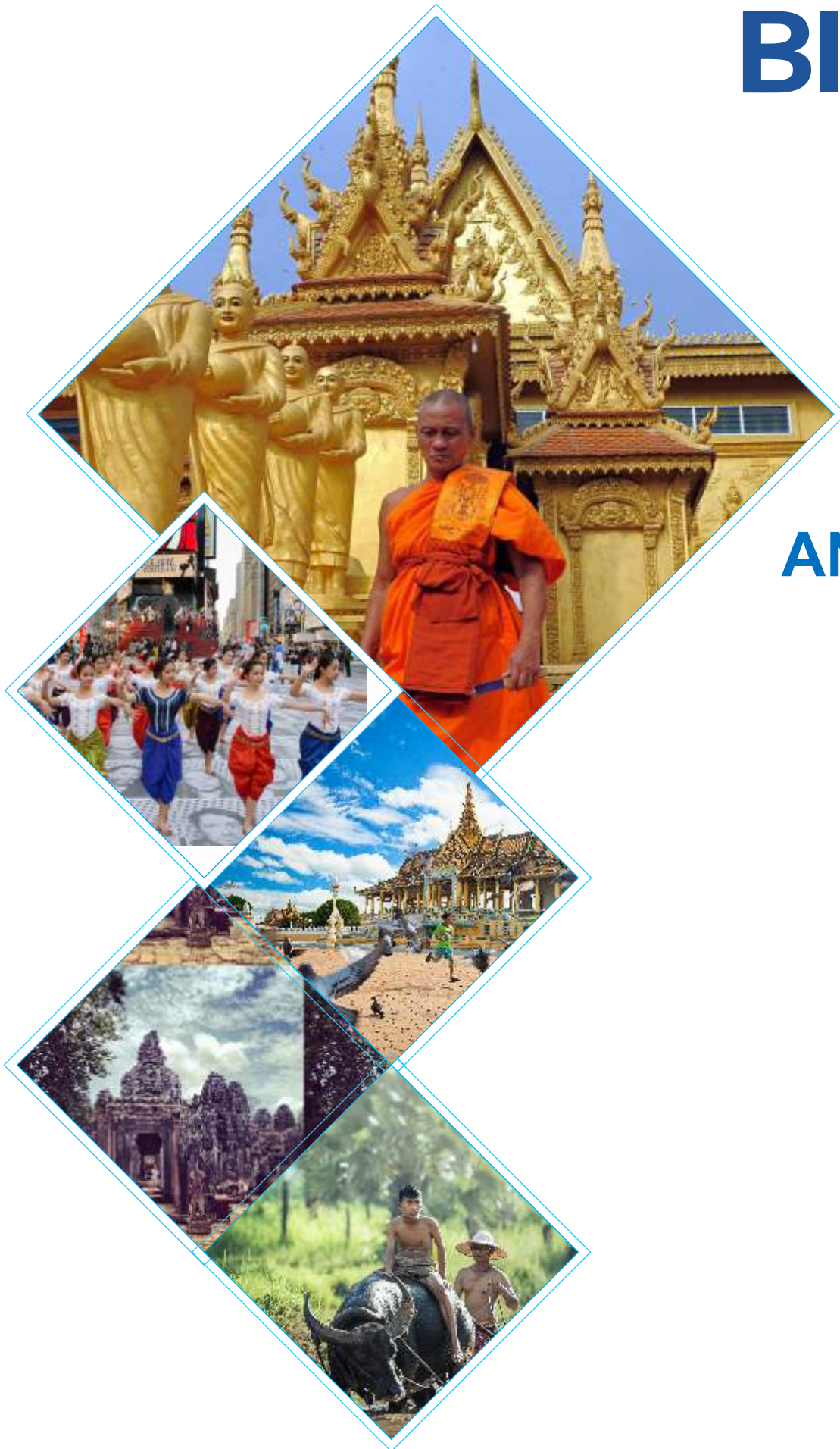




**ANNUAL  
REPORT  
2017**





**ANNUAL  
REPORT  
2017**

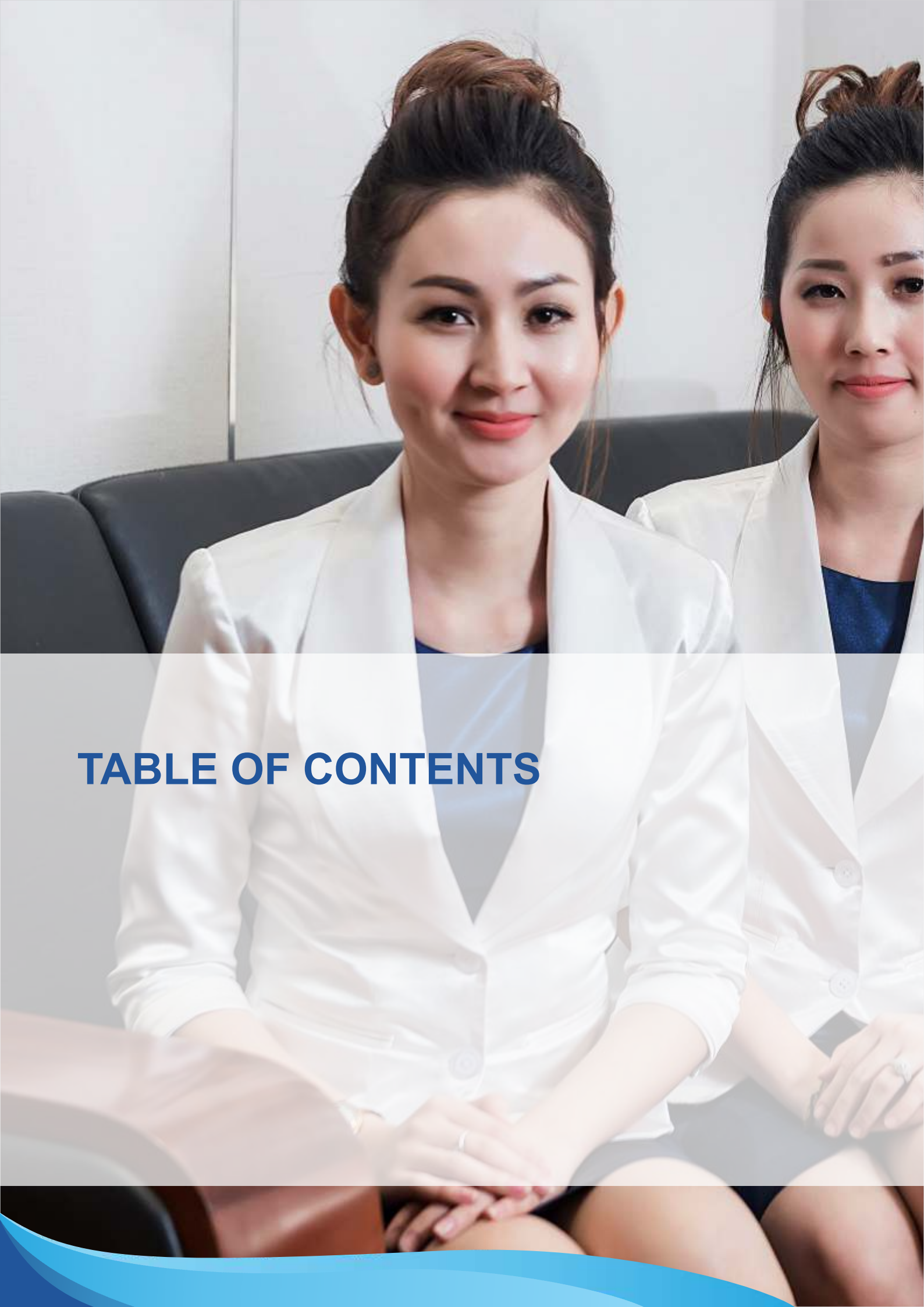
**BIDC** 

**BANK FOR INVESTMENT AND**



**BANK**  
DEVELOPMENT OF CAMBODIA PLC.





# **TABLE OF CONTENTS**

A photograph of four young women with dark hair styled in buns, wearing white blouses over dark blue tops. They are sitting in a row, looking towards the camera with slight smiles. The background is a bright, modern office interior with a window and a white cabinet.

**OVERVIEW** **7**

**CORPORATE GOVERNANCE** **13**

**BUSINESS REVIEW 2017** **33**

**SUSTAINABLE DEVELOPMENT** **45**

**AUDITED FINANCIAL STATEMENT 2017** **59**

**CORPORATE DIRECTORY** **67**

## OVERVIEW



## ABOUT BIDC

Established in August of 2007 and formerly known as PIB (Prosperity Investment Bank), the Bank was restructured and renamed as the Bank for Investment and Development of Cambodia Plc. (BIDC), beginning operations on September 1<sup>st</sup>, 2009 under the Operations License No. B7.09.148, issued by the National Bank of Cambodia on August 14<sup>th</sup>, 2009.

BIDC's majority shareholder is the Cambodian Investment and Development Co., Ltd (IDCC) - a member unit of the Bank for Investment and Development of Vietnam (BIDV). BIDV is the largest commercial bank in Vietnam, with over 61 years of business operations there. While deploying its operations in Cambodia, BIDV has significantly supported BIDC through banking technology transfers, products and services, staff training, and operating capital.

After more than eight years in operation, BIDC has become one of the big commercial banks in Cambodia in terms of size and market share. As of the end of 2017, BIDC's total assets, outstanding loans, and funds mobilization are over USD 724 million, over USD 520 million, and USD 235 million, respectively. Its network owns seven branches in Cambodia and two branches in Vietnam, with a total of over 400 employees.

During initial operations, BIDC has focused its mission on: arrangements and provision of funding for many key projects to develop Cambodia's economy and Vietnam's major investment projects in Cambodia, promoting Cambodian investments, and developing trade/financial market linkages with Vietnam.

Recognizing future opportunities, in tandem with the strong development of the Cambodian economy and people's living standards, BIDC is restructuring its business activities. This restructuring takes the form of implementing strategies to promote retail banking in Cambodia, focusing on customers of individuals, households, SMEs, and the retail sector in Cambodia. With the additional support of BIDV's shareholders with more than 800 network points and commercial presence in seven countries, BIDC is ready to meet the diverse needs of customers in Cambodia, contributing to the sustainable and prosperous development of the Cambodian economy.

## OVERVIEW



## ABOUT BIDV

Established on April 26<sup>th</sup>, 1957, Vietnam Commercial Joint Stock Bank for Investment and Development (BIDV) is the oldest and biggest commercial bank in Vietnam, with a long history and extensive experience providing a full range of modern and convenient banking products and services. For over half a century, their 24,000 well-qualified, well-trained, and highly experienced officers, employees, and financial consultants have reliably provided their customers with numerous benefits.

BIDV's network includes: 190 branches, 815 transaction offices, and nearly 32,000 ATM/POS covering 63 cities and provinces in Vietnam; one branch in Yangon, Myanmar; and 6 overseas representative offices in Cambodia, Laos, Myanmar, the Czech Republic, Russia and Taiwan (China), respectively.

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

In 2017, commemorating the 60<sup>th</sup> anniversary of the establishment and development of the BIDV system, BIDV received the honor of First Rank Labor Medal of the Socialist Republic of Vietnam, the Independence Medal of the Lao People's Democratic Republic, and the Royal Order of Monisaraphon Order by Mohasereivath Kingdom of Cambodia. BIDV's recognition by national and international organizations was represented among the top 2,000 largest and most powerful public companies globally (Forbes Magazine), "Top 1,000 Global Banks of 2017" (The Banker), "Best Retail Bank in Vietnam in 2017" (The Asian Banker), "Best Retail Bank in 2017" for the second consecutive year (Vietnam Bankers Association & IDG), "Consultant to Issue the Best Bonds in Vietnam in 2017" (FinanceAsia Magazine), and the Silver Award for Information Technology - Communication 2017.



**OVERVIEW**

# OUR VISION

BIDC's vision is to become a leading modern multi-functional retail bank in Cambodia, under international standards with modern technology, professional human resources, and a nation-wide and overseas network to provide partners and customers with convenient, cost-saving, and high-quality banking services and products.



# OUR MISSION

**To be the preferred and most trusted financial partner for our customers**, providing them with a full range of financial products and services centered on their needs.

**To provide our employees with a superior working environment** providing multiple opportunities to develop, contribute, and build successful careers.

**To bring long-term sustainable benefits to the community and society** through the implementation of a business development strategy associated with 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.



**OVERVIEW****OUR CORE VALUE****Customer-Centered Service**

At BIC, we consider ourselves successful when our customers are well-served. BIC is committed to providing customers with diversified, convenient, friendly, quick, and efficient banking services and products.

**Integrity and Transparency**

BIC places a high priority on transparency and integrity in all activities throughout the network.

BIC exerts every effort to increase management capacity, risk management, internal controls, and audit preparedness.

**Continuous Renovation**

BIC continues to develop all facets of operations, paying careful attention to industry trends and utilizing these insights to adjust, reform, and expand competitive strategies.

**Prioritizing Human Resource Development**

BIC employees are young and active, working in a reliable and professional environment.

Taking pride in BIC's culture of creativity, solidarity, and achievement creates an atmosphere of development and opportunity for all employees.

**Strength in Diversity Culture**

At BIC, we respect and welcome the diversity and intertwining of different cultures. We believe that building cultural diversity strengthens BIC as a whole

## OVERVIEW

## MESSAGE FROM THE CHAIRMAN



## Dear Customers, Partners, All Officer and Staff of BIDC!

In 2017, Cambodia's socio-economic situation was relatively stable and experienced an increased GDP rate of about 7%, some of most impressive economic growth in the region and the world. Cambodia's economy continues to flourish thanks to growth in major sectors of the economy including textiles, construction, agriculture, and tourism, as well as improvements in the economies of Cambodia's main trading partners (including Thailand, the U.S.A., China, Vietnam, and others), a narrow trade deficit, and increased agricultural exports.

The level of competition in Cambodia's banking and finance industry has also greatly increased together with the trend of lowering lending rates, narrowing the interest rate gap, as well as banks and financial institutions taking initiative to develop new products and services while improving the quality of existing services to compete and attract customers. In that context, BIDC has been striving to continue operations and adjust business strategies and policies to adapt to said changes.

With stable, long-term business objectives, as well as gradual compliance with standards according to international practices, BIDC has gained remarkable results in 2017, as detailed below:

First, developing and preserving the scale of activities: By the end of 2017, BIDC's total assets, outstanding loans, and fund mobilization grew to over USD 724 million, over USD 520 million, and USD 235 million, respectively. Its network owns seven branches in Cambodia and two branches in Vietnam, with a total of over 400 employees.

Second, focusing on retail activity: BIDC achieved positive results in line with –pre-determined goals. After 02 years, retail credit rose from 15,8% in 2015 to 25,5% in 2017, while retail caused capital mobilization to rise from 62,7% to 71%. The number of retail banking customers in BIDC has increased significantly by over 40% in the last 2 years. By the end of 2017, our customer reach was nearly 21000 customers.

Third, improving main indicators of bank performance as per NBC requirements: The liquidity ratio is now over 100%, far exceeding the minimum limit of 70% specified by NBC. Solvency ratio reached 16%, also satisfying the requirements of NBC. In addition, BIDC has maintained a prudent risk management policy, controlling the lending/deposit ratio (LDR) in 2017 to stabilize at 82%, ensuring the sustainability and safety of the Bank's operations.

Fourth, continuing to strengthen the operation model and improve internal management regulations and documents: BIDC has implemented steps to centralize risk management and financial controls at the Head Office. Credit processes have also been standardized to shorten processing time, ensuring risk control and improving service quality to bring the highest added value to our customers.

Fifth, intensifying the recruitment and training of qualified staff: To reach the BIDC's future operational requirements, we will intensify our efforts identify, vett, and train new staff members as needed. Additionally, we will promote and widely communicate BIDC brand image to all customers in Cambodia, exerting every effort to build a stronger corporate culture featuring high-achieving individuals within our network.

## OVERVIEW

In addition to these achievements, BIDC has faced certain challenges and constraints in 2017 while concentrating resources towards retail orientation. Accordingly, the level of competition among Cambodian banks is rising although the concentration of credit and capital mobilization customers remains high.

Promptly overcoming these difficulties and challenges, BIDC has constructed its business plan for the period of 2018-2020 with specific orientation towards successful business strategies and solutions. Accordingly, in 2017 and in the future, BIDC has and will continue to penetrate deeper into the Cambodian economy: focusing on retail operations to meet the needs of the people of Cambodia 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 further success and contributing to the economic development of Cambodia. We would like to express our sincere gratitude to the management agencies and BIDC's customers for placing your confidence in us through to the present. BIDC hereby commits to paralleling customer needs, sharing challenges, and supporting clients' business operations.

On behalf of the BOD, 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, and the successful construction of a prosperous future.



A handwritten signature in blue ink, appearing to read 'Le Kim Hoa', with a horizontal line underneath.

Chairman of BIDC

**Le Kim Hoa**

## OVERVIEW

## PERFORMANCE REVIEW BY THE CEO



## OPERATING ENVIRONMENT 2017

Cambodia's economy continued its strong growth trajectory in 2017, in line with expectations at 6.9% (compared to 7.0% in 2016). Against a global backdrop of prolonged economic uncertainty, Cambodia remains one of the fastest growing economies in the region. The nation's GDP growth in 2017 was underpinned by the garment, tourism, construction and real estate sectors. The socio-economic development has contributed to ensuring security, stabilizing economic development and improving the living standard of the Cambodian people. Specifically, the Cambodia's GDP from USD 15 billion in 2013 has increased to USD 22.3 billion in 2017, and expect to increase to over USD 24 billion by 2018. GDP per capita in 2017 reached USD 1,435 per capital and is forecast to reach USD 1,568 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 2017. 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 Law on Investment of Cambodia (LOI) was promulgated in 1994, contributing to the attraction of foreign investors with preferential tariffs and administrative procedures. The Investment Law was further amended in 2003 to better fit the changes in investment flows and make Cambodia a preferred market for FDI projects. Preferences such as income tax and customer exemption, reduced raw material import costs, and the availability of infrastructure continue to help attract more foreign investors and reduce production costs, providing advantages for Cambodian exporters. It is expected that Cambodia's exports will increase by more than 19% (an increase of about USD 1.5 billion) in 2017, of which export products of SEZs will increase by 12% (USD 1.2 billion) in 2017.



## OVERVIEW

## Main Cambodian Economic Indicators for the Period of 2010-2017:

ECONOMIC INDICATORS	2010	2011	2012	2013	2014	2015	2016	2017
GDP (in USD billions)	11.6	13.0	14.1	15.2	16.7	18.2	20.2	22.3
Inflation Index	4%	5%	5.2%	3%	3.9%	1.2%	2.9%	3.8%
Exports (in USD billions)	3.88	5.22	6.02	6.5	8	8.5	9.7	11.2
Imports (in USD billions)	5.47	6.71	7.96	9.5	10.1	11.9	12.7	13.9
FDI (in USD billions)	0.76	0.79	1.41	1.3	1.5	1.8	2.2	2.5
Banking Deposits (in USD billions)	4.3	5.2	6.7	7.6	9.7	11.4	13.7	17.4
Banking Loans (in USD billions)	3.2	4.3	5.9	7.4	9.3	11.7	14.3	17.1
Foreign Reserves (in USD billions)	3.3	3.5	3.5	3.6	4.7	5.7	7.1	9.1

Source: IMF, World Bank, NBC & ADB

In 2017, we saw rapid growth in both banking and non-banking financial institutions, especially in microfinance institutions, which resulted in increased competition in the market. At the end of 2017, there were 54 commercial and specialised banks in the country and 76 microfinance companies operating in the Cambodian market. The total of industry customer loans and deposits recorded a growth of 27% and 19% year-on-year respectively, reflecting the nation's growing demand for credit, and increasing banking penetration amongst the general population.



## PERFORMANCE REVIEW 2017

Through the end of 2017, B IDC continued to maintain stable operations, in which its total assets, total owners' equity, outstanding loans, and funds mobilization were over USD 724 million, over USD 121 million, over USD 520 million, and USD 235 million, respectively. Its network owns seven branches in Cambodia and two branches in Vietnam, with a total of over 400 employees.

In 2017, B IDC has drastically restructured credit activities, in efforts to accelerate the development of retail credit. Accordingly, the total outstanding loans of the whole system remained stable at USD 520 million, while the retail loans increased from 24% in 2016 to 25.5% of the total loans in 2017. In particular for the Cambodian market, total outstanding loans of individual customers and SMEs increased by 7% compared to 2016, occupying nearly 35% of total outstanding loans.

B IDC has also acted to diversify loan purposes and customer demographics by providing varied products such as housing loans, consumer loans, and SMEs loans to disperse and minimize associated risks. Additionally, the credit risk management operations have been supported by the application of secured asset tracking software, established and operated by Collateral Valuation Group at the Head Office, in conjunction with the application of stricter regulations on collateral.

## OVERVIEW

Besides stabilizing and restructuring credit operations, BIDC's success in acquiring high-quality deposits contributed to our loans-to-deposits ratio (LDR) of 82% - a very comfortable level compared to industry LDR of over 100% as of the end-2017. Specifically, BIDC has succeeded in mobilizing funds in the international market with a long-term deposit of USD 35 million from Cathay United Bank (Taiwan), thereby demonstrating the prestige that BIDC's trademark has developed not only in the Cambodia but also in regional and international markets.

BIDC has also focused on training and developing human resources, especially with young and well-qualified staff in Cambodia. BIDC has organized professional and language training courses for staff in the entire system, to improve professional skills, soft skills, and foreign language ability. In addition, BIDC has also gradually developed and promulgated documents and regulations to improve policies and regimens for employees. With these efforts, BIDC has incrementally built a team of well-qualified and dynamic staff as the core of the Bank's operations, and we have initially achieved positive results. We have developed a significant number of experienced and excellent Cambodian leaders and senior specialist at all of branches and departments of BIDC system.



**T**he macro-economic outlook for Cambodia for 2017 remains promising. GDP growth for 2018 is forecasted at 7%, primarily driven by government-led spending, stronger revenue collection, sustained growth in garment exports, and continued growth momentum in the tourism, agricultural, construction, and real estate sectors. Inflation levels are likely to edge upwards, in line with growing consumer demand. We expect the overall growth of the banking and financial sector to maintain stability due to an enlarged loan base accumulated from several years of rapid credit expansion, as well as the ability to mobilize relatively plentiful funds from the Cambodian economy.

Following the results achieved in 2017 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, the objectives and main directives of BIDC in the near future are as follows:

## OVERVIEW

- To continue to maintain 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 of banking business organizations under the modern and advanced banking model;
- To modernize infrastructure, and to diversify and 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 the Board of Management, I would like to sincerely thank the clients who have trusted in BIDC since our inception. We are committed to always being ready to serve and support our clients equally through times of prosperity or difficulty, always respecting the values and loyalty of our clients. I also recognize and highly appreciate the contributions of the staff that have been very dedicated and helpful in the development of BIDC. I am proud of what BIDC has achieved and extremely excited about the opportunities that lie ahead.

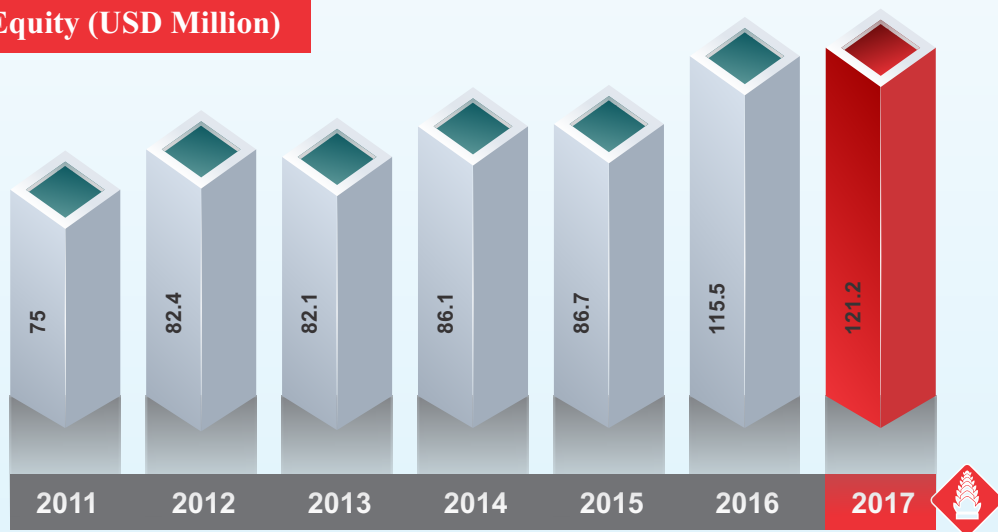


Chief Executive Officer  
**NGUYEN QUOC HUNG**

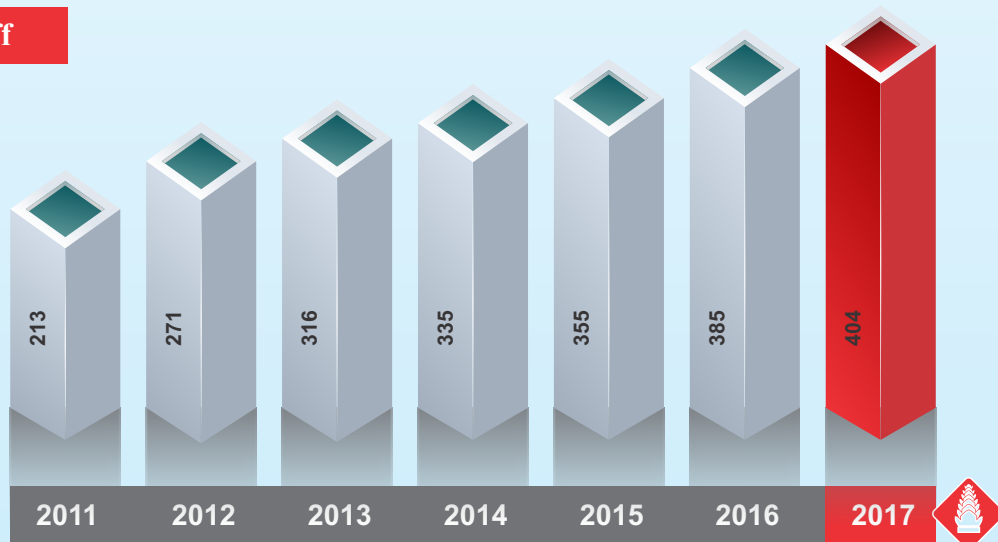


**OVERVIEW**

**Shareholder's Equity (USD Million)**



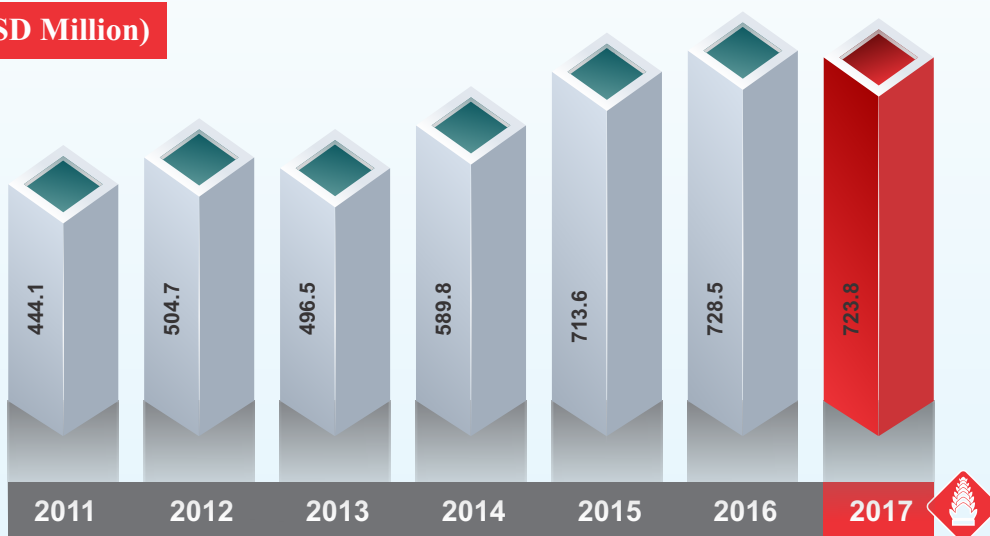
**Number of Staff**



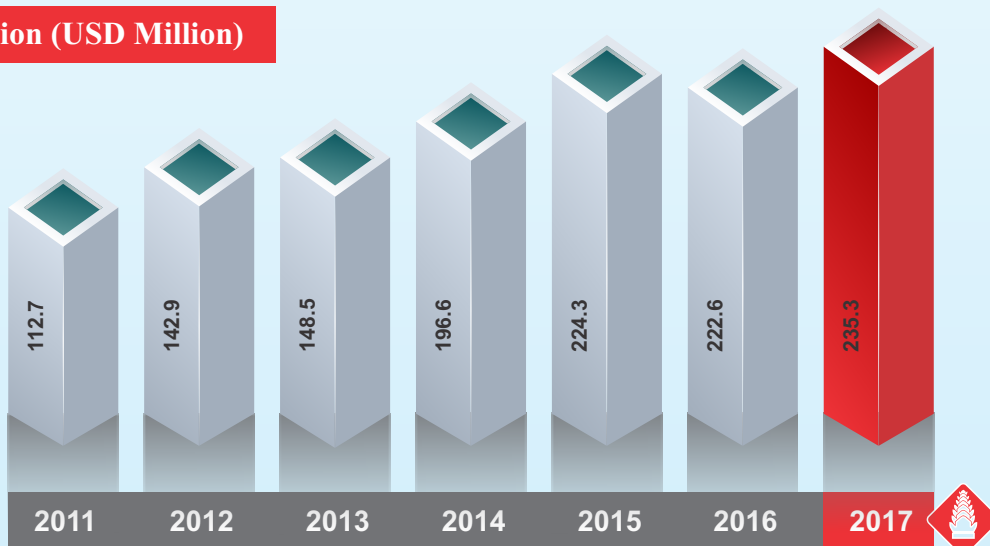
**OVERVIEW**

**BASIC PERFORMANCE INDICATORS 2017**

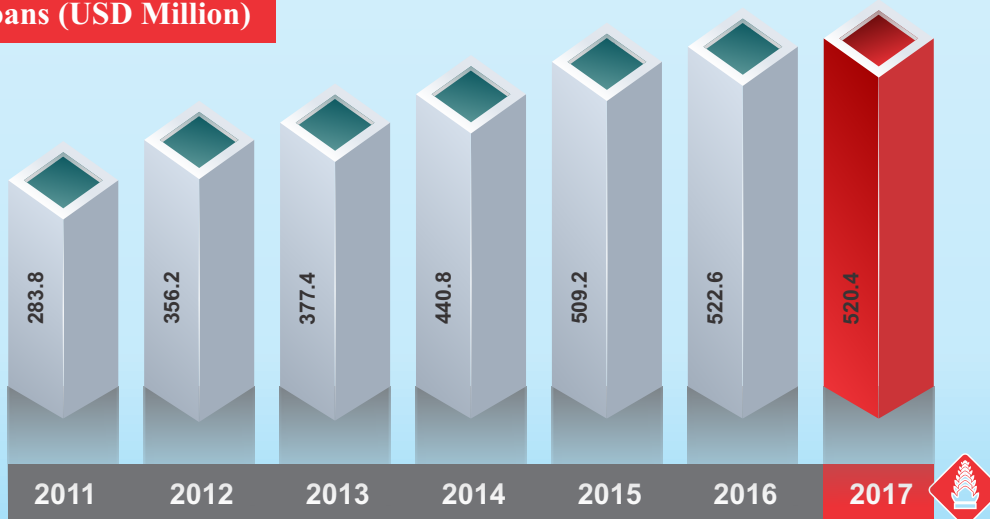
**Total Assets (USD Million)**



**Fund Mobilization (USD Million)**



**Outstanding Loans (USD Million)**



## CORPORATE GOVERNANCE

## GENERAL INFORMATION OF BIDC

GENERAL INFORMATION	
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)No.
Address of Head Office:	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:	<a href="http://www.bidc.com.kh">www.bidc.com.kh</a>
Audit Firm:	Ernst&Young (Cambodia) Ltd.

## MAIN BUSINESS SECTORS

- Credit Granting: Loans, guarantees, and related services
- Capital Mobilization Services: Savings accounts
- Trade Financing Services
- Payment Services: Domestic payments, international payments
- Account Services
- Banking Card Services
- Other products and services according to business registration certificate requirements.

## CORPORATE GOVERNANCE

## ORGANIZATION STRUCTURE

BIDC's Board of Directors consists of 9 members. The Board of Directors has 07 members (including 01 Deputy General Director cum Director of Hanoi Branch). The network consists of 01 Head Office, 07 branches in Cambodia and 02 branches in Vietnam.

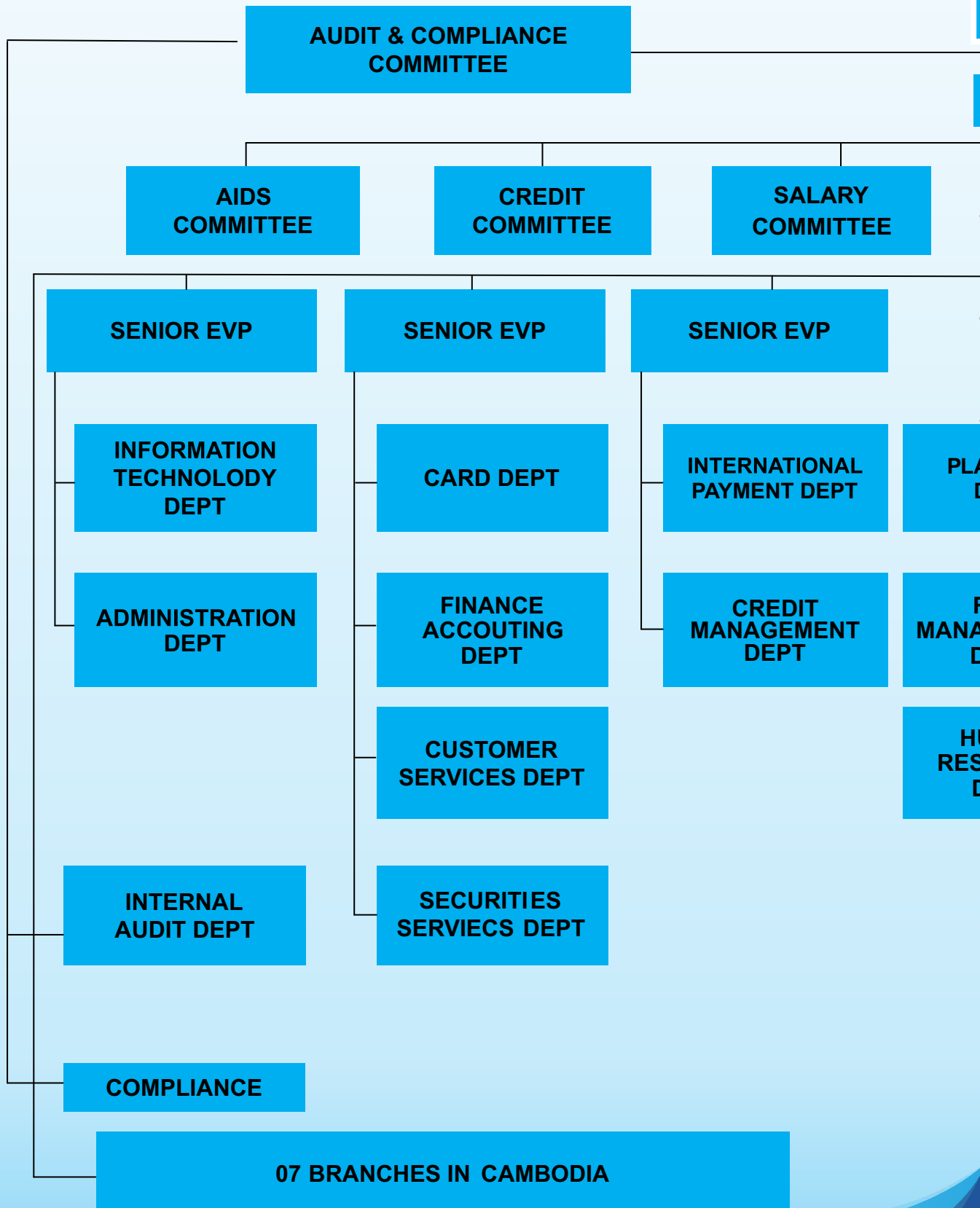
The members of the Board of Directors during the year and up to the date of this report are:

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

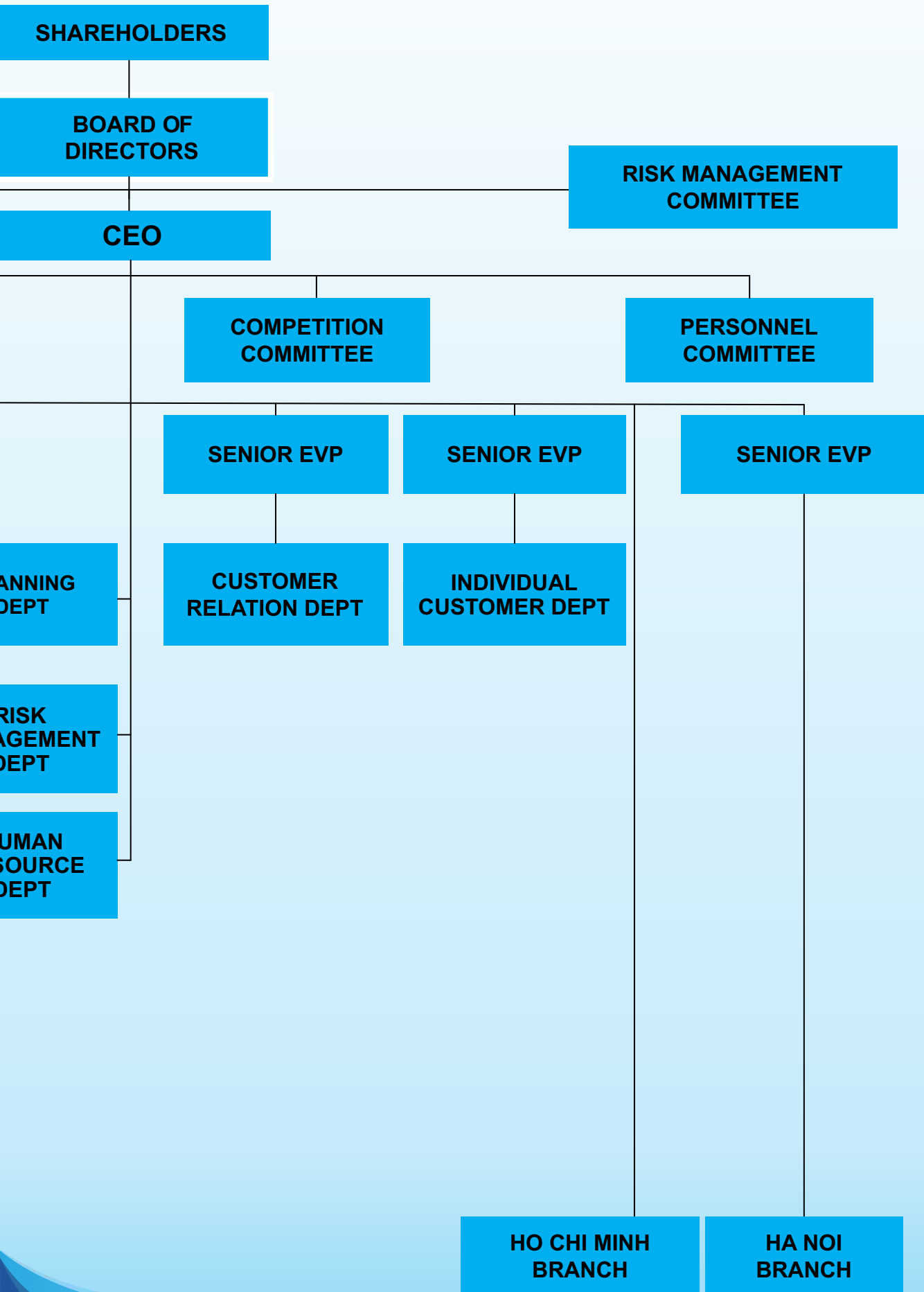
The members of management during the year and up to the date of this report are:

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	Appointed on 1 August 2009
Mr. Mey Phy	Senior Executive Vice President	Appointed on 1 August 2009
Mr. Duong Van Co	Senior Executive Vice President	Appointed on 1 May 2011
Mr. Do Viet Hung	Senior Executive Vice President	Appointed on 15 October 2014
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

# ORGANIZATION



# CHART OF BIDC



A scenic sunset over a body of water. The sky is a mix of blue, orange, and yellow. In the background, a large, dark silhouette of a building with multiple towers is visible. The water in the foreground reflects the colors of the sunset. A red banner is overlaid on the image, containing the text "THE BOARD OF DIRECTORS".

# THE BOARD OF DIRECTORS







## 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 30 years of working experience in the banking and finance sector. He has worked for BIDV as Branch Director, Director of Credit Department, Senior Executive Vice President of BIDV, and Chairman of the Board of Directors 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 became a Member of the BOD of BIDC in 2010.



## THE BOARD OF DIRECTORS

**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 39 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 BOD of BIDC in 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 became a Member of the BOD of BIDC in 2009.



## THE BOARD OF DIRECTORS

### **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 28 years of working experience in the banking and finance sector. She has successfully served in several operating departments and within BIDV, holding the positions of Deputy Director of BIDV - Gia Lai Branch and Deputy Director of BIDV's Board of Internal Control. She became an Independent Member of the BOD of BIDC in 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 28 years of working experience in the banking and finance sector. He became a Member of the BOD of BIDC in 2009.

## CORPORATE GOVERNANCE



## THE BOARD OF DIRECTORS

**Mr. PHAN THANH HAI**

Member of the Board of Directors

- Year of Birth: 1977
- Education Level: Master of Banking and Finance

Experience: Mr. Phan Van Hai has over 18 years of working experience in the banking and finance sector. He became a Member of the BOD of BIDC in 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 18 years of experience in the banking and finance sector. He became a Member of the BOD of BIDC in 2013.

## CORPORATE GOVERNANCE



## THE BOARD OF DIRECTORS

**Mr. NGUYEN QUOC HUNG**  
Member of the BOD and Chief  
Executive Officer

- Year of Birth: 1977
- Education Level: Master of Banking and Finance

Experience: Mr. Nguyen Quoc Hung has over 19 years of experience in the banking and finance sector. He became a Member of the BOD and CEO of BIDC in 2015.





**THE BOARD OF MANAGEMENT**





## CORPORATE GOVERNANCE



## THE BOARD OF MANAGEMENT

**Mr. NGUYEN QUOC HUNG**  
Member of the BOD and Chief  
Executive Officer

- Year of Birth: 1977
- Education Level: Master of Banking and Finance.

Experience: Mr. Nguyen Quoc Hung over 19 years of experience in the banking and finance sector. He became a Member of the BOD and CEO of BIDC in 2015



**Mr. MEY PHY**  
Senior Executive Vice President

- Year of Birth: 1959
- Education Level: Master of Law

Experience: Mr. Mey Phy has over 23 years of working experience in the banking and finance sector. He became the Senior Executive Vice President of BIDC in August of 2009.

## CORPORATE GOVERNANCE



## THE BOARD OF MANAGEMENT

**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 30 years of working experience in the banking and finance sector. She became the Senior Executive Vice President of BIDC in August of 2009



**Mr. DO VIET HUNG**  
Senior Executive Vice President

- Year of Birth: 1973
- Education Level: Master of Banking and Finance

Experience: Mr. Do Viet Hung has over 21 years of working experience in the banking and finance sector. He became the Senior Executive Vice President of BIDC in October of 2014. .



## THE BOARD OF MANAGEMENT

### 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 18 years of experience in the financial services industry. He became the Senior Executive Vice President of BIDC in 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 18 years of experience in the banking and finance services industry. He became the Senior Executive Vice President of BIDC in October of 2015

## CORPORATE GOVERNANCE



## THE BOARD OF MANAGMENT

**Mr. DUONG VAN CO**

Senior Executive Vice President

- Year of Birth: 1967
- Education Level: Bachelor of Banking and Finance (received in Hanoi, in 2007).
- Experience: Mr. Duong Van Co has more than 23 years of experience in the banking and finance services industry. He became the Senior Executive Vice President of BIDC in 2011

A close-up photograph of two hands shaking in a firm grip. The hand on the left is wearing a dark grey or black suit jacket with a white shirt cuff visible. The hand on the right is bare. The background is plain white. A red horizontal bar is overlaid across the middle of the image, containing the text 'BUSINESS REVIEW 2017'. At the bottom of the image, there is a decorative blue wave graphic.

# **BUSINESS REVIEW 2017**



**BUSINESS REVIEW 2017****COMMERCIAL BANKING OPERATIONS**

**B**IDC Commercial Banking division caters to the Bank's business customers, offering loan and deposit products as well as transactional services to small and medium enterprises (SMEs) and emerging corporations. BIDC Commercial Banking operates in a network of 10 branches throughout Cambodia and Vietnam, including the Head Office, 07 branches in Cambodia, and 02 in the Vietnam.

In 2017, our Commercial Banking portfolio is a key component of the Bank's overall business, accounting for 74% of its total loans, with outstanding loans totaling to over USD 385 million.

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 is able to provide consistent support to BIDC in creating additional value for our customers, facilitating their cross-border sourcing and business expansion.

**PRODUCTS IN COMMERCIAL BANKING**

- Term Loans
- Overdrafts
- Revolving Credit
- Bank Guarantees
- Letters of Credit
- Other Trade Finance Products
- Current Accounts
- Fixed Deposits
- Foreign Currency Accounts
- Escrow Accounts
- Foreign Exchange
- Transactional Services



**BUSINESS REVIEW 2017****RETAIL BANKING OPERATIONS**

**R**etail banking development is the long-term orientation of BIDC now and in the future. Retail Banking operates in parallel with the Bank's Commercial Banking division, and shares a network of 10 branches throughout Cambodia and Vietnam, including the Head Office, 07 branches in Cambodia, and 02 in the Vietnam

In 2017, our Retail Banking portfolio accounted for 26% of its total loans and 70% of total deposits, with outstanding totalling over USD 135 million of loans and USD 160 million of deposits, contributing the important roles of BIDC's operations in stabilizing funds mobilization and developing the sustainable retail banking operations of BIDC.

BIDC strives to bring the best of our products and services closer to our customers. We continuously aim to enhance our products and services with our team of specialised experts to improve client engagement, thereby understanding the customer's needs more deeply and serving with speed and efficiency.

**PRODUCTS IN RETAIL BANKING****Account Service****Consumer Loan****EBanking****Local Payment****International Payment****Card Products****ATM/POS Payment Service****And Other Services**



## BUSINESS REVIEW 2017

### TREASURY OPERATION

The Treasury Division of BIDC, in collaboration with other business units, provides 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 the Treasury is to collaborate with all business units to explore opportunities to maximize revenue by cross-selling the Treasury products with other products and services for corporate, commercial, and retail customers.

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

Our Financial Institutions function is responsible for maintaining relationships with and promoting inter-bank business collaboration amongst the local and foreign banks operating in Cambodia. This includes facilitating the process of bank counter-party credit risk assessments and the maintenance of global banking institutional limits.

### ACHIEVEMENTS OF 2017

**BIDC has succeeded in mobilizing funds in the international market with a long-term deposit of USD 35 million from Cathay United Bank (Taiwan), thereby demonstrating the prestige that BIDC's trademark has developed not only in the Cambodia but also in regional and international markets.**

**BIDC has focused on improving main indicators of bank performance as per NBC requirements: The liquidity ratio is over 100%, far exceeding the minimum limit of 70% specified by NBC; Solvency ratio reached 16%, satisfying the requirements of NBC; In addition, BIDC has been maintained a prudent risk management policy, controlling the lending/deposit ratio (LDR) in 2017 at a stable 82%, ensuring safety and sustainability in the Bank's operations.**



## BUSINESS REVIEW 2017



## INFORMATION AND E-BANKING OPERATIONS

## CARD TRANSACTIONS

From 2014 to now, BIDC card services have developed significantly in comparison to previous years with the diversification of products and services. In May 2014, BIDC issued Visa debit cards, in July 2014 joined EasyCash domestic card alliance, and in November 2014 launched the co-branded card BIDC - Cambodia Angkor Air.

By the end of 2017, BIDC had invested and provided a payment network with 35 ATMs and 200 POS facilities in the Cambodian market. Besides the investment in equipment, BIDC also focuses on investment, upgrading technology infrastructure and especially card data security. From 2016, BIDC has applied smart card technology according to EMV Chip Card standards in the field of card payment acceptance on ATM/POS equipment.

By 2017, BIDC will operate the ATM Symphony ASM network management and control system to facilitate easy and intuitive management, allowing for monitoring and management of ATM equipment in real-time, while providing timely warnings of other related issues.

## E-BANKING SERVICES

We know that life can be quite demanding. This is why BIDC developed an additional convenient and efficient way for those who need around-the-clock access to their accounts while on the go. With the deployment of mobile banking application from June 2017, customers can check their balance instantly, transfer money quickly, and access many other convenient features. This application is free to download, secure, and easy to use. If customers have never considered using smartphone to do basic banking, it's time to try, because they are missing out on some great benefits. The mobile banking application of BIDC has allowed customers to discover the convenience of a mobile app that will exceed their expectations. Why is the BIDC mobile banking application a smart choice? It provides 24-hour account access, guaranteed safety of funds, fast money transfers, highly secure transactions, and additional valuable services - all free of fees.

## BUSINESS REVIEW 2017

### ORIENTATION 2018

In recent years, the Cambodian Fintech market is a potential sector that has created a many milestones, step-by-step expanding not only the payment sector but also many financial services. These are not limited to electronic wallets, as many Fintech have turned to money transfer services, or focused on e-commerce and bill payments. These factors are a great challenge for regular banking organizations such as BIDC in funding mobilization, credit operations, and especially the development of payment services.

Recognizing the challenges of the Digital Era, BIDC began experimenting with new products and areas of business to achieve the goal of becoming a modern retail bank. In addition, the government and the Cambodian state bank have been open to facilitating the development of payment operations by providing new means of payment that facilitate efficient and convenient, such as FAST - the payment system that enables fast and secure money transfers. The FAST system was launched mid-July 2016 and BIDC has integrated it into our mobile banking applications in 2017. The central switching system (CSS) has been deployed from October 20, 2017 to support Interbank payment transactions through the use of domestic debit cards on ATM and POS equipment, to improve the efficiency of payment transactions, reduce the use of cash in the market, and meeting the requirements of ASEAN integration. As of 12/12/2017, BIDC has been officially approved by NBC to become a member of CSS, and we will officially launch this connection in 2018.

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 and pursue a comprehensive retail strategy, including the development of a modern business model, advanced valuation mechanism, improvement of transaction styles to attract customers and dominate the market, creating a solid foundation to a strong development.



### ACHIEVEMENTS OF 2017

- Continued to develop the banking operations based on Core Banking System T24 (still one of the most highly-appreciated global core banking platform, able to ensure development of banking operations in line with the long-term orientations of BIDC)
- Focused on developing internal management software applications to support the corporate governance and management operations (including an enterprise resource planning system (ERP); Implemented the centralization of credit management operations on the Loans Origination System (LOS); Human Resource Management System (HRM); Scheme SOA: Service-Oriented Architecture for information technology products, to accelerate the development of products and services; Implemented the project of Multi-Dimensional Profitability Analysis System (MPA)...)
- Developed Internet Banking and Mobile Banking, which are connected with partners such as Metfone and OpenNet, to allow bill-payment transactions and money transfer via eMoney easily and conveniently.
- BIDC has extended and developed the online 24/7 money transfer service via Mobile and Internet Banking based on NBC's Fast Payment and e-Transfer systems.
- BIDC continues to cooperate with partners such as Wing, Cambopay, NGY, AngkorAir, and Metfone to increase our capacity to serve customers with better choices in international payments, international transfers, airfares via mobile, and Internet Banking applications.

## BUSINESS REVIEW 2017

## HUMAN RESOURCE MANAGEMENT



**R**egarding recruitment: In 2017, BIDC continued to carry out intensive recruitment for the entire system in Cambodia. This has resulted in the recruitment of many new staff to meet the requirements of increased scale of operations. BIDC has attracted suitable candidates, contributing to improving the 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 the hiring of trainers. 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 language ability.



**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 adding new potential candidates to the list as warranted. 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 policies:** 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 as they strive to fulfill their assigned tasks.

## BUSINESS REVIEW 2017

## RISKS MANAGEMENT

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

**Economic Risk:** In 2017, 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 markets, 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 the potential loss due to the 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 the underdeveloped 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 and cash at NBC, using regular meetings of the ALCO Council to study the market situation and ensure the liquidity ratio of BIDC.



## BUSINESS REVIEW 2017



**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 implementing modern risk management system, BIDC has fully established its internal regulations on an 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 management strategies; 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, accidents, et cetera. 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.

**BUSINESS REVIEW 2017****ACTIVITIES OF BOARD OF DIRECTORS**

In 2017, the Board of Directors of BIDC (BOD) held regular meetings and requested comments and directions in writing for issues in the authority of the Board, 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 to give timely direction and settle derivative works in order to create favorable conditions and reactivity in BIDC's Management. Among these, a large quantity of major and important content has been agreed upon by the Managing Board and directed by BIDC's Executive Board.

**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.

The Risk Committee is under the Board of Directors (which 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 Chairman of the Board.

The Audit and Compliance Committee consults and assists the Board in handling 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)



## BUSINESS REVIEW 2017



### ACTIVITIES OF THE AUDITE COMPLIANCE COMMITTEE IN 2017

#### MEMBER OF THE AUDITED 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

#### ACTIVITIES IN 2017

The Audit and Compliance Committee performed the functions and tasks prescribed by law, the BIDC Charter, and regulations on the organization and operation of the Audit and Compliance Committee. Through regular meetings in 2017, the Audit and Compliance Committee 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, and compliance with the internal inspection and auditing department to operate smoothly and in compliance with regulations, meeting operational requirements.

Regular supervision of the implementation of resolutions and decisions of the BOD; monitoring of the implementation of the recommendations of the Audit and Compliance Committee; Supervision being systematically carried out from Head Office to Branches, with a focus on comprehensive supervision of bank governance, risk management in fields of operation and implementation levels; regular monitoring of key bank operations and 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 systems in a number of key BIDC business areas (credit, finance, deposits, anti-money laundering); making recommendations to improve and enhance the effectiveness of internal control systems; development of an internal audit plan in 2017.

Through internal monitoring and auditing, the Audit and Compliance Committee has issued timely risk warnings, identified issues that are still present in current operations, created internal regulatory documents, and developed an 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 while ensuring safety in operations.





# SUSTAINABLE DEVELOPMENT REPORTS

គ្រឹះស្ថានឯកជន  
PRIVATE INSTITUTION

អង្គការ សិស្សស័ក ៣

ក្នុងឱកាសចូលឆ្នាំថ្មីនេះ សូម  
ប្រោសប្រទានជម្ងឺ ដល់លោកអ្នក ព្រម  
សិស្សស័ក ជ័យមង្គល វបុលសុខមហាប្រសើរ និង

Wishing you and your  
a year full of Healthy, Ha  
Successful, Prosperi  
and Good luck in the Khmer



## SUSTAINABLE DEVELOPMENT REPORT

### TRAINING AND DEVELOPMENT OF HUMAN RESOURCES

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

The most important highlight of BIDD's human resource activities is the clear identification of strategic goals for human resource development as the key recruiting priority, with corresponding benefits to the workforce in the locality during initial training investment. This has led to experienced transfer from BIDD's seconded officers in gradually increasing the ratio of local leaders. Through to the present, local personnel are qualified and experienced with high ethical standards, reliably prepared for appointments and assignments within key positions at BIDD.

The objective and orientation of BIDD in training and development of human resources focuses on the following:

- To attract and take full advantage of 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 to secure the foundation of 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.



## SUSTAINABLE DEVELOPMENT REPORT

- 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 according to international practices and standards.



## SUSTAINABLE DEVELOPMENT REPORT

### HIGHLIGHT PICTURES OF BIDC'S ACTIVITIES:



# SUSTAINABLE DEVELOPMENT REPORT

## HAPPY KHMER NEW YEAR



# SUSTAINABLE DEVELOPMENT REPORT



# SUSTAINABLE DEVELOPMENT REPORT

## BIDC ANNUAL TRIP TEAM BUILDING AND GALADINNER





# SUSTAINABLE DEVELOPMENT REPORT

## BIDC DEPOSIT WIN & SAVE TO WIN PROGRAM



## SUSTAINABLE DEVELOPMENT REPORT



### BIDC'S SOCIAL SOLIDARITY ACTIVITIES FROM 2011 TO 2017

Over the past eight years, BIDC has gradually matured, stabilized, and increased sustainability factors in terms of the breadth, 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 contributors 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 Championship Cup for four tournaments since 2009, i.e. every two years. This event is the regional sports tournament for young Asian players, which is of great significance in promoting culture and sport advancement in Cambodia as well as throughout the region.

Since its inception, BIDC and BIDV have 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 relief, poverty elimination, medical and educational assistance in many areas of Cambodia, contributing above USD 5 million to the work of poverty reduction, and assistance to poor people and families with difficult circumstances in Cambodia.

In 2017, 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.

# SUSTAINABLE DEVELOPMENT REPORT

## SOME RECOGNITION AND TYPICAL AWARDS IN THE PERIOD OF 2011 TO 2017



\* BIDC received Medal of Devotion and Medal of Honor by The Royal Government of Cambodia



\* BIDC received a Recognition of Acknowledgment by The Football Federation of Cambodia (FFC).





# SUMMARY OF FINANCIAL STATEMENTS



2.589  
1.258  
4.896

2.58 6.58 12.3

3.45 2.58 6.58 12.3



7.42 8.52 6.47

5.42 0.58 6.02

9.42 3.56 7.0

NEWS  
FINANCIAL REPORT

NEWS

### ***Other Information***

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.

### ***Management's Responsibility for the Consolidated 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.

Those charged with governance are 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 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Saman Bandara  
Partner

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

Phnom Penh, Kingdom of Cambodia

27 June 2018



## SUSTAINABLE DEVELOPMENT REPORT

### 2. CONSOLIDATED BALANCE SHEET

#### Bank for Investment and Development of Cambodia Plc.

as at 31 December 2017

Notes	2017		2016		
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	
<b>ASSETS</b>					
Cash on hand and other cheque items	3	5,713,599	23,065,799	6,825,522	27,554,632
Balances with central banks Due from other financial institutions	4	54,125,731	218,505,576	78,674,903	317,610,583
Investments in securities	5	60,490,938	244,201,917	48,920,945	197,493,855
Loans to customers	6	17,156,471	69,260,673	22,776,215	91,947,580
Property and equipment	7	505,251,272	2,039,699,385	510,669,056	2,061,570,979
Intangible assets	8	19,969,546	80,617,057	18,871,038	76,182,380
Other assets	9	1,842,895	7,439,767	1,979,087	7,989,574
Deferred tax assets	10	58,507,136	236,193,308	38,923,599	157,134,570
	11	745,866	3,011,061	899,281	3,630,397
<b>TOTAL ASSETS</b>		<b>723,803,454</b>	<b>2,921,994,543</b>	<b>728,539,646</b>	<b>2,941,114,550</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>					
<b>Liabilities</b>					
Due to other financial institutions	12	348,433,453	1,406,625,850	381,323,308	1,539,402,194
Due to customers	13	235,331,963	950,035,135	222,892,032	899,815,133
Income tax payable	11	991,710	4,003,533	1,187,774	4,795,044
Other liabilities	14	17,765,103	71,717,720	7,660,627	30,925,951
<b>Total liabilities</b>		<b>602,522,229</b>	<b>2,432,382,238</b>	<b>613,063,741</b>	<b>2,474,938,322</b>
<b>OWNERS' EQUITY</b>					
Paid-up capital	15	100,000,000	403,700,000	100,000,000	403,700,000
Foreign exchange translation reserves		(538,366)	(2,173,384)	(1,587,171)	(6,407,409)
General banking reserves	15	3,550,706	14,334,200	3,311,768	13,369,607
Retained earnings		11,225,977	45,319,269	11,341,875	45,787,149
Non-controlling interests		7,042,908	28,432,220	2,409,433	9,726,881
<b>Total owners' equity</b>		<b>121,281,225</b>	<b>489,612,305</b>	<b>115,475,905</b>	<b>466,176,228</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>723,803,454</b>	<b>2,921,994,543</b>	<b>728,539,646</b>	<b>2,941,114,550</b>

## SUMMARY OF FINANCIAL STATEMENTS

## STATEMENT OF INCOME STATEMENT

	Notes	2017		2016	
		US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Interest income	16	39,926,830	161,184,613	43,165,278	174,258,227
Interest expenses	17	(19,719,834)	(79,608,970)	(19,045,679)	(76,887,406)
<b>Net interest income</b>		<b>20,206,996</b>	<b>81,575,643</b>	<b>24,119,599</b>	<b>97,370,821</b>
Fee and commission income		10,541,517	42,556,104	2,885,665	11,649,430
Fee and commission expenses		(5,693,062)	(22,982,891)	(224,914)	(907,978)
<b>Net fee and commission income</b>	<b>18</b>	<b>4,848,455</b>	<b>19,573,213</b>	<b>2,660,751</b>	<b>10,741,452</b>
<b>Income from securities</b>	<b>19</b>	<b>300,765</b>	<b>1,214,188</b>	<b>209,256</b>	<b>844,766</b>
<b>Other operating income</b>	<b>20</b>	<b>145,310</b>	<b>586,616</b>	<b>100,863</b>	<b>407,184</b>
<b>TOTAL OPERATING INCOME</b>		<b>25,501,526</b>	<b>102,949,660</b>	<b>27,090,469</b>	<b>109,364,223</b>
Operating expenses	21	(17,588,297)	(71,003,955)	(16,972,654)	(68,518,604)
Provision expenses for credit losses	22	(6,730,670)	(27,171,715)	(11,300,725)	(45,621,027)
Provision expenses for diminution in value of investment	23	(205,138)	(828,142)	-	-
Recovery from loans written-off		1,005,985	4,061,161	2,038,754	8,230,450
<b>PROFIT BEFORE TAX</b>		<b>1,983,406</b>	<b>8,007,009</b>	<b>855,844</b>	<b>3,455,042</b>
Income tax expense	11	(1,691,937)	(6,830,350)	(623,704)	(2,517,893)
<b>NET PROFIT FOR THE YEAR</b>		<b>291,469</b>	<b>1,176,659</b>	<b>232,140</b>	<b>937,149</b>
<b>Net profit attributable to non- controlling interests</b>		<b>465,913</b>	<b>1,880,891</b>	<b>95,060</b>	<b>383,757</b>
<b>Net loss attributable to the equity holders of the bank</b>		<b>(174,444)</b>	<b>(704,232)</b>	<b>137,080</b>	<b>553,392</b>

## SUMMARY OF FINANCIAL STATEMENTS

### STATEMENT OF CHANGES IN EQUITY

	<i>Paid-up capital</i> US\$	<i>General banking</i> <i>reserves</i> US\$	<i>Foreign</i> <i>exchange</i> <i>translation</i> <i>reserves</i> US\$	<i>Retained</i> <i>earnings</i> US\$	<i>Non-controlling</i> <i>interests</i> US\$	<i>Total</i> US\$
<b>Balance as at 1 January 2016</b>	<b>70,000,000</b>	<b>3,161,115</b>	<b>(101,625)</b>	<b>13,666,901</b>	<b>-</b>	<b>86,726,391</b>
Capital injection from HO	30,000,000	-	-	-	-	30,000,000
Received from acquisitions	-	21,768	(1,504,398)	696,836	2,314,373	1,528,579
Net loss for the year	-	-	-	137,080	95,060	232,140
Appropriation to reserves	-	128,885	-	(128,885)	-	-
Appropriation to bonus and welfare fund	-	-	-	(38,000)	-	(38,000)
Dividend payment	-	-	-	(2,991,561)	-	(2,991,561)
Exchange differences on translation of foreign operations	-	-	18,852	(496)	-	18,356
<b>Balance as at 31 December 2016</b>	<b>100,000,000</b>	<b>3,311,768</b>	<b>(1,587,171)</b>	<b>11,341,875</b>	<b>2,409,433</b>	<b>115,475,905</b>
<b>KHR'000 equivalent</b>	<b>403,700,000</b>	<b>13,369,607</b>	<b>(6,407,409)</b>	<b>45,787,149</b>	<b>9,726,881</b>	<b>466,176,228</b>
<b>Balance as at 1 January 2017</b>	<b>100,000,000</b>	<b>3,311,768</b>	<b>(1,587,171)</b>	<b>11,341,875</b>	<b>2,409,433</b>	<b>115,475,905</b>
Received from acquisitions	-	77,010	-	602,137	4,082,514	4,761,661
Net profit for the year	-	-	-	(174,444)	465,913	291,469
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	(5,452)	526,048	1,569,401
<b>Balance as at 31 December 2017</b>	<b>100,000,000</b>	<b>3,550,706</b>	<b>(538,366)</b>	<b>11,225,977</b>	<b>7,042,908</b>	<b>121,281,225</b>
<b>KHR'000 equivalent</b>	<b>403,700,000</b>	<b>14,334,200</b>	<b>(2,173,384)</b>	<b>45,319,269</b>	<b>28,432,220</b>	<b>489,612,305</b>

## SUMMARY OF FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOW

	2017		2016	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
<b>Net cash used in operating activities</b>	<b>(18,940,173)</b>	<b>(76,461,477)</b>	<b>(8,391,077)</b>	<b>(33,874,779)</b>
<b>Cash flows from investing activities</b>				
Acquisition of property and equipment	(118,607)	(478,816)	(595,132)	(2,402,548)
Acquisition of computer software	(142,487)	(575,220)	(30,963)	(124,998)
Proceeds from disposal of property and equipment	-	-	500	2,019
Investment in construction in progress	(2,023,120)	(8,167,335)	(12,742,544)	(51,441,650)
Interest received from bond investment	13,421	54,181	-	-
Investment in securities	-	-	(18,926,504)	(76,406,297)
<b>Net cash used in investing activities</b>	<b>(2,270,793)</b>	<b>(9,167,190)</b>	<b>(32,294,643)</b>	<b>(130,373,474)</b>
<b>Cash flows from financing activities</b>				
Profit transfer to shareholders	(1,108,772)	(4,476,113)	-	-
Profit transfer to parent company	-	-	(700,000)	(2,825,900)
Capital paid-up	-	-	30,000,000	121,110,000
Fund appropriation	-	-	34,723	140,177
<b>Net cash (used in)/provided by financing activities</b>	<b>(1,108,772)</b>	<b>(4,476,113)</b>	<b>29,334,723</b>	<b>118,424,277</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(22,319,738)</b>	<b>(90,104,780)</b>	<b>(11,350,997)</b>	<b>(45,823,976)</b>
Cash and cash equivalents at the beginning of the year	97,346,393	392,987,387	104,805,424	423,099,497
Foreign exchange difference	1,048,805	4,234,025	(1,529,492)	(6,174,560)
Cash received from acquisition	9,913,036	40,018,926	5,421,458	21,886,426
<b>Cash and cash equivalents at the end of the year</b>	<b>85,988,496</b>	<b>347,135,558</b>	<b>97,346,393</b>	<b>392,987,387</b>

## SUMMARY OF FINANCIAL STATEMENTS

### DETAIL REPORT LOAN TO CUSTOMER

	2017		2016	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Term loans (*)	319,077,312	1,288,115,108	314,682,223	1,270,372,135
Overdraft	88,211,016	356,107,872	120,910,841	488,117,065
Credit facilities	113,090,946	456,548,149	86,958,357	351,050,887
<b>Total loans - gross</b>	<b>520,379,274</b>	<b>2,100,771,129</b>	<b>522,551,421</b>	<b>2,109,540,087</b>
Specific provision	(10,639,897)	(42,953,264)	(7,405,929)	(29,897,735)
General provision	(4,488,105)	(18,118,480)	(4,476,436)	(18,071,373)
Provision for credit losses on loans to customers	(15,128,002)	(61,071,744)	(11,882,365)	(47,969,108)
<b>Loans to customers - net</b>	<b>505,251,272</b>	<b>2,039,699,385</b>	<b>510,669,056</b>	<b>2,061,570,979</b>

Changes in the allowance for losses on loans to customers were summarized below:

	2017		2016	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
<b>Beginning balance</b>	<b>11,882,365</b>	<b>47,969,108</b>	<b>13,470,873</b>	<b>54,381,914</b>
Provision charged for the year (Note 22)	6,759,098	27,286,479	11,458,110	46,256,390
Provision used to write off bad debts	(3,499,236)	(14,126,417)	(13,019,872)	(52,561,222)
Foreign exchange difference	(14,225)	(57,426)	(26,746)	(107,974)
<b>Ending balance</b>	<b>15,128,002</b>	<b>61,071,744</b>	<b>11,882,365</b>	<b>47,969,108</b>

### 1. Deposits From Customers

	2017		2016	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
<b>Current accounts</b>	<b>40,377,923</b>	<b>163,005,676</b>	<b>30,768,900</b>	<b>124,214,049</b>
US\$	33,036,754	133,369,376	25,808,061	104,187,142
KHR	499,763	2,017,543	150,837	608,929
Others	6,841,406	27,618,757	4,810,002	19,417,978
<b>Fixed deposits</b>	<b>191,560,658</b>	<b>773,330,376</b>	<b>189,565,590</b>	<b>765,276,287</b>
US\$	115,020,078	464,336,055	110,858,960	447,537,622
KHR	821,580	3,316,718	51,860	209,359
Others	75,719,000	305,677,603	78,654,770	317,529,306
<b>Savings deposits</b>	<b>3,052,761</b>	<b>12,323,996</b>	<b>2,298,704</b>	<b>9,279,868</b>
US\$	3,046,997	12,300,727	2,291,697	9,251,581
KHR	5,764	23,269	7,007	28,287
<b>Margin deposits</b>	<b>340,621</b>	<b>1,375,087</b>	<b>258,838</b>	<b>1,044,929</b>
US\$	107,140	432,524	157,294	634,996
Others	233,481	942,563	101,544	409,933
<b>Total</b>	<b>235,331,963</b>	<b>950,035,135</b>	<b>222,892,032</b>	<b>899,815,133</b>





**CORPORATE DIRECTORY**







# CORPORATE DIRECTORY

## PHNOM PENH BRANCH



- Address: #335 Preah Monivong Blvd; Sangkat Orrusey 4, 7 Makara District, Phnom Penh, Cambodia

Tel: +855 23 210 440  
Email: info@bidc.com.kh

## DAUN PENH BRANCH



- Address: #56, Preah Monivong Blvd, Sangkat Wat Phnom , Khan Daun Penh, Phnom Penh, Cambodia

Tel: +855 23 666 03 28  
Email: info@bidc.com.kh

## CORPORATE DIRECTORY

### MEAN CHEY BRANCH



● Address: #583, National Road No.1, Sangkat Chba Ampov 2, Khan Chbar Ampov, Phnom Penh, Cambodia.

Tel: +855 88 247 247

Email: info@bidc.com.kh

---

### STUENG MEAN CHEY BRANCH



● Address: #32A, St.271, Sangkat Boeng Salang, Khan Toul Tork, Phnom Pehn, Cambodia.

Tel: +855 23 882 482

Email: info@bidc.com.kh

# CORPORATE DIRECTORY

## SIEM REAP BRANCH



● Address: #22-23 Tep Vong Street, Mondul 2, Svay Dangkum Village, Sangkat Svay Dangkum, Siem Reap Town, Siem Reap Province, Cambodia

Tel: +855 63 760 123

Email: info@bidc.com.kh

## KAMPONG CHAM BRANCH



● Address: #29, Monivong Street, Village 7, Sangkat Kampong Cham, Krong Kampong Cham, Kampong Cham Province, Cambodia.

Tel: +855 42 210 012

Email: info@bidc.com.kh

## CORPORATE DIRECTORY

### TOUL KORK BRANCH



● Address: #32A Street 271, Sangkat Boeng Salang, Khan Toul Kork, Phnom Penh, Cambodia.

Tel: +855 23 880 069

Email: [info@bidc.com.kh](mailto:info@bidc.com.kh)

## CORPORATE DIRECTORY

### HO CHI MINH BRANCH



● Address: No. 110, Cach Mang Thang Tam Road, Ward 7, District 3, Ho Chi Minh City, Vietnam.

Tel: +848 62 666 999

Email: [info@bidc.com.kh](mailto:info@bidc.com.kh)

### HANOI BRANCH




● Address: No. 10A Hai Ba Trung, Hoan Kiem District, Hanoi City, Vietnam.


Tel: +844 39 388 559


Email: [info@bidc.com.kh](mailto:info@bidc.com.kh)





 Tel: (855-23) 210 044

 Fax: 023 220 511

 Email: [info@bidc.kh](mailto:info@bidc.kh)

 Website: [www.bidc.com.kh](http://www.bidc.com.kh)

 SWIFT: IDBCKHPP

**HEAD OFFICE:**

#370 Preah Monivong Blvd, Sangkat Boeng Keng Kang I,  
Khan Chamkarmon, Phnom Penh, Cambodia.