

ANNUAL REPORT

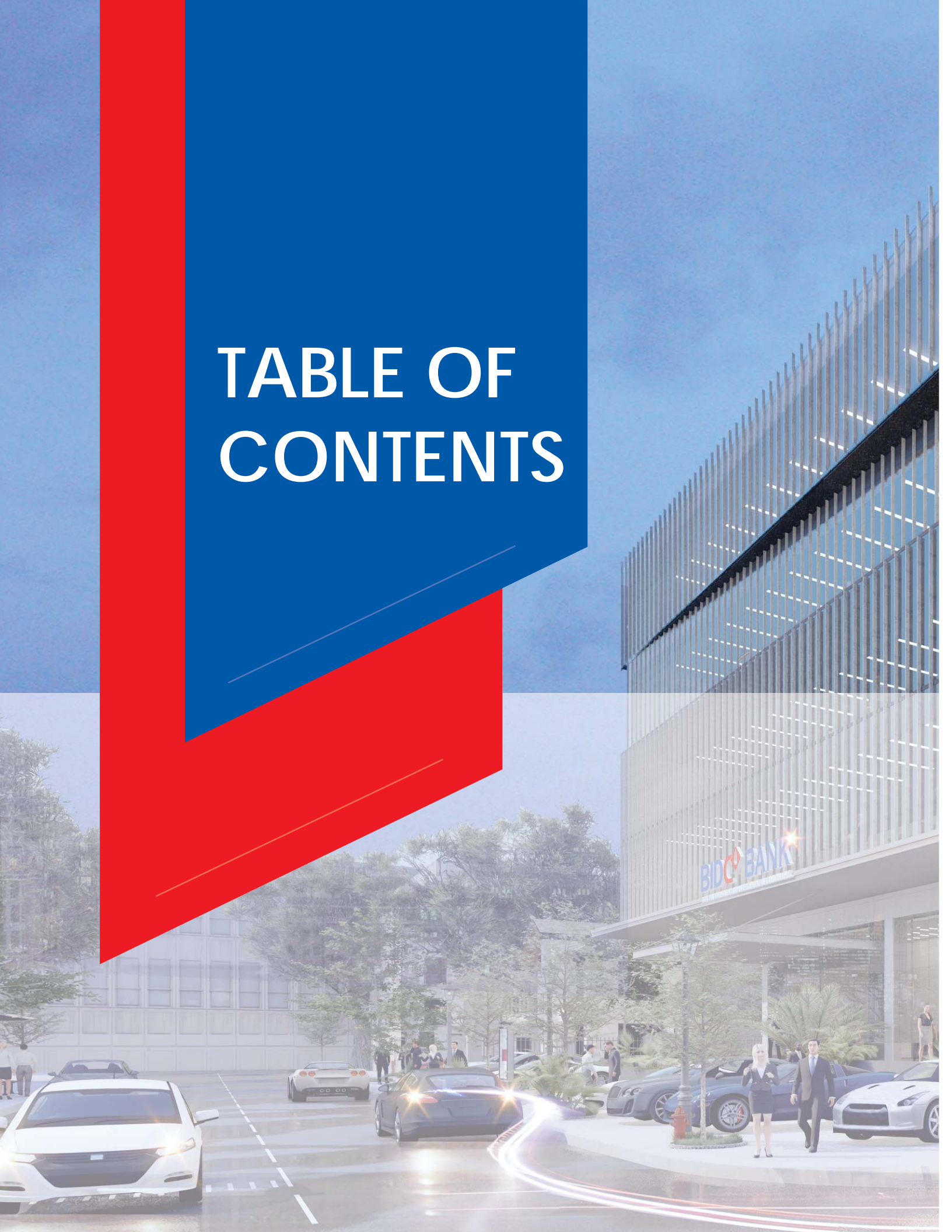
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BIDC  **Bank**

BANK FOR INVESTMENT AND DEVELOPMENT OF CAMBODIA PLC.

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OVERVIEW

1. CORPORATE PROFILE

ABOUT BIDC

Formerly known as PIB - Prosperity Investment Bank (established in August, 2007), the Bank was restructured and renamed as Bank for Investment and Development of Cambodia Plc. (BIDC), start operating since September 1st, 2009 under the Operation License No. B7.09.148 issued by the National Bank of Cambodia on August 14th, 2009.

BIDC is a subsidiary of the Bank for Investment and Development of Vietnam (BIDV), which is the largest commercial bank in Vietnam with over 61 years of business operations there. When deploying its operations in Cambodia, BIDV has significantly supported BIDC in terms of banking technology transfer, products and services, staff training, and operating capital.

After 10 years of operation, BIDC has become one of the largest commercial banks in Cambodia in terms of size and market share. As at 31/12/2018, BIDC's total assets, outstanding loans, and fund mobilization are over USD 729 million, over USD 558 million and USD 245 million, respectively. Its network owns 07 branches in Cambodia and two branches in Vietnam, with more than 400 employees in total.

During initial operations, BIDC has focused its mission on: arrangements and provision of funding for many key projects to develop Cambodia's economy as well as Vietnam's major projects invested in Cambodia, promoting investments in Cambodia, as well as trade financial relationship between Cambodia and Vietnam.

In the coming time, along with strong development of Cambodia economy and people's living standards, BIDC is restructuring its business activities, implementing the strategy of promoting retail banking in Cambodia, focusing on customers of individuals, households, SMEs and retail sector in Cambodia. With current potential, together with additional support of BIDV's shareholders with more than 800 network points and commercial presence in 7 countries, BIDC is ready to meet the diverse needs of customers in Cambodia, contributing a part of sustainable and prosperous development of the Cambodian economy.



BIDC BANK

BIDC

NAME TAG





ABOUT BIDV

BIDV was founded on 26 April 1957 under the initial name of Bank for Construction of Vietnam, then renamed Bank for Investment and Construction of Vietnam (1981 - 1990), Bank for Investment and Development of Vietnam (1990 - 2012), and Joint Stock Commercial Bank for Investment and Development of Vietnam (since 2012).

BIDV is proud to be the oldest established financial institution with the most valuable brand in Vietnam. BIDV has been listed in the Top 2000 world's largest companies; Top 400 world's largest banks (according to Forbes and Brand Finance 2017). BIDV is the first choice of economic organizations, businesses and individuals for financial and banking services.

BIDV has a lot of experiences in providing full range of modern and convenient banking products and services. With 25,000 employees and financial consultants who are well-qualified and well-trained with experience and have been accumulated and transferred for over a half of a century, BIDV always brings its customers the benefits and reliability.

BIDV's network included 191 branches, 855

transaction offices, and nearly 57,825 ATM/POS covering 63 cities and provinces in Vietnam, and one branch in Yangon, Myanmar, and 06 overseas representative offices: in Cambodia, Laos, Myanmar, the Czech Republic, Russia and Taiwan (China).

BIDV was rated by international credit rating agencies such as Standard & Poor's (S&P) and Moody's for stable and positive outlook, kept ranking as one of the highest rated banks in Vietnam for many years in arrow.

BIDV has been recognized and awarded by many international and major financial institutions for its outstanding business performance. The bank is listed in the Top 500 world's most valuable banking brands (by Brand Finance), named "Best Retail Bank in Vietnam" for the fourth consecutive year (by The Asian Banker) and received a series of IT awards. Since 2009, BIDV has ranked first amongst Vietnamese commercial banks in terms of readiness for IT application and development in the Vietnam ICT Index of Vietnam Ministry of Information and Communications and Vietnam Association for Information Processing.

VISION, MISSION AND CORE VALUE

Vision

Become a leading modern multi-functional retail bank in Cambodia, under international standards with modern technology, professional human resource, nationwide and overseas network to provide convenient, cost-saving and high quality banking services and products.



Mission

To be the most preferred and trusted financial partner of our customer, providing a full range of financial products and services on the basis which customer is the center.

To provide our employees with a great working environment where they have multiple opportunities to develop, contribute. And build a successful career.

Bringing the community and society sustainable long-term benefits through the implement of a business development strategy associated with the responsibility for the community and society. Commitment to the development of the Bank is always associated with the goals of development, prosperity and progress of the community, customers and our staff.

Core value

CORE IS CUSTOMERS

At BIDC, everything we do is valuable only when it is really beneficial for our customers.

BIDC commits to provide customers with diversified, convenient, friendly, quick and efficient banking services and products.

INTEGRITY AND TRANSPARENCY

BIDC pays attention to transparency and integrity in all activities in the whole network.

Enhance management capacity, risk management, internal control & audit.

HUMAN RESOURCE DEVELOPMENT IS A PRIORITY

BIDC people are young, active, working in a professional and reliable environment.

Developing and taking pride in BIDC's culture of creativeness, solidarity, creating development opportunities for all people, praising individuals of good achievements.

STRENGTH IN DIVERSITY CULTURE

At BIDC, we respect and welcome the diversity and intertwining of different cultures.

We believe that cultural diversity will create greater strength for BIDC.

CONTINUOUS RENOVATION

BIDC always sets out competition strategy, making difference, listening, learning, renovating, reforming and developing.

MESSAGE FROM THE CHAIRMAN



Dear Value customers, Partners, and all staff of BIDC,

In 2018, Cambodia's socio-economic situation was relatively stable and be one of the most impressive economic growth in the region as well as all over the world with GDP growth rate of about 7.1% per year, continuing trend of strong expansion for multi-year. The increase in government spending and public investments will help to drive domestic growth while we observe the emergence of new growth sectors in manufacturing, especially in electrical components and automotive parts. The diversification of Cambodia's manufacturing sector help the nation shift towards higher value-added industries, and the results are the increasing in exports that bring positive impact to Cambodia's balance of trade, its current account. The tourism sector continues growing strongly, lifted by increasing number of direct flight connecting between Cambodia and other destinations in the regions. The real estate

and construction sectors continue keeping the high growth seen in recent years.

Competition in banking and finance industry of Cambodia has also increased strongly together with trend of lowering lending interest rates, narrowing interest rate gap, banks and financial institutions have taken initiative to develop new products and services as well as improving quality of services to compete and attract customers. In that context, BIDC has been striving to carry out business operations and adjust business strategies and policies to adapt to the changes. With safe, long-term and stable business objectives, as well as gradual complying with standards according to international practices, BIDC has gained some remarkable results in 2018, as detailed below:

- ◆ Firstly, preserve and develop scale of business: By the end of 2018, BIDC's total assets,

outstanding loans, and fund mobilization are USD 729 million, over USD 558 million, and USD 245 million, respectively. Its network owns seven branches in Cambodia and two branches in Vietnam, with more than 400 employees in total.

- ◆ Secondly, retail market has been focused and initially achieved positive results in line with orientation set out. During recent three years, retail credit rose from 15, 8% in 2015 to 33.2% in 2018, while retail mobilization to rise from 62,7% to 72.6%. The number of retail banking customers in BIDC has increased significantly by over 40% in last 2 years, by the end of 2018, our customer reach almost 22,000 customers.
- ◆ Thirdly, focus on improving main indicators of bank performance as per NBC's requirements: The liquidity ratio is over 90% and the solvency ratio reached 17%, these are satisfy with the requirements of NBC; In addition, BIDC has maintained a prudent risk management policy, controlling the lending/deposit ratio (LDR) in 2018 stably at 89% to ensure sustainability and safety in the Bank's operations.
- ◆ Fourthly, continue strengthen model of operation, improve internal management regulations and regime documents; centralizing risk management and financial controls at the Head Office; Standardize credit processes to shorten processing time, ensure control of risks and improve service quality to bring the highest added value to our customers.
- ◆ Fifthly, intensify recruitment and training of qualified staff to reach BIDC's operation requirements in the coming time. In addition, we will make our efforts to promote and communicate BIDC brand image to all customers in Cambodia widely; as well as doing our best to build a stronger corporate culture with the own featured identities.

Beside these achievements, BIDC has also faced certain challenges and constraints in 2019 while

concentrating resources towards retail orientation. Accordingly, the concentration of credit and capital mobilization customers remains high, while the level of competition among Cambodian banks and financial institutions is rising.

Promptly overcome these difficulties and challenges, BIDC will continue to execute the business plan in period of 2018-2020 with specific orientation towards successful business strategies and solutions. Accordingly, in 2019 and upcoming years, BIDC will continue to penetrate deeper into the Cambodian economy: focusing on retail operations to meet Cambodian's demands and to shift the customers towards sustainable business; implementing the bank's restructuring plan; concentrating on human resource development; continually investing in information technology; developing products appropriate for modern banking services; and creating more convenient customer experiences that prioritize high quality service.

Along with the support and management of NBC and authorities, we believe that BIDC's continuing operations will lead to further growth, achieving more success and contributing to the economic development of Cambodia. We would like to express our sincere gratitude to the managerial agencies and BIDC's customers for placing your confidence in us. BIDC hereby commits to paralleling with customers, sharing challenges, and supporting clients' business operations.

On behalf of the BODs, I also thank our entire staff for their devotion and dedication to BIDC's common goals. We trust and believe that BIDC will always be the common home for all staff in their personal development, capacity building, contribution to the bank for a prosperous future.



Chairman of BIDC
Le Kim Hoa

PERFORMANCE REVIEW BY THE CEO



A. OPERATING ENVIRONMENT 2018

Cambodia's economy continued its strong growth trajectory in 2018, in line with expectations, at 7.1% (6.9% in 2017). Against a global backdrop of prolonged economy uncertainty, Cambodia remains one of the fastest growing economies in the region. The nation's GDP growth in 2018 was underpinned by the garment, tourism, construction and real estate sectors. The socio-economic development has contributed to ensure security, stabilize economic development and improve the living standard of the Cambodian people. Specifically, Cambodia's GDP from USD 15 billion in 2013 has increased to USD 23.6 billion in 2018, and expect to increase to over

USD 25 billion by 2019. GDP per capita in 2017 reached USD 1,430 per capital and reach USD 1,560 per capital in 2018.

Cambodia continues to be an attractive destination for foreign investors, in which China, Vietnam, Thailand, Japan and Korea are continuing to be the main investors in Cambodia over the years, and the real estate sector became the fastest growing sector in 2018. Based on that positive situation, FDI has played an important role in reducing the incidence of poverty, enhancing capacity in the manufacturing sector in Cambodia over the past years.

THE MAIN CAMBODIAN ECONOMIC INDICATORS PERIOD 2011-2018:

ECONOMIC INDICATORS	2011	2012	2013	2014	2015	2016	2017	2018e
GDP (in USD billion)	13.0	14.1	15.2	16.7	18.2	20.2	22.2	24.6
Inflation Index	5%	5.2%	3%	3.9%	1.2%	2.9%	3.8%	3.4%
Exports (in USD billion)	5.22	6.02	6.5	8	8.5	9.7	11.2	12.8
Imports (in USD billion)	6.71	7.96	9.5	10.1	11.9	12.7	13.9	16.9
FDI (in USD billion)	0.79	1.41	1.3	1.5	1.8	2.2	2.5	6.4
Banking deposits (in USD billion)	5.2	6.7	7.6	9.7	11.4	13.7	17.4	20.1
Banking loans (in USD billion)	4.3	5.9	7.4	9.3	11.7	14.3	17.1	20.2
Foreign Reserves (in USD billion)	3.5	3.5	3.6	4.7	5.7	7.1	9.1	11.0

Source: IMF, World Bank, NBC & ADB

In 2018, we continuously saw rapid growth in both banking and non-banking financial institutions, especially microfinance institutions, which resulted in increased competition in the market. At the end of 2018, there were 57 of commercial and specialized banks in the country and 81 microfinance companies

in Cambodia market. Total loans to customer and deposits recorded a growth of 18% and 15.3% year-on-year respectively, reflecting the nation's growing demand for credit, and increasing banking penetration amongst the general population.

B. PERFORMANCE REVIEW IN 2018

In 2018, BIDC has drastically restructured credit activities, accelerating the development of retail credit. Accordingly, total outstanding loans of the whole system remained stably at USD 558 million, increased over USD 38 million compare to 2017, while retail loans increased from 24% in 2016 to 33.2% in 2018 of the total loans.

BIDC has also made effort to diversify loan purposes and type of customers by providing varied products as housing loans, consumer loans and SMEs loans, etc. to disperse and minimize the risks. In addition, credit risks management operation has also been supported by the application of secured asset tracking software, established and operated by Collateral Valuation Group at the Head Office, applying stricter regulations on collateral.



Besides to stabilizing and restructuring credit operations, BIDC's success in acquiring high quality deposits contributed to our loans-to-deposits ratio (LDR) of 89% - a comfortable level compared to industry LDR of over 100% as at end of 2018. Specifically, BIDC has continued its best efforts to strengthen and expand relationships with international interbank partners, thereby enhancing mobilization of long-term and stable funds to support business operations, and continue to affirm BIDC's prestige and brand not only in Cambodia but also in the international and regional markets.

In addition to efforts to increase the scale of operations, BIDC also strives to improve service quality, increase revenue from service fees. Whereby, BIDC's service activities in 2018 also achieved remarkable results. Net Income from service fees increased by 14.6% compared to 2017. Import and export payment turnover reached over 700 million

USD (in which import payment turnover reached over 400 million USD, up 26% compared to 2017 and export payment export reached over 300 million USD, nearly doubled compared to 2017).

BIDC has also focused on training and developing human resources, especially young and well-qualified staff in Cambodia. BIDC has also organized professional and language training courses for staff of the entire system, in order to improve their professional skills, soft skills, and foreign languages. In addition, BIDC has also gradually reviewed and promulgated regulations to improve policies and regimes for employees. With these efforts, BIDC has step by step built up a team of well-qualified and dynamic staff as core of the Bank's operations. BIDC has developed a significant numbers of experienced and excellent Cambodian leaders and senior specialist at all of branches and departments of BIDC system.







OUTLOOK FOR 2019

The macro-economic outlook of Cambodia for 2019 remains promising. GDP growth for 2019 is forecasted at 7%, primarily driven by government-led spending, stronger revenue collection, sustained growth in garment exports and continued growth momentum in sectors of tourism, agriculture, construction and real estate. Inflation level are likely to edge upwards, in line with growing consumer demand. We expect the overall growth of the banking and financial sector will continue stabilizing due to an enlarged loan base accumulated from several years of rapid credit expansion as well as ability to mobilize funds from the Cambodian economy is still relatively plentiful.

Following the results achieved in 2018 and previous years, BIDC has continued to build its business strategy, exerting every effort to become a leading commercial bank in Cambodia and working towards stability and safety while successfully meeting the standards and conditions prescribed by the NBC. BIDC's target for the future is to increase market penetration and link with the development of the

Cambodian economy, to serve local customers, to continue to expand its network in potential areas of growth in Cambodia, to increase its investments in information technology, and to confirm its long-term business investment strategies in Cambodia. BIDC will also continue to develop its role as a bridge for investment and trade cooperation between Cambodia and Vietnam. Accordingly, objectives and main goals of BIDC in the near future are as following:

- ◆ To continue maintaining a higher growth rate exceeding the market average, striving to remain among the top 10 largest commercial banks in Cambodia;
- ◆ To focus on promoting development of retail credit operations, modern finance, and banking operations to serve the Cambodian people and to gradually reduce the level of concentration on large customers;
- ◆ To improve financial capacity and quality of assets while extracting more risk-preventing

provisions for bad debts to meet the specified safety rate under NBC's Regulations, towards compliance with international practices;

- ◆ To apply and operate according to international standards and practices in modern banking;
- ◆ To govern banking operations in accordance with the law and towards common practices, while ensuring transparency, publicity, efficiency, banking business organizations under the modern and advanced banking model;
- ◆ To modernize infrastructure, to diversify and to improve the quality of products and services, to create a competitive advantage, to serve the customers, to accelerate the application of information technology to banking operations, to support governance and management work;
- ◆ To develop an effective network through research on potential development capacity of locations, to secure and improve the effective operations of network points in order to better serve BIDC's customers;
- ◆ To improve labor productivity, focusing on training and improving the quality of human resources, with the goal of developing qualified Cambodian staff with strong company loyalty to BIDC to ensure stable, long- term business.

We believe that with the support of the functional authorities as well as the support and cooperation of customers, partners, and dedicated staff, BIDC's business in Cambodia will continue to grow stronger and more successful, contributing significantly to the economic development of Cambodia.

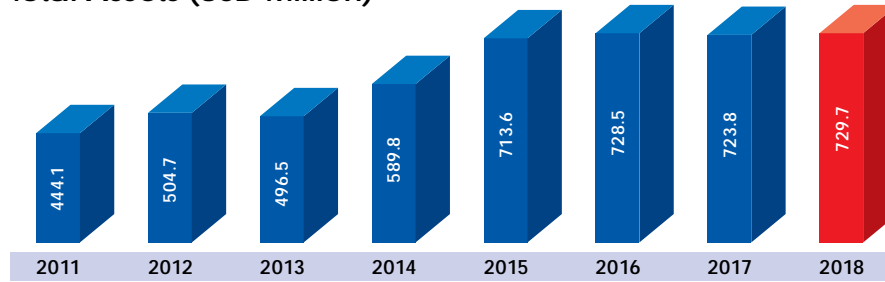
On behalf of Board of Management, I would like to sincerely thanks to our clients who trust in BIDC ever since. We are committed to always be there, share and support our clients in the difficult times, and we always respect the values of loyalty of our clients. I also recognize and highly appreciate the contributions of the staffs who have been very dedicated and helpful in the development of BIDC. I am proud of what BIDC has achieved and extremely excited about ahead opportunities.



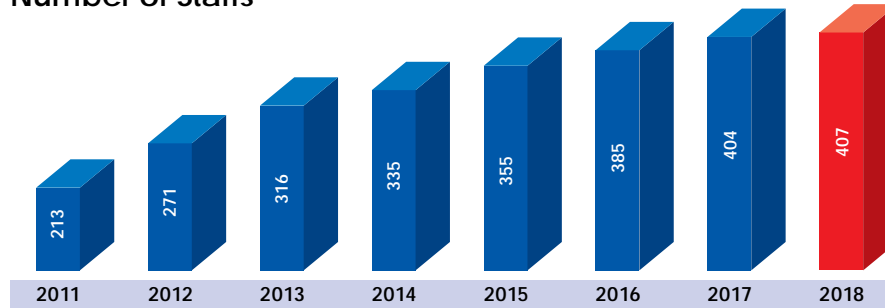
Chief Executive Officer
NGUYEN QUOC HUNG



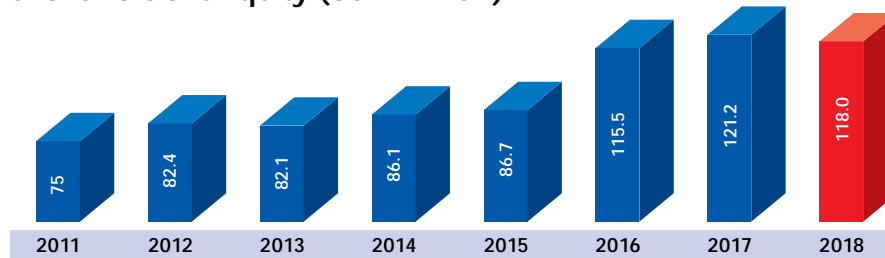
Total Assets (USD Million)



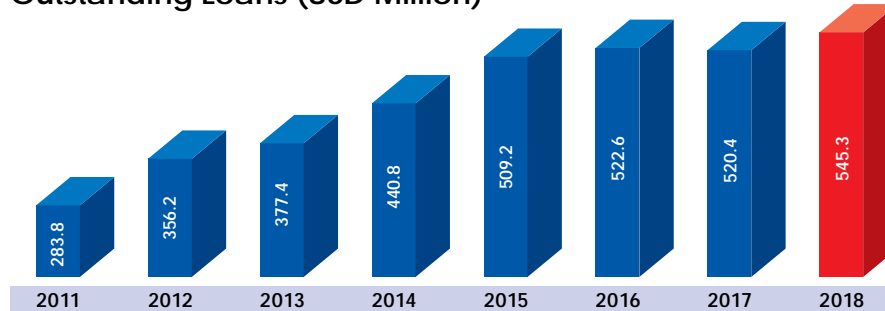
Number of Staffs



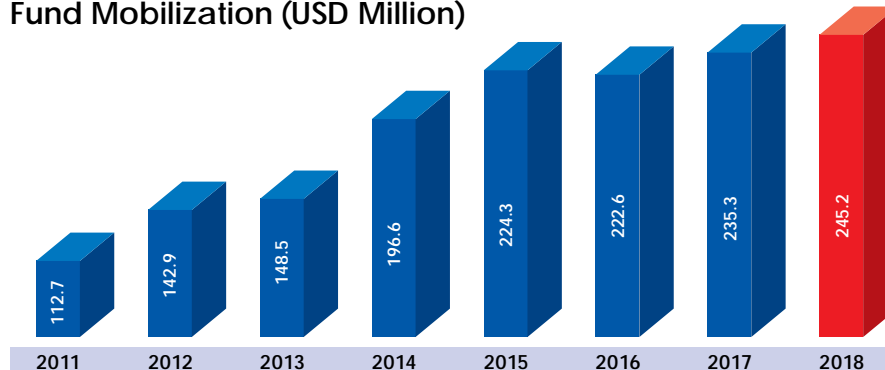
Shareholder's Equity (USD Million)



Outstanding Loans (USD Million)



Fund Mobilization (USD Million)



CORPORATE GOVERNANCE



OVERALL INFORMATION ABOUT BIDC

Full Name:	Bank for Investment and Development of Cambodia PLC.
Business Name:	Bank for Investment and Development of Cambodia PLC.
Abbreviated Name:	BIDC
SWIFT Code:	IDBCKHPP
Chartered Capital:	USD 100,000,000 (One hundred million US dollars)
Address of Head Office:	No. 370, Preah Monivong Blvd, Sangkat Boeng Keng Kang I, Khan Chamkarmon, Phnom Penh, Cambodia.
Chairman of the BOD:	Mr. Le Kim Hoa
Chief Executive Officer:	Mr. Nguyen Quoc Hung
Telephone:	+855 23 210 044
Fax:	+855 23 220 511
Website:	www.bidc.com.kh
Audit Firm:	Ernst & Young (Cambodia) Ltd.

MAIN BUSINESS SECTORS

Credit granting: Loans, guarantees, and related services
 Account service
 Fund mobilization service
 Trade financing service
 Payment service: Domestic payments, international payments
 E-Banking and Card service
 Other products and services according to business registration certificate requirements.

ORGANIZATIONAL STRUCTURE

BIDC's Board of Directors consists of 9 members. The Board of Management has 07 members. The network consists of 01 Head Office, 07 branches in Cambodia and 02 branches in Vietnam.

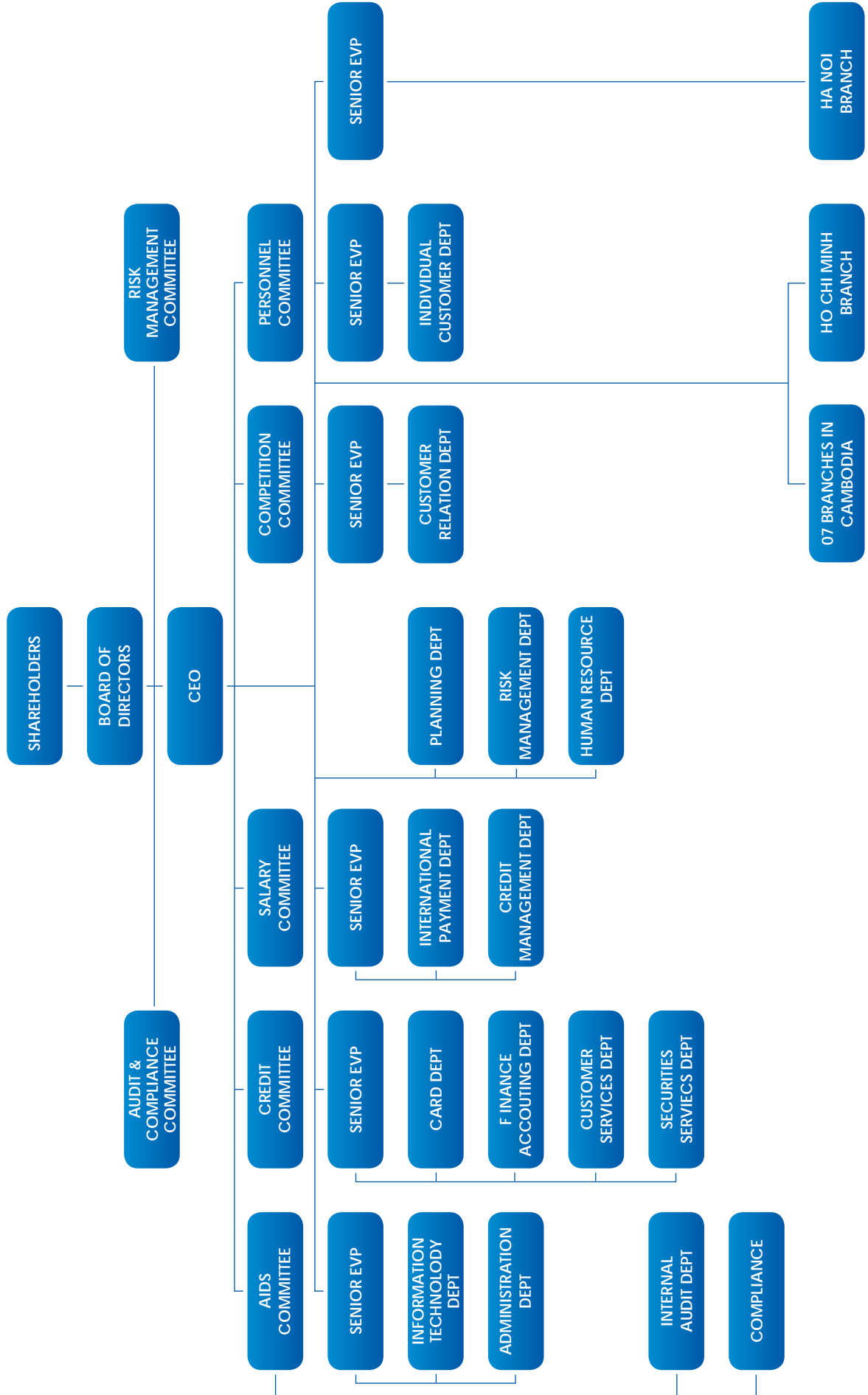
THE MEMBERS OF THE BOARD OF DIRECTORS DURING THE YEAR AND UP TO THE DATE OF THIS REPORT ARE:

Name	Position	Date of appointment
Mr. Le Kim Hoa	Chairman	Appointed on 23 February 2016
Mr. Hoang Van Vinh	Vice Chairman	Appointed on 7 July 2010
Mr. Pham Van Duong	Member	Appointed on 1 August 2009
Mr. Nguyen Van Hien	Member	Appointed on 1 August 2009
Mr. Tran Dinh Dinh	Member	Appointed on 1 August 2009
Ms. Tran Thi Oanh	Member	Appointed on 1 August 2009
Mr. Nguyen Dinh Duong	Member	Appointed on 25 October 2013
Mr. Phan Thanh Hai	Member	Appointed on 11 December 2014
Mr. Nguyen Quoc Hung	Member	Appointed on 18 September 2015

THE MEMBERS OF BOARD OF MANAGEMENT DURING THE YEAR AND UP TO THE DATE OF THIS REPORT ARE:

Name	Position	Date of appointment
Mr. Nguyen Quoc Hung	Chief Executive Officer	Appointed on 1 November 2015
Ms. Mai Thi Ngoc Ha	Senior Executive Vice President	Resigned on 1 November 2018
Mr. Mey Phy	Senior Executive Vice President	Appointed on 1 August 2009
Mr. Le Nam Trung	Senior Executive Vice President	Appointed on 15 December 2014
Mr. Tran Lam Giang	Senior Executive Vice President	Appointed on 1 October 2015
Mr. Lam Van Hai	Senior Executive Vice President	Appointed on 28 March 2018
Mr. Chhuon Leng	Senior Executive Vice President	Appointed on 01 November 2018

BIDC ORGANIZATION CHART







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THE BOARD OF DIRECTORS



Mr. **LE KIM HOA**

Chairman of the Board of Directors

Year of Birth: 1965

Education Level: Master of Business Administration

Experience: Mr. Le Kim Hoa has over 31 years of working experience in the banking and finance sector. He has worked for BIDV as Director of Branch, Director of Credit Department, Senior Executive Vice President of BIDV and Chairman of the BODs of BIDC since February 23rd, 2016.



Mr. **HOANG VAN VINH**

Vice Chairman of the Board of Directors

Year of Birth: 1964

Education Level: Bachelor of Economics

Experience: Mr. Hoang Van Vinh has become a Member of the BODs of BIDC since 2010.



Mr. **TRAN DINH DINH**

Independent Member of the Board of Directors

Year of Birth: 1945

Education Level: Bachelor of Banking and Finance

Experience: Mr. Tran Dinh Dinh has over 40 years of working experience in the banking and finance sector. He has held many key positions within the banking and finance sector, such as Senior Executive Vice President of Vietnam Bank for Agriculture and Rural Development. Mr. Tran Dinh Dinh became an Independent Member of the BODs of BIDC since 2009.



Mr. **PHAM VAN DUONG**

Member of the Board of Directors

Year of Birth: 1972

Education Level: Bachelor of Business Administration

Experience: Mr. Pham Van Duong has become a Member of the BODs of BIDC since 2009.



Mrs. **TRAN THI OANH**

Member of the Board of Directors

Year of Birth: 1965

Education Level: Bachelor of Banking and Finance

Experience: Mrs. Tran Thi Oanh has over 29 years of working experience in the banking and finance sector. She has successfully served in several operating departments and within in BIDV, holding the positions of Deputy Director of BIDV- Gia Lai Branch and Deputy Director of BIDV's Board of Internal Control. Mrs. Tran has become an Independent Member of the BODs of BIDC since 2009.



Mr. **NGUYEN VAN HIEN**

Member of the Board of Directors

Year of Birth: 1961

Education Level: Master of Banking and Finance

Experience: Mr. Nguyen Van Hien has over 29 years of working experience in the banking and finance sector. He has become a Member of the BODs of BIDC since 2009.



Mr. **PHAN THANH HAI**

Member of the Board of Directors

Year of Birth: 1977

Education Level: Master of Banking and Finance

Experience: Mr. Phan Thanh Hai has over 19 years of working experience in the banking and finance sector. He has become a Member of the BODs of BIDC since 2014.



Mr. **NGUYEN DINH DUONG**

Member of the Board of Directors

Year of Birth: 1976

Education Level: Master of Banking and Finance

Experience: Mr. Nguyen Dinh Duong has over 19 years of experience in the banking and finance sector. He has become a Member of the BODs of BIDC since 2013.



Mr. **NGUYEN QUOC HUNG**

Member of the BODs and Chief Executive Officer

Year of Birth: 1977

Education Level: Master of Banking and Finance

Experience: Mr. Nguyen Quoc Hung over 20 years of experience in the banking and finance sector. He has become a Member of the BODs and CEO of BIDC since 2015.



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THE BOARD OF MANAGEMENT



Mr. **NGUYEN QUOC HUNG**

Member of the BODs and Chief Executive Officer

Year of Birth: 1977

Education Level: Mr. Nguyen Quoc Hung has over 20 years of working experience in the banking and finance sector. He has become a Member of the BODs and CEO of BIDC since November 2015.



Mr. **MEY PHY**

Senior Executive Vice President

Year of Birth: 1959

Education Level: Master of Law

Experience: Mr. Mey Phy has over 24 years of working experience in the banking and finance sector. He has become a the Senior Executive Vice President of BIDC since August 2009.



Mrs. **MAI THI NGOC HA**

Senior Executive Vice President

Year of Birth: 1963

Education Level: Bachelor of Banking and Finance, Bachelor of Engineering.

Experience: Mrs. Mai Thi Ngoc Ha has over 31 years of working experience in the banking and finance sector. She has become the Senior Executive Vice President of BIDC since August 2009.

**Mr. LE NAM TRUNG**

Senior Executive Vice President

Year of Birth: 1973**Education Level:** Bachelor of Economics**Experience:** Mr. Le Nam Trung has more than 19 years of experience in the financial services industry. He has become the Senior Executive Vice President of BIDC since December of 2014.**Mr. TRAN LAM GIANG**

Senior Executive Vice President

Year of Birth: 1976**Education Level:** Bachelor of Banking and Finance**Experience:** Mr. Tran Lam Giang has more than 19 years of experience in the banking and finance services industry. He has become the Senior Executive Vice President of BIDC since October of 2015.**Mr. LAM VAN HAI**

Senior Executive Vice President

Year of Birth: 1983**Education Level:** Bachelor of Banking and Finance and Master of Business Administration.**Experience:** Mr. Lam Văn Hai has more than 13 years of experience in the banking and finance services industry. He has become the Senior Executive Vice President of BIDC since March 2018.**Mr. CHHUON LENG**

Senior Executive Vice President

Year of Birth: 1980**Education Level:** Bachelor of Economics**Experience:** Mr. Chhuon Leng has more than 7 years of experience in the banking and finance services industry. He has become the Senior Executive Vice President of BIDC since 2018.

BUSINESS REVIEW 2018



1. MAJOR BUSINESS OPERATORS 2018

COMMERCIAL BANKING OPERATIONS

BIDC Commercial Banking division caters for the Bank's business customers, offering loan and deposit products, as well as transactional services to small and medium enterprises (SMEs) and emerging corporates. BIDC Commercial Banking operates in the entire network including Head Office and 7 branches in Cambodia and 2 in Vietnam.

In 2018, our Commercial Banking portfolio is a key component of the Bank's overall business, accounting for 67% of its total loans, with the total outstanding loans over USD 375 million.

For domestic market, in 2018 BIDC continued to accompany, cooperate in funding for business activities and providing banking services for many

large enterprises and corporations of Cambodia such as: Sokimex (petroleum sector); Peng Houth (real estate); Chipmong, PBC (construction, commercial); Mong Reththy (agriculture); Angkor Air (aviation) etc. thereby, contributing to the socio-economic development of Cambodia..

We were also able to leverage BIDV's international network for two-way referrals between BIDC in Cambodia and BIDV's representatives in the international market. With its widely networks and long-standing experiences, BIDV can always support BIDC to create more value for our customers by facilitating cross-border sourcing and business expansion for them.



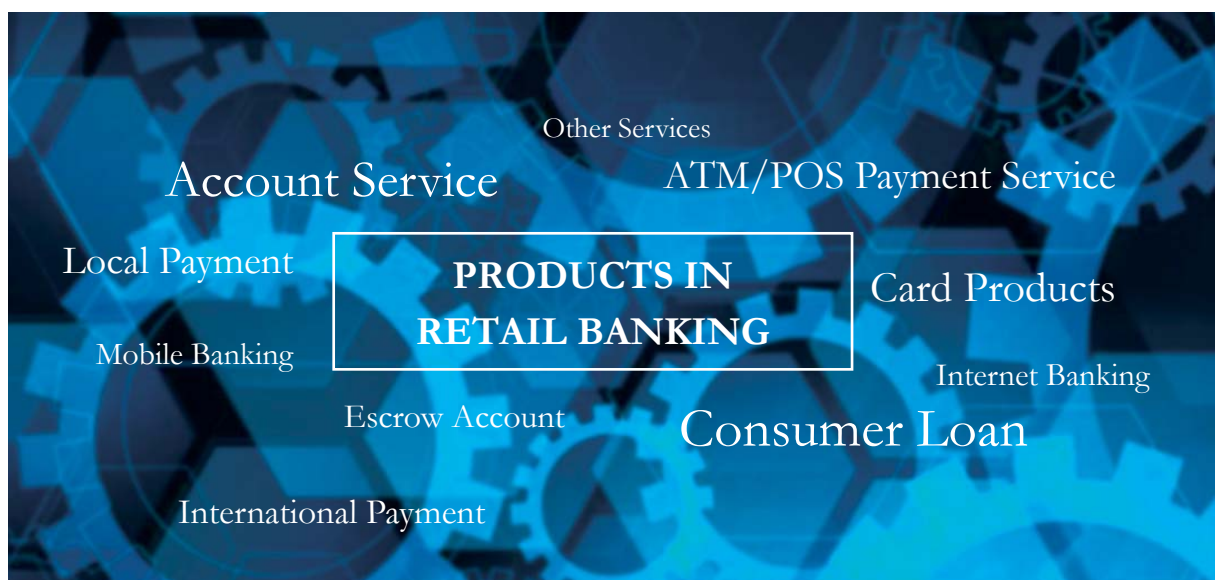
RETAIL BANKING OPERATIONS

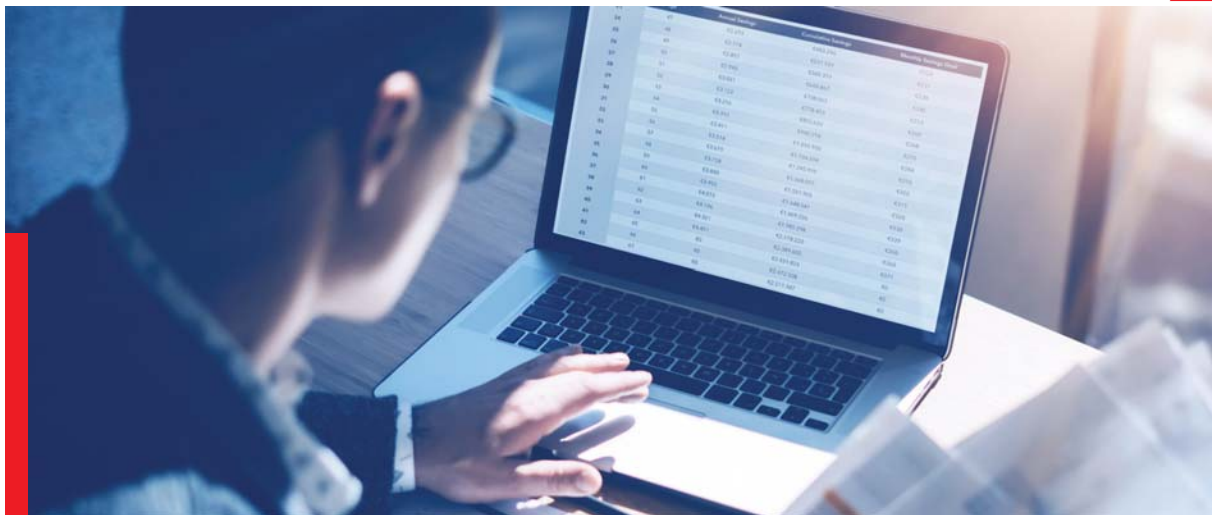
Retail banking development is long-term orientation of BIDC now and in the future. Retail Banking operates in parallel with the Bank's Commercial Banking operation, throughout entire network of BIDC.

In 2018, our Retail Banking portfolio was accounting for 33% of total loans and 73% of total deposits, with total outstanding balance over USD 184 million of loans and USD 178 million of deposits,

contributing important roles of BIDC's operations in stabilizing funds mobilization and developing sustainable retail banking operations of BIDC.

BIDC always wants to bring the best products and services closer to our customers. We continuously aim to enhance quality with our team of specialized experts to improve client engagement, thereby understanding more about customer's demands, serving our customers better and more quickly.





TREASURY OPERATIONS

The Treasury operation of BIDC, in collaboration with other business units, has been providing cross-border solutions to regional and domestic clients for their trade, investment, and financial requirements, including foreign exchange transactions, overseas telegraphic transfers and other services.

The day-to-day function of Treasury is to collaborate with all business units to explore opportunities to maximize revenue by cross-selling Treasury products with other products and services for corporate, commercial and retail customers.

Under its supporting functions, Treasury provides funding for the Bank's balance sheet in conjunction with business units to ensure sufficient and timely funding for daily business activities. Treasury also participates in the Assets and Liabilities Management Committee to discuss balance sheet exposure, liquidity risk and interest rate pricing, to optimize the Bank's assets and liabilities structure.

Function of treasury operations is to responsible for maintaining relationships with, and promoting inter-bank business collaboration amongst local and foreign banks operating in Cambodia. This includes facilitating the process of bank counter-party credit risk assessments and maintaining of global banking institutional limits.

ACHIEVEMENTS OF 2018



BIDC has continued its best efforts to strengthen and expand relationships with international interbank partners, thereby enhancing mobilization of long-term and stable funds to support business operations, and continuing to affirm BIDC's prestige and brand not only in Cambodia but also all over international and regional markets.

BIDC has improved main indicators of bank performance per NBC requirements as following: The Liquidity ratio is 90%, and Solvency ratio reached 17%, in addition, BIDC has maintained prudent risk management policy, controlling the lending/deposit ratio (LDR) in 2018 stably at 89% to ensure sustainability and safety in the Bank's operations.

INFORMATION AND E-BANKING OPERATIONS 2018

In terms of information technology, BIDC's T24 core banking system is well appreciated both in Cambodia and Vietnam, ensuring BIDC's ability to operate and develop. However, BIDC has also faced certain difficulties and constraints in 2018 while concentrating resources towards retail orientation.

Promptly overcoming these difficulties and challenges, BIDC has constructed its business plan in the period of 2018-2020 with specific orientation towards successful business strategies and solutions. Accordingly, in 2018, BIDC has continue to penetrate deeper into the Cambodian economy:

- ◆ To focus on retail operations to meet demands of the Cambodian, and to shift the customers towards sustainable business; continually investing in information technology; developing products appropriate for modern e-banking services such as Mobile Banking, Internet Banking, ATM, VISA/Master, Payment gateway for inter-bank, bill payment and E-banking service with Financial Technology Solution (FinTech). Creating more convenience serving more customers demand.
- ◆ To modernize infrastructure, to diversify and to improve the quality of products and services to create a competitive advantage, to serve the customers, to accelerate the application of information technology to banking operations, to support governance and management work.
- ◆ To develop an effective network through research on potential development capacity of locations, to secure and improve the effective operations of network points in order to better serve BIDC's customers.



MOBILE BANKING-INTERNET BANKING

An application developed for customers to remotely use mobile their devices to conduct financial transaction which available 24/7 whether checking inquiries, making transfers (including non-account holders, inter-bank Fast Payment System), top-up any mobile phone, bill Payment, Transfer to E-money wallet and receiving special promotions.

BIDC has launched "Internet Banking for corporate customer". On 03 March 2018 and updated Mobile Banking service in September 2018 for value-added services (Bill Payment, E-money, Fast Payment, Booking flight).

CARD OPERATIONS

Our nationwide ATMs will be ready for all customer to withdraw money, including both local and international card holders such as VISA/Master card. We equip our ATMs with latest technology that enables them to have full access to VISA/Master database to accommodate customers 24/7.

On 17 Oct 2018, BIDC has launched launched "Master Card Inquiry" for both local and international Master card holder. Card issued by BIDC are supported by new security standard based on EMV to protect customer using banking service via ATM, POS Terminal, E-commerce.



STRATEGIC PRIORITIES FOR 2019

Recognizing challenges of the Digital Era, BIDC began experimenting with new products and areas of business to achieve goal of becoming a modern retail bank. In addition, the Government and National bank of Cambodia has been facilitated the development of payment operations by providing new means of efficient and convenient payment.

In order to achieve business efficiency from card and e-banking operations, BIDC will invest in large-scale technology systems to catch up with modern payment trends to pursue a comprehensive retail strategy, including the development of a modern business model, advanced valuation mechanism, improvement of transaction style to attract customers, dominate the market, create solid foundation to a strong development.

Accordingly, BIDC will focus on strategic priorities for 2019 as follows:

- ◆ Continuously invest to upgrade the Bank's Information Technology system with emphasis on delivering efficient customer service and new service delivery channels, meeting demands of fast-growing customer base.
- ◆ BIDC will join Bakong project with NBC and other financial institutions which allows customers to implement instant funds transfer transaction between the member Banks via mobile phone using Blockchain technology.
- ◆ Develop new banking services with partner in order to expand outreach, increase income efficiency, create cross-selling opportunities, be competitive, and conveniently serve customer.
- ◆ BIDC will join Central Shared Switch with NBC that will allow BIDC's customers to withdraw cash/money via any ATM throughout Cambodia.

2. HUMAN RESOURCE MANAGEMENT

Regarding recruitment: In 2018, BIDC continuing to carry out intensive recruitment for the entire system. This has helped to select many new staff to meet the requirements of increasing scale of operations. BIDC has attracted suitable candidates, contributing to improve quality of human resources for the benefit and expansion of the network, scale, and quality of operations.

Regarding staff training: BIDC has been active in developing training programs, including self-training systems within BIDC that are supported by BIDV through hiring of trainers. BIDC has also organized professional and language training courses for staffs of the entire system, in order to improve their professional skills, soft skills, and foreign languages.

Regarding the planning and appointment of cadres: Planning work is conducted in accordance with the general standards of BIDC. Implementation has always been open and dynamic, with list of plans being adjusted on the basis of monitoring the development of cadres, removal from the list of cadres who are no longer eligible, standardization, and to add to the list with new potential candidates.



The appointment of cadres has been handled with professionalism to help BIDC select exemplary and prestigious cadres in the professional field.

Regarding salary and bonus policy: Initially researched and deployed separately to each department depending on the contribution to BIDC's activities; assigning business targets to staff serves as a basis for evaluating results of accomplishing tasks and implementing salary and bonus payments accordingly. Changes in the salary and bonus policies have created new motivation for staff to strive to fulfill their assigned tasks.





3. RISKS MANAGEMENT

BIDC notes the following risk factors which may affect the bank’s business performance:

- ◆ **Economic Risk:** In 2018, Cambodia has achieved encouraging results, fulfilling its basic objectives (stabilizing macroeconomics, monitoring inflation, increasing GDP growth rate, and ensuring employment and social benefits). However, the economy still faces some challenges: (i) economic growth closely tied to fluctuations in the political situation, natural conditions in the country, demands on foreign market and FDI flows, (ii) higher production costs, (iii) limited government revenues, low social security, (iv) excessive dollarization projected to have a major impact on the Cambodian economy as external funding sources decline. These challenges will directly affect business activities of BIDC’s customers and BIDC.
- ◆ **Credit Risk:** Credit risk refers to potential loss due to failure of a borrower to meet their contractual obligation to repay a debt in accordance with the agreed terms. Such risks arise from various causes, such as unstable

revenues of the customers, intentional insolvency of the customers, or violations of the third party in connection to the obligations to the bank as the creditor. In the context of incomplete Cambodian economy, income of individuals is often low, and the private sector occupies most of the economy but is concentrated around several large enterprises. This results in a high credit risk.

- ◆ **Liquidity Risk:** Liquidity is the ability of a bank to fund increases in assets and to meet obligations as they become due, without incurring unacceptable losses. The fundamental role of banks in the maturity transformation of short-term deposits into long-term loans makes the bank inherently vulnerable to liquidity risk. Liquidity risk management is to monitor and control on the basis of cash flow projections. For prevention, BIDC always maintains the liquidity ratio equal to or higher than NBC’s regulations, focusing on high liquidity assets such as cash, cash at NBC, and regular meetings of the ALCO Council to study the market situation and ensure the liquidity ratio of BIDC.

- ◆ **Interest Rate Risk:** A major risks arises when market interest rates fluctuate, which will negatively affect the bank’s net interest income. As one of the major banks in Cambodia in implementing modern risk management system, BIDC has fully established its internal regulations on interest rate risk management system in compliance with relevant regulations.
- ◆ **Foreign Exchange Risk:** Foreign exchange risk originates from adverse movements in exchange rates, which cause a decrease in the foreign currency state held by the Bank. In order to manage foreign exchange risk, the Bank has promulgated a series of exchange risk managements; including foreign exchange risk management; foreign exchange risk limits, and instruments to measure and control foreign exchange risks, including stop-loss limits and value at risk.
- ◆ **Legal and Compliance Risk:** The Legal and Compliance Management Department is responsible for overseeing the legal aspects

of the activities that BIDC undertakes, is responsible for facilitating, advising and supervising business units and assists to ensure that they act in accordance with applicable laws, regulations and guidelines. In the past year, the Bank has exerted every effort to comply with standards, policies, procedures, and best practices. The Legal and Compliance Department always encourages the active involvement of the relevant departments and project-steering committees in meeting the Bank’s responsibilities towards regulations such as the Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) and US Foreign Account Tax Compliance Act (FATCA).

- ◆ **Operational Risk:** Operational risk is a risk that may occur in most of the bank’s activities. It is inherent to banking activities but unpredictable. Operational risk may stem from human factors (negligence or fraud), a gap in the operating procedures, weakness in information systems, internal control systems; or from changes of unexpected external factors (government policies, natural disasters, or sabotage). To prevent and mitigate operational risk, BIDC has implemented operational risk management by focusing on research, development, and application of advanced operational risk management tools towards international practices and to meet the requirements of the NBC.
- ◆ **Other Risks:** In addition to the above risks, BIDC’s operation can also be affected by other risks such as fire, natural disasters, strikes, war, and accidents etc. These major events are beyond BIDC’s control, prevention, and expectation. These risks, if they materialize, may cause damage to the business performance of any enterprise, including BIDC.





4. ACTIVITIES OF BOARD OF DIRECTORS

In 2018, the Board of Directors of BIDC (BOD) held regular meetings, giving opinions and directions in writing for the issues within the Board’s authority, ensuring a comprehensive grasp of the situation and timely arrival at appropriate policies and decisions regarding the key issues of the entire system and supervision of operations of BIDC’s Management.

The Board of Directors issued 15 resolutions and 48 decisions of the BOD to give timely direction and settle derivative works in order to create favorable conditions and reactivity in BIDC’s Management. Among these, a number of major and important contents have been agreed upon by the Managing Board and directed by BIDC’s Executive Board.

5. THE OPERATIONAL STRUCTURE OF THE COMMITTEES DIRECTLY UNDER THE BOARD OF DIRECTORS

There are two committees directly under the Board of Directors, including: (i) the Risk Committee; (ii) the Audit and Compliance Committee.

a. The Risk Committee is under the Board of Directors (that was established by merging the Risk Management Committee and the Risk Solving Committee) and executes the rights and the responsibilities of the Board of Directors in risk management for the activities throughout BIDC’s system. The Risk Committee is chaired by the BOD Chairman.

b. The Audit and Compliance Committee consults, helping the Board to handle matters relating to auditing work and monitoring compliance throughout BIDC’s system. The Audit and Compliance Committee consists of three members with longtime experience in banking operations, and is chaired by the independent member of the Board of Directors (Mrs. Tran Thi Oanh).

6. ACTIVITIES OF THE AUDIT AND COMPLIANCE COMMITTEE IN 2018

A. MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE

- ◆ Mrs. Tran Thi Oanh - Independent Member of the BOD *Chairman (*)*
- ◆ Mr. Nguyen Dinh Duong - Member of the BOD *Member*
- ◆ Mr. Tran Dinh Dinh - Independent Member of the BOD *Member*

B. ACTIVITIES IN 2018

The Audit and Compliance Committee performed the functions and tasks prescribed by law, the BIDC Charter, regulations on organization and operation of the Audit and Compliance Committee. In 2018, the Audit and Compliance Committee through regular meetings with the assisting staff directed two departments to assist Internal Audit and Compliance implementation and completion of work plans approved by the Board of Directors, with main activities including:



- ◆ Supplementation and strengthening of personnel for internal auditing; perfecting of the system of internal documents and regulations, creation of a legal corridor for the operation of the Audit and Compliance Committee, the inspection and internal audit department as well as compliance function to operate smoothly and accordance with regulation, meeting requirements of operation.
- ◆ Regular supervision of the implementation of resolutions and decisions of the BOD; monitoring the implementation follow recommendations of the Audit and Compliance Committee. Supervision is systematically being carried out from Head Office to Branches, with focus on comprehensive supervision of bank governance, risk management in fields of operation and implementation levels; regular monitoring of key bank operations or potential risk areas; supervision and evaluation of compliance with regulations on safety of operation of banks in accordance with regulations of the National Bank of Cambodia and the State Bank of Vietnam.
- ◆ Auditing and evaluation of internal control system in a number of key BIDC business areas (credit, finance, deposits, anti-money laundering); making recommendations to improve and enhance effectiveness of the internal control system; development of an internal audit plan in 2019.

Through internal monitoring and auditing, the Audit and Compliance Committee has issued timely risk warnings, identified issues that are still present in the operations, internal regulatory documents, and organizational structure for recommendations to the Board of Directors, Board of Management and all levels of management of the bank to correct and supplement regulations, procedures, and professional guidelines, strengthening internal control work to prevent and reduce risks and ensuring safety in operations.

SUSTAINABLE DEVELOPMENT REPORTS



1. TRAINING AND DEVELOPMENT OF HUMAN RESOURCES

After more than ten years of operation, BIDC has strengthened and built up a solid workforce in terms of experience, competence, mental fitness, and endurance. This demonstrates effectiveness of policies on talent attraction and management, focused and consistently implemented on a long term by professional and prestigious recruitment within the labor market.

The most important highlight is that BIDC has clearly identified strategic goals of human resource development as the key recruiting priority and benefits to the workforce in the locality at the initial investment in training, and has gradually increased the ratio of Cambodian leaders. Through to the present, local personnel who are qualified and experienced with high ethical standards, can be appointed and assigned to key positions at BIDC.

The objective and orientation of BIDC in training and development of human resources focus on the following:

- ◆ To attract and exploit human resources, forming a team of experts in key professional areas.
- ◆ To perfect the system framework of capacities, renovating evaluation indexes for individuals and renewing personnel assessment comprehensively in order for it to be the foundation for personnel organization.
- ◆ To improve processes and regulations on the personnel organization attached to general capacity framework, capacity management framework and professional capacity framework for each position.
- ◆ To promote the application of information technology in the workplace, increasing productivity and labor efficiency.
- ◆ To develop a training program framework subject to the group of titles associated with the capacity framework and job description.
- ◆ To expand and improve the efficiency of cooperation in training human resources.
- ◆ To develop, complete, and regularly update treatment and welfare policies aimed at completing comprehensive remuneration policies under the international practices and standards.

2. HIGHLIGHTS BIDC'S ACTIVITIES

Appraisal and Reward



2. HIGHLIGHTS BIDC'S ACTIVITIES

BIDC Celebrating Khmer New Year



3. BIDC'S SOCIAL SOLIDARITY ACTIVITIES FROM 2011 TO 2018

Over the past eight years, BIDC has gradually matured, stabilized and increased sustainability factors in terms of the breadth and depth, scale, and scope of operations. BIDC has gradually proved its persistent self-innovation efforts to become a leading bank in terms of quality, efficiency, and reputation, contributing to the sustainable growth of the financial and monetary market in Cambodia. In particular, BIDC is one of the pioneers and a major contributor to social welfare activities and poverty reduction in Cambodia. Some typical social security works of BIDC in the past consist of:

- ◆ Sponsorship of the BIDC CUP - International Champion Cup for four times since 2009, i.e. every two years. This event is the regional sports tournaments for young Asian players, which is a great significance in promoting culture and sport advancement in Cambodia as well as in the region.
- ◆ Since its inception, BIDC and BIDV has actively contributed to sponsoring social welfare activities in Cambodia, i.e. annual funding to the Cambodian Red Cross with a total contribution of nearly USD 500 thousand since 2011; contributing to disaster recovery, poverty elimination, medical and educational assistance in many areas of Cambodia, contributing above 5 million USD for poverty reduction, assisting poor people and families with difficult circumstances in Cambodia.
- ◆ In 2018, BIDC continued its efforts in coordinating with other and relevant agencies to implement programs that encourage and support Cambodian students studying in Vietnam during internship programs and future career orientation. We are proud to have contributed to the training and career opportunities for many excellent Cambodian students.



AUDITED FINANCIAL STATEMENTS 2018



Building a better
working world

Reference: 61090109/ 20692303/HN

INDEPENDENT AUDITORS' REPORT

To: **The Owners of Bank for Investment and Development of Cambodia Plc.**

Opinion

We have audited the accompanying consolidated financial statements of the Bank for Investment and Development of Cambodia Plc and its subsidiaries (together referred to as "the Group") which comprise the consolidated balance sheets as at 31 December 2018, and the consolidated income statements, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as "the consolidated financial statements").

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance, its consolidated changes in equity and consolidated cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia ("NBC").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 7 of the financial statements. Included in the loans balance at 31 December 2018 were some loans of certain agriculture customers amounting to US\$27,146,100 which were classified as substandard loans and US\$41,686,165 which were classified as special mention loans in accordance with the approval from NBC on 19 June 2018. Our opinion is not modified in respect of this matter.

Other Matter

The equivalent amounts in KHR presented in the accompanying consolidated financial statements have been translated on the basis set forth in *Note 2.1* to the consolidated financial statements solely for the Group's internal use and for reporting to the relevant authorities in compliance with the current regulations.



Information other than the Financial Statement and Auditor's Report Thereon

The other information obtained at the date of the auditor's report comprises the Report of management as set out in pages 1 to 4. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Director is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

26 June 2019

CONSOLIDATED BALANCE SHEET

BANK FOR INVESTMENT AND DEVELOPMENT OF CAMBODIA PLC.

as at 31 December 2018

	2018		2017	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
ASSETS				
Cash on hand and other cheque items	7,462,113	29,982,770	5,713,599	23,065,799
Balances with central banks	50,822,458	204,204,636	54,125,731	218,505,576
Due from other financial institutions	25,804,361	103,681,922	60,490,938	244,201,917
Investments in securities	16,007,897	64,319,730	17,156,471	69,260,673
Loans to customers	545,277,871	2,190,926,486	505,251,272	2,039,699,385
Property and equipment	17,478,293	70,227,781	19,969,546	80,617,057
Intangible assets	1,697,503	6,820,567	1,842,895	7,439,767
Other assets	64,169,149	257,831,641	58,507,136	236,193,308
Deferred tax assets	999,561	4,016,236	745,866	3,011,061
TOTAL ASSETS	729,719,206	2,932,011,769	723,803,454	2,921,994,543
LIABILITIES AND OWNERS' EQUITY				
Liabilities				
Due to other financial institutions	344,076,907	1,382,501,012	348,433,453	1,406,625,850
Due to customers	245,220,148	985,294,555	235,331,963	950,035,135
Income tax payable	816,114	3,279,146	932,133	3,763,021
Other liabilities	21,629,400	86,906,929	17,765,103	71,717,720
Total liabilities	611,742,569	2,457,981,642	602,462,652	2,432,141,726
Owners' equity				
Paid-up capital	100,000,000	401,800,000	100,000,000	403,700,000
Foreign exchange translation reserves	(166,664)	(669,656)	(538,366)	(2,173,384)
General banking reserves	3,853,970	15,485,251	3,550,706	14,334,200
Retained earnings	9,858,711	39,612,301	11,256,361	45,441,929
Non-controlling interests	4,430,620	17,802,231	7,072,101	28,550,072
Total owners' equity	117,976,637	474,030,127	121,340,802	489,852,817
TOTAL LIABILITIES AND OWNERS' EQUITY	729,719,206	2,932,011,769	723,803,454	2,921,994,543

STATEMENT OF INCOME STATEMENT

	2018		2017	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Interest income	42,186,050	169,503,549	39,926,830	161,184,613
Interest expenses	(19,347,957)	(77,740,091)	(19,719,834)	(79,608,970)
Net interest income	22,838,093	91,763,458	20,206,996	81,575,643
Fee and commission income	14,245,730	57,239,343	10,541,517	42,556,104
Fee and commission expenses	(8,766,474)	(35,223,693)	(5,693,062)	(22,982,891)
Net fee and commission income	5,479,256	22,015,650	4,848,455	19,573,213
Income from securities	(494,598)	(1,987,295)	300,765	1,214,188
Other operating income	1,406,585	5,651,659	145,310	586,616
TOTAL OPERATING INCOME	29,229,336	117,443,472	25,501,526	102,949,660
Operating expenses	(19,610,142)	(78,793,551)	(17,588,297)	(71,003,955)
Provision expenses for credit losses	(11,611,511)	(46,655,051)	(6,730,670)	(27,171,715)
Provision expenses for diminution in value of investment and other assets	(1,265,725)	(5,085,683)	(205,138)	(828,142)
Recovery from loans written-off	5,262,528	21,144,838	1,005,985	4,061,161
PROFIT BEFORE TAX	2,004,486	8,054,025	1,983,406	8,007,009
Income tax expense	(992,268)	(3,986,932)	(1,632,360)	(6,589,837)
NET PROFIT FOR THE YEAR	1,012,218	4,067,093	351,046	1,417,172
Net profit attributable to non-controlling interests	582,727	2,341,397	495,106	1,998,743
Net profit/(loss) attributable to the equity holders of the Bank	429,491	1,725,696	(144,060)	(581,571)

STATEMENT OF CHANGES IN EQUITY

	Paid-up capital US\$	General banking reserves US\$	Foreign exchange translation reserves US\$	Retained earnings US\$	Non-controlling interests US\$	Total US\$
Balance as at 1 January 2017	100,000,000	3,311,768	(1,587,171)	11,341,875	2,409,433	115,475,905
Received from acquisitions	-	77,010	-	602,137	4,082,514	4,761,661
Net profit for the year	-	-	-	(144,060)	495,106	351,046
Appropriation to reserves	-	161,928	-	(161,928)	-	-
Dividend payment	-	-	-	(376,211)	(441,000)	(817,211)
Exchange differences on translation of foreign operations	-	-	1,048,805	-	526,048	1,574,853
Other decrease	-	-	-	(5,452)	-	(5,452)
Balance as at 31 December 2017	100,000,000	3,550,706	(538,366)	11,256,361	7,072,101	121,340,802
KHR'000 equivalent	403,700,000	14,334,200	(2,173,384)	45,441,929	28,550,072	489,852,817
Balance as at 1 January 2018	100,000,000	3,550,706	(538,366)	11,256,361	7,072,101	121,340,802
Decrease from de-investment	-	(43,092)	-	(393,232)	(3,224,208)	(3,660,532)
Net profit for the year	-	-	-	429,491	582,727	1,012,218
Appropriation to reserves	-	346,356	-	(346,356)	-	-
Exchange differences on translation of foreign operations	-	-	371,702	-	-	371,702
Other decrease	-	-	-	(1,087,553)	-	(1,087,553)
Balance as at 31 December 2018	100,000,000	3,853,970	(166,664)	9,858,711	4,430,620	117,976,637
KHR'000 equivalent	401,800,000	15,485,251	(669,656)	39,612,301	17,802,231	474,030,127

STATEMENT OF CASH FLOWS

	2018		2017	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Net cash used in operating activities	(42,610,044)	(171,207,157)	(18,940,173)	(76,461,477)
Cash flows from investing activities				
Acquisition of property and equipment	(295,804)	(1,188,540)	(118,607)	(478,816)
Acquisition of computer software	-	-	(142,487)	(575,220)
Proceeds from disposal of property and equipment	72,726	292,213	-	-
Investment in construction in progress	(2,002,269)	(8,045,117)	(2,023,120)	(8,167,335)
Dividend received from investments	86,711	348,405	13,421	54,181
Proceed from dealing investment	5,764,883	23,163,300	-	-
Net cash from/ (used in) investing activities	3,626,247	14,570,261	(2,270,793)	(9,167,190)
Cash flows from financing activities				
Profit transfer to shareholders	-	-	(1,108,772)	(4,476,113)
Net cash used in financing activities	-	-	(1,108,772)	(4,476,113)
Net decrease in cash and cash equivalents	(38,983,797)	(156,636,896)	(22,319,738)	(90,104,780)
Cash and cash equivalents at the beginning of the year	85,988,496	347,135,558	97,346,393	392,987,387
Foreign exchange difference	371,702	(140,283)	1,048,805	4,234,025
Cash received from acquisition	-	-	9,913,036	40,018,926
Cash and cash equivalents at the end of the year	47,376,401	190,358,379	85,988,496	347,135,558

DETAILED REPORT LOAN TO CUSTOMERS

	2018		2017	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Term loans	368,257,366	1,479,658,097	319,077,312	1,288,115,108
Overdraft	71,377,154	286,793,405	88,211,016	356,107,872
Credit facilities	118,152,281	474,735,865	113,090,946	456,548,149
Total loans - gross	557,786,801	2,241,187,367	520,379,274	2,100,771,129
Specific provision	(7,702,511)	(30,948,689)	(10,614,868)	(42,852,222)
General provision	(4,806,419)	(19,312,192)	(4,513,134)	(18,219,522)
Provision for credit losses on loans to customers	(12,508,930)	(50,260,881)	(15,128,002)	(61,071,744)
Loans to customers - net	545,277,871	2,190,926,486	505,251,272	2,039,699,385

Changes in provision for credit losses on loans to customers were summarized below:

	2018		2017	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Beginning balance	15,128,002	61,071,744	11,882,365	47,969,108
Provision charged for the year	11,611,511	46,655,051	6,759,098	27,286,479
Utilization	(14,181,547)	(56,981,456)	(3,499,236)	(14,126,417)
Foreign exchange difference	(49,036)	(484,458)	(14,225)	(57,426)
Ending balance	12,508,930	50,260,881	15,128,002	61,071,744

DEPOSITS FROM CUSTOMERS

	2018		2017	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Current accounts	41,312,392	165,993,191	40,377,923	163,005,676
US\$	36,402,537	146,265,394	33,036,754	133,369,376
KHR	788,575	3,168,494	499,763	2,017,543
Others	4,121,280	16,559,303	6,841,406	27,618,757
Fixed deposits	200,102,875	804,013,352	191,560,658	773,330,376
US\$	124,667,436	500,913,758	115,020,078	464,336,055
KHR	76,826	308,687	821,580	3,316,718
Others	75,358,613	302,790,907	75,719,000	305,677,603
Savings deposits	3,415,548	13,723,672	3,052,761	12,323,996
US\$	3,400,051	13,661,405	3,046,997	12,300,727
KHR	15,497	62,267	5,764	23,269
Margin deposits	389,333	1,564,340	340,621	1,375,087
US\$	129,784	521,472	107,140	432,524
Others	259,549	1,042,868	233,481	942,563
Total	245,220,148	985,294,555	235,331,963	950,035,135

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