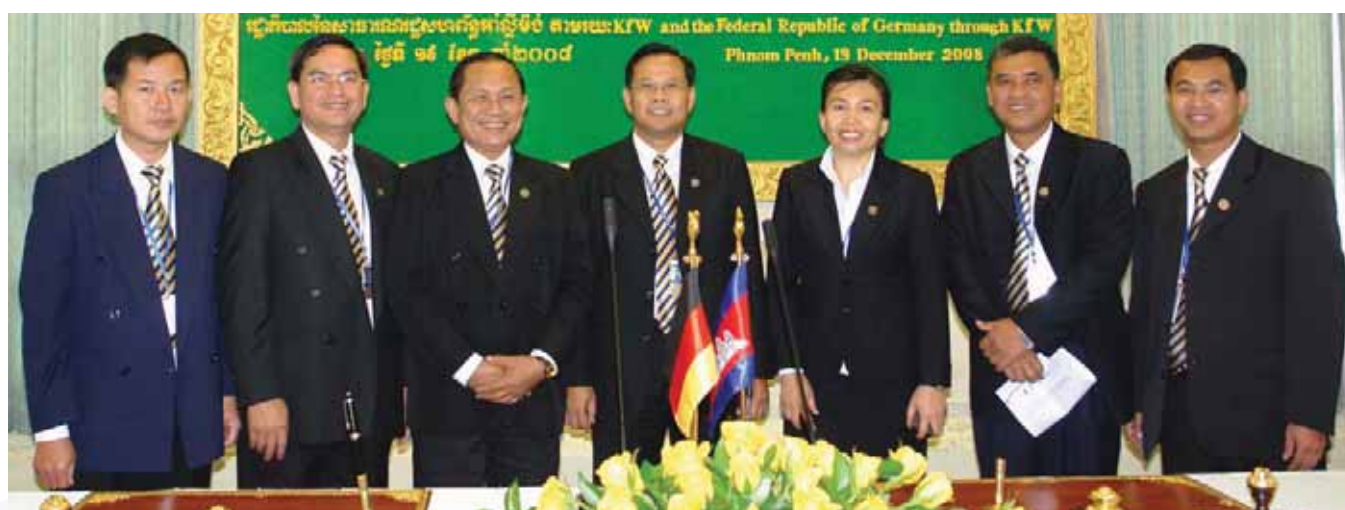
		31 December 2008		31 December 2007	
	Note	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
ASSETS					
Cash on hand		77,489,243	316,233,601	48,526,160	194,250,218
Balances with other banks and financial institutions	10	199,227	813,045	10,058,643	40,264,748
Placements with other banks and financial institutions	11	18,653,456	76,124,754	11,241,690	45,000,485
Balances with the Central Bank	12	108,676,395	443,508,368	72,437,822	289,968,601
Loans and advances to customers	13	457,422,134	1,866,739,729	310,681,263	1,243,657,096
Property and equipment	14	17,899,471	73,047,741	12,218,219	48,909,532
Computer software	15	2,585,242	10,550,373	1,691,255	6,770,094
Deferred income tax assets	16	120,081	490,051	-	-
Other assets	17	9,832,206	40,125,233	6,198,293	24,811,767
Total assets		692,877,455	2,827,632,895	473,053,345	1,893,632,541
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits from banks	18	29,459,806	120,225,468	1,756,751	7,032,274
Due to customers	19	458,342,740	1,870,496,722	342,776,564	1,372,134,586
Accruals and other liabilities	20	13,142,276	53,633,628	12,500,016	50,037,564
Borrowings	21	42,136,638	171,959,620	44,830,937	179,458,241
Senior debt	22	6,047,190	24,678,582	6,242,359	24,988,163
Subordinated debt	23	45,074,971	183,950,957	13,241,055	53,003,944
Current income tax liabilities		4,655,948	19,000,925	1,784,363	7,142,805
Deferred income tax liabilities	16	-	-	42,986	172,073
Staff pension liabilities	24	2,560,435	10,449,135	225,935	904,418
Total liabilities		601,420,004	2,454,395,037	423,400,966	1,694,874,068
SHAREHOLDERS' EQUITY					
Capital and reserve attributable to equity holders of parent					
Share capital	25	50,000,000	204,050,000	30,000,000	120,090,000
Retained earnings		20,361,109	83,093,686	9,738,918	38,984,889
Reserves		15,850,203	64,684,679	9,913,461	39,683,584
		86,211,312	351,828,365	49,652,379	198,758,473
Minority interest of subsidiary		5,246,139	21,409,493	-	-
Total equity		91,457,451	373,237,858	49,652,379	198,758,473
Total liabilities and shareholders' equity					
		692,877,455	2,827,632,895	473,053,345	1,893,632,541

The accompanying notes on pages 54 to 102 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholder's Equity

For the Year Ended 31 December 2008

	Attributable to equity holders of the Bank			Minority interest of subsidiary	Total
	Share capital	Reserves	Retained earnings		
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2007	30,000,000	5,912,017	6,668,443	-	42,580,460
Dividend relating to 2006 profit	-	-	(2,666,999)	-	(2,666,999)
Transfer to reserves	-	4,001,444	(4,001,444)	-	-
Profit for the year	-	-	9,738,918	-	9,738,918
Balance at 31 December 2007	30,000,000	9,913,461	9,738,918	-	49,652,379
In Riel'000 equivalents (Unaudited)	120,090,000	39,683,584	38,984,889	-	198,758,473
Balance at 1 January 2008	30,000,000	9,913,461	9,738,918	-	49,652,379
Dividend relating to 2007 profit	-	-	(3,897,000)	-	(3,897,000)
Transfer to reserves	-	5,841,918	(5,841,918)	-	-
Profit/(loss) for the year	-	-	20,361,109	(912,634)	19,448,475
Acquisition/set up new subsidiary	-	-	-	6,053,967	6,053,967
Additional share issued	20,000,000	-	-	-	20,000,000
Currency translation differences	-	94,824	-	104,806	199,630
Balance at 31 December 2008	50,000,000	15,850,203	20,361,109	5,246,139	91,457,451
In Riel'000 equivalents (Unaudited)	204,050,000	64,684,679	83,093,686	21,409,493	373,237,858



ACLEDA Bank's management at the signing ceremony for the launching of the ACLEDA-ASEAN Regional Microfinance Center

The accompanying notes on pages 54 to 102 form an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the Year Ended 31 December 2008

		31 December 2008		31 December 2007	
	Note	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Cash flows from operating activities					
Cash generated from operations	28	24,490,749	99,946,746	90,245,523	361,252,828
Income tax paid		(2,727,679)	(11,131,658)	(2,034,819)	(8,145,380)
Net cash generated from operating activities		21,763,070	88,815,088	88,210,704	353,107,448
Cash flows from investing activities					
Reserve deposit with the Central Bank		(29,010,845)	(118,393,258)	(12,610,007)	(50,477,858)
Statutory deposit with the Central Bank		(4,936,257)	(20,144,865)	(10,000,000)	(40,030,000)
Fixed deposits with other banks		(4,206,420)	(17,166,400)	2,494,652	9,986,092
Purchases of intangible assets		(1,494,505)	(6,099,075)	(864,160)	(3,459,232)
Purchases of property and equipment		(8,392,707)	(34,250,637)	(4,916,205)	(19,679,569)
Proceeds from sales of property and equipment		102,454	418,115	77,387	309,780
Net cash used in investing activities		(47,938,280)	(195,636,120)	(25,818,333)	(103,350,787)
Cash flows from financing activities					
Payment of dividends		(3,897,000)	(15,903,657)	(2,666,999)	(10,675,997)
Repayment of borrowings		(27,599,205)	(112,632,356)	(18,988,009)	(76,009,000)
Proceeds from borrowings		65,976,456	269,249,916	29,338,597	117,442,404
Minority share capital contribution		6,053,967	24,706,239	-	-
Translation reserve		199,630	814,690	-	-
Proceeds from issuance of shares		10,041,846	40,980,774	-	-
Net cash from financing activities		50,775,694	207,215,606	7,683,589	30,757,407
Net increase in cash and cash equivalents					
		24,600,484	100,394,574	70,075,960	280,514,068
Cash and cash equivalents at the beginning of the year		106,946,119	428,105,314	36,870,159	149,582,234
Currency translation		-	8,341,799	-	(1,990,988)
Cash and cash equivalents at end of the year	27	131,546,603	536,841,687	106,946,119	428,105,314

The accompanying notes on pages 54 to 102 form an integral part of these consolidated financial statements.



Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2008

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.

On 28 November 2006, the Central Bank renewed the banking license of the Bank for an indefinite period. The renewed license also allows the Bank to carry out commercial banking operations at No 61, Preah Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia which is the main registered office of the Bank.

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

As at 31 December 2008, the Bank had 6,234 employees including 106 Lao staff (2007: 4,401 employees).

These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The Bank's consolidated financial statements have been prepared in accordance with the guidelines issued by the Central Bank and Cambodian Accounting Standards ("CAS"). In applying CAS, the Bank also applies CFRS 4: Insurance Contracts and CFRS 7: Financial Instruments: Disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying consolidated financial statements are not intended to present the financial position, financial performance and cash flows in accordance with jurisdictions other than the Kingdom of Cambodia. Consequently, these consolidated financial statements are addressed to only those who are informed about Cambodia accounting principles, procedures and practices. The consolidated financial statements have been prepared in United States dollars ("US\$") using the historical cost convention.

The preparation of consolidated financial statements in accordance with the guidelines issued by the Central Bank and CAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 New accounting standards and interpretations

(a) *New standards and amendments effective in 2008*

CAS 1 (Revised), Presentation of Financial Statements (effective 1 January 2008). The Standard (i) provides a framework within which an entity assesses how to present fairly the effects of transactions and other events, and assesses whether the result of complying with a requirement in a Standard would be so misleading that it would not give a fair presentation; (ii) base the criteria for

classifying liabilities as current or non-current solely on the conditions existing at the balance sheet date; (iii) prohibits the presentation of items of income and expense as 'extraordinary items'; (iv) specifies disclosures about the judgments management has made in the process of applying the entity's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements; and (v) to specify disclosures about key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. It also requires additional disclosures on the entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. Management applies the amendment to CAS 1 and has made those disclosures from annual periods beginning 1 January 2008.

CFRS 7, Financial Instruments: Disclosures, and a complementary amendment to CAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2008). CFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces CAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions. It is applicable to all entities that report under CAS. The amendment to CAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. Management assessed the impact of CFRS 7 and the amendment to CAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of CAS 1. Management applies CFRS 7 and the amendment to CAS 1 from annual periods beginning 1 January 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New accounting standards and interpretations (continued)

(a) New standards and amendments effective in 2008 (continued)

The following standards and revision to existing standards (which are effective 1 January 2008) did not result in substantial changes to the Bank's accounting policies. In summary:

CAS 7: Cash Flow Statements, CAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, CAS 10: Events After Balance Sheet Date, CAS 12: Income Taxes, CAS 16: Property, Plant and Equipment, CAS 17: Leases, CAS 18: Revenue, CAS 23: Borrowing Costs, CAS 24: Related Party Disclosures, CAS 27: Consolidated and separate financial statements, CAS 37: Provisions, Contingent Liabilities and Contingent Assets, and CAS 38: Intangible Assets had no material effect on the Bank's policies.

CAS 21 (revised 2008) has no material effect on the Bank's policy. The functional currency of the Bank has been re-evaluated based on the guidance of the revised standards.

(b) Standards and amendments effective in 2008 but not relevant

The following standards and amendments are mandatory for accounting periods beginning on or after 1 January 2008 but are not relevant to the Bank's operations:

CAS 2, Inventories
CAS 11, Construction contracts
CAS 40, Investment property
CAS 41, Agriculture
CFRS 4, Insurance

2.3 Consolidation

a) Subsidiary

On 13 December 2007, ACLEDA Bank Lao Ltd. received a preliminary license from the Bank of Lao

PDR, central bank in the Lao People Democratic Republic, for the establishment of ACLEDA Bank Lao Ltd. ACLEDA Bank Lao Ltd will be owned by ACLEDA Bank Plc (Cambodia) 47.5%, FMO from (The Netherlands) 30%, Triodos-Doen (The Netherlands) 11.25%, and Triodos Fair Share Fund from (The Netherlands) 11.25% and shall have registered capital of 100 billion Kips equivalent to approximately US\$11,184,000 as at the date of this report. Such registered capital is paid up on receipt of formal license.

On 24 March 2008 the bank received a Foreign Investment License from the Ministry of Planning and Investment in Laos with the registered capital as mentioned above.

Even though the Bank has less than 50% of the voting rights, the Bank has management control and significant influence over the operations of ACLEDA Bank Lao Ltd. The subsidiary is fully consolidated from the date on which control was transferred to the Bank. It will be de-consolidated from the date on which control ceases, if it ever ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. The accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Bank.

b) Transactions and minority interest

The Bank applies a policy of treating transactions with minority interests as transactions with parties external to the Bank.

2.4 Foreign currencies

a) Functional and presentation currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currencies (continued)

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 end-year 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 2008	31 December 2007
Riel	4,081	4,003
THB	34.58	30.56
EURO	0.70	0.68
AUD	1.44	1.13
VND	17,440	15,948
CAD	1.2124	0.97
LAK	8,490	9,331
JPY	90	112

(c) Presentation currency

For the sole purpose of complying with Prakas No. B7-07-164 dated 13 December 2007 of the Central Bank, a translation to Khmer Riel is provided for the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements as of and for the year ended 31 December 2008 using the average official rate of exchange regulated by the Central Bank as at the reporting date, which was US\$1 to Riel 4,081 (31 December 2007: US\$1 to Riel 4,003). Such translation amounts are unaudited and should not be construed as representations that the US\$ amounts represent, or have been or could be, converted into Khmer Riel at that or any other rate.

2.5 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 collectability 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.

2.6 Fee and commission income

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

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

2.7 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Loans and advances to customers (continued)

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.

2.8 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 amended 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 of 1% (2007: 1%) on the total loans and advances outstanding, net of the specific provision. The general provision rate is computed based on past five years weighted average of the loan write off rate.

2.9 Overdue loans

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

2.10 Property and equipment

Property and equipment is 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 and assets in construction are 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
Building	20
Motor vehicles	3 – 5
Computer equipment	3
Office equipment	3 – 5
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.

2.11 Computer software

Acquired computer software licences 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows (cash-generating units).

2.13 Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition, including: cash on hand, travelers cheques, term deposit and clearing accounts with the Central Bank.

2.14 Deferred income 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 consolidated 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.

2.15 Operating leases

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

2.16 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 15% (2007: 15%) and 7.5% (2007: 7.5%), respectively.
- (2) The Bank contributes interest on the cumulative balance of the pension fund computed at interest rate of 8% per annum. Prior to 2005, the Bank contributed interest only on the portion of pension fund contributed by employees at an interest rate of 5% per annum.

The pension fund will be fully paid to the employee upon termination of employment with the Bank. 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 24).

The changes in Bank's contribution rate applied prospectively from the date of the change.

2.17 Provision

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

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are re-measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Provision (continued)

money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 General reserve

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

2.19 Related parties

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.

2.20 Subordinated debt

Subordinated debt is treated as part of the Bank's liabilities and included in Bank's Net Worth's computation under the Central Bank's regulations. Foreign exchange differences on the subordinated debt of the Bank are taken through the income statement.

2.21 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares is shown in equity as a deduction from the proceeds.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period they are approved by the Company's shareholders.

2.22 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.



Cassava flour producing enterprise

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Comparative figures (continued)

	As per reported	Reclassification	Reclassified balances
	US\$	US\$	US\$
<i>Balance sheet</i>			
Deposit from banks	-	1,756,751	1,756,751
Due to customers	344,533,315	(1,756,751)	342,776,564
<i>Income statement</i>			
Foreign exchange gain, net	156,845	(156,845)	-
Other operating income	1,835,490	156,845	1,992,335

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

a) Impairment losses on loans and advances

The Bank is required to follow the mandatory credit classification and provisioning in accordance with Prakas No. B7-00-51, dated 17 February 2000 on the classification and provisioning for bad and doubtful debts and Prakas No B7-02-145, dated 7 June 2002 on the amendment on Prakas No B7-00-51 of the Central Bank. The Central Bank requires commercial banks to classify their loan portfolio into four classes and a minimum mandatory level of specific provision is made depending on the classification concerned and regardless of the assets (except for cash) pledged as collateral. For the purpose of loan classification, the Bank is required to take into account the borrower's historical payment experience and financial condition.

b) Income tax

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

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

4. INTEREST AND SIMILAR INCOME

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Loans and advances to customers	87,101,304	355,460,421	50,254,649	201,169,360
Placements with other banks	1,602,896	6,541,419	2,469,912	9,887,058
	<u>88,704,200</u>	<u>362,001,840</u>	<u>52,724,561</u>	<u>211,056,418</u>

5. INTEREST EXPENSE AND SIMILAR CHARGES

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Due to customers	13,144,136	53,641,219	6,429,404	25,736,904
Subordinated debt				
Resident	266,555	1,087,811	435,835	1,744,648
Non-resident	2,513,050	10,255,757	95,103	380,697
Senior debt				
Resident	647,315	2,641,693	639,680	2,560,639
Non-resident	2,218,173	9,052,364	3,062,804	12,260,404
Resident banks and finance institutions	1,196,136	4,881,431	685,500	2,744,057
Others	152,967	624,258	148,628	594,958
	<u>20,138,332</u>	<u>82,184,533</u>	<u>11,496,954</u>	<u>46,022,307</u>

6. FEE AND COMMISSION INCOME

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Fees from services provided	5,855,848	23,897,717	3,301,714	13,216,761
Loan processing fees	2,276,884	9,291,964	1,114,069	4,459,618
Other income	484,165	1,975,876	450,798	1,804,545
	<u>8,616,897</u>	<u>35,165,557</u>	<u>4,866,581</u>	<u>19,480,924</u>

7. OTHER OPERATING INCOME

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Bad loans recovered	257,139	1,049,384	311,114	1,245,388
Penalty fee received from late payments	1,463,687	5,973,307	1,167,758	4,674,536
Gain on disposal of property and equipment	95,194	388,487	75,196	301,009
Foreign exchange gain, net	1,280,725	5,226,639	156,845	627,851
Others	522,822	2,133,636	281,422	1,126,532
	<u>3,619,567</u>	<u>14,771,453</u>	<u>1,992,335</u>	<u>7,975,316</u>

8. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Salaries and wages	20,782,648	84,813,986	13,617,344	54,510,228
Other staff benefits	8,409,609	34,319,614	5,777,432	23,127,060
Depreciation (note 14)	2,703,974	11,034,918	1,262,872	5,055,276
Rental, repairs and maintenance	5,978,106	24,396,651	4,338,162	17,365,662
Telecommunication and utilities	3,025,459	12,346,898	1,845,317	7,386,804
Office supplies	2,455,384	10,020,422	1,479,717	5,923,307
Travelling related expenses	1,191,660	4,863,164	790,559	3,164,608
Furniture and fixture expenses	1,785,737	7,287,593	1,189,123	4,760,059
Training expenses	679,713	2,773,909	518,340	2,074,915
Professional fees	173,008	706,046	167,604	670,919
Insurance and security expenses	111,568	455,309	169,843	679,882
Amortisation (note 15)	600,518	2,450,714	332,088	1,329,349
Marketing expenses	1,315,189	5,367,286	702,859	2,813,545
Other operating expenses	4,045,270	16,508,747	1,630,743	6,527,864
	<u>53,257,843</u>	<u>217,345,257</u>	<u>33,822,003</u>	<u>135,389,478</u>

9. TAXATION

a) Income tax expense

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Current	5,597,878	22,844,940	2,296,641	9,193,454
Deferred tax (note 16)	(163,067)	(665,476)	242,203	969,539
Others	5,434,811	22,179,464	2,538,844	10,162,993
	1,374	5,607	-	-
	<u>5,436,185</u>	<u>22,185,071</u>	<u>2,538,844</u>	<u>10,162,993</u>

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.

9. TAXATION (continued)

b) Reconciliation between income tax expense and accounting profit

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Profit before taxation	24,884,660	101,554,297	12,277,762	49,147,881
Non deductible expenses (withholding tax on dividend)	552,419	2,254,423	416,456	1,667,073
Non deductible losses of subsidiary in foreign country (**)	1,736,976	7,088,599	-	-
Taxable income	27,174,055	110,897,319	12,694,218	50,814,954
Tax on Profit rate	20%	20%	20%	20%
Tax charge for the year	5,434,811	22,179,464	2,538,844	10,162,993
Add: others	1,374	5,607	-	-
	<u>5,436,185</u>	<u>22,185,071</u>	<u>2,538,844</u>	<u>10,162,993</u>

** This represents net loss of subsidiary in foreign country for the year which this loss can not be qualified as expenditure of Bank for the tax purpose. This amount needs to be excluded from the calculation for income tax expenses and accounting profit for reconciliation purposes.

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 different interpretation; therefore tax amounts reported in the financial statements could be changed at a later date, upon final determination by the Tax Department.

10. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
<i>Current accounts:</i>				
Banks inside Cambodia	140,080	571,666	274,561	1,099,068
Banks outside Cambodia	59,147	241,379	9,784,082	39,165,680
	<u>199,227</u>	<u>813,045</u>	<u>10,058,643</u>	<u>40,264,748</u>

Current accounts do not earn interest.

11. PLACEMENTS WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
<i>Outside Cambodia</i>				
Overnight placements	10,724,340	43,766,031	7,518,994	30,098,533
Fixed deposits	1,892,566	7,723,562	683,696	2,736,835
<i>Inside Cambodia</i>				
Fixed deposits	6,036,550	24,635,161	3,039,000	12,165,117
	<u>18,653,456</u>	<u>76,124,754</u>	<u>11,241,690</u>	<u>45,000,485</u>

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

	31 December 2008	31 December 2007
Overnight placement	0.005% - 5.280%	0.920% - 5.280%
Fixed deposits	1.200% - 5.250%	4.076% - 5.725%

12. BALANCES WITH THE CENTRAL BANK

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Current accounts:				
Riel	8,203,461	33,478,323	1,838,697	7,360,303
US\$	5,934,614	24,219,160	6,003,625	24,032,511
THB	9,655	39,402	-	-
LAK	4,986,063	20,348,123	-	-
Statutory capital deposit (i)	7,936,257	32,387,865	3,000,000	12,009,000
Reserve deposits (ii)	47,606,345	194,281,495	18,595,500	74,437,787
Fixed deposits	34,000,000	138,754,000	43,000,000	172,129,000
	<u>108,676,395</u>	<u>443,508,368</u>	<u>72,437,822</u>	<u>289,968,601</u>

(i) In compliance with Prakas of Central Bank and the Bank of Laos, the Bank maintains a statutory capital deposit with the Central Bank and the Bank of Laos equivalent to US\$7,936,257 which represents 10% and 25% of its registered capital of the Bank and the Lao subsidiary, respectively. These deposits earn interest at the rate of 3/8 six month SIBOR but no interest for capital deposit of Lao subsidiary. These deposits are refundable should the Bank cease its operations and they are not available for use in the Bank's day-to-day operations.

12. BALANCES WITH THE CENTRAL BANK (continued)

(ii) The reserve deposit represents the minimum reserve requirement which is calculated at 8% and 16% of the total deposits from customers and settlements of accounts of other banks dominated in Khmer Riel and other foreign currencies, respectively.

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

	31 December 2008	31 December 2007
Current accounts	0%	0%
Statutory capital deposit	1.18% - 1.77%	1.99% - 2.02%
Reserve deposit	0.83% - 2.02%	0%
Fixed deposits	1.04% - 5.73%	3.49% - 4.38%

13. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by type of loans

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Commercial loans				
Short-term loans	164,344,237	670,688,831	84,690,903	339,017,685
Long-term loans	212,075,395	865,479,687	168,131,390	673,029,953
Overdrafts	7,363,318	30,049,701	7,284,441	29,159,617
Related party loans	4,640,910	18,939,554	2,607,430	10,437,542
Real estates	15,248,508	62,229,161	4,422,610	17,703,710
Consumer loan				
Housing loans	50,471,934	205,975,963	40,327,462	161,430,830
Personal loans	10,333,507	42,171,042	7,609,759	30,461,865
	464,477,809	1,895,533,939	315,073,995	1,261,241,202
Provision for loan losses				
Specific provision	526,593	2,149,026	55,572	222,455
General provision	4,639,512	18,933,848	3,150,184	12,610,188
	5,166,105	21,082,874	3,205,756	12,832,643
	459,311,704	1,874,451,065	311,868,239	1,248,408,559
	(1,889,570)	(7,711,336)	(1,186,976)	(4,751,463)
Unamortised loan fee	457,422,134	1,866,739,729	310,681,263	1,243,657,096

All short term and long term loans were granted to Cambodian borrowers except for loans and advances disbursed by Acleda Bank Lao amounting to US\$1,124,124.

Related party loans including staff loans to the senior management and staff were secured by staff pension fund and staff shares with ASA Inc., granted in US\$ for a maximum term of three years for commercial and individual loans and 15 years for housing loan at a commercially competitive rates.

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Standard loans				
Secured	454,922,897	1,856,540,343	307,935,090	1,232,664,165
Unsecured	8,225,294	33,567,425	6,940,439	27,782,577
Substandard loans				
Secured	73,562	300,207	55,709	223,001
Unsecured	1,717	7,007	2,787	11,158
Doubtful loans				
Secured	1,232,429	5,029,542	106,298	425,512
Unsecured	2,589	10,566	22,627	90,578
Losses				
Secured	19,067	77,812	9,437	37,776
Unsecured	254	1,037	1,608	6,435
	<u>464,477,809</u>	<u>1,895,533,939</u>	<u>315,073,995</u>	<u>1,261,241,202</u>
Provision for loan losses				
Specific provision	526,593	2,149,026	55,572	222,455
General provision	4,639,512	18,933,848	3,150,184	12,610,188
	<u>5,166,105</u>	<u>21,082,874</u>	<u>3,205,756</u>	<u>12,832,643</u>
Unamortised loan fee	459,311,704 (1,889,570)	1,874,451,065 (7,711,336)	311,868,239 (1,186,976)	1,248,408,559 (4,751,463)
	<u>457,422,134</u>	<u>1,866,739,729</u>	<u>310,681,263</u>	<u>1,243,657,096</u>

(c) Analysis by type of industry

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Commerce	265,058,601	1,081,704,147	184,898,284	740,147,831
Service	109,956,187	448,731,199	80,579,354	322,559,155
Manufacturing	23,540,789	96,069,964	14,161,746	56,689,469
Agriculture	65,922,232	269,028,629	35,434,611	141,844,747
	<u>464,477,809</u>	<u>1,895,533,939</u>	<u>315,073,995</u>	<u>1,261,241,202</u>
Provision for loan losses				
Specific provision	526,593	2,149,026	55,572	222,455
General provision	4,639,512	18,933,848	3,150,184	12,610,188
	<u>5,166,105</u>	<u>21,082,874</u>	<u>3,205,756</u>	<u>12,832,643</u>
Unamortised loan fee	459,311,704 (1,889,570)	1,874,451,065 (7,711,336)	311,868,239 (1,186,976)	1,248,408,559 (4,751,463)
	<u>457,422,134</u>	<u>1,866,739,729</u>	<u>310,681,263</u>	<u>1,243,657,096</u>

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

(d) Loans to related parties

Refer to Note 29 "Related party transactions and balances" for details of loans and advances to related parties.

(e) Maturity analysis

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Less than one year	172,586,069	704,323,749	119,382,065	477,886,406
One year and less than three years	199,721,529	815,063,560	119,232,928	477,289,412
Three years and less than five years	39,173,895	159,868,665	29,058,410	116,320,814
Five years and less than ten years	33,078,932	134,995,121	25,529,693	102,195,361
Ten years or more	19,917,384	81,282,844	21,870,899	87,549,209
	<u>464,477,809</u>	<u>1,895,533,939</u>	<u>315,073,995</u>	<u>1,261,241,202</u>
Provision for loan losses				
Specific provision	526,593	2,149,026	55,572	222,455
General provision	4,639,512	18,933,848	3,150,184	12,610,188
	<u>5,166,105</u>	<u>21,082,874</u>	<u>3,205,756</u>	<u>12,832,643</u>
	<u>459,311,704</u>	<u>1,874,451,065</u>	<u>311,868,239</u>	<u>1,248,408,559</u>
Unamortised loan fee	(1,889,570)	(7,711,336)	(1,186,976)	(4,751,463)
	<u>457,422,134</u>	<u>1,866,739,729</u>	<u>310,681,263</u>	<u>1,243,657,096</u>



Footwear manufacturing

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

(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 2007	39,611	1,853,566	1,893,177
Charge for the year	164,717	1,276,389	1,441,106
Bad debts written-off	(146,019)	-	(146,019)
Currency translation difference	(2,737)	20,229	17,492
Balance at 31 December 2007	55,572	3,150,184	3,205,756
Balance at 1 January 2008	55,572	3,150,184	3,205,756
Charge for the year	695,541	1,496,164	2,191,705
Bad debts written-off	(221,808)	-	(221,808)
Currency translation difference	(2,712)	(6,836)	(9,548)
Balance at 31 December 2008	526,593	4,639,512	5,166,105

As at 31 December 2008 the Bank provided for a general provision of 1% (2007: 1%) on the total loans and advances outstanding, net of the specific provision.

(g) Interest rates

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

	31 December 2008	31 December 2007
Overdrafts	12%-24%	12%-30%
Staff loans	10%-12%	10.52%-12%
Public housing loan	11.52%-13%	11.52%
Other loans including short term and long term	12%-33%	12%-36%
Interest rate in Laos	8.75%-42%	-



A fishery loan customer

14. PROPERTY AND EQUIPMENT

	Land	Building	Office equipment	Motor vehicles	Computer equipment	Leasehold improvements	Assets in construction	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Year ended 31 December 2008								
Opening net book amount	1,328,325	7,346,686	637,390	333,806	1,351,051	215,119	1,005,842	12,218,219
Additions	-	135,488	2,528,345	1,846,558	2,279,468	486,801	1,116,047	8,392,707
Allocations	-	46,355	102,019	255,730	1,397,454	35,890	(1,837,448)	-
Disposals, net book amount	-	-	(3,019)	(1,297)	(745)	(2,420)	-	(7,481)
Depreciation charge	-	(382,086)	(655,312)	(471,951)	(1,025,820)	(168,805)	-	(2,703,974)
Closing net book amount	1,328,325	7,146,443	2,609,423	1,962,846	4,001,408	566,585	284,441	17,899,471
At 31 December 2008								
Cost	1,328,325	7,685,694	4,323,044	4,003,283	6,874,471	974,615	284,441	25,473,873
Accumulated depreciation	-	(539,251)	(1,713,621)	(2,040,437)	(2,873,063)	(408,030)	-	(7,574,402)
Net book amount	1,328,325	7,146,443	2,609,423	1,962,846	4,001,408	566,585	284,441	17,899,471
In KHR'000 equivalents (unaudited)	5,420,894	29,164,634	10,649,055	8,010,375	16,329,746	2,312,233	1,160,804	73,047,741
At 1 January 2007								
Cost	1,328,325	-	1,200,876	1,958,127	1,957,926	254,517	6,221,432	12,921,203
Accumulated depreciation	-	-	(976,182)	(1,641,448)	(1,557,436)	(178,851)	-	(4,353,917)
Net book amount	1,328,325	-	224,694	316,679	400,490	75,666	6,221,432	8,567,286
Year ended 31 December 2007								
Opening net book amount	1,328,325	-	224,694	316,679	400,490	75,666	6,221,432	8,567,286
Additions	-	-	643,677	232,950	1,043,041	210,909	2,785,628	4,916,205
Allocation	-	7,503,851	-	-	491,485	5,882	(8,001,218)	-
Disposals, net book amount	-	-	(287)	(20)	(1,257)	(836)	-	(2,400)
Depreciation charge	-	(157,165)	(230,694)	(215,803)	(582,708)	(76,502)	-	(1,262,872)
Closing net book amount	1,328,325	7,346,686	637,390	333,806	1,351,051	215,119	1,005,842	12,218,219
At 31 December 2007								
Cost	1,328,325	7,503,851	1,797,729	2,055,676	3,354,336	464,604	1,005,842	17,510,363
Accumulated depreciation	-	(157,165)	(1,160,339)	(1,721,870)	(2,003,285)	(249,485)	-	(5,292,144)
Net book amount	1,328,325	7,346,686	637,390	333,806	1,351,051	215,119	1,005,842	12,218,219
In KHR'000 equivalents (unaudited)	5,317,286	29,408,785	2,551,473	1,336,226	5,408,258	861,122	4,026,382	48,909,532

15. COMPUTER SOFTWARE

	Software US\$	Work in progress US\$	Total US\$
Year ended 31 December 2008			
Opening net book amount	1,615,520	75,735	1,691,255
Additions	1,478,515	15,990	1,494,505
Allocations	75,735	(75,735)	-
Amortisation charge	(600,518)	-	(600,518)
Closing net book amount	2,569,252	15,990	2,585,242
At 31 December 2008			
Cost	4,684,295	15,990	4,700,285
Accumulated amortization	(2,115,043)	-	(2,115,043)
Net book amount	2,569,252	15,990	2,585,242
In KHR'000 equivalents (<i>unaudited</i>)	10,485,118	65,255	10,550,373
At 1 January 2007			
Cost	1,843,203	498,416	2,341,619
Accumulated amortisation	(1,182,436)	-	(1,182,436)
Net book amount	660,767	498,416	1,159,183
Year ended 31 December 2007			
Opening net book amount	660,767	498,416	1,159,183
Additions	362,093	502,067	864,160
Allocations	924,748	(924,748)	-
Amortisation charge	(332,088)	-	(332,088)
Closing net book amount	1,615,520	75,735	1,691,255
At 31 December 2007			
Cost	3,130,044	75,735	3,205,779
Accumulated amortization	(1,514,524)	-	(1,514,524)
Net book amount	1,615,520	75,735	1,691,255
In KHR'000 equivalents (<i>unaudited</i>)	6,466,927	303,167	6,770,094

16. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax related to the same fiscal authority. The offset amounts are as follows:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
<i>Deferred tax assets</i>				
- To be recovered more than 12 months	(558,301)	(2,278,427)	(45,187)	(180,884)
- To be recovered within 12 months	(235,109)	(959,480)	(154,382)	(617,991)
	(793,410)	(3,237,907)	(199,569)	(798,875)
<i>Deferred tax liabilities</i>				
- To be recovered more than 12 months	673,329	2,747,856	242,555	970,948
- To be recovered within 12 months	-	-	-	-
	673,329	2,747,856	242,555	970,948
Deferred tax liabilities/(assets) - net	(120,081)	(490,051)	42,986	172,073

No deferred tax assets is recognised in the consolidated income statement for tax losses carried-forward of foreign subsidiary as there is no probability that future taxable profits will be available against which these losses can be utilised.

The gross movement on the deferred income tax account is as follows:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
As at 1 January	(42,986)	(172,073)	199,217	808,223
Utilised during the year (note 9)	163,067	665,476	(242,203)	(969,539)
Currency valuation	-	(3,352)	-	(10,757)
As at 31 December	120,081	490,051	(42,986)	(172,073)

16. DEFERRED INCOME TAXES (continued)

Differed income tax assets and liabilities are attributable to the following items:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
<i>Deferred income tax assets</i>				
Accrued staff benefits (to be paid more than 60 days after balance sheet date)	(793,410)	(3,237,907)	(199,569)	(798,875)
<i>Deferred income tax liabilities</i>				
Accelerated tax depreciation	543,427	2,217,726	188,917	756,235
Unrealised foreign exchange gains	129,902	530,130	53,638	214,713
	<u>673,329</u>	<u>2,747,856</u>	<u>242,555</u>	<u>970,948</u>

17. OTHER ASSETS

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Accrued interest receivable	5,201,306	21,226,530	3,574,337	14,308,071
Prepayments	3,331,689	13,596,623	1,295,209	5,184,722
Advance on equipment purchase	262,807	1,072,515	623,122	2,494,357
Stationary supplies	229,104	934,973	143,270	573,510
Receivables from Western Union	398,134	1,624,785	389,091	1,557,531
Others	409,166	1,669,807	173,264	693,576
	<u>9,832,206</u>	<u>40,125,233</u>	<u>6,198,293</u>	<u>24,811,767</u>

18. DEPOSITS FROM BANKS

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Deposits from other banks and MFIs	29,459,806	120,225,468	1,756,751	7,032,274
	<u>29,459,806</u>	<u>120,225,468</u>	<u>1,756,751</u>	<u>7,032,274</u>

All deposits from banks and Microfinance Institutions are current with maturity less than one year and have interest rate ranging from 2% to 9.5% (31 December 2007: 2% to 8%)

19. DUE TO CUSTOMERS

(a) Analysis by category

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Current accounts	60,115,643	245,331,938	47,280,729	189,264,759
Saving deposits	216,711,600	884,400,040	182,196,445	729,332,369
Fixed deposits	178,905,686	730,114,105	109,991,935	440,297,716
Margin deposits	2,405,470	9,816,723	1,010,293	4,044,203
Trust accounts	204,341	833,916	2,297,162	9,195,539
	<u>458,342,740</u>	<u>1,870,496,722</u>	<u>342,776,564</u>	<u>1,372,134,586</u>

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 26).

(b) Deposits from related parties

Refer to Note 29 "Related party transactions and balances" for details of deposits from related parties.

(c) Liquidity analysis

Refer to Note 35 "Liquidity analysis" for information on maturity analysis of amount due to customers

(d) Interest rates

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

	31 December 2008	31 December 2007
<i>Cambodia:</i>		
Current accounts	0%	0%-1.00%
Saving deposits	2.00%-4.00%	0%-4.00%
Fixed deposits	3.00%-9.50%	3.00%-8.00%
Margin deposits	0%	0%
<i>Laos:</i>		
Saving deposits	1.25%-3.75%	-
Fixed deposits	1.50%-14.50%	-

20. ACCRUALS AND OTHER LIABILITIES

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Accrued interest payable	3,897,591	15,906,069	2,071,294	8,291,390
Bonus	2,334,337	9,526,429	1,672,570	6,695,298
Cheques and fund transfers	4,145,266	16,916,831	6,122,174	24,507,063
Withholding tax	585,038	2,387,540	343,089	1,373,385
Salary tax	565,978	2,309,756	339,185	1,357,758
Other accruals	1,614,066	6,587,003	1,951,704	7,812,670
	<u>13,142,276</u>	<u>53,633,628</u>	<u>12,500,016</u>	<u>50,037,564</u>

21. BORROWINGS

		31 December 2008		31 December 2007	
	Note	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Related parties:					
FMO	a	-	-	4,000,000	16,012,000
IFC	b	3,642,858	14,866,503	6,000,000	24,018,000
KfW	c	3,751,805	15,311,117	3,751,805	15,018,475
ACLEDA NGO	d	-	-	400,000	1,601,200
		7,394,663	30,177,620	14,151,805	56,649,675
Non-related parties:					
Blue Orchard MFS	e	15,000,000	61,215,000	10,000,000	40,030,000
Micro Finance Securities	f	4,000,000	16,324,000	4,000,000	16,012,000
PlaNet Finance	g	-	-	3,697,977	14,803,002
Central Bank	h	9,801,519	40,000,000	9,992,505	39,999,998
Foreign Trade Bank	i	2,940,456	12,000,000	2,988,650	11,963,566
responsAbility SICAV	j	2,000,000	8,162,000	-	-
CSMFMC	k	1,000,000	4,081,000	-	-
		34,741,975	141,782,000	30,679,132	122,808,566
		42,136,638	171,959,620	44,830,937	179,458,241

21. BORROWINGS (continued)

(a) FMO

On 3 November 2006, the Bank entered into a loan agreement with FMO to borrow US\$10,000,000. The first installment was to be repaid on 15 October 2008 with the remaining 15 installments to be paid semi-annually thereafter. This loan was converted to a subordinated debt during the year.

The total principal outstanding as at 31 December 2008 is Nil (2007: US\$4,000,000).

(b) IFC

On 21 May 2004, the Bank entered into a credit facility agreement with IFC with the maximum credit of US\$6,000,000. The Bank is to repay the loan in eight semi-annual equal installments from 15 June 2006 and ending on 15 December 2009.

On 21 June 2006, the Bank entered into a second credit line agreement with IFC for the amount of US\$5,000,000. That loan was first drawn on 29 December 2006 for the amount of US\$3,000,000. The Bank is repaying the loan on the following dates and in the following amounts.

Date payment due	Installments
	US\$
1. 15 June 2008	428,571
2. 15 December 2008	428,571
3. 15 June 2009	428,571
4. 15 December 2009	428,571
5. 15 June 2010	428,571
6. 15 December 2010	428,571
7. 15 June 2011	428,574
	<u>3,000,000</u>

The principal outstanding as at 31 December 2008 is US\$3,642,858 (2007: US\$6,000,000).

(c) KfW

On 18 October 2005, the Bank signed a loan agreement with KfW for an amount of EUR3,000,000 to be received and repaid in US\$ with an interest rate equal to the average of the five highest interest rates applied in the Kingdom of Cambodia by commercial banks for 12 month US\$ deposits. The interest rate is subject to annual review. The term loan is ten years including a grace period of three years. As at 31 December 2008, the total loan disbursements from KfW were as follows:

21. BORROWINGS (continued)

(c) KfW (continued)

Disbursement Date	EURO	Or	US\$
As at 1 January 2007	2,000,000		2,445,100
2 February 2007	676,074		875,786
21 March 2007	323,926		430,919
As at 31 December 2007	<u>3,000,000</u>		<u>3,751,805</u>
As at 31 December 2008	<u>3,000,000</u>		<u>3,751,805</u>

(d) ACLEDA NGO

On 24 December 2007, the Bank signed loan agreement with ACLEDA NGO for an amount of US\$400,000. There is no fixed repayment schedule. During the year, the loan was converted to a subordinated loan.

(e) 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. The interest is payable semi-annually and the principal amount is to 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
	<u>5,000,000</u>

On 7 April 2006, the Bank signed another loan agreement with Blue Orchard MFS for an amount of US\$5,000,000. The Bank is to repay the principal amount of the term loan in a single installment on the maturity date on 15 March 2011.

On 12 August 2008, the Bank issued a promissory note to Blue Orchard MFS for an amount of US\$5,000,000. The Bank is to repay the principal amount of the term loan in a single installment on the maturity date on 12 August 2011.

The total principal outstanding as at 31 December 2008 is US\$15,000,000 (2007: US\$10,000,000).

(f) Micro Finance Securities ("MFS")

On 28 June 2006, the Bank signed a loan agreement with MFS for an amount of US\$4,000,000. The loan is to be repaid on the maturity date on 8 June 2011.

21. BORROWINGS (continued)

(g) *PlaNNet Finance*

On 24 November 2006, the Bank signed a loan agreement with PlanNet Finance for an amount of THB113,000,000, equivalent to US\$3,000,000. Interest is to be repaid semi-annually in arrears on 24 May and 24 November of each year, beginning on 24 May 2007. The loan maturity was on 24 November 2008.

The movement of loan obtained from PlanNet Finance is as follows:

	US\$
Balance as at 31 December 2007	3,119,547
Currency translation differences	578,430
Balance as at 31 December 2007	3,697,977
Balance as at 01 January 2008	3,697,977
Payment	(3,267,336)
Currency translation differences	(430,641)
Balance as at 31 December 2008	-

The total principal outstanding as at 31 December 2008 is nil (2007: US\$3,697,977).

(h) *Central Bank*

During the year, the Bank signed a loan agreement with the Central Bank for an amount of Riel40,000 millions equivalent to US\$9,801,519 as at 31 December 2008. Each loan is six months in maturity and will be repaid in full as they come due in 2009.

(i) *Foreign Trade Bank*

During the year, the Bank signed a loan agreement with the Foreign Trade Bank for an amount of Riel12,000 millions equivalent to US\$2,940,456 as at 31 December 2008. The loans are for twelve months in maturity and will be repaid in full in 2009.

(j) *responsAbility SICAV (société d'investissement à capital variable)*

On 17 December 2008, the Bank issued promissory note to SICAV for an amount of US\$2,000,000. This note is to be repaid on 17 December 2011.

(k) *Credit Suisse Microfinance Fund Management Company ("CSMFMC")*

On 17 December 2008, the Bank issued promissory note to CSMFMC for an amount of US\$1,000,000. This note is to be repaid on 17 December 2011.

The annual interest rates are as follows:

	31 December 2008	31 December 2007
Floating rates	SIBOR plus 2.5%- 6 months BIBOR plus 3.5%	SIBOR plus 2.5%- 6 months BIBOR plus 3.5%
Fixed rates	6% -9.11%	6%-9.11%

22. 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 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, 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 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 4.01 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 15 January and each 15 July starting 2001. In any event, all amounts owing under the SDA shall be repaid no later than 1 July 2014.

Movement of senior debt is as follows:

	31 December 2008		31 December 2007	
	US\$	Riel ‘000 <i>Unaudited</i>	US\$	Riel ‘000 <i>Unaudited</i>
Balance at 1 January	6,242,359	24,988,163	6,047,319	24,533,973
Currency translation differences	(195,169)	(309,581)	195,040	454,190
Balance at 31 December	<u>6,047,190</u>	<u>24,678,582</u>	<u>6,242,359</u>	<u>24,988,163</u>

Annual interest rates were as follows:

	31 December 2008	31 December 2007
US\$ (SIBOR plus 2.5%)	5.616% - 7.895%	7.890% - 7.895%

23. SUBORDINATED DEBT

a) ACLEDA NGO

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.

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 relented 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 5 approximately equal annual installments, which fall due on the first interest payment date occurring in each of ten calendar years after the amortisation date.

Annual interest rates were as follows:

	31 December 2008	31 December 2007
US\$ (SIBOR plus 2.5%)	5.616% - 7.895%	7.890% - 7.895%
BIBOR	3.767% - 3.934%	3.767% - 5.202%
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% per annum.

23. SUBORDINATED DEBT (continued)

b) OTHER

On 22 February 2008, the NBC approved for the Bank to convert its borrowing from DEG and FMO amounting to US\$10,000,000 each to subordinated debt. On 3 January 2008, the NBC also approved for the Bank to convert its borrowing from ACLEDA NGO amounting to US\$400,000 to subordinated debt.

On 01 August 2008, the NBC approved the Bank to convert its borrowing from DEG amounting to US\$10,000,000 to subordinated debt. On 21 November 2008, the NBC also approved for the Bank to convert its borrowing from FMO amounting to US\$10,000,000 to subordinated debt.

As at 31 December 2008, the total conversion from borrowings to subordinated debt was US\$40,400,000 (2007: US\$5,000,000).

Movement of the subordinated debt is as follows:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Balance at 1 January 2008	13,241,055	53,003,944	5,152,156	20,902,297
Re-lending of interest paid	-	-	3,015,132	12,069,574
Converted to share capital (note 25)	(8,577,000)	(35,002,737)	-	-
Conversion from borrowings	40,400,000	164,872,400	-	-
Conversion from shareholders	-	-	5,000,000	20,015,000
Currency translation differences	10,916	1,077,350	73,767	17,073
Balance at 31 December	45,074,971	183,950,957	13,241,055	53,003,944

24. STAFF PENSION LIABILITIES

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
As at 1 January	225,935	904,418	633,513	2,570,162
Additions for the year:				
Bank's contribution	2,416,979	9,863,691	1,651,892	6,612,524
Employees' contribution	1,216,221	4,963,398	825,946	3,306,261
Interest	139,194	568,051	121,733	487,297
Payment to employees	(58,535)	(238,881)	(45,322)	(181,425)
ASA Inc. purchases shares from				
ACLEDA NGO by pension fund	-	-	(1,337,602)	(5,354,421)
Converted into ASA shares(a)	(1,381,154)	(5,636,489)	(1,623,000)	(6,496,869)
Currency translation difference	1,795	24,947	(1,225)	(39,111)
As at 31 December	2,560,435	10,449,135	225,935	904,418

24. STAFF PENSION LIABILITIES (continued)

(a) On 24 December 2007 letters were obtained from individual members of staff and addressed to the Board of Directors of ASA Inc., allowing ASA Inc. to use their pension funds to purchase additional shares in the Bank. As of 31 December 2008, the Bank transferred US\$1,381,154 from the staff pension fund into separate account for the purpose of purchasing 1,381,154 shares in the Bank at US\$ 1 per share in 2008.

25. SHARE CAPITAL

During the year, ASA Inc. purchased shares in the Bank from ACLEDA NGO as follows:

	ACLEDA NGO US\$	ASA Inc. US\$	Others US\$	Total US\$
At 1 January 2008	9,600,000	5,700,000	14,700,000	30,000,000
Add: Increase number of shares and paid up during the year	6,400,000	3,800,000	9,800,000	20,000,000
At 31 December 2008	<u>16,000,000</u>	<u>9,500,000</u>	<u>24,500,000</u>	<u>50,000,000</u>

ASA Inc.

The US\$3,800,000 capital paid-up included the amount of US\$1,381,154 which ASA Inc. converted from pension fund (see note 24) and the remaining was cash contribution.

ACLEDA NGO

The amount of US\$6,400,000 represents net capital contribution during the year. US\$8,577,000 was converted from subordinated debts (see note 23).

The total authorised amount of share capital of the Bank as at 31 December 2008 was 50,000,000 shares (2007: 30,000,000 shares) with a par value of US\$1 per share (2007: US\$1 per share).

	31 December 2008		31 December 2007	
	Percentage	US\$	Percentage	US\$
ACLEDA NGO	32.00%	16,000,000	32.00%	9,600,000
ASA Inc.	19.00%	9,500,000	19.00%	5,700,000
Deutsche Investitions-und Entwicklungsgesellschaft (DEG)	12.25%	6,125,000	12.25%	3,675,000
FMO	12.25%	6,125,000	12.25%	3,675,000
IFC	12.25%	6,125,000	12.25%	3,675,000
Stichting Triodos Doen	6.14%	3,071,750	7.95%	2,383,750
Triodos Fair Share Fund	6.11%	3,053,250	4.30%	1,291,250
	<u>100.00%</u>	<u>50,000,000</u>	<u>100%</u>	<u>30,000,000</u>

26. CONTINGENT LIABILITIES AND COMMITMENTS

a) *Loan commitment, guarantee and other financial facilities*

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:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Unused portion of approved credit facilities	9,025,763	36,834,139	6,240,667	24,981,389
Letters of credit	3,361,324	13,717,563	2,596,789	10,394,947
Bank guarantees	6,400,175	26,119,114	3,013,367	12,062,509
	<u>18,787,262</u>	<u>76,670,816</u>	<u>11,850,823</u>	<u>47,438,845</u>

These commitments are secured by cash deposits of US\$1,959,294 (2007: US\$1,010,293), as disclosed in note 19. The commitments above are expected to be utilised and settled within one year.

b) *Operating lease commitments*

As at 31 December 2008, the Bank had non cancelable lease commitments for its lease of provincial offices and equipment rentals with details as follows:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Less than one year	1,401,331	5,718,832	2,463,996	9,863,376
One year and less than five years	795,678	3,247,162	1,822,279	7,294,583
Five years or more	179,840	-	-	-
	<u>2,376,849</u>	<u>8,965,994</u>	<u>4,286,275</u>	<u>17,157,959</u>

c) *Capital expenditure and other service commitments*

As at 31 December 2008, the Bank had capital expenditure commitments with details as follows:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Not later than one year	784,273	3,200,618	84,593	338,626
	<u>784,273</u>	<u>3,200,618</u>	<u>84,593</u>	<u>338,626</u>

27. CASH AND CASH EQUIVALENTS

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Cash on hand	77,489,243	316,233,601	48,526,160	194,250,218
Balances with other banks and other financial institutions	199,227	813,045	10,058,643	40,264,748
Placement with other banks and financial institutions	10,724,340	43,766,032	7,518,994	30,098,533
Current accounts with the Central Bank and the Bank of Laos	19,133,793	78,085,009	7,842,322	31,392,815
Fixed deposits with the Central Bank	24,000,000	97,944,000	33,000,000	132,099,000
	<u>131,546,603</u>	<u>536,841,687</u>	<u>106,946,119</u>	<u>428,105,314</u>

28. CASH USED IN OPERATIONS

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
OPERATING ACTIVITIES				
Profit before income tax	24,884,660	101,554,297	12,277,762	49,147,881
<i>Adjustments for:</i>				
Provisions for loan losses	2,191,705	8,944,348	1,441,106	5,768,747
Depreciation	2,703,974	11,034,918	1,262,872	5,055,277
Amortisation of intangible assets	600,518	2,450,714	332,088	1,329,348
Gain on sales of property and equipment	(94,973)	(387,585)	(74,989)	(300,181)
Bad debts written off	(221,808)	(905,198)	(146,019)	(584,514)
Unrealised foreign exchange gain/(loss) on senior and subordinated debts	(865,339)	(3,531,448)	268,808	1,076,038
Operating income before working capital changes	29,198,737	119,160,046	15,361,628	61,492,596
<i>Changes in working capital:</i>				
Increase in loans and advances to customers	(148,701,220)	(606,849,679)	(155,405,586)	(622,088,561)
Increase in other assets	(3,633,913)	(14,829,999)	(1,565,448)	(6,266,488)
Increase in deposits from banks	27,703,055	113,056,167	-	-
Increase in amount due to customers	115,566,176	471,625,564	221,383,532	886,198,279
Increase in accruals and other liabilities	642,260	2,621,063	10,878,975	43,548,537
Increase/(decrease) in staff pension liability	3,715,654	15,163,584	(407,578)	(1,631,535)
Cash generated from operations	<u>24,490,749</u>	<u>99,946,746</u>	<u>90,245,523</u>	<u>361,252,828</u>

29. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the year end and relating expenses and income for the year are as follows:

a) Loans and advances to directors and other key management personnel

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Loans and advances to key management				
Outstanding at 1 January	2,607,430	10,437,542	384,794	1,561,109
Loans issued during the year	3,309,098	13,504,429	2,877,876	11,520,138
Loan repayments during the year	(1,275,618)	(5,205,797)	(655,240)	(2,622,926)
Currency valuation	-	203,380	-	(20,777)
Loans outstanding 31 December 2008	4,640,910	18,939,554	2,607,430	10,437,544
Interest income earned	364,645	1,488,116	173,352	693,930

No provisions have been recognised in respect of loans given to related parties. The loan to directors and key management carry interest rate ranging from 10% to 12% per annum.

b) Deposits from shareholders, directors and other key management personnel

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Due to key management				
Deposits at 1 January	1,168,987	4,679,456	1,616,223	6,557,018
Deposits received during the year	16,815,404	68,623,664	6,704,589	26,838,470
Deposits repaid during the year	(12,991,974)	(53,020,246)	(7,151,825)	(28,628,755)
Currency valuation	-	91,180	-	(87,277)
Deposits at 31 December 2008	4,992,417	20,374,054	1,168,987	4,679,456
Interest expense on deposits	20,179	73,564	41,475	166,024

29. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Borrowings, senior debt and subordinated debt from shareholders

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Borrowings and other debt from shareholders				
Outstanding at 1 January	33,635,219	134,641,782	27,144,575	108,659,734
Borrowings and debts received during the year	39,000,000	159,159,000	13,721,836	54,928,510
Borrowings and debts repayment during the year	(5,357,142)	(21,862,497)	(7,500,000)	(30,022,500)
Converted to share capital (note 25)	(8,577,000)	(35,002,737)	-	-
Currency translation differences	(184,253)	1,871,611	268,808	1,076,038
Outstanding at 31 December 2008	<u>58,516,824</u>	<u>238,807,159</u>	<u>33,635,219</u>	<u>134,641,782</u>
Interest expense on borrowings and debts	<u>6,352,957</u>	<u>25,926,418</u>	<u>2,811,208</u>	<u>11,253,264</u>

d) Key management compensation, Board of Director expenses and others

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Board of Director expenses and others	124,717	508,970	133,854	535,818
<i>Key management:</i>				
Salaries and other short-term benefits	7,751,438	31,633,619	4,985,957	19,958,785
Pension funds	1,366,749	5,473,610	898,728	3,597,606
Total	<u>9,242,904</u>	<u>37,616,199</u>	<u>6,018,538</u>	<u>24,092,209</u>

30. SUBSEQUENT EVENTS

(a) On 15 January 2009, the shareholders approved on the amended Article 6 and Article 8 of the Memorandum and Articles of Association of the Bank in relation to the increase of capital from US\$50,000,000 to US\$60,000,000.

Details of this capital increase are as follows:

	Percentage	US\$	No. of shares
ACLEDA NGO	32.00%	19,200,000	19,200,000
ASA Inc.	19.00%	11,400,000	11,400,000
DEG	12.25%	7,350,000	7,350,000
FMO	12.25%	7,350,000	7,350,000
IFC	12.25%	7,350,000	7,350,000
Stichting Triodos Doen	6.14%	3,685,750	3,685,750
Triodos Fair Share Fund	6.11%	3,664,250	3,664,250
	100.00%	60,000,000	60,000,000

(b) On 26 January 2009, the National Bank of Cambodia issued Prakas requiring all commercial banks to maintain reserve requirements against deposits and borrowings at a daily average balance equal to 8% in Riels and 12% in foreign currencies with the National Bank of Cambodia. This Prakas will supersede the existing Prakas where it required to maintain reserve requirements at 8% in Riels and 16% in foreign currencies.

(c) On 25 February 2009, the Central Bank issued a Prakas, B7-09-074 revising loans classification and provisioning for banks and financial institutions. It applies for loans and advances or other assets with similar nature. The Prakas replaces existing Prakas B7-00-51 and B702-145 from 25 February 2009. The minimum mandatory loan loss provision is made depending on the classification concerned unless other information is available to indicate worsening.

Below table compares the current and new loan classifications and minimum provisioning requirements:

Classifications	Minimum Provisioning Requirements	Minimum Provisioning Requirements
	Current	New
Standard	0%	1%
Special mention	NA	3%
Sub-standards	10%	20%
Doubtful	30%	50%
Loss	100%	100%

Both past due and qualitative factors shall be taken into account for loan classification and provisioning.

31. SEGMENT ANALYSIS

(a) By business segment

The Bank is engaged in the normal commercial banking business, there are no major business segments to be reported.

(b) By geographical

The Bank operates in two geographical areas. Cambodia is the home country of the parent bank, which also the main operating entity. The Bank just invested in Laos in 2008 and the operating of the subsidiary considered small to the Parent. Summary of balance sheet and income statement are showed by the geographical area where the entities located. The balance sheet and income statement of each geographical area are separate statements before taking into account of elimination of inter-bank transactions and balances.

Balance sheet

	Kingdom of Cambodia		Laos
	2008	2007	2008
	US\$	US\$	US\$
ASSETS			
Cash on hand	76,724,520	48,526,160	764,723
Balances with banks	18,650,131	21,300,333	910,770
Balances with the Central Bank	100,429,191	72,437,822	8,247,204
Loans and advances to customers	456,309,251	310,681,263	1,112,883
Property and equipment including software	18,983,688	13,909,474	1,501,025
Investment	5,477,398	-	-
Other assets	10,933,232	6,198,293	449,588
Total assets	687,507,411	473,053,345	12,986,193
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits from banks	29,459,806	1,756,751	-
Due to customers	457,572,432	342,776,564	1,478,526
Accruals and other liabilities	20,274,170	14,553,300	1,515,022
Borrowings including senior and subordinated debts	93,258,799	64,314,351	-
Total liabilities	600,565,207	423,400,966	2,993,548
SHAREHOLDERS' EQUITY			
Share capital	50,000,000	30,000,000	11,730,995
Retained earnings	21,186,825	9,738,918	(1,738,350)
Reserves	15,755,379	9,913,461	-
Total equity	86,942,204	49,652,379	9,992,645
Total liabilities and shareholders' equity	687,507,411	473,053,345	12,986,193

The share capital of Lao subsidiary was converted to presentation currency ("US\$") using the closing rate. For the purpose of consolidation, the share capital was retranslated using historical rate so that the investment can be eliminated. The foreign exchange differences were recognised in the equity of the consolidated financial statements.

31. SEGMENT ANALYSIS (continued)

Income statement

	Kingdom of Cambodia		Laos
	2008	2007	2008
	US\$	US\$	US\$
Interest and similar income	88,660,339	52,724,561	43,861
Interest expense and similar charges	(20,119,972)	(11,496,954)	(18,360)
Net interest income	68,540,367	41,227,607	25,501
Fee and commission income	8,615,935	4,866,581	961
Fee and commission expense	(468,124)	(545,652)	-
Net fee and commission income	8,147,811	4,320,929	961
Other operating income	3,649,298	1,992,335	(29,731)
General and administrative expenses	(51,535,376)	(33,822,003)	(1,722,466)
Operating profit/(loss) before extensions of credit	28,802,100	13,718,868	(1,725,735)
Provision for loan losses	(2,180,464)	(1,441,106)	(11,241)
Profit/(loss) before income tax	26,621,636	12,277,762	(1,736,976)
Income tax expense	(5,434,811)	(2,538,844)	(1,374)
Profit/(loss) for the year	21,186,825	9,738,918	(1,738,350)

32. FINANCIAL RISK MANAGEMENT

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

The Bank does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to manage its risk exposures.

32.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business. Credit exposures arise principally in activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management is carried out by the Bank's credit committee.

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(a) Credit risk measurement

Exposure to credit is managed by the Bank through the following procedures:

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

(b) Risk limit control and mitigation policies

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

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

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

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

(c) Impairment and provisioning policies

The Bank is required to follow the mandatory credit classification and provisioning in accordance with Prakas No. B7-00-51 dated 17 February 2000 on the classification and provisioning for bad and doubtful debts and Prakas No B7-02-145 dated 7 June 2002 on the amendment on Prakas No B7-00-51 of the Central Bank. The Central Bank requires commercial banks to classify their loans portfolio into four classes and minimum mandatory level of specific provision is made depending on the classification concerned and regardless of the assets (except for cash) pledged as collateral, as follows:

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(c) Impairment and provisioning policies (continued)

	2008	2007
Standard	0%	0%
Substandard	10%	10%
Doubtful	30%	30%
Loss	100%	100%

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

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Credit risks exposures relating to on-balance sheet assets:				
Balances with other banks	18,852,683	76,937,799	21,300,333	85,265,233
Loans and advances:				
Short-term loans	164,344,237	670,688,831	84,690,903	339,017,685
Long-term loans	212,075,395	865,479,687	168,131,390	673,029,954
Overdrafts	7,363,318	30,049,701	7,284,441	29,159,617
Related party loans	4,640,910	18,939,554	2,607,430	10,437,542
Real estates loans	15,248,508	62,229,161	4,422,610	17,703,709
Consumer loans	60,805,441	248,147,005	47,937,221	191,892,695
Provision for loan loss and amortised loan fee	(7,055,675)	(28,794,210)	(4,392,732)	(17,584,106)
Net loans and advances	457,422,134	1,866,739,729	310,681,263	1,243,657,096
Other assets	6,008,606	24,521,122	4,136,692	16,559,178
	482,283,423	1,968,198,650	336,118,288	1,345,481,507
Credit risk exposures relating to off-balance sheet items:				
Unused portion of approved credit facilities	9,025,763	36,834,139	6,240,667	24,981,389
Letters of credit	3,361,324	13,717,563	2,596,789	10,394,947
Bank guarantees	6,400,175	26,119,114	3,013,367	12,062,509
	18,787,262	76,670,816	11,850,823	47,438,845
At 31 December	501,070,685	2,044,869,466	347,969,111	1,392,920,352

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

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

The above table represents a worse case scenario of credit risk exposure to the Bank at 31 December 2008 and 2007, without taking account of any collateral held or other credit enhancement attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

As shown above, 93% of total maximum exposure is derived from loans and advances to customers (2007: 91%).

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

- 99% of the loans and advances portfolio are considered to be neither past due nor impaired (2007: 99%)
- The Bank has introduced a stricter selection process for granting loans and advances, eg on real estate sector and
- 97% of loan portfolio is backed by collateral representing 60% of the portfolio's value.

(e) Loans and advances

Loans and advances are summarised as follows:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Loans and advances neither past due nor impaired	462,489,107	1,887,418,046	314,679,767	1,259,663,107
Loans and advances past due but not impaired	659,084	2,689,722	195,762	783,636
Loans and advances individually impaired	1,329,618	5,426,171	198,466	794,459
Gross	464,477,809	1,895,533,939	315,073,995	1,261,241,202
Less:				
Provision for loan loss	5,166,105	21,082,875	3,205,756	12,832,643
Unamortised loan commitment fees	1,889,570	7,711,335	1,186,976	4,751,463
Net	457,422,134	1,866,739,729	310,681,263	1,243,657,096

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(e) *Loans and advances (continued)*

For the purpose of loan provisioning, expected recovery from collateral (except cash) is not taken into consideration in accordance with the Central Bank's requirement. Total provision for loan loss is US\$5,166,105 (2007: US\$3,205,756) which represents specific provision for the individual loans and 1% general provision of total loans outstanding, net of specific provision.

(i) *Loans and advances neither past due or impaired*

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

(ii) *Loans and advances past due but not impaired*

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount loans and advances by class to customer that were past due but not impaired were as follows:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Past due up to 30 days	341,898	1,395,286	137,574	550,709
Past due 30-60 days	122,547	500,114	30,935	123,833
Past due 60-90 days	194,639	794,322	27,253	109,094
	<u>659,084</u>	<u>2,689,722</u>	<u>195,762</u>	<u>783,636</u>
Fair value of collateral (**)	<u>3,790,137</u>	<u>15,467,549</u>	<u>271,061</u>	<u>1,085,057</u>

(iii) *Loans and advances individually impaired*

In accordance with Prakas No. B7-00-51 dated 17 February 2000 on the classification and provisioning for bad and doubtful debts, loans and advances past due more than 90 days are considered impaired and minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(e) Loans and advances (continued)

(iii) Loans and advances individually impaired (continued)

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Housing loan	364,142	1,486,064	-	-
Overdraft	404,499	1,650,760	-	-
Micro loan	111,215	453,868	69,705	279,028
Small loan	70,691	288,490	65,338	261,548
Medium loan	376,421	1,536,174	55,511	222,211
Personal loan	2,650	10,815	7,912	31,672
	<u>1,329,618</u>	<u>5,426,171</u>	<u>198,466</u>	<u>794,459</u>
Fair value of collateral (**)	<u>2,683,094</u>	<u>10,949,707</u>	<u>802,962</u>	<u>3,214,257</u>

** The value of collateral is based on the valuation performed internally by the Bank, as there is no active market to determine fair value. Under the Central Bank's regulation, the fair value of collateral is not taken into account when determining the impairment of loans and advances to customers.

(f) Repossessed collateral

During the year ended 31 December 2008, the Bank did not obtain assets by taking possession of collateral held as security (2007: nil).

Repossessed properties have to be sold within one year as required by the Central Bank. Repossessed property is classified in the balance sheet as foreclosed properties.

(g) Concentration of financial assets with credit risk exposure

(i) Geographical sector

The following table breaks down the Bank's main credit exposure at their carrying amount, as categorised by geographical region as at 31 December 2008. For this table, the Bank has allocated exposure to countries based on the country of domicile of our counterparties.

32. FINANCIAL RISK MANAGEMENT (continued)

32.1 Credit risk (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

(i) Geographical sector (continued)

	Cambodia US\$	America US\$	Laos US\$	Belgium US\$	Singapore US\$	Others US\$	Total US\$
31 December 2008							
Balances with other banks	6,177,191	6,619,672	910,770	3,306,149	1,712,566	126,335	18,852,683
Loans and advances	456,309,251	-	1,112,883	-	-	-	457,422,134
Other assets	5,888,334	-	120,272	-	-	-	6,008,606
As at 31 December 2008	468,374,776	6,619,672	2,143,925	3,306,149	1,712,566	126,335	482,283,423
In KHR'000 equivalents (unaudited)	1,911,437,461	27,014,881	8,749,358	13,492,394	6,988,982	515,573	1,968,198,649
31 December 2007							
Balances with other banks	3,313,561	14,385,657	-	2,656,838	-	944,277	21,300,333
Loans and advances	310,681,263	-	-	-	-	-	310,681,263
Other assets	4,136,692	-	-	-	-	-	4,136,692
As at 31 December 2007	318,131,516	14,385,657	-	2,656,838	-	944,277	336,118,288
In KHR'000 equivalents (unaudited)	1,273,480,459	57,585,785	-	10,635,323	-	3,779,941	1,345,481,508

(ii) Industry sector

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.

	Financial Institutions US\$	Services US\$	Commercial trading US\$	Manufacturing US\$	Agriculture US\$	Others US\$	Total US\$
31 December 2008							
Balances with other banks	18,852,683	-	-	-	-	-	18,852,683
Loans and advances	-	108,284,511	260,946,903	23,208,709	64,982,011	-	457,422,134
Other assets	-	-	-	-	-	6,008,606	6,008,606
As at 31 December 2008	18,852,683	108,284,511	260,946,903	23,208,709	64,982,011	6,008,606	482,283,423
In KHR'000 equivalents (unaudited)	76,937,799	441,909,089	1,064,924,311	94,714,741	265,191,587	24,521,122	1,968,198,649
31 December 2007							
Balances with other banks	21,300,333	-	-	-	-	-	21,300,333
Loans and advances	-	79,462,993	182,314,029	13,965,947	34,938,294	-	310,681,263
Other assets	-	-	-	-	-	4,136,692	4,136,692
As at 31 December 2007	21,300,333	79,462,993	182,314,029	13,965,947	34,938,294	4,136,692	336,118,288
In KHR'000 equivalents (unaudited)	85,265,233	318,090,361	729,803,058	55,905,686	139,857,991	16,559,178	1,345,481,507

32. FINANCIAL RISK MANAGEMENT (continued)

32.2 Market risk

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Bank does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

(i) Foreign exchange risk

The Bank operates in Cambodia and Lao PDR and transacts in many currencies. It is exposed to various currency risks, primarily with respect to Khmer Riel, Euro, Thai Baht, LAK, JPY, AUD, VND and CAD.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Bank's functional currency.

The management monitors their foreign exchange risk against functional currencies. However, the Bank is not required to hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The table in note 33 summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2008.

(ii) Price risk

The Bank is not exposed to securities price risk, because it does not hold any investment classified on the balance sheet either as available for sale. The Bank currently does not have a policy to manage its price risk.

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise. The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate reprising that may be undertaken; however, the management regularly monitors the mismatch.

The table in note 34 summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

32.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

(a) Liquidity risk management process

The Bank's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

32. FINANCIAL RISK MANAGEMENT (continued)

32.3 Liquidity risk (continued)

(b) Funding approach

The Bank's main sources of liquidities arise from shareholder's paid-up capital and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

(c) Non-derivative cash flows

The table in note 35 presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities as of the balance

sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

32.4 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

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

(b) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair value of those financial assets and liabilities not presented on the Bank's consolidated balance sheet at their fair value.



32. FINANCIAL RISK MANAGEMENT (continued)

32.4 Fair value of financial assets and liabilities (continued)

	Carrying value		Fair value	
	US\$ 2008	US\$ 2007	US\$ 2008	US\$ 2007
Financial assets				
Balances with other banks	18,852,683	21,300,333	18,852,683	21,300,333
Loans and advances	457,422,134	310,681,263	457,422,134	310,681,263
	476,274,817	331,981,596	476,274,817	331,981,596
Financial liabilities				
Deposits from banks	29,459,806	1,756,751	29,459,806	1,756,751
Due to customers	458,342,740	342,776,564	458,342,740	342,776,564
Borrowings	93,258,799	380,589,159	93,258,799	380,589,159
	581,061,345	725,122,474	581,061,345	725,122,474
Off balance sheet financial instruments				
Unused portion of approved credit facilities			6,240,667	24,981,389
Letters of credit			2,596,789	10,394,947
Bank guarantees			3,013,367	12,062,509
			11,850,823	47,438,845

i. Balances with other banks

Balances with other banks include current accounts which are non-interest bearing, saving deposits and short-term deposits. The fair value of balances with other banks approximates the carrying amount.

ii. Loans and advances to customers

Loans and advances are net of provision for loan losses and its carrying value approximates fair value. The provision of loan losses is made under the requirements of Central Bank's Prakas.

iii. Deposits from banks, due to customer and borrowings

The fair value of amounts due to other banks and customers approximates the carrying amount. The fair value of due to other banks and customers with no stated maturities which include non-interest bearing deposits is the amount repayable on demand.

The fair value of fixed interest-bearing deposits and borrowings not quoted in an active market is based on discounted cash flows using the interest rates of such deposits and borrowings.

32. FINANCIAL RISK MANAGEMENT (continued)

32.5 Capital management

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

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

The Central Bank requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's networth at least equal to minimum capital and iii) comply with solvency, liquidity and other prudential ratios.

The table below summarises the composition of regulatory capital:

	31 December 2008		31 December 2007	
	US\$	Riel '000 <i>Unaudited</i>	US\$	Riel '000 <i>Unaudited</i>
Tier 1 Capital				
Share capital	50,000,000	204,050,000	30,000,000	120,090,000
Retained earnings	20,361,109	83,093,686	9,738,918	38,984,889
Reserves	15,850,203	64,684,679	9,913,461	39,683,584
Less: intangible assets	(2,585,242)	(10,550,373)	(1,691,255)	(6,770,094)
Less: loans to related parties	(4,640,910)	(18,939,554)	(2,607,430)	(10,437,542)
	78,985,160	322,338,438	45,353,694	181,550,837
Tier 2 Capital				
Subordinated debts (*)	45,074,971	183,950,957	13,241,055	53,003,943
Total regulatory capital (net worth)	124,060,131	506,289,395	58,594,749	234,554,780

(*) This represents subordinated debts were approved by Central Bank.

33. CURRENCY ANALYSIS

	Thai Baht	Riel	Euro	US\$	AUD	VND	CAD	LAK	JPY	Total
As at 31 December 2008										
ASSETS										
Cash on hand	6,380,044	14,761,098	923,210	55,023,658	88,304	17,698	41,711	214,311	39,209	77,489,243
Balances with other banks and financial institutions	6,737	586	-	139,493	-	-	23,378	-	29,033	199,227
Placements with other banks and financial institutions	45,647	-	5,566,114	13,020,220	201	1,205	-	20,069	-	18,653,456
Balances with the Central Bank	9,655	8,203,950	-	92,523,936	-	-	-	7,938,854	-	108,676,395
Loans and advances to customers	8,531,166	44,575,067	-	403,768,341	-	-	-	547,560	-	457,422,134
Other assets	163,977	833,589	4,175	4,965,505	-	-	-	41,360	-	6,008,606
Total financial assets	15,137,226	68,374,290	6,493,499	569,441,153	88,505	18,903	65,089	8,762,154	68,242	668,449,061
LIABILITIES										
Deposits from banks	235,276	4,798,567	-	24,425,963	-	-	-	-	-	29,459,806
Due to customers	14,586,873	37,865,244	6,318,080	399,167,452	4,461	457	15,431	384,742	-	458,342,740
Accruals and other liabilities	166,029	1,614,065	86,950	11,232,734	-	-	1,320	41,178	-	13,142,276
Borrowings	-	12,741,975	-	29,394,663	-	-	-	-	-	42,136,638
Senior debt	693,558	5,324,853	-	28,779	-	-	-	-	-	6,047,190
Subordinated debt	10	23,043	-	45,051,918	-	-	-	-	-	45,074,971
Total financial liabilities	15,681,746	62,367,747	6,405,030	509,301,509	4,461	457	16,751	425,920	-	594,203,621
Net on balance sheet position	(544,520)	6,006,543	88,469	60,139,644	84,044	18,446	48,338	8,336,234	68,242	74,245,440
Credit commitment	-	-	738,818	17,956,067	-	-	92,377	-	-	18,787,262
As at 31 December 2007										
Total financial assets	16,804,138	42,915,162	3,547,521	393,427,558	131,838	108,533	53,958	201	93,361	457,082,270
Total financial liabilities	17,147,965	42,802,459	3,560,440	357,738,739	26,494	1,417	4,521	-	65,647	421,347,682
Net on balance sheet position	(343,827)	112,703	(12,919)	35,688,819	105,344	107,116	49,437	201	27,714	35,734,588



Handicraft making



34. INTEREST RATE RISK

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	non-interest bearing	Total
As at 31 December 2008	US\$	US\$	US\$	US\$	US\$	US\$	US\$
ASSETS							
Cash on hand	-	-	-	-	-	77,489,243	77,489,243
Balances with other banks and financial institutions	-	-	-	-	-	199,227	199,227
Placements with other banks and financial institutions	9,977,968	5,317,149	2,195,000	-	-	1,163,339	18,653,456
Balances with the Central Bank	53,561,422	3,300,000	5,500,000	-	-	46,314,973	108,676,395
Loans and advances to customers	30,282,431	72,976,314	184,328,911	140,529,387	31,194,659	(1,889,568)	457,422,134
Other assets	-	-	-	-	-	6,008,606	6,008,606
Total financial assets	93,821,821	81,593,463	192,023,911	140,529,387	31,194,659	129,285,820	668,449,061
LIABILITIES							
Deposits from banks	17,414,587	1,960,304	5,100,000	-	-	4,984,915	29,459,806
Due to customers	235,196,424	30,913,173	102,165,237	23,255,706	3,642,347	63,169,853	458,342,740
Accruals and other liabilities	-	-	5,752	-	-	13,136,524	13,142,276
Borrowings	2,940,456	5,528,668	10,381,798	23,285,716	-	-	42,136,638
Senior debt	1,722,337	-	-	-	4,324,853	-	6,047,190
Subordinated debt	51,928	-	10,000,000	5,000,000	30,023,043	-	45,074,971
Total financial liabilities	257,325,732	38,402,145	127,652,787	51,541,422	37,990,243	81,291,292	594,203,621
Total interest repricing gap	(163,503,911)	43,191,318	64,371,124	88,987,965	(6,795,584)	47,994,528	74,245,440
As at 31 December 2007							
Total financial assets	63,028,848	45,306,353	135,146,466	96,377,187	29,251,075	87,972,341	457,082,270
Total financial liabilities	198,395,803	24,919,255	73,256,282	36,954,780	21,743,569	66,077,993	421,347,682
Total interest repricing gap	(135,366,955)	20,387,098	61,890,184	59,422,407	7,507,506	21,894,348	35,734,588



PVC hose manufacturing

35. LIQUIDITY ANALYSIS

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	No fixed date	Total
As at 31 December 2008	US\$	US\$	US\$	US\$	US\$	US\$	US\$
LIABILITIES							
Deposits from banks	22,451,870	1,992,976	5,286,166	-	-	-	29,731,012
Due to customers	296,830,020	33,483,636	106,838,056	26,557,582	6,207,767	-	469,917,061
Accruals and other liabilities	3,754,823	1,009,949	7,864,080	258,409	3,670	251,345	13,142,276
Borrowings	3,187,555	3,742,993	11,223,479	29,188,368	1,513,284	-	48,855,679
Senior debt	981,081	-	339,134	1,186,503	5,406,172	-	7,912,890
Subordinated debt	113,439	596,139	3,141,822	20,525,844	46,162,374	-	70,539,618
Total financial liabilities							
(contractual maturity dates)	327,318,788	40,825,693	134,692,737	77,716,706	59,293,267	251,345	640,098,536
Total financial assets							
(expected maturity dates)	178,061,500	78,396,157	190,202,058	140,529,483	31,194,659	50,065,204	668,449,061
As at 31 December 2007							
LIABILITIES							
Deposits from banks	1,632,154	126,500	-	-	-	-	1,758,654
Due to customers	247,275,409	19,644,616	59,146,101	18,705,431	3,921,819	-	348,693,376
Accruals and other liabilities	10,191,093	389,090	1,794,814	99,493	25,526	-	12,500,016
Borrowings	771,928	3,819,127	17,450,456	27,075,273	5,696,587	-	54,813,371
Senior debt	1,152	-	421,814	1,471,740	7,083,683	-	8,978,389
Subordinated debt	115,226	-	997,038	4,101,333	20,701,478	-	25,915,075
Total financial liabilities							
(contractual maturity dates)	259,986,962	23,979,333	79,810,223	51,453,270	37,429,093	-	452,658,881
Total financial assets							
(expected maturity dates)	129,356,273	45,655,139	134,649,824	96,519,451	29,297,749	21,603,834	457,082,270



A client plants tapioca tree for flour producing.



Credit Ratings

Moody's Investors Service

Global Credit Research
Credit Opinion
August 26, 2008

Credit Opinion: ACLEDA Bank Plc.
Phnom Penh, Cambodia

Ratings List

Category	Ratings
Outlook	Stable
Bank Deposits — Foreign Currency	B3/NP
Bank Deposits — Domestic Currency	Ba1/NP
Bank Financial Strength Rating	D
Issuer Rating — Foreign Currency	B1
Issuer Rating — Domestic Currency	Ba1
ST Issuer Rating	NP

Standard & Poor's

ACLEDA Bank Plc.
November 18, 2008

Ratings List

Category	Ratings
ACLEDA Bank Plc.	
Counterparty Credit Rating	B+/Stable/B
Bank Fundamental Strength Rating: Local Currency	D
Certificate of Deposit	B+/B

Note: For further details, please visit Moody's Investors Service website at www.moodys.com, and Standard & Poor's at www.standardandpoors.com/ratingsdirect or ACLEDA Bank Plc's website at www.acledabank.com for summary report.

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Note: N/R = Not relevant
N/A = Not available



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Tel: +855 (0)63 963 660 / 963 251, +855 (0)15 900 396

Fax: +855 (0)63 963 280 / 393 911

E-mail: srp@acledabank.com.kh

And 2 offices (Khmar Sanday, Preah Dak)*



PUOK DISTRICT

#1220, National road No. 6, Kouk Chuon village,
Puok commune, Puok district, Siem Reap province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)63 767 002 / 767 013, +855 (0)15 900 348

Fax: +855 (0)63 767 001

E-mail: puk.srp@acledabank.com.kh

*And 5 offices (Sasar Sdam, Angkor Chum, Srenoy, Kralanh,
Chruoy Neang Nguon)*



SOTR NIKUM DISTRICT

National road No. 6, Group 1, Damdaek Thmei village, Damdaek commune,
Sotr Nikum district, Siem Reap province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)15 800 692

Fax: +855 (0)63 393 922

E-mail: sotrnikum_acleda@camshin.com.kh

And 3 offices (Sway Loeu, Chi Kraeng, Sang Vey)



SIEM REAP MUNICIPALITY

#006, National road No. 6, Group 7, Salakanseng village,
Sangkat Svay Dangkum, Siem Reap municipality,
Siem Reap province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)63 965 646 / 965 649, +855 (0)15 800 691

Fax: +855 (0)63 964 950

E-mail: srp.do@acledabank.com.kh

And 1 office (Kantreang)



OTDAR MEANCHEY

#127, Group 4, Samraong village, Sangkat Samraong,
Samraong municipality, Otdar Meanchey province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)15 900 329, +855 (0)65 390 444

Fax: +855 (0)15 632 114

E-mail: omc@acledabank.com.kh

*And 4 offices (Kouk Moan, Sangkat O'smach,
Anlong Veng, Trapeang Prasat)*



BANTEAY MEANCHEY

268D-269D-270D-271D, Group 13, village 3, Sangkat Preah Ponlear, Serei Saophoan municipality, Banteay Meanchey province, Cambodia.
P.O. Box: 1149

Tel: +855 (0)54 958 821 / 958 634 / 958 541, +855 (0)15 900 218 / 900 581

Fax: +855 (0)54 710 092 / 710 392

E-mail: bmc@acledabank.com.kh

And 6 offices (Preah Netr Preah, Srah Chik, Thma Puok, Roluos, Mongkul Borei, Phnom Toch)



POI PET MUNICIPALITY

Balelay village, Sangkat Poi Pet, Poi Pet municipality, Banteay Meanchey province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)54 967 020 / 967 468, +855 (0)15 900 323

Fax: +855 (0)54 967 469

E-mail: ppt@acledabank.com.kh

And 2 offices (Malai, Nimith)



KAMPOT-KEP

Ekreach street, 1 Ousphea village, Sangkat Kampong Kandal, Kampot municipality, Kampot province, Cambodia.

P.O.Box: 1149

Tel: +855 (0)33 932 880

Fax: +855 (0)33 932 334 / 932 336

E-mail: kpt@acledabank.com.kh

And 5 offices (Prek Tnot, Sangkat Prey Thom, Kampong Trach, Tuk Meas Khang Lech, Dang Tung)



CHHOUK DISTRICT

Sat Pong village, Sat Pong commune, Chhouk district, Kampot province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)15 900 243

Fax: +855 (0)33 399 008

E-mail: chk@acledabank.com.kh

And 3 offices (Trapaing Raing, Angkor Chey, Sdok)



TAKEO

National road No. 2, Lory village, Sangkat Rokar Khnong,
Don Keo municipality, Takeo province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)32 931 246 / 931 931 / 931 678, +855 (0)15 900 435

Fax: +855 (0)32 931 144 / 343 638 / 931 567

E-mail: tko@acledabank.com.kh

*And 4 offices (Tram Kak (Angk Ta Saom commune), Tram Kak
(Tram Kak commune), Cheang Tong, Phsar Thnal Bat)*



KIRIVONG DISTRICT

National road No. 2, Kampong village, Preah Bath Chorn Chum commune,
Kirivong district, Takeo province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)32 399 012, +855 (0)15 900 310

Fax: +855 (0)32 391 136 / 391 137

E-mail: kvg.tko@acledabank.com.kh

And 3 offices (Pshar Kiri, Kampong Chrey, Romenh)



PREYKABAS DISTRICT

Prey Lvea Keut village, Prey Lvea commune,
Preykabas district, Takeo province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)32 399 013, +855 (0)15 800 793

Fax: +855 (0)32 395 539

E-mail: tko_acledabank@camshin.com.kh

And 2 offices (Angkor Borei, Preyphdau)



BATI DISTRICT

National road No. 2, Chork village, Trapeang Sap commune,
Bati district, Takeo province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)15 800 792

Fax: +855 (0)32 393 637

E-mail: 012587869@camshin.com.kh

And 3 offices (Pot Sor, Samraong, Phsar Yeay Trap)



SIHANOUK

#135, Street Ekareach, Phum 1, Sangkat 2, Sihanouk municipality, Sihanouk province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)34 320 232 / 933 723, +855 (0)15 900 382 / 800 701

Fax: +855 (0)34 933 923

E-mail: snv@acledabank.com.kh

And 4 offices (Thmar Sar, Steung Hav, Prey Nob, Sre Ambel)



KOH KONG

Street 48, village 1, Sangkat Smach Mean Chey, Khemrak Phument municipality, Koh Kong province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)35 936 693, +855 (0)15 900 270

Fax: +855 (0)35 936 639

E-mail: kkg@acledabank.com.kh



PURSAT

#239, National road No. 5, Peal Nhek 1 village, Sangkat Pteah Prey, Pursat municipality, Pursat province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)52 951 434, +855 (0)15 900 350

Fax: +855 (0)52 951 634 / 951 334

E-mail: pur@acledabank.com.kh

And 5 offices (Kandieng, Krakor, Chheu Tom, Tnaot Chum, Phnom Kravanh)



BAKAN DISTRICT

Kraol Krabei village, Trapeang Choung commune, Bakan district, Pursat province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)15 900 968

Fax: +855 (0)52 399 001

E-mail: bakan_acleda@camshin.com.kh

And 2 offices (Otapong, Talo)



KAMPONG THOM

#36, National road No. 6, Group 3, Stung Sen village, Sangkat Kampong Krabao, Stung Sen municipality, Kampong Thom province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)62 961 243 / 962 247, +855 (0)15 900 295

Fax: +855 (0)62 961 444

E-mail: ktm@acledabank.com.kh

And 6 offices (Sala Visai, Sandan, Sambour, Stoung, Sannkor, Kraya)



(KAMPONG THMAR) DISTRICT

#43, National road No. 6, Group 03, Prey Tatrav village, Balang commune, Baray district, Kampong Thom province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)23 358 325, +855 (0)15 900 215

Fax: +855 (0)62 399 009, +855 (0)15 700 688

E-mail: kampongthmar@acledabank.com.kh

And 4 offices (Taing Kork, Baray, Krava, Taing Krasaing)



PREAH VIHEAR

Lor Oet village, Sangkat Kampong Pranak, Preah Vihear municipality, Preah Vihear province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)15 900 364

Fax: +855 (0)12 401 507

E-mail: pvh@acledabank.com.kh

And 5 offices (Kuleaen Tboung, Choam Ksan, Rovieng, Chey Sen, Sangkumthmei)



KAMPONG SPEU

National road No. 4, Samnang village, Sangkat Rokar Thom, Chbar Mon municipality, Kampong Speu province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)25 987 108, +855 (0)15 900 283

Fax: +855 (0)25 987 236 / 987 121

E-mail: ksp@acledabank.com.kh

And 5 offices (Traipang Kong, Kraing Chek, Svay Kravan, Phnom Sruoch, Traeng Trayueng,)



ODONGK DISTRICT

National road No.5, Odongk village, Viengchass commune, Odongk district, Kampong Speu province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)25 395 565, +855 (0)15 900 327

Fax: +855 (0)25 394 565 / 399 001

E-mail: odg.adm@acledabank.com.kh

And 3 offices (Monorom, Kampong Luong, Bat Doeung)



KONG PISEY DISTRICT

National road No. 3, Tram Khnar village, Snam Krapeu commune, Kong Pisey district, Kampong Speu province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)32 399 002, +855 (0)15 900 273

Fax: +855 (0)25 392 527

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

And 3 offices (Bor Seth, Pras Nipein, Srang)



KAMPONG CHHNANG

Trapaing Bei village, Sangkat Phsar Chhnang, Kampong Chhnang municipality, Kampong Chhnang province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)26 988 748 / 988 809 / 988 608 / 988 692,
+855 (0)15 900 256/ 900 731

Fax: +855 (0)26 988 623 / 988 693

E-mail: kcg@acledabank.com.kh

And 7 offices (Akphivat, Rolea B'ier, Kampong Hau, Baribour, Kampong Tralach, Preykry, Svay Chuk)



SVAY RIENG

Rong Banlae village, Sangkat Svay Rieng, Svay Rieng municipality, Svay Rieng province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)44 945 545 / 945 596, +855 (0)15 900 423

Fax: +855 (0)44 391 119

E-mail: svg@acledabank.com.kh

And 4 offices (Romeas Haek, Daun Sar, Gnor, Roumduol)



BAVET MUNICIPALITY

National road No. 1, Bavet Kandal village, Sangkat Bavet, Bavet municipality, Svay Rieng province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)44 946 050, +855 (0)15 800 787

Fax: +855 (0)44 946 060

E-mail: bavet@acledabank.com.kh

And 1 office (Sangkat Chhak Mates)



PREY VENG

Group 9, village 4, Sangkat Kampong Leav, Kampong Leav municipality, Prey Veng province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)43 944 555, +855 (0)15 900 356 / 800 601

Fax: +855 (0)43 944 577 / 399 003

E-mail: pvg@acledabank.com.kh

And 6 offices (Svay Antor, Pea Reang, Kampong Po Pil, Prek Sandek, Kamchai Mear, Kanchreach)



PEAM RO DISTRICT

Group 3, village 1, Preaek Khsay "B" commune, Peam Ro district, Prey Veng province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)43 750 153 / 750 193, +855 (0)15 900 338

Fax: +855 (0)43 750 142 / 750 161

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

And 4 offices (Svay Pluos, Chheu Kach, Leuk Daek, Prek Dach)



KAMPONG TRABEK

National road No. 1, Daun Tung village, Prasat commune, Kampong Trabek district, Prey Veng province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)43 399 049, +855 (0)15 800 603

Fax: +855 (0)43 399 001, +855 (0)15 700 855

E-mail: ktb_pvg@acledabank.com.kh or ktb.acledabank@gmail.com

And 2 offices (Angkor Reach, Chiphuch)



RATTANAKIRI

Village 1, Sangkat Labanseak, Banlung municipality,
Rattanakiri Province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)75 974 220 / 974 333, +855 (0)15 900 368

Fax: +855 (0)75 974 221

E-mail: rki@acledabank.com.kh

And 1 office (Borkeo)



MONDULKIRI

O Spean village, Sangkat Speanmeanchey,
Senmonorom municipality, Mondul Kiri province, Cambodia.

P.O. Box: 1149

Tel: +855 (0)73 399 001, +855 (0)15 900 317

Fax: +855 (0)73 399 002

E-mail: mki@acledabank.com.kh

And 2 offices (Sre Khtom, Koah Nheak)*

*Note: * Established in 2009.*



ACLEDA Bank's management & staff join the New Year 2009 celebration at its headquarters.

Laos



HEADQUARTERS

#372, corner of Dongpalane and Dongpaina road,
Unit 21, Phonesavanh Neua village, Sisattanak district,
Vientiane capital, Lao PDR.

P.O. Box: 1555

Tel: +856 (0)21 264 994

Fax: +856 (0)21 264 995

E-mail: acledabank@acledabank.com.la

SWIFT: ACLBLALA



SAVANNAKHET

#120-121-122-123, Unit 06, Sisavangvong road,
Phonesavang Tai village, Kaysone district,
Savannakhet province, Lao PDR.



CHAMPASAK

New building, Salakhiew-Dongchong,
Phonekung village, Pakse district,
Champasak province, Lao PDR.



Correspondent Banks

414 correspondent banks in 54 countries (end of April 2009):

COUNTRY (NO. OF CORRESPONDENTS)	NAME OF BANK
AUSTRALIA (8)	BANK OF AMERICA, N.A. SYDNEY (SYDNEY) CITIBANK LIMITED, MELBOURNE (MELBOURNE) CITIBANK LIMITED, SYDNEY (SYDNEY) CITIBANK N.A. (SYDNEY) COMMONWEALTH BANK OF AUSTRALIA SYDNEY (SYDNEY) * JPMORGAN CHASE BANK, N.A. (SYDNEY) KEB AUSTRALIA LIMITED (SYDNEY) OVERSEA-CHINESE BANKING CORPORATION LIMITED (SYDNEY)
AUSTRIA (3)	INTESA SANPAOLO S.P.A. (FORMER SANPAOLO IMI), VIENNA BRANCH, VIENNA (VIENNA) RAIFFEISEN ZENTRALBANK OESTERREICH AG (VIENNA) UNICREDIT BANK AUSTRIA AG (VIENNA)
BAHRAIN (1)	WOORI BANK, MANAMA (MANAMA)
BANGLADESH (1)	WOORI BANK, DHAKA (DHAKA)
BELGIUM (9)	BANK OF AMERICA, N.A. ANTWERP (ANTWERPEN) CITIBANK BELGIUM NV/SA (BRUSSELS) COMMERZBANK AG, THE, BRUSSELS BRANCH (BRUSSELS) FORTIS BANK S.A./N.V. BRUSSELS (BRUSSELS) ING BELGIUM NV/SA (FORMERLY BANK BRUSSELS LAMBERT SA), BRUSSELS (BRUSSELS) * KBC BANK NV (ANTWERPEN, BRUSSELS, KORTRIJK) THE BANK OF NEW YORK MELLON, BRUSSELS BRANCH (BRUSSELS)

CAMBODIA (6)

ADVANCED BANK OF ASIA LIMITED (PHNOM PENH)
CAMBODIA MEKONG BANK PUBLIC LIMITED (PHNOM PENH)
CAMBODIAN COMMERCIAL BANK LIMITED (PHNOM PENH)
CAMKO BANK (PHNOM PENH)
SHINHAN KHMER BANK (PHNOM PENH)
VATTANAC BANK (PHNOM PENH)

CANADA (3)

BANK OF AMERICA, NATIONAL ASSOCIATION, CANADA
BRANCH (TORONTO)
BANK OF NOVA SCOTIA (TORONTO) *
KOREA EXCHANGE BANK OF CANADA (TORONTO)

CAYMAN ISLANDS (2)

FORTIS BANK SA/NV GRAND CAYMAN BRANCH
(GEORGETOWN)
NORDEA BANK FINLAND PLC (GEORGETOWN)

CHINA (43)

AGRICULTURAL BANK OF CHINA, THE (BEIJING)
ANSHAN CITY COMMERCIAL BANK (ANSHAN)
BANCA DI ROMA, SHANGHAI BRANCH (SHANGHAI)
BANCA MONTE DEI PASCHI DI SIENA S.P.A. (SHANGHAI)
BANK OF AMERICA, N.A. (GUANGZHOU BRANCH)
(GUANGZHOU)
BANK OF AMERICA, N.A. SHANGHAI (SHANGHAI)
BANK OF NINGBO (NINGBO)
BANK OF TOKYO-MITSUBISHI UFJ (CHINA), LTD. (BEIJING,
DALIAN, SHANGHAI, SHENZHEN, TIANJIN)
BANK OF YINGKOU (YINGKOU)
CHINA CONSTRUCTION BANK CORPORATION (BEIJING)
CHINA MERCHANTS BANK (SHENZHEN)
COMMERZBANK AG (SHANGHAI)
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (BEIJING)
INTESA SANPAOLO SPA SHANGHAI (SHANGHAI)
JPMORGAN CHASE BANK (CHINA) COMPANY
LIMITED BEIJING BRANCH (BEIJING)
JPMORGAN CHASE BANK (CHINA) COMPANY LIMITED
SHANGHAI BRANCH (SHANGHAI)
KBC BANK N.V. SHENZHEN BRANCH (SHENZHEN)
KBC BANK NV (SHANGHAI)
KOREA EXCHANGE BANK SHANGHAI BRANCH (SHANGHAI)
KOREA EXCHANGE BANK, BEIJING BRANCH (BEIJING)
KOREA EXCHANGE BANK, DALIAN BRANCH (DALIAN)
KOREA EXCHANGE BANK, TIANJIN BRANCH (TIANJIN)
NORDEA BANK AB SHANGHAI BRANCH (SHANGHAI)
OCBC BANK (CHINA) LIMITED (SHANGHAI)
RAIFFEISEN ZENTRALBANK OESTERREICH AG, BEIJING
BRANCH (BEIJING)

	SHENGJING BANK CO.,LTD (SHENYANG)
	STANDARD CHARTERED BANK (CHINA) LIMITED (SHANGHAI)
	SUMITOMO MITSUI BANKING CORPORATION (SHANGHAI, SUZHOU)
	SUMITOMO MITSUI BANKING CORPORATION BEIJING BRANCH (BEIJING)
	SUMITOMO MITSUI BANKING CORPORATION, GUANGZHOU BRANCH (GUANGZHOU)
	SUMITOMO MITSUI BANKING CORPORATION, TIANJIN BRANCH (TIANJIN)
	THE BANK OF NEW YORK MELLON, SHANGHAI BRANCH (SHANGHAI)
	UNITED OVERSEAS BANK (CHINA) LIMITED (SHANGHAI)
	WACHOVIA BANK, NA (SHANGHAI)
	WOORI BANK (CHINA) LIMITED (BEIJING)
	WOORI BANK SHANGHAI BRANCH (SHANGHAI)
	ZHEJIANG NANXUN RURAL COOPERATIVE BANK (HUZHOU)
	ZHEJIANG WENLING RURAL COOPERATIVE BANK (WENLING)
CZECH REPUBLIC (1)	COMMERZBANK AG (PRAGUE)
DENMARK (3)	DANSKE BANK A/S (COPENHAGEN)
	FORTIS BANK SA/NV DENMARK BRANCH (COPENHAGEN)
	NORDEA BANK DENMARK A/S (COPENHAGEN)
EGYPT (1)	MASHREQ BANK (CAIRO)
ESTONIA (1)	NORDEA BANK FINLAND PLC ESTONIA BRANCH (TALLINN)
FINLAND (2)	DANSKE BANK (HELSINKI)
	NORDEA BANK FINLAND PLC (HELSINKI)
FRANCE (9)	BANCA DI ROMA SUCCURSALE DE PARIS (PARIS)
	BANCA INTESA FRANCE (PARIS)
	BANK OF AMERICA, N.A. PARIS (PARIS)
	BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (PARIS)
	CAIXA D'ESTALVIS DE CATALUNYA (PERPIGNAN)
	COMMERZBANK AG (PARIS)
	KBC BANK NV PARIS (PARIS)
	KOREA EXCHANGE BANK (PARIS)
	UNICREDITO ITALIANO SPA - SUCCURSALE DE PARIS (PARIS)

GERMANY (37)

BANK OF AMERICA, N.A. (FRANKFURT AM MAIN)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (DUESSELDORF)
BAYERISCHE HYPO- UND VEREINSBANK AG.
- HYPOVEREINSBANK (MUENCHEN)
COMMERZBANK AG (DUESSELDORF, FRANKFURT AM MAIN,
HAMBURG)
DEUTSCHE BANK AG (BERLIN, BIELEFELD, BREMEN,
CHEMNITZ, DUESSELDORF, ERFURT, ESSEN,
FRANKFURT AM MAIN, FREIBURG IM BREISGAU,
HANNOVER, HAMBURG, KOELN, LEIPZIG, MAGDEBURG,
MAINZ, MANNHEIM, MUENCHEN, ROSTOCK, STUTTGART,
WUPPERTAL)
DEUTSCHE BUNDESBANK, ZENTRALE (FRANKFURT AM MAIN)
DRESDNER BANK AG (FRANKFURT AM MAIN)
FORTIS BANK GLOBAL CLEARING N.V.- FRANKFURT BRANCH
(FRANKFURT AM MAIN)
HAMBURGER SPARKASSE AG (HAMBURG)
INTESA SANPAOLO S.P.A. - MUNICH (MUENCHEN)
INTESA SANPAOLO S.P.A.-FRANKFURT
(FRANKFURT AM MAIN)
KOREA EXCHANGE BANK (DEUTSCHLAND) AG
(FRANKFURT AM MAIN)
LANDESBANK HESSEN-THUERINGEN GIROZENTRALE
(FRANKFURT AM MAIN)
NORDEA BANK FINLAND PLC NIEDERLASSUNG
DEUTSCHLAND (FRANKFURT AM MAIN)
STANDARD CHARTERED BANK (GERMANY) GMBH
(FRANKFURT AM MAIN) *
THE BANK OF NEW YORK MELLON, FRANKFURT BRANCH
(FRANKFURT AM MAIN)

GHANA (1)

STANDARD CHARTERED BANK GHANA LIMITED (ACCRA)

GREECE (2)

BANK OF AMERICA, N.A. ATHENS (ATHENS)
INTESA SANPAOLO S.P.A.-ATHENS (ATHENS)

HONG KONG (21)

BANCA MONTE DEI PASCHI DI SIENA SPA HONG KONG
(HONG KONG)
BANK OF AMERICA, N.A. HONG KONG (HONG KONG)
BANK OF NOVA SCOTIA, THE (HONG KONG)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (HONG KONG)
CITIBANK (HONG KONG) LIMITED (HONG KONG)
CITIBANK N.A. (HONG KONG)
COMMERZBANK AG (HONG KONG)
DBS BANK (HONG KONG) LIMITED (HONG KONG)
INTESA SANPAOLO SPA HONG KONG (HONG KONG)
JPMORGAN CHASE BANK, N.A., HONG KONG BR.
(HONG KONG)
KBC BANK NV, HONG KONG (HONG KONG)
KDB ASIA LIMITED (HONG KONG)
KOREA EXCHANGE BANK (HONG KONG)
MASHREQBANK PSC., HONG KONG BRANCH (HONG KONG)
OVERSEA-CHINESE BANKING CORPORATION LIMITED,
HONG KONG BRANCH (HONG KONG)
ROYAL BANK OF SCOTLAND PLC (HONG KONG)
STANDARD CHARTERED BANK (HONG KONG) LIMITED
(HONG KONG)
SUMITOMO MITSUI BANKING CORPORATION (HONG KONG)
THE BANK OF NEW YORK MELLON, HONG KONG BRANCH
(HONG KONG)
WACHOVIA BANK, NA (HONG KONG BRANCH) (HONG KONG)
WOORI BANK, HONG KONG (HONG KONG)

HUNGARY (1)

COMMERZBANK (BUDAPEST) RT. (BUDAPEST)

INDIA (10)

BANK OF AMERICA, N.A. MUMBAI (MUMBAI)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (NEW DELHI),
CHENNAI (MADRAS), (MUMBAI)
CITIBANK N.A. (MUMBAI)
JPMORGAN CHASE BANK, N.A. (MUMBAI)
STANDARD CHARTERED BANK (MUMBAI)
BANK OF NOVA SCOTIA, THE (MUMBAI)
CANARA BANK (MUMBAI)
MASHREQ BANK (MUMBAI)

INDONESIA (8)

BANK OF AMERICA, N.A. JAKARTA BRANCH (JAKARTA)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (JAKARTA)
BANK RAKYAT INDONESIA (JAKARTA)
CITIBANK, N.A. (JAKARTA)
JPMORGAN CHASE BANK, N.A. (JAKARTA)
P.T. BANK KEB INDONESIA (JAKARTA)
STANDARD CHARTERED BANK (JAKARTA)
WOORI BANK, INDONESIA P.T. JAKARTA (JAKARTA)

IRELAND (4)

BANK OF AMERICA, N.A. DUBLIN (DUBLIN)
COMMERZBANK EUROPE (IRELAND) (DUBLIN)
INTESA BANK IRELAND PLC (DUBLIN)
WACHOVIA BANK INTERNATIONAL (DUBLIN)

ITALY (14)

BANCA MONTE DEI PASCHI DI SIENA S.P.A. (MILANO)
BANCA POPOLARE DI MAROSTICA (MAROSTICA)
BANCA POPOLARE DI SONDRIO (SONDRIO)
BANK OF AMERICA, N.A. MILANO (MILANO)
COMMERZBANK AG (MILANO)
CREDITO EMILIANO S.P.A. (REGGIO NELL' EMILIA)
INTESA SANPAOLO SPA (MILANO)
THE BANK OF NEW YORK (LUXEMBOURG) S.A.,
MILAN BRANCH (MILANO)
UNICREDIT BANCA DI ROMA S.P.A. (ROMA)
UNICREDIT BANCA SPA (BOLOGNA)
UNICREDIT CORPORATE BANKING SPA (VERONA)
UNICREDIT PRIVATE BANKING SPA (TORINO)
UNICREDIT S.P.A. (MILANO)
UNIONE DI BANCHE ITALIANE S.C.P.A. (FORMERLY BANCA
LOMBARDA E PIEMONTESE) (BERGAMO)

JAPAN (14)

BANK OF AMERICA, TOKYO (TOKYO)
BANK OF NOVA SCOTIA, THE (TOKYO)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (TOKYO)
CITIBANK JAPAN LTD. (TOKYO)
COMMERZBANK AG TOKYO (TOKYO)
COMMONWEALTH BANK OF AUSTRALIA (TOKYO)
INTESA SANPAOLO SPA TOKYO (TOKYO)
KOREA EXCHANGE BANK (TOKYO)
OVERSEA-CHINESE BANKING CORPORATION LIMITED,
TOKYO BRANCH (TOKYO)
STANDARD CHARTERED BANK (TOKYO)
SUMITOMO MITSUI BANKING CORPORATION (TOKYO) *
THE BANK OF NEW YORK MELLON, TOKYO BRANCH (TOKYO)
WACHOVIA BANK, NA (TOKYO)
WOORI BANK, TOKYO (TOKYO)

KENYA (1)

DUBAI BANK KENYA LTD (NAIROBI)

KUWAIT (1)

CITIBANK N.A. (SAFAT)

LAO PDR (2)

ACLEDA BANK LAO LTD (VIENTIANE) *
BANQUE POUR LE COMMERCE EXTERIEUR LAO (VIENTIANE)

LITHUANIA (1)	NORDEA BANK FINLAND PLC LITHUANIA BRANCH (VILNIUS)
LUXEMBOURG (4)	BANK OF NEW YORK (LUXEMBOURG) S.A., THE (LUXEMBOURG) DANSKE BANK INTERNATIONAL S.A. (LUXEMBOURG) NORDEA BANK S.A. LUXEMBOURG (LUXEMBOURG) THE BANK OF NEW YORK MELLON (INTERNATIONAL) LTD, LUXEMBOURG BRANCH (LUXEMBOURG)
MALAYSIA (10)	BANK OF AMERICA, MALAYSIA BERHAD (KUALA LUMPUR) BANK OF NOVA SCOTIA BERHAD (KUALA LUMPUR) BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD (KUALA LUMPUR) CIMB BANK BERHAD (KUALA LUMPUR) CITIBANK BERHAD (KUALA LUMPUR) J.P.MORGAN CHASE BANK BERHAD, KUALA LUMPUR (KUALA LUMPUR) OCBC BANK (MALAYSIA) BERHAD (KUALA LUMPUR) RHB BANK BERHAD (KUALA LUMPUR) RHB ISLAMIC BANK BERHAD (KUALA LUMPUR) STANDARD CHARTERED BANK MALAYSIA BERHAD (KUALA LUMPUR)
MEXICO (1)	BANK OF AMERICA, MEXICO S.A. (MEXICO)
NETHERLANDS (7)	BANK OF AMERICA, N.A. AMSTERDAM (AMSTERDAM) COMMERZBANK AG KANTOOR AMSTERDAM (AMSTERDAM) FORTIS BANK (NEDERLAND) N.V. (ALL DUTCH OFFICES) ING BANK N.V. (AMSTERDAM) KBC BANK NEDERLAND NV (ROTTERDAM) KOREA EXCHANGE BANK, AMSTERDAM BRANCH (AMSTELVEEN) RABOBANK NEDERLAND (UTRECHT)
NORWAY (2)	FOKUS BANK, PART OF DANSKE BANK GROUP (TRONDHEIM) NORDEA BANK NORGE ASA (OSLO)
PAKISTAN (1)	STANDARD CHARTERED BANK (PAKISTAN) LIMITED (KARACHI)
PHILIPPINES (3)	ASIAN DEVELOPMENT BANK (MANILA) BANK OF AMERICA, N.A. MANILA (MANILA) KOREA EXCHANGE BANK (MANILA)

POLAND (2)	DANSKE BANK A/S S.A. ODZIAL W POLSCE (WARSZAWA) NORDEA BANK POLSKA S.A. (GDYNIA)
QATAR (1)	MASHREQ BANK (DOHA)
ROMANIA (1)	FORTIS BANK SA (BUCHAREST BRANCH) (BUCHAREST)
RUSSIAN FEDERATION (3)	BANCA INTESA ZAO MOSCOW (MOSCOW) COMMERZBANK (EURASIJA) SAO (MOSCOW) WOORI BANK MOSCOW (MOSCOW)
SENEGAL (1)	CITIBANK N.A. (DAKAR)
SINGAPORE (20)	BANK OF AMERICA, N.A. SINGAPORE (SINGAPORE) BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (SINGAPORE) CITIBANK,N.A. (SINGAPORE) COMMERZBANK AG, SINGAPORE BRANCH (SINGAPORE) COMMONWEALTH BANK OF AUSTRALIA (SINGAPORE) DBS BANK LTD. (SINGAPORE) DEUTSCHE BANK AG (SINGAPORE) HSBC BANK USA, N.A., SINGAPORE BRANCH (SINGAPORE) JPMORGAN CHASE BANK, N.A. (SINGAPORE) KBC BANK SINGAPORE BRANCH (SINGAPORE) KOREA EXCHANGE BANK, SINGAPORE BRANCH (SINGAPORE) NORDEA BANK FINLAND PLC, SINGAPORE (FORMERLY MERITA BANK PLC, SINGAPORE) (SINGAPORE) OVERSEA-CHINESE BANKING CORPORATION LIMITED (SINGAPORE) RZB-AUSTRIA SINGAPORE BRANCH (RAIFFEISEN ZENTRALBANK OESTERREICH AG) (SINGAPORE) STANDARD CHARTERED BANK (SINGAPORE) SUMITOMO MITSUI BANKING CORPORATION (SINGAPORE) THE BANK OF NEW YORK MELLON, SINGAPORE BRANCH (SINGAPORE) THE BANK OF NOVA SCOTIA, SINGAPORE BRANCH (SINGAPORE) UNITED OVERSEAS BANK LIMITED (SINGAPORE) WOORI BANK, SINGAPORE (SINGAPORE)
SOUTH AFRICA (1)	COMMERZBANK A.G. (JOHANNESBURG)

SOUTH KOREA (14)

AMERICAN EXPRESS BANK LTD. (SEOUL)
BANK OF AMERICA, N.A. SEOUL BRANCH (SEOUL)
BANK OF NOVA SCOTIA, THE, SEOUL BRANCH (SEOUL)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (SEOUL)
INDUSTRIAL BANK OF KOREA (SEOUL)
JPMORGAN CHASE BANK, N.A., SEOUL BRANCH (SEOUL)
KOOKMIN BANK (SEOUL)
KOREA EXCHANGE BANK (SEOUL)
OVERSEA-CHINESE BANKING CORPORATION LIMITED,
SEOUL BRANCH (SEOUL)
STANDARD CHARTERED FIRST BANK KOREA LIMITED
(SEOUL)
SUMITOMO MITSUI BANKING CORPORATION (SEOUL)
THE BANK OF NEW YORK MELLON, SEOUL BRANCH (SEOUL)
WACHOVIA BANK, NA (SEOUL)
WOORI BANK, SEOUL (SEOUL)

SPAIN (9)

BANCA DI ROMA, S.P.A. - SUCURSAL EN ESPANA
(MADRID)
BANK OF AMERICA N.A. MADRID (MADRID)
CAIXA D'ESTALVIS DE CATALUNYA (BARCELONA)
CAIXA D'ESTALVIS I PENSIONS DE BARCELONA
(LA CAIXA)-CAJA DE AHORROS Y PENSIONES DE
BARCELONA (BARCELONA)
CAJA DE AHORROS DEL MEDITERRANEO (ALICANTE)
COMMERZBANK AG (MADRID)
INTESA SANPAOLO S.P.A. (FORMER SANPAOLO IMI),
MADRID BRANCH, MADRID (MADRID)
KBC BANK N.V. (MADRID)

SRI LANKA (1)

BANK OF CEYLON (COLOMBO)

SWEDEN (7)

DANSKE BANK AS, SVERIGE FILIAL (STOCKHOLM)
FORTIS BANK SA/NV, BRANCH SWEDEN (STOCKHOLM)
NORDEA BANK AB (PUBL) (GOTEBORG, STOCKHOLM)
SVENSKA HANDELSBANKEN
(GOTEBORG, MALMO, STOCKHOLM)

SWITZERLAND (3)

BNP PARIBAS (SUISSE) SA (GENEVA)
COMMERZBANK (SCHWEIZ) AG (ZURICH)
NORDEA BANK S.A., LUXEMBURG, ZWEIGNIEDERLASSUNG,
ZUERICH. (ZURICH)

TAIWAN (15)

AMERICAN EXPRESS BANK LIMITED (TAIPEI)
BANK OF AMERICA, N.A. TAIPEI (TAIPEI)
BANK OF NOVA SCOTIA, THE (TAIPEI)
BANK OF PANHSIN (TAIPEI)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (TAIPEI)
CHINATRUST COMMERCIAL BANK (TAIPEI)
CITIBANK N.A., TAIPEI BRANCH (TAIPEI)
CITIBANK TAIWAN LIMITED (TAIPEI)
JPMORGAN CHASE BANK, N.A. (TAIPEI)
KBC BANK NV (TAIPEI)
OVERSEA-CHINESE BANKING CORPORATION LIMITED,
TAIPEI BRANCH (TAIPEI)
STANDARD CHARTERED BANK (TAIWAN) LIMITED (TAIPEI)
SUMITOMO MITSUI BANKING CORPORATION TAIPEI
BRANCH (TAIPEI)
THE BANK OF NEW YORK MELLON, TAIPEI BRANCH (TAIPEI)
WACHOVIA BANK, NA (TAIPEI)

THAILAND (10)

BANK OF AMERICA, N.A. BANGKOK (BANGKOK)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (BANGKOK)
CITIBANK N.A. (BANGKOK)
DEUTSCHE BANK AG, BANGKOK BRANCH (BANGKOK)
JPMORGAN CHASE BANK, N.A., BANGKOK BRANCH
(BANGKOK)
OVERSEA-CHINESE BANKING CORPORATION LIMITED,
BANGKOK BRANCH (BANGKOK)
STANDARD CHARTERED BANK (THAI) PCL (BANGKOK)
SUMITOMO MITSUI BANKING CORPORATION (BANGKOK)
THANACHART BANK PUBLIC COMPANY LIMITED (BANGKOK)
UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY
LIMITED (BANGKOK) *

UNITED ARAB EMIRATE (3)

BLOM BANK FRANCE S.A. (DUBAI)
MASHREQBANK PSC. (DUBAI)
STANDARD CHARTERED BANK (DUBAI)

UNITED KINGDOM (20)

BANCA DI ROMA SPA-LONDON BRANCH (LONDON)
BANCA MONTE DEI PASCHI DI SIENA SPA - LONDON
BRANCH (LONDON)
BANK OF AMERICA, N.A. LONDON (LONDON)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE (LONDON)
COMMERZBANK AG (LONDON)
COMMONWEALTH BANK OF AUSTRALIA (LONDON)
DANSKE BANK (LONDON)

INTESA SANPAOLO SPA LONDON (FORMERLY BANCA INTESA
 S.P.A. LONDON) (LONDON)
 JPMORGAN CHASE BANK, N.A. (LONDON)
 KBC BANK NV LONDON (LONDON)
 KOREA EXCHANGE BANK (LONDON)
 MASHREQ BANK PSC (LONDON)
 NORDEA BANK FINLAND PLC LONDON BRANCH (LONDON)
 OVERSEA-CHINESE BANKING CORPORATION LIMITED,
 LONDON BRANCH (LONDON)
 RAIFFEISEN ZENTRALBANK AG LONDON BRANCH (LONDON)
 STANDARD CHARTERED BANK (LONDON) *
 THE BANK OF NEW YORK MELLON (INTERNATIONAL) LTD
 (LONDON)
 THE BANK OF NEW YORK MELLON (LONDON)
 WACHOVIA BANK, NA (LONDON)
 WOORI BANK, LONDON (LONDON)

UNITED STATES (41)

BANCA DI ROMA (NEW YORK-NY)
 BANK OF AMERICA, N.A. (MIAMI-FL, SAN FRANCISCO-CA)
 BANK OF AMERICA, N.A. (NEW YORK-NY) *
 BANK OF CHINA (NEW YORK-NY)
 BANK OF THE WEST (WALNUT CREEK-CA)
 BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
 (LOS ANGELES-CA, NEW YORK-NY)
 CALYON (NEW YORK-NY)
 CITIBANK N.A. (NEW YORK-NY) *
 COMMERZBANK AG (NEW YORK-NY)
 COMMONWEALTH BANK OF AUSTRALIA (NEW YORK-NY)
 DEUTSCHE BANK TRUST COMPANY AMERICAS
 (NEW YORK-NY)
 FAR EAST NATIONAL BANK (LOS ANGELES-CA)
 GOLDEN COAST BANK (LONG BEACH-CA) *
 HSBC BANK USA, N.A. (NEW YORK-NY) *
 INTERNATIONAL FINANCE CORPORATION (WASHINGTON-DC)
 INTESA SANPAOLO SPA (FORMERLY BANCA INTESA SPA
 NEW YORK) (NEW YORK-NY)
 JPMORGAN CHASE BANK, N.A. (NEW YORK-NY) *
 KBC BANK N.V. (NEW YORK-NY)
 KEB LA FINANCIAL CORP. (LOS ANGELES-CA)
 KEB NY FINANCIAL CORP. (NEW YORK-NY)
 MASHREQBANK PSC., NEW YORK BRANCH (NEW YORK-NY) *
 MONTE DEI PASCHI DI SIENA - NEW YORK (NEW YORK-NY)

NORDEA BANK FINLAND PLC, NEW YORK BRANCH
(NEW YORK-NY)
OVERSEA-CHINESE BANKING CORPORATION LIMITED
(NEW YORK-NY)
RBS CITIZENS, NA (PROVIDENCE-RI)
STANDARD CHARTERED BANK (MIAMI-FL)
STANDARD CHARTERED BANK (NEW YORK-NY) *
STANDARD CHARTERED BANK LOS ANGELES
(LOS ANGELES-CA)
SUMITOMO MITSUI BANKING CORPORATION (NEW YORK-NY)
THE BANK OF NEW YORK MELLON (NEW YORK-NY)
UMB BANK, N.A. (KANSAS CITY-MO)
WACHOVIA BANK, NA (LOS ANGELES-CA, MIAMI-FL,
PHILADELPHIA-PA)
WACHOVIA BANK, NA (NEW YORK INTERNATIONAL BRANCH)
(NEW YORK) *
WOORI AMERICA BANK, NEW YORK (NEW YORK-NY)
WOORI BANK, LOS ANGELES (LOS ANGELES-CA)
WOORI BANK, NEW YORK (NEW YORK-NY)

VIETNAM (24)

AN BINH COMMERCIAL JOINT STOCK BANK (HANOI)
ASIA COMMERCIAL BANK (HO CHI MINH CITY)
BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM
(HANOI)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
(HO CHI MINH CITY)
CITIBANK N.A. (HANOI)
COMMONWEALTH BANK OF AUSTRALIA HO CHI MINH CITY
(HO CHI MINH CITY)
DONGA BANK (HO CHI MINH CITY)
HOUSING BANK OF MEKONG DELTA (MHB)-HEAD OFFICE
(HO CHI MINH CITY)
INDOVINA BANK LTD. (HO CHI MINH CITY)
JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF
VIETNAM (HANOI)
JPMORGAN CHASE BANK, N.A. (HO CHI MINH CITY)
KOREA EXCHANGE BANK, HANOI BRANCH (HANOI)
MILITARY COMMERCIAL JOINT STOCK BANK (HANOI)
NAM A COMMERCIAL JOINT STOCK BANK
(HO CHI MINH CITY)

SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK
(SACOMBANK) (HO CHI MINH CITY)
STANDARD CHARTERED BANK (HANOI)
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. HANOI
BRANCH (HANOI)
VID PUBLIC BANK (HANOI)
VIETNAM BANK FOR AGRICULTURE AND RURAL
DEVELOPMENT (HANOI) *
VIETNAM BANK FOR INDUSTRY AND TRADE
(FORMERLY INDUSTRIAL AND COMMERCIAL BANK OF
VIETNAM) (HANOI)
VIETNAM EXPORT IMPORT COMMERCIAL JOINT-STOCK
BANK (HANOI, HO CHI MINH CITY)
WOORI BANK, HANOI (HANOI)
WOORIBANK HOCHIMINH (HO CHI MINH CITY)

Note: Those marked with “” have clearing accounts in the stated currencies.*



A drinking water manufacturing enterprise



CGAP Financial Transparency Award 2005



Appreciation certificate for development of country-wide banking branch network from the National Bank of Cambodia



The 10th Anniversary of Triodos Doen Award



HSBC Award of Excellence 2008



IFC Client Leadership Award 2005



Certificate of Achievement for the Year 2006 from Standard Chartered Bank



The Best Agent of the Year 2008 Award
from Western Union



Certificate of Appreciation for the Best Agent of the
Year 2008 from Western Union



Best Improvement Award for Customer Service
Excellence 2008 from Western Union Club 500



National Bank of Cambodia's Award for an outstanding contribution to bringing financial services to all sectors of the community throughout Cambodia



Certificate of Achievement for the Best Location in
Inbound Growth of the Year 2008
from Western Union



Grand Master Location Award
for Customer Service Excellence 2008
from Western Union Club 500



2008 Quality Recognition Award from Citibank



Signing ceremony for the launching of the ACLEDA-ASEAN Regional Microfinance Center



A group of students from INSEAD take a study tour of ACLEDA Bank Plc.



ACLEDA Training Center



ACLEDA Bank Plc.

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