



NATIONAL BANK OF CAMBODIA  
Riel. Stability. Development.



# FINANCIAL STABILITY REVIEW

2022



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## Foreword

The year 2022 began with strong optimism as economies slowly regained momentum after countries fully reopened their borders amid the receding COVID-19 cases. However, this was soon overshadowed by the geopolitical tension between Russia and Ukraine, which triggered a sharp rise in international oil and food prices, leading to a surge in inflation across the globe. Central banks were faced with the dilemma of maintaining price stability without hurting economic growth. Many advanced countries aggressively tightened their monetary policy, resulting in capital outflows from many emerging and developing economies, strong depreciation of several currencies, a fall in foreign exchange reserves and rising interest rates, which in turn affected global and regional economic growth prospects.

Cambodia's economy likewise felt these pressures, recording its highest inflation in more than a decade, yet it managed to achieve a real growth rate of 5.2 percent in 2022 on the back of strong exports during the first half of the year and a solid rebound in tourism and domestic economic activities. The economic rebound was also supported by a resilient banking system that proactively fulfilled its intermediation role in mobilising and allocating funds to various productive sectors to foster domestic investment and consumption. The financial soundness indicators of capital adequacy, liquidity and quality of assets reflected the resilience and stability of Cambodia's banking system, which has successfully weathered multiple shocks in recent years. Nevertheless, given the prolongation of the geopolitical tensions and fragmentation, uncertainty around the future of global inflation and interest rate spikes, unpredictable impacts from climate change and the risk of COVID-19 evolving into new virulent variants, the dark cloud remains on the horizon. Mindful of these challenges, the National Bank of Cambodia will continue to closely monitor the developments of and potential risks to the banking system and proactively take any necessary prudential measures to safeguard its financial stability.

The Financial Stability Review (FSR) 2022 represents the ongoing efforts of the National Bank of Cambodia to regularly monitor and disseminate information about Cambodia's economic and financial condition. The report focuses on recent developments and challenges, particularly in the banking system, highlighting potential risks and outlining remedial measures. The report also covers developments in the broader economy, non-bank financial sector and payment system in Cambodia. I hope our stakeholders and the public in general will gain further insights into the country's economic and financial developments, thus better preparing all parties for any upcoming challenges. I would like to take this opportunity to express my appreciation to all relevant stakeholders for their concerted efforts and close cooperation with the National Bank of Cambodia to maintain financial stability and, in turn, contribute towards sustainable development in Cambodia.

Phnom Penh, 6<sup>th</sup> July 2023



**Chea Chanto**

Governor

National Bank of Cambodia

## Executive Summary

**The global economy decelerated noticeably in 2022 amid the geopolitical tensions between Russia and Ukraine, high inflation and sharp tightening in monetary policy; however, regional growth was solid.** Global economic growth, including that of advanced, emerging and developing countries, slowed from 6.2 percent in 2021 to 3.4 percent in 2022. On the other hand, the ASEAN's economic growth increased from 3.1 percent to 5.6 percent on the back of exports and the return to normalcy in domestic economic activities and the tourism sector after COVID-19 was brought fully under control.

**Like many other countries in the ASEAN, Cambodia's economic growth recorded a stronger pace of 5.2 percent in 2022 than the 3 percent growth seen in 2021.** This was mainly supported by robust exports of garments and other manufacturing products and a faster-than-expected rebound in the tourism sector and wholesale and retail trades. The balance of payments (BoP) surplus also increased from 0.3 percent to 1.2 percent of GDP as FDI inflow picked up by 2.7 percent, coupled with an improvement in the merchandise trade deficit and a rebound in remittance and tourist receipts.

**Despite a strong appreciation of the USD in international markets, the KHR exchange rate remained stable and international reserves remained adequate.** The KHR nominal exchange rate was stable at KHR 4,102 per USD on average in 2022, depreciating slightly by 1 percent compared to the rate in 2021. However, the real effective exchange rate appreciated by 3.4 percent against key trading partners as many currencies depreciated against the USD. This could affect Cambodia's trade competitiveness. International reserves were still sufficient to cover 7 months of prospective imports of goods and services, higher than the 3-month minimum benchmark for developing countries.

**Nevertheless, the inflation rate jumped from 2.9 percent in 2021 to 5.4 percent in 2022, the highest rate since 2011.** As a result of the surge in global oil and food prices, Cambodia's inflation peaked in June 2022 before declining in the second half of the year to record an average rate of 5.4 percent. Given the highly dollarized economy, prioritising the promotion of KHR usage in the economy is imperative to enable the National Bank of Cambodia (NBC) to have a broader range of feasible monetary policy options.

**Fiscal conditions improved with a slight surplus of fiscal balance and a decline in debt-to-GDP ratio.** Due to the rationalisation of expenditure and the rebound in revenue collection, the fiscal balance posted a surplus of 1.1 percent of GDP after two consecutive years of deficit, brought on by a sizable intervention package to lessen the effects of COVID-19. The public debt increased by 4.9 percent but remained sustainable, while the debt level compared to GDP declined to 33.9 percent.

**The banking system remained sound and resilient, steadily providing necessary funding to support economic recovery from the COVID-19-induced shocks.** In 2022, the total assets, loans and deposits continued to increase by 12.6, 16.3 and 9.5 percent, respectively, but at a slower pace. Within the banking system, commercial banks accounted for 84.5 percent of the assets, followed by microfinance deposit-taking institutions (MDIs) at 11.8 percent, microfinance non-deposit-taking institutions (MFIs) at 2.1 percent and specialised banks at 0.9 percent.



**Credit by commercial banks grew by 18.1 percent in 2022, reaching KHR 183.5 trillion (USD 44.6 billion), almost entirely availed by the private sector.** The expansion in credit was quite broad based, with most of the sectors clocking in double-digit growths in credit, though at a slower pace than in 2021. Retail and wholesale trade accounted for around 27 percent of the outstanding bank credit, with the share of real estate and construction reaching 20 percent. The share of households in bank credit declined slightly to 22.6 percent as the growth of personal loans plummeted, possibly as higher interest rates started to bite; however, growth in households' mortgage loans remained strong.

**Overall asset quality remained healthy, with robust liquidity and capital conditions.** The non-performing loan ratio (NPLR) stayed at a manageable level, though it inched up from 1.8 percent in 2021 to 2.9 percent in 2022 as the NBC's regulatory forbearance measures expired. On the liquidity side, banks' liquidity coverage ratio (LCR) stood at 143.8 percent, well above the regulatory requirement of 100 percent, indicating a healthy level of liquidity to face any short-term liquidity stress. Banks' average capital adequacy ratio (CAR) was recorded at 22 percent, higher than the NBC's minimum requirement of 15 percent, reflecting banks' loss absorption capacity to withstand the materialisation of any unexpected shocks. Meanwhile, banks' net profit after tax dropped by 11 percent on account of higher provisions and greater interest expenses.

**The microfinance sector further expanded and remained supportive of the economy's financing needs, particularly to small businesses and rural communities.** Total assets grew by 18.5 percent, and credit increased by 21.5 percent, mainly extending to households, trade, agriculture, services and others. The credit quality in the microfinance sector remained sound, with relatively stable delinquency ratios recorded at 1.4 percent for MDIs and 9 percent for MFIs. Liquidity remained ample as the MDIs' LCR ratio was at 156.7 percent, far above the regulatory limit. The microfinance sector's profitability remained sustainable, contributing towards a strong CAR of 18.6 percent for MDIs and 31.6 percent for MFIs.

**Specialised banks exhibited positive performance that aligned with an improvement in the macroeconomic environment.** The sectoral credit growth picked up by 13 percent, mainly from personal lending, manufacturing and agriculture. Furthermore, the quality of the loan portfolio was manageable with the NPLR at 8.5 percent, while the CAR remained strong at 31.4 percent.

**The non-bank financial sector continued to develop with the addition of new companies listed in both equity and debt markets and the growth of insurance premiums.** After plummeting in 2021, the Cambodia Securities Exchange (CSX) index and the market capitalisation expanded slightly in 2022 to 483.7 and KHR 7.5 trillion (USD 1.8 billion), respectively. Meanwhile, the bond market contributed to providing an alternative source of financing for both the public and private sectors. At the end of 2022, the total outstanding corporate bond was recorded at KHR 515 billion (USD 125.1 million), of which financial institutions accounted for 40.9 percent. The insurance sector continued to record robust growth, reflected by the increase in total premiums for all sub-sectors – general, life and micro-insurance – to KHR 1.4 trillion (USD 331.9 million).

**The development of payment and settlement systems has promoted efficiency, interoperability and financial inclusion in Cambodia.** The use of electronic payment systems has markedly increased in recent years as banks and financial institutions have introduced

innovative digital payment services to support the growing demand for and adoption of digital payment methods in the new normal environment. In 2022, the number of e-wallet accounts jumped to 19.5 million, and the value of retail electronic payments increased substantially to more than nine-fold the GDP. Likewise, the use of mobile banking services steadily accelerated in tandem with the growing number of smart phones and internet penetration rates. Moreover, payment transactions through the Bakong system and QR code notably increased in 2022, reflecting the growing interest in and adoption of digital payment methods among the public.

## **Outlook and Risk:**

### **In 2023, Cambodia's economy is expected to further recover from the COVID-19 crisis.**

Global growth is projected to be around 2.8 percent, while the ASEAN region is expected to grow by 4.9 percent. Global inflation is projected to fall to 7 percent from 8.7 percent in 2022, while regional inflation would be relatively lower at 5.7 percent. In line with the global and regional economic outlook, Cambodia's economy is projected to grow by 5.6 percent in 2023, with an expected inflation rate of around 2 percent. This growth is mainly supported by exports of garment and non-garment manufacturing products, fast recovery in tourism and related sectors and strong growth in transport and communication, while agriculture, despite its typical lower growth rate, will continue to underpin economic development. Moreover, on the back of the implementation of the Regional Comprehensive Economic Partnership (RCEP) Agreement and bilateral Free Trade Agreements (FTAs), the kingdom is expected to attract more investments in the coming years that would boost productivity and promote economic diversification.

### **In the meantime, Cambodia has been facing several downside risks, mainly from external factors.**

First, the prolonged tension between Russia and Ukraine and the tightened international financial condition may cause a further slowdown in global economic activities, particularly in the U.S. and Europe, which could affect the prospects of Cambodian exports and capital inflows. Second, the persistently higher level of global inflation may put upward pressure on Cambodian inflation through imported products. Third, although the economic reopening in China may offset downside risks, the prolonged problem in China's real estate market may dampen investors' appetite to invest in Cambodia's real estate sector, which partly relies on FDI flow from China. Fourth, climate change poses a substantial risk to the development of agriculture and rural areas, which could affect poor and vulnerable households.

### **The banking system will remain sound and resilient and continue to play its crucial role in supporting economic activities.**

Amid the pandemic and global economic uncertainty of the last few years, the Cambodian banking system has shown its robustness through high levels of liquidity and capital. Sustained credit allocation to various sectors has stimulated the economy, while loan restructuring has helped relieve the burdens of many affected households and firms. In line with the pace of Cambodia's economic recovery, the NBC also started to prudently implement an exit strategy to ensure the stability and soundness of the banking system. Going forward, the banking system will continue to support economic development by providing credit and other financial services while further modernising the payment system in line with market demands. Nevertheless, the banking system is also subject to a number of risks. First, the tightening of international financial conditions may increase the cost of funds for banks and financial institutions, putting upward pressure on domestic interest rates. Second, if economic activities decelerate as a result of the external risk mentioned above, this would affect firm and household



incomes and thus, their debt-servicing capacity. Third, given the non-negligible proportion of loans to the construction and real estate sector, a sharp correction in the real estate sector could pose risks to borrowers with high leverage. The NBC will continue to closely monitor economic and financial conditions as well as any potential threats to financial stability and take proactive measures to mitigate risks and safeguard the robustness and resilience of the kingdom's banking system.

Moreover, risks might also stem from shadow banking institutions such as real estate developers or pawn shops. Unlike the banking system, which is closely supervised by the NBC, these institutions are lightly regulated by the concerned regulatory authorities (and are beyond the regulatory mandate of the NBC). As a result, little information is available about the operations or financial performance of real estate developers and pawn shops or the debt servicing capacity of their customers. Therefore, concerted efforts by the concerned regulatory authorities are needed to strengthen the data collection and improve the regulatory oversight regarding these institutions in order to proactively contain any risks from them to the broader financial system. On its side, the NBC will continue to further strengthen its collaboration with relevant authorities to ensure the soundness of the overall financial system in Cambodia.





After a strong recovery in 2021, the global economy slowed down in 2022 amid the geopolitical tension between Russia and Ukraine, high inflation and a sharp tightening of monetary policy. Notwithstanding the unfavourable external conditions, Cambodia, like many other countries in the ASEAN, recorded a stronger growth of 5.2 percent in 2022 compared to the 3 percent growth in 2021, which was achieved on the back of robust exports, a full resumption of domestic economic activities and a rebound in tourism. Owing to the better economic conditions, the Cambodian BoP surplus expanded, and the KHR nominal exchange rate was stable against the USD despite the latter's appreciation in international markets. Meanwhile, international reserves remained adequate, covering 7 months of prospective imports of goods and services. Cambodia's fiscal condition also improved, with a slight surplus of fiscal balance and a decline in debt-to-GDP ratio. The inflation rate increased from 2.9 percent in 2021 to 5.4 percent in 2022 as a result of the surge in global oil and food prices and strong domestic demand. Given that Cambodia is a highly dollarized economy, prioritising the promotion of KHR usage in the economy is imperative to enable the NBC to explore a broader range of feasible monetary policy options.

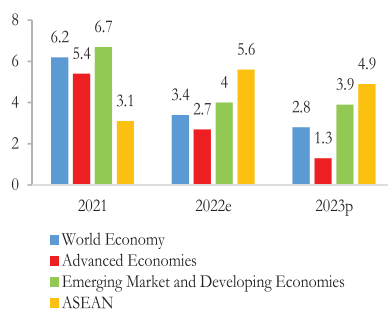
## 1.1 External Condition

### A. Global Economy

**The global economy experienced a broad-based slowdown amid the Russia-Ukraine conflict, high inflation and tightening financial conditions.** The global economic growth decelerated notably from 6.2 percent in 2021 to 3.4 percent in 2022 as growth in both advanced and developing economies slowed to 2.7 percent and 4 percent, respectively (Figure 1.1). However, the ASEAN's economic growth accelerated to 5.6 percent on the back of improvements in consumption, exports and the service sector after countries fully reopened their borders.

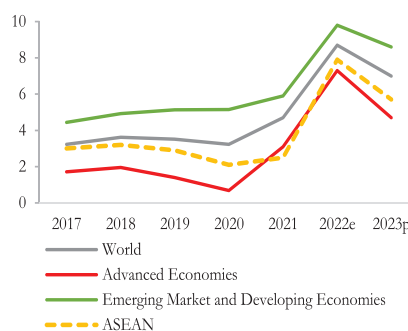
**Inflation further increased and persistently stayed higher than many central banks' targets.** The rise in energy and food prices, supply chain disruptions and a strong rebound in consumption pushed up global inflation to 8.7 percent in 2022. The inflation rate in advanced economies experienced a jump to 7.3 percent, while emerging and developing economies reached 9.8 percent in 2022 (Figure 1.2). In the ASEAN, inflation also rose remarkably from 2.5 percent in 2021 to 7.9 percent in 2022. However, inflation is expected to fall in 2023 due to lower fuel and other commodity prices amid weaker global demand as a result of the tightening of monetary policy.

**1.1** World Economic Outlook  
(percent, 2021–2023p)



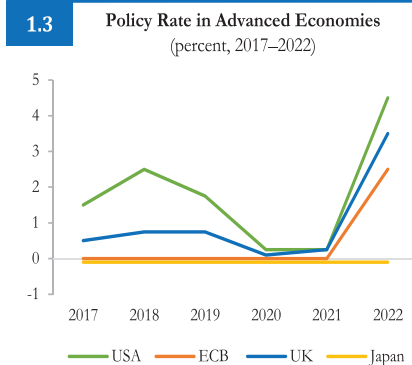
Source: IMF's WEO and AMRO's AREO Updates, April 2023  
Note: e = estimate, p = projection

**1.2** World Inflation  
(percent, 2017–2023p)



Source: IMF's WEO and AMRO's AREO Updates, April 2023

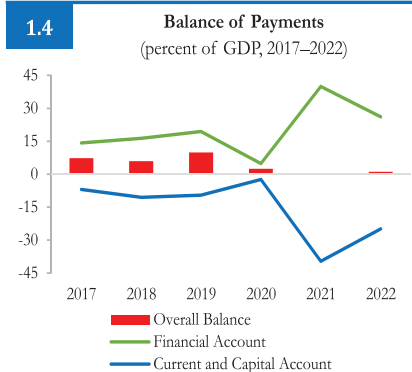
**While falling, inflation is still high, and therefore, monetary tightening may persist longer than expected.** Despite growing evidence of a global slowdown, many central banks, particularly in advanced economies, are likely to continue to raise interest rates in order to bring inflation back to target (Figure 1.3). This, in turn, will continue to hamper the global economic outlook and could impact emerging and developing economies in terms of heavy debt burdens, weaker exports and investments and capital outflow risks. These challenges would make economic recovery from the COVID-19 crisis fragile and could put pressure on international reserves and exchange rates. In spite of economic headwinds, the global banking sector is expected to remain sound on the back of a solid capital position and high liquidity thanks to the implementation of various regulatory and macro-prudential tools during the post-global financial crisis (GFC).



Source: tradingeconomics.com

## B. Cambodia's Balance of Payments (BoP)

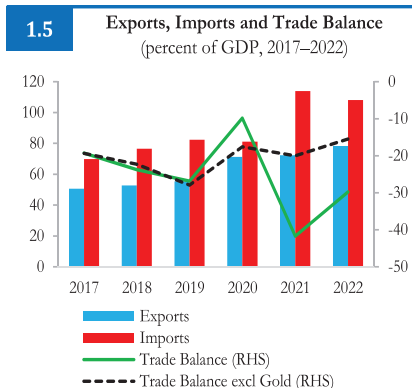
**Despite the external pressure in 2022, the overall BoP recorded a surplus.** This is supported by continued financial account inflow, while the current and capital account deficit was significantly ameliorated (Figure 1.4). The overall balance surplus improved from 0.3 percent in 2021 to 1.2 percent of GDP in 2022, supported by FDI inflows, a significant improvement in the merchandise trade deficit, a fast recovery of the tourism sector and a rebound in remittances.



Source: National Bank of Cambodia

### B.1. Current and Capital Account

**Current and capital account deficit was reduced on the back of strong exports.** The current and capital account deficit narrowed to 24.9 percent of GDP (39.6 percent of GDP in 2021) after a significant decline in merchandise balance deficit from 41.5 percent to 29.8 percent of GDP (Figure 1.5). The decline was a result of a 19 percent broad-based export growth driven by a significant increase in the export of garments (14.1 percent), electrical parts (27.4 percent) and bicycles (53.3 percent), while rice and rubber decreased by 1.7 percent and 0.2 percent, respectively. Meanwhile, imports grew by 4.2 percent due to the rise in imports of petroleum (53.6 percent), vehicles (21.8



Source: General Department of Customs and Excise and NBC's staff calculation

percent), and food and beverages (16.2 percent). Excluding gold would bring Cambodia’s trade balance to a deficit of 15.5 percent of GDP in 2022 (20 percent in 2021).

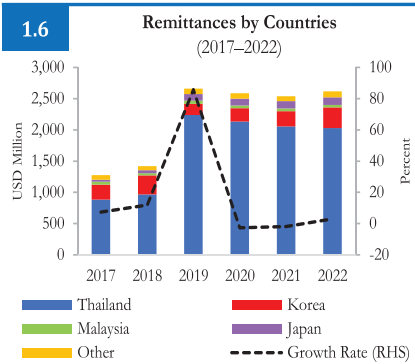
**A jump in international tourist arrivals and an increase in remittance receipts also contributed to narrowing the current and capital account deficits.** After the reopening of international borders, international tourist arrivals jumped from 0.2 million in 2021 to 2.3 million in 2022, equivalent to an 11.6-fold increase compared to the 85 percent decline in 2021. Meanwhile, remittance receipts increased by 3 percent to USD 2.6 billion (Figure 1.6). This is mainly attributed to the rise in remittances from Korea (36 percent) and Hong Kong (12 percent). However, in terms of shares, Thailand was at the top, with a share of more than 77.5 percent followed by Korea (12.8 percent).

### B.2. Financial Account

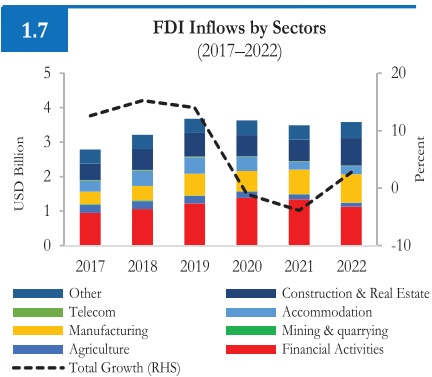
**In 2022, FDI inflow to the non-financial sector recovered, but the inflow to the financial sector continued to decline.** The total FDI inflow was recorded at USD 3.6 billion in 2022, increasing by 2.7 percent (Figure 1.7). The FDI inflow to the non-financial sector grew by 14.2 percent, supported by construction and real estate (27.7 percent), manufacturing (15.5 percent) and accommodation<sup>1</sup> (1.8 percent), as well as the hydropower and energy sectors (51 percent). In contrast, FDI inflow to the financial sector declined by 15.7 percent, mainly due to a slowdown in banks’ capital investment and reinvested earnings.

**Asia is the main source of FDI inflow, with China at the top of the chart.** By accounting for half of the total FDI inflows in 2022, China outweighed other countries in terms of investments in Cambodia (Figure 1.8). China notably invested in manufacturing, finance, construction, real estate and accommodation. The FDI inflows from other nations included Korea (11.4 percent), Japan (8.4 percent), Singapore (7.3 percent), Malaysia (3.1 percent) and the United Kingdom (2.7 percent).

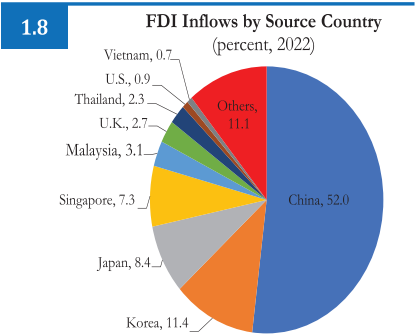
<sup>1</sup> The sector includes hotels, restaurants and casinos.



Source: National Bank of Cambodia  
Note: Remittance data was revised from 2019 onwards.



Source: Council for the Development of Cambodia and NBC’s staff calculations



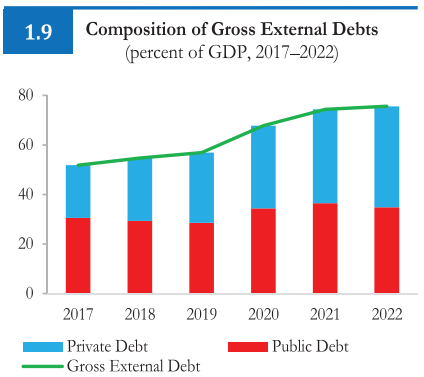
Source: Council for the Development of Cambodia and NBC’s staff calculations

**Gross external debt<sup>2</sup> continued to rise.** Cambodia’s gross external debt increased by 11.5 percent, reaching USD 22.4 billion (equivalent to 75.6 percent of GDP), of which USD 17.8 billion are long-term debts (Figure 1.9). The government’s external debts, all of which were long-term credits, amounted to USD 9.97 billion and rose by 4.9 percent. At the same time, the growth of deposit-taking corporations’ gross external debt reached USD 12.1 billion, of which USD 7.5 billion were long-term borrowings, an increase of 18.2 percent.

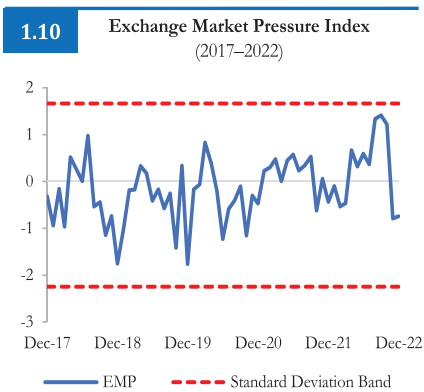
### C. Exchange Rate and International Reserves

**The nominal exchange rate depreciated slightly without placing any pressure on the stability of the KHR.** With the resumption of domestic economic activities, the demand for KHR increased, making the nominal exchange rate stable at KHR 4,102 per USD on average in 2022 – equivalent to a slight depreciation of 1 percent compared to 2021 – despite the strong appreciation of the USD in international markets against other currencies. With this slight depreciation and a sufficient level of international reserve, the exchange market pressure (EMP) index<sup>3</sup> remained in its standard deviation band<sup>4</sup>(Figure 1.10).

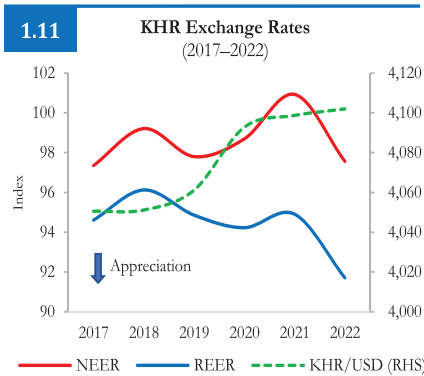
**Nonetheless, the stability of the KHR against the USD led the effective exchange rate to appreciate against key trading partners.** In 2022, many currencies depreciated against the USD following the aggressive tightening of monetary policy in the U.S. For instance, the Euro depreciated by 11.7 percent on average compared to 2021, GBP by 11.4 percent, JPY by 17.9 percent, CNY by 4.8 percent and THB by 9 percent. Consequently, the KHR nominal effective exchange rate (NEER) against key trading partners appreciated by 3.3 percent, while the real effective exchange rate (REER) appreciated by 3.4 percent



Source: Ministry of Economy and Finance, and National Bank of Cambodia



Source: National Bank of Cambodia



Source: National Bank of Cambodia

<sup>2</sup> External debt covers external borrowings by the public sector (the government and central bank) and deposit-taking corporations only.

<sup>3</sup> The EMP index is used to analyse foreign exchange pressure in the market as reflected in monthly changes of nominal exchange rate and international reserves (a proxy of central banks’ capacity to carry out foreign exchange intervention to stabilise the exchange rate if necessary). In the context of a highly dollarized economy, when the EMP exceeds the upper bound, it does not imply that Cambodia encounters the risk of a currency crisis. It reflects a decline in international reserves (and/or depreciation pressure) when it exceeds the upper bound or an accumulation of international reserves (and/or appreciation pressure) when it exceeds the lower bound.

<sup>4</sup> The standard deviation band was defined by  $\mu\text{EMP} \pm \varphi\sigma\text{EMP}$ , where  $\mu\text{EMP}$  = average of EMP;  $\sigma\text{EMP}$  = standard deviation of EMP;  $\varphi$  = coefficient of  $\sigma\text{EMP}$  (lower and upper bound, derived from the percentile of EMP).

(Figure 1.11), which could affect Cambodian trade competitiveness.

**International reserves declined but remained sufficient to maintain market confidence.** Reserves equalled USD 17.8 billion at the end of 2022, reflecting a decrease of 12 percent compared to 2021. This level was equivalent to 7 months of prospective imports of goods and services (Figure 1.12), which is higher than the minimum benchmark of 3 months for developing countries. In comparison to the broad money (M2), reserves equalled 42 percent of M2, which was again higher than the benchmark of 20 percent. However, in the context of high dollarization (reserves were around 52 percent of foreign currency deposits), further accumulation of international reserves is desirable to strengthen the country’s economic resilience against shocks.

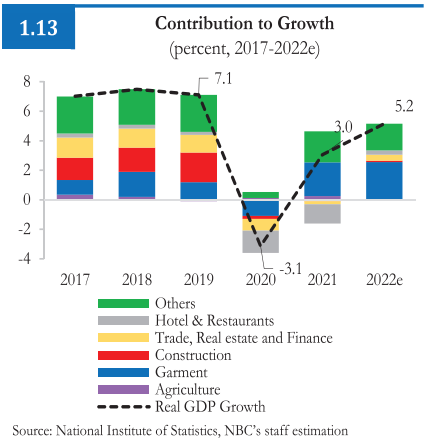
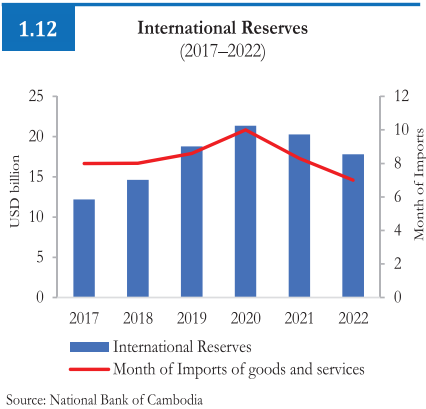
## 1.2 Domestic Sector

### A. Economic Growth

Despite external challenges, Cambodia’s economy grew by 5.2 percent in 2022 (Figure 1.13). This growth was achieved on the back of the robust export of garments and other manufacturing products and a rapid recovery in the tourism sector and the wholesale and retail trade. Agriculture grew more slowly due to bad weather and rising production costs, while construction continued to gradually rebound after the COVID-19 crisis.

**The manufacturing sector maintained its strong growth momentum, although growth was slowing down in the last quarter.** The export of garments (63.1 percent of total exports) increased by 14.1 percent, while the export of non-garment products increased by 21.6 percent (excluding gold), particularly bicycles, vehicle spare parts and electrical parts. However, after the growth slowdown in the U.S. and European countries, which are all Cambodia’s major export markets, exports decelerated to 1.4 percent growth in Q4-2022.

**Agriculture output grew more slowly at a rate of 0.3 percent.** Flooding caused by heavy rainfall



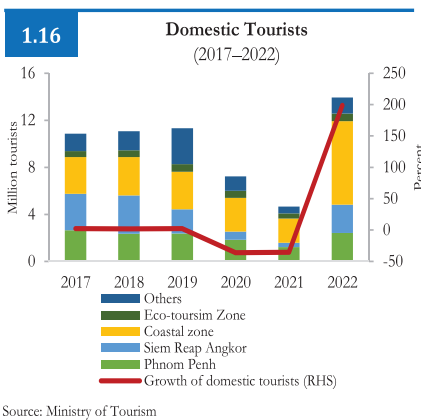
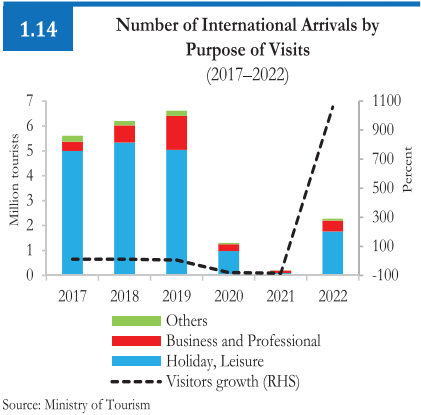
hampered the wet season rice production. Moreover, the increase in production costs (fuel and fertiliser) affected the sectoral potential output in 2022. Rice production achieved a 0.3 percent growth rate during the dry season, but decreased 20.7 percent in the wet season. On the other hand, rubber production recorded a positive growth of 3.8 percent due to an increase in external demand.

**The tourism sector rebounded strongly and surpassed expectations, though it will require time to return to the pre-COVID-19 level.** This impressive recovery was a result of the government’s policy to reopen the country from November 2021 as well as the expansion of regional tourism and the resumption of connecting flights to Cambodia. The number of international visitor arrivals to Cambodia rebounded to about 2.3 million, an 11.6-fold jump from the lowest base in 2021 (Figure 1.14). However, this figure remained around one-third of the total international tourist arrivals before the pandemic, and a few more years will be required to return to the pre-pandemic level.

**Thailand continued to top the list of foreign visitors to Cambodia after overtaking China in 2021.** Following the reopening of the Cambodia-Thailand border in early 2022 and their close proximity, Thai tourists represented 37.5 percent of international visitors to Cambodia in 2022 (Figure 1.15). China, the main source of foreign visitors in Cambodia before the pandemic, fell to the fourth rank due to their zero-COVID policy restricting international travel.

**Domestic tourism, on the other hand, returned to the pre-pandemic trend, with the number of domestic tourists increasing almost three-fold to 13.9 million.** Most domestic tourists (50.6 percent of the total) visited the coastal region (an increase of 2.1 percent) due to the completion of the Phnom Penh-Sihanoukville expressway and other infrastructures in that area (Figure 1.16).

**Both construction and real estate sectors continued to slowly recover, with growth rates of 0.5 percent and 0.2 percent, respectively (Figure 1.17).** These growths were primarily driven by domestic demand, particularly for mid-range and affordable residential



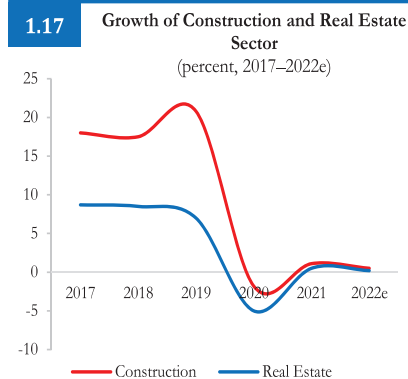


housing. Meanwhile, the FDI stock in construction and real estate increased by 12.2 percent despite the uncertainty surrounding external conditions, suggesting that the business sentiment in these sectors remained optimistic.

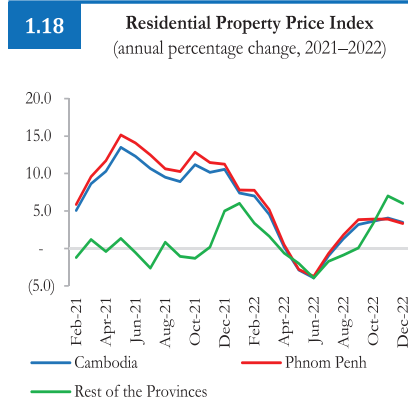
**After a decline in early 2022, the residential housing price bounced back in the second half of the year, though slower than in 2021.** The residential housing price first decelerated before declining towards the end of the first half of 2022 amid the rising cases of Omicron in Cambodia and uncertainties surrounding external conditions related to the real estate problem in China and the conflict in Ukraine (Figure 1.18). During the second half of the year, the residential property price bounced back and grew by 3.5 percent (YoY) in December 2022, with the residential property prices in Phnom Penh and other provinces rising by 3.3 percent and 6 percent, respectively. This increase was mainly due to growing domestic demand and easier access to housing loans. However, as the residential property price index (RPPI) reflects only a segment of the real estate market and depends on banks' housing loan transactions, the NBC will continue to collaborate with the relevant stakeholders to further strengthen the data collection and analysis of the developments in the real estate sector.

## B. Inflation and Monetary Conditions

**The inflation rate in Cambodia increased to 5.4 percent, the highest rate over the last decade, as a result of the surge in global oil and food prices and a strong domestic demand.** Russia's aggression on Ukraine triggered a sharp increase in international energy and food prices, leading to high inflation across many countries, including Cambodia. During the first half of the year, the oil and food prices in Cambodia increased by 18.4 percent and 5.6 percent, respectively. Meanwhile, a strong rebound in domestic economic activities also put pressure on core inflation, which increased by 5 percent during the same period. All of these price developments led headline inflation to reach a peak rate in June 2022 (7.8 percent). Nevertheless, since July 2022, the inflation rate successively declined due to the slower growth in oil



Source: National Institute of Statistics, NBC's staff estimation



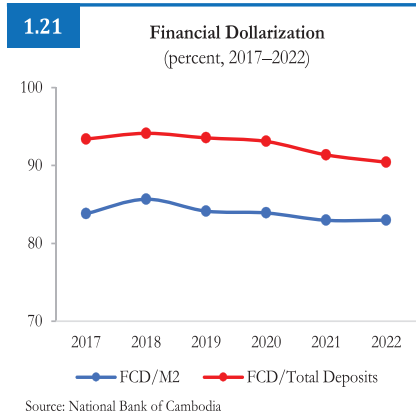
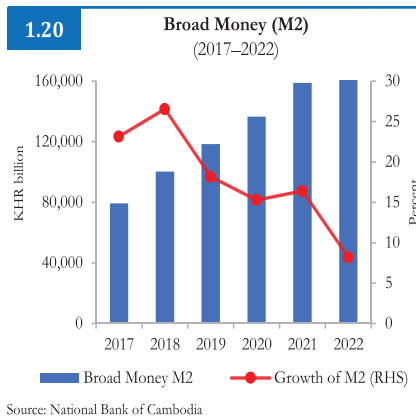
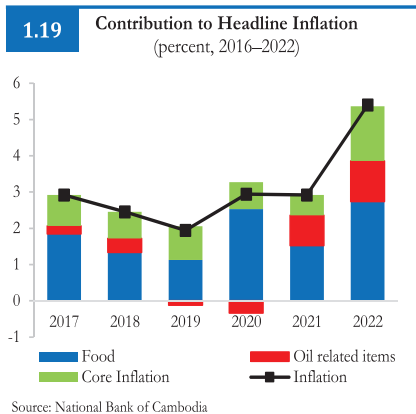
Source: National Bank of Cambodia



and food prices and the rise in policy rates to fight inflation across many jurisdictions. As a result, the average inflation in Cambodia was 5.4 percent in 2022 (Figure 1.19), the highest since 2011 (5.5 percent), yet lower than the ASEAN regional average rate (7.9 percent).

**Broad money (M2) increased by 8.2 percent, much slower than in 2021 (16.4 percent) (Figure 1.20).** The slow growth in M2 was mainly due to the slowdown in total deposit growth (9.3 percent) during this challenging year compared to 2021 (17.3 percent). Meanwhile, the currency outside the depository corporations declined by 3 percent compared to a positive growth of 8.2 percent in 2021.

**While the level of dollarization marginally declined, sustained efforts are required to speed up the promotion of KHR usage.** A riel-based economy will empower the NBC to manage its monetary policy more effectively through the control of the country's money supply and a change in policy rate with the aim to influence economic activities. The NBC has been putting constant effort into encouraging the usage of KHR since the level of dollarization in total deposits slightly declined from 91.4 percent in 2021 to 90.4 percent in 2022, while foreign currencies to M2 remained constant at 83 percent (Figure 1.21). It is now time to accelerate the efforts to promote the KHR, which will also require active participation from all stakeholders, including both the public and private sectors. It is worth noting that the royal government re-issued the government bonds in riel, which will serve as another future monetary policy instrument to reinforce the use of KHR in the financial sector.

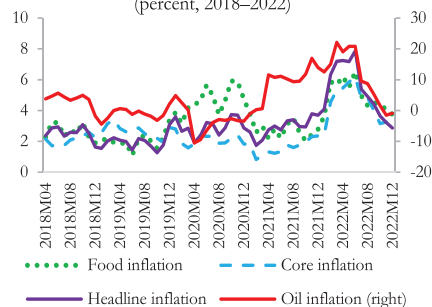


## Driver of Cambodian Inflation in 2022 and the Role of a Stabilised Exchange Rate in a Dollarized Economy

Cambodian inflation was low and stable over the last decade, with an average rate of 2.7 percent. However, since the second half of 2021, the inflation of oil-related items have increased due to the international oil price increasing in line with global economic recovery (Figure 1.22). The rising oil price started to impact other components of inflation at the end of 2021, which were further pushed up by a strong increase in international oil and food prices following the geopolitical tensions between Russia and Ukraine in February 2022.

1.22

### Inflation in Cambodia (percent, 2018–2022)

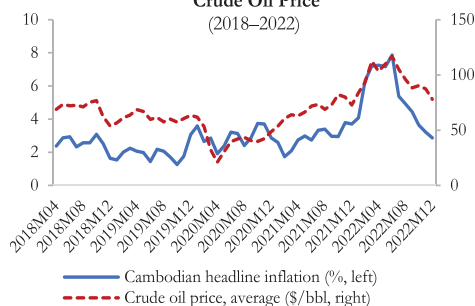


Source: National Bank of Cambodia

After reaching a peak rate in June 2022, inflation slowed down in the second half of the year as the oil price decreased (Figure 1.23) following a sharp tightening in monetary policy in many advanced countries, especially in the U.S., that led to slower global economic growth and concerns about global recession. A fast decline in the inflation rate in the second half of 2022 also seemed to be driven by domestic factors related to decelerated domestic demand, as could be reflected by a slower credit growth (Figure 1.24).

1.23

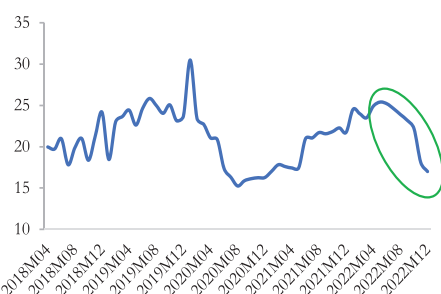
### Cambodian Inflation and International Crude Oil Price (2018–2022)



Source: World Bank and National Bank of Cambodia

1.24

### Bank's Credit Growth (percent, 2018–2022)

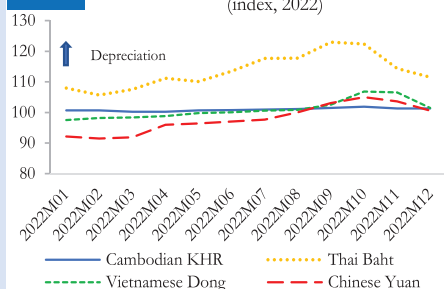


Source: National Bank of Cambodia

Facing a rapid increase in inflation in the context of high dollarization, the NBC has managed inflation through careful liquidity management to stabilise the exchange rate. As shown in Figure 1.25, the exchange rate in Cambodia was highly stable in 2022 compared to other selected trading countries' currencies that experienced a depreciation trend against the USD. A stable exchange rate helped reduce the imported price pressure and the merchants' incentives to incorporate the exchange rate risk in their selling prices.

1.25

### Exchange Rate Stability in Selected Countries (index, 2022)



Source: National Bank of Cambodia.

Note: The base index (100) is the country's average exchange rate in 2019

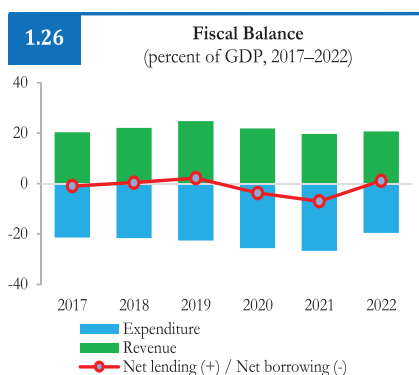
## C. Fiscal Sector

The rationalisation of expenditures and the rebound in revenue collection allowed the fiscal balance to post a surplus. The fiscal position indicated a surplus of 1.1 percent of GDP after a large deficit of 7 percent in 2021 and 3.7 percent in 2020 (Figure 1.26).

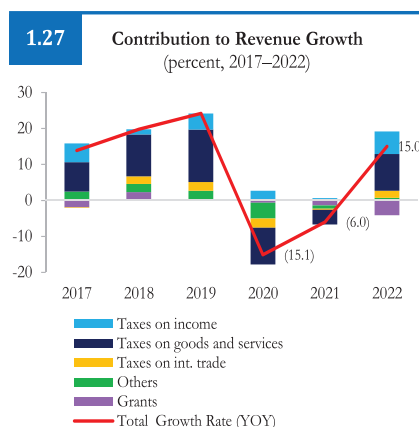
**Revenue collection increased as economic recovery gained momentum and COVID-19 subsided.** Revenue collection equalled KHR 25 trillion (USD 6.1 billion) in 2022, an increase of 15 percent (Figure 1.27) compared to a decrease of 6 percent in 2021, mainly due to a strong growth in tax collection (22.1 percent). Taxes on goods and services increased by 22.3 percent; taxes on international trade and transactions jumped up by 19.6 percent; and the tax on income, profit and capital gains grew by 22.8 percent. Meanwhile, grants decreased by 52.2 percent.

**After a large intervention package in 2020 and 2021 to fight against the COVID-19 outbreak and mitigate its impact on social and economic well-being, expenditures dropped in 2022.** The overall expenditure accounted for KHR 23.7 trillion (USD 5.8 billion), a remarkable decline of 19.7 percent (Figure 1.28), mainly due to the rationalisation of the current spending and the decline of capital expenditure. The current spending decreased by 12.1 percent as a result of the decline in the use of goods and services (-13.7 percent) and wages (-1.7 percent), while social benefits increased by 7.2 percent from KHR 3.4 trillion in 2021 to KHR 3.6 trillion in 2022 as the government continues to support the most vulnerable families against the COVID-19 crisis and high inflation. Meanwhile, capital spending in 2022 amounted to KHR 5.8 trillion, a deterioration of 36.4 percent compared to the previous year.

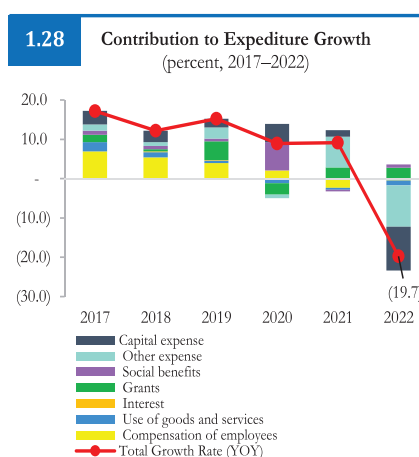
**After registering a peak in 2021, the government's external debt to GDP declined.** During the pandemic, the government's external debt increased significantly from 28.1 percent of GDP in 2019 to 33.9 percent in 2020 and reached its peak of 35.2 percent in 2021. By the end of 2022, the government's external



Source: Government Finance Statistics and Ministry of Economy and Finance



Source: Government Finance Statistics and Ministry of Economy and Finance

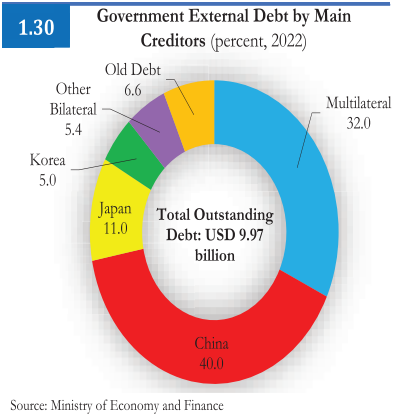
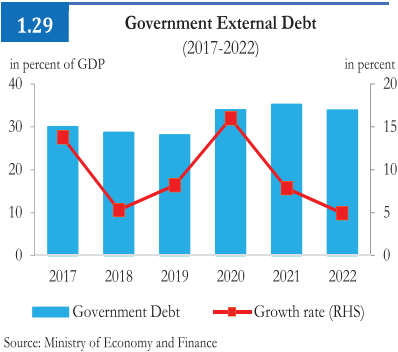


Source: Government Finance Statistics and Ministry of Economy and Finance

debt decelerated to 33.9 percent of GDP as a result of the outpace of GDP growth over debt growth, the issuance of government bonds, the subsidence of the pandemic and the increase of revenue collection (Figure 1.29). China was the largest creditor, accounting for 40 percent of the government’s total external debt, followed by multilateral loans (32 percent), Japan (11 percent) and Korea (5 percent) (Figure 1.30). According to the debt sustainability analysis of the Ministry of Economy and Finance (MEF), Cambodia’s public debt remained low risk. The present value of public and publicly guaranteed external debt to GDP is 24.9 percent, which is much lower than the 40 percent threshold.

### 1.3 Conclusion

In 2022, Cambodia’s economic recovery solidified on the back of robust exports, a full resumption of domestic economic activities and a rapid improvement in tourism. The construction and real estate sectors continued to slowly recover, while agriculture grew slower than the previous year. Better domestic economic conditions have allowed for the fiscal balance to post a surplus after two consecutive years of deficit, and it was the main factor that attracted more FDI inflows. Nonetheless, international reserves declined under external pressure, yet the level of reserves is still sufficient to maintain public confidence in Cambodia’s economy. External factors related to the surge in global oil and food prices also influenced Cambodian inflation, which reached the highest rate in 2022 since 2011. As prices were on the rise, the KHR exchange rate stabilised against the USD, which protected the purchasing power of the KHR and contributed to mitigating inflationary pressure. This challenge highlighted the importance of accelerating the promotion of KHR usage to allow the NBC to possess a broader range of monetary policy options in managing price stability.



The banking system continued to remain sound and resilient while steadily providing the necessary funding to support economic recovery from the COVID-19-induced shock. Within the banking system, commercial banks accounted for around 85 percent of the assets, followed by MDIs and MFIs. In 2022, growth in assets, loans and deposits decelerated to 12.6, 16.3 and 9.5 percent, respectively. Credit by commercial banks grew by 18.1 percent in 2022, compared to 26.4 percent in 2021, to reach KHR 183.5 trillion (USD 44.6 billion), which was almost entirely availed by the private sector. Expansion in credit was quite broad based, with most of the sectors clocking in double-digit growths in credit, though at a slower pace than in 2021. Retail and wholesale trade accounted for around 27 percent of the outstanding bank credit, with the share of real estate and construction reaching 20 percent. Households' share in bank credit slightly declined to 22.6 percent as growth in personal loans plummeted, possibly as higher interest rates started to bite; however, growth in households' mortgage loans remained strong. While the NPLR inched up from 1.8 percent in 2021 to 2.9 percent in 2022 as the NBC's regulatory forbearance measures expired, overall asset quality remained healthy. On the liquidity side, banks' LCR was well above the regulatory requirement of 100 percent, though liquidity indicators in general witnessed some deterioration in 2022. Banks' net profit after tax dropped by 11 percent on account of higher provisions and greater interest expenses. Finally, banks' average capital adequacy level stood over 22 percent, well above NBC's minimum requirement of 15 percent, reflecting banks' loss absorption capacity to withstand the materialisation of any unexpected shocks. In the microfinance sector, total assets and credit further expanded and remained supportive of the economy's financing needs. Total assets grew by 18.5 percent, and credit increased by 21.5 percent, mainly to households, trade, agriculture, services and others. The credit quality in the microfinance sector remained sound with a relatively stable delinquency ratio, and liquidity remained ample, as reflected by the LCR being above the regulatory limit. The microfinance sector's profitability remained sustainable, contributing towards a strong CAR of 18.6 percent for MDIs and 31.6 percent for MFIs. For specialised banks, credit growth picked up to 13 percent, mainly from personal lending, manufacturing and agriculture. Moreover, the quality of the loan portfolio was manageable with the NPLR at 8.5 percent, while the CAR remained strong at 31.4 percent.

## 2.1 Banking System Landscape

**The Cambodian financial system remains bank-centric and is sizeable in terms of GDP.** The banking system in Cambodia is dominated by commercial banks, as 59 banks with KHR 270 trillion in total assets (USD 65.7 billion) as of December 2022 account for around 84.5 percent of the domestic banking system.<sup>5</sup> Microfinance deposit-taking institutions (MDIs) distantly follow as the second major group, with an 11.8 percent share in overall assets. Another 82 (non-deposit-taking) microfinance institutions (MFIs) and 9 specialised banks represent 2.1 percent and 0.9 percent of total banking system assets, respectively. The remaining 1 percent is represented by 16 leasing institutions and 223 rural credit institutions.

**Table 2.1: Cambodia: Structure of the Banking System (as of December 2022)**

| Institutions | Number | Assets<br>(KHR,<br>trillion) | Share<br>(% of total<br>assets) |
|--------------|--------|------------------------------|---------------------------------|
| Commercial   |        |                              |                                 |
| Banks        | 59     | 270                          | 84.5%                           |
| MDIs         | 5      | 37.8                         | 11.8%                           |
| MFIs         | 82     | 6.6                          | 2.1%                            |
| Specialised  |        |                              |                                 |
| Banks        | 9      | 2.7                          | 0.9%                            |
| Leasing      |        |                              |                                 |
| Institutions | 16     | 2.03                         | 0.6%                            |
| Rural Credit |        |                              |                                 |
| Institutions | 223    | 0.27                         | 0.1%                            |

Source: National Bank of Cambodia

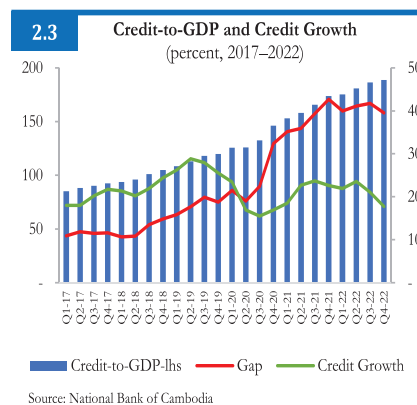
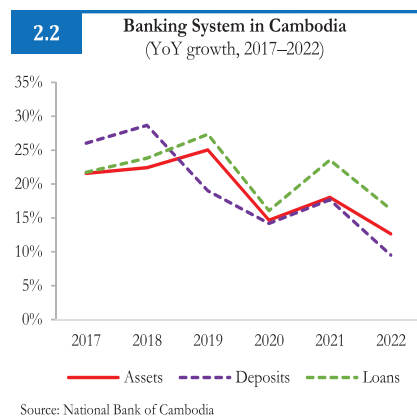
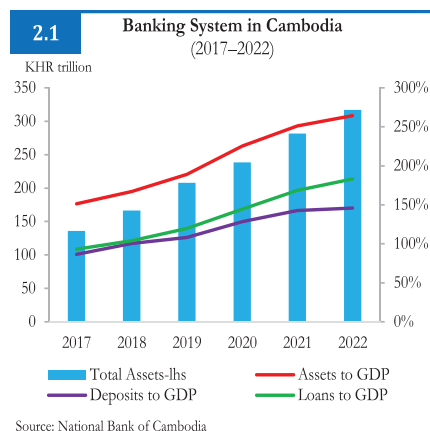
<sup>5</sup>In line with the regulatory ambit of the National Bank of Cambodia, 'banking system' is somewhat broadly defined here to include commercial banks, MDIs, MFIs, specialised banks, leasing institutions and rural credit institutions. As covered later in Chapter 3, the size of the non-bank finance sector (primarily insurance companies) is negligible in comparison, and both equity and bond markets are still at an early stage of development. However, while lending from shadow banks (real estate developers) appears sizeable, data is not available to determine the exact size of exposure.

By the end of 2022, the total assets of the banking sector<sup>6</sup> reached KHR 317 trillion, posting an annual YoY growth of 12.6 percent. The banking sector appears sizeable in terms of domestic output level, almost 264 percent of the nominal GDP of 2022. On the other hand, the total loans and deposits of the banking sector are respectively 183 percent and 146 percent of the nominal GDP (Figure 2.1). The intermediation ratios, measured in terms of key banking variables relative to the GDP, have continued to climb amid much stronger growth in banking sector assets, loans and even deposits when compared to nominal GDP.<sup>7</sup> Moreover, with loan growth outpacing the rise in deposits, the gap between the two has widened.

Growing financial intermediation by banks has in turn helped improve financial inclusion in Cambodia. Recent estimates<sup>8</sup> indicate that around 67 percent of Cambodians now have access to financial services, benefiting from some or all of the four key financial products: loans, deposits, money transfers and digital payments.

**Growth in banking sector assets and deposits slowed down in 2022, with deposits in particular posting relatively weaker growth.** In 2022, the assets, deposits and loans of the banking sector posted a YoY growth of 12.6, 9.5 and 16.3 percent, respectively (Figure 2.2). In particular, the growth in deposits was the slowest compared to its trend of recent years; this may be partly on account of higher inflation eroding depositors' ability to save.

On the back of sustained growth in bank credit,<sup>9</sup> credit-to-GDP ratio inched up to 189 percent, a historically high level (Figure 2.3). As a result, the credit-to-GDP



<sup>6</sup> For figures 2.1 to 2.3, the banking sector includes commercial banks, MDIs, MFIs and specialised banks (except for deposits data). Other institutions, such as leasing institutions and rural credit institutions, have not been included here due to data limitations, though their combined share is quite small, as evident from Table 1.

<sup>7</sup> GDP growth was relatively modest during the pandemic, in fact posting a contraction of 3.1 percent in 2020.

<sup>8</sup> United Nations Capital Development Fund's report titled 'Cambodia Financial Inclusion Refresh, 2021'.

<sup>9</sup> Here, credit includes lending by commercial banks, MDIs and MFIs.



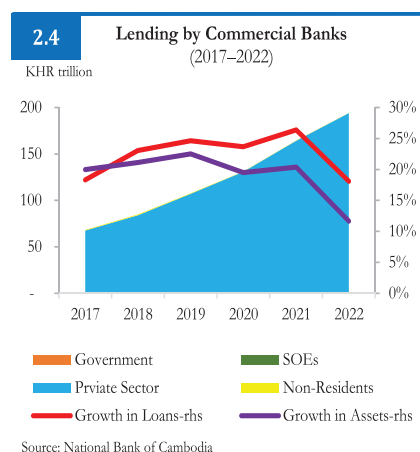
gap<sup>10</sup> reached 39.5 percent.<sup>11</sup> Although the credit growth in 2022 decelerated, the credit-to-GDP gap is still high and therefore, warrants closer monitoring. The sustained pace of credit off-take, to an extent, could be attributed to growing financial deepening as banks continue to expand their outreach and, in turn, credit disbursements. Discussion on the size of bank credit and the pace of its growth also needs to take into account banks' asset quality, which remains healthy (as discussed below) despite the unprecedented COVID-19 shock.

## 2.2 Commercial Banks

### A. Credit Intermediation and Credit Risk

**Commercial banks have extended almost their entire lending to the private sector, with the corporate sector being the lead recipient, followed by households.** While growth in bank credit to the private sector has remained in the double digits, it has slowed down from 26.4 percent YoY in 2021 to 18 percent in 2022 (Figure 2.4). Segregation in terms of lending to the public and private sectors reveals that almost the entirety of bank credit was channelled to the private sector, with the share of lending to the public sector confined to a meagre 0.7 percent in 2022. Moreover, within the public sector, all the financing was availed by state-owned enterprises (SOEs). This in turn meant that the private sector was virtually the sole recipient of bank credit, with banks playing their due role in facilitating private sector-led economic growth.

Within the private sector, the bulk of lending was availed by corporates, followed by households. Specifically, corporates (including businesses of all types and sizes) received KHR 142 trillion of the total credit in 2022 (77.4 percent of private sector credit), posting 19.2 percent growth. On the other hand, the total outstanding credit to households reached KHR 41.5 trillion in 2022, accounting for 22.6 percent of bank credit to the private sector. The share of lending



<sup>10</sup> The gap is equal to the difference between credit-to-GDP ratio and its long-term trend, measured by a one-sided HP filter with a smoothing parameter of 400,000.

<sup>11</sup> However, using the upcoming rebased GDP (which is reported to be around 30 percent higher) would bring the credit-to-GDP ratio and the gap down to 141 percent and 28.2 percent, respectively.

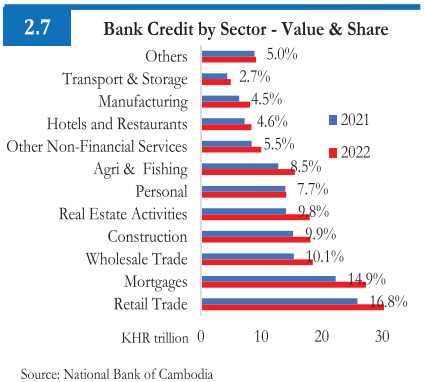
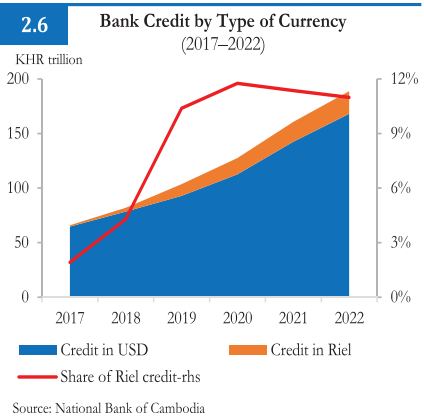
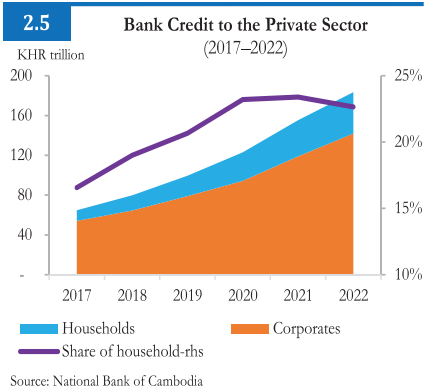


to households marginally came down in 2022 after steadily improving from 14.7 percent in 2016 (Figure 2.5).

**While banks’ local currency lending has stayed above NBC’s required threshold of 10 percent, most of the lending continues to be in USD.** Currency-wise breakdown of the gross loans indicates that almost 89 percent of the overall lending in 2022 was in USD, with the share of riel loans coming in around 11 percent (Figure 2.6). With the aim to promote the ‘rielization’ of Cambodia’s otherwise highly dollarized economy, NBC issued the *Prakas* in 2016, requiring banks to allocate at least 10 percent of their total lending in riel. Consequently, the share of riel loans in overall credit has gradually improved, from 1.5 percent in 2016 to 11 percent in 2022, even if it has somewhat tapered off in the last two years.

**Overall credit allocation across the sectors appears diversified, though half of the bank credit falls into two broad categories: mortgages, construction and real estate loans, followed by retail and wholesale trade.** Banks’ credit allocation across different sectors reveals that the retail trade is the single largest recipient, with almost KHR 30.8 trillion of outstanding gross loans in 2022, accounting for 16.8 percent of total bank credit during the same year. While some media reports might have created the perception that real estate or construction sectors are the largest recipients of bank credit, both the retail and wholesale trades account for a relatively larger share (Figure 2.7). It is worth highlighting that banks only provide a part of the overall financing for construction and real estate activities, with a sizeable portion covered by FDIs.

Mortgage loans by households, with KHR 27.4 trillion outstanding, represent the second major sector, with an almost 15 percent share in total credit in 2022. Credit is somewhat equitably distributed in the next three sectors if ranked by size (wholesale trade, construction and real estate activities) , as each sector has a share of around 10 percent. Banks’ credit exposure to hotels and restaurants, a sector hit especially hard by the pandemic-induced domestic lockdowns and the plunge in tourist arrivals, is

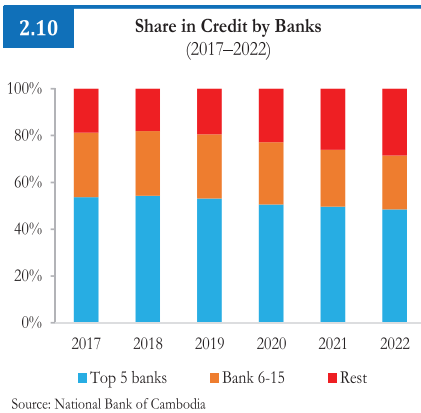
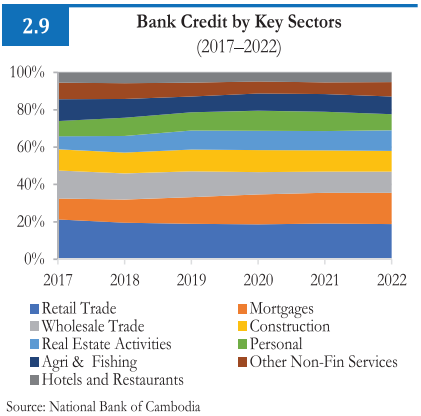
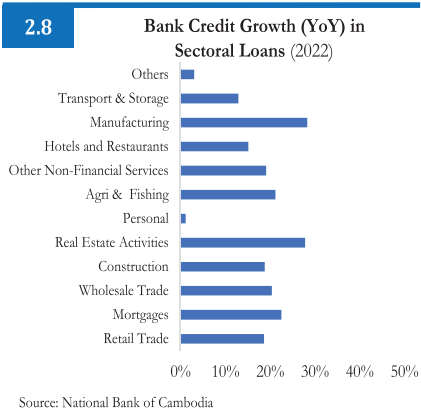


relatively modest, standing at 4.6 percent of total outstanding loans in 2022.

**The pace of credit disbursement has relatively slowed down across a broad range of sectors.** After witnessing strong credit growth in 2021, all major sectors experienced relatively slower credit growth in 2022, with particularly weak growth (1.2 percent) in personal loans, which represent households’ non-mortgage borrowings, including credit cards (Figure 2.8). Rising interest rates during the year have potentially dampened the appetite of households to borrow for consumer goods, though households’ mortgage-related borrowings have remained strong. Likewise, loans for real estate activities have posted a robust growth of 28 percent, while manufacturing logged in a growth of 28.3 percent, the highest compared to other key sectors, though from a low base.

**Share of mortgage and real estate–related credit has increased over time.** Given the differences in pace and volume of credit to various sectors, the broader long-term trend in credit disbursement reflects some reallocation of credit, with a few sectors gaining a share over the years (Figure 2.9). When compared to 2021, the share of every major corporate sector in total credit improved in 2022. However, in the case of households, while the share of mortgage loans has improved, that of personal loans has declined.

**The concentration in provision of credit, if viewed in terms of the top five banks, has continued to decline over time.** The top five banks in 2022 accounted for 48.4 percent of the total credit extended to the private sector, with the share of the top three banks at 39.2 percent (Figure 2.10). Banks 6 to 15, ordered in terms of loan size, collectively provided 23.1 percent of total financing, while the remaining 44 banks had a 28.5 percent share in total gross loans in 2022.<sup>12</sup> The share of the top five banks has gradually declined over time (from 54.3 percent in 2018 to 48.4 percent in 2022), reducing loan concentration among the largest banks. Moreover, smaller banks have been able to gain some ground, partly because the number



<sup>12</sup> As the number of banks have varied over the years, the ‘rest’ in the graph would have a different number of banks each year. In 2022, as there were 59 banks in operation, ‘rest’ includes 44 banks.

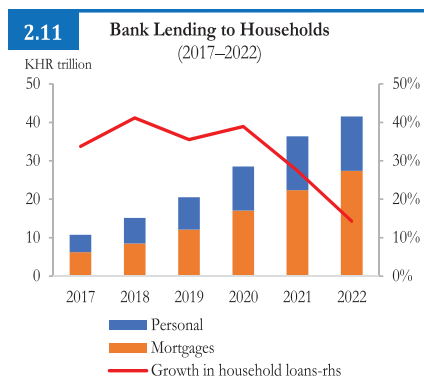
of banks has also grown during the reference period. Moreover, structural changes seen in the banking sector, as evident from the growing digitalisation of finance, might have added to the competitive pressure.

**Growth in households' credit has been primarily driven by mortgage loans.** Banks' credit to households grew by 14.3 percent in 2022; though still in the double digits, it has been the slowest growth in the last few years on the back of lacklustre growth in personal loans (including credit cards) (Figure 2.11). The overall outstanding credit to households reached KHR 41.5 trillion in 2022, making the household segment a major recipient of bank credit, with a 22.6 percent share in terms of total loans outstanding. The breakdown of household loans indicates that around 66 percent of the borrowings fall into the category of mortgage loans, while personal loans, including credit cards, account for the rest (34 percent).

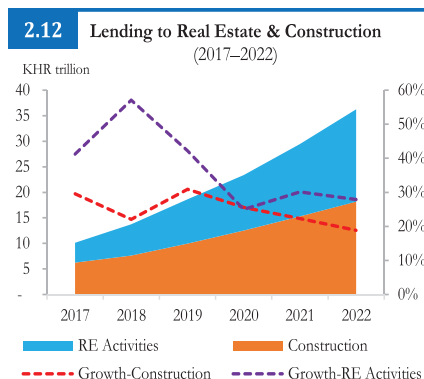
**Credit to real estate activities and construction, if combined, accounts for almost one-fifth of banks' gross loans.** In 2022, bank credit for real estate activities and construction sectors grew by 28 percent and 18.8 percent, respectively (Figure 2.12). Since 2017, the growth in lending to real estate has been routinely higher when compared to construction loans; consequently, real estate and construction loans now each account for around 10 percent of total bank credit.

One potential way to assess banks' overall 'real estate related exposure' is by firstly combining their lending for the (a) real estate sector, (b) construction sector, and (c) mortgage loans to households. By adding up the lending under these three categories, banks' real estate-related exposure accounts for over one-third of their entire loan portfolio (Figure 2.13).

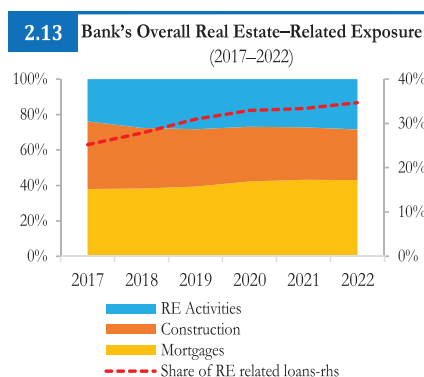
Notwithstanding the size of banks' exposure to real estate-related sectors, credit risk in all three of the sub-components is well contained, as highlighted below. Secondly, the risk profile of mortgage loans is different from banks' direct lending to real estate and construction sectors, as the former portfolio consists of smaller loans to a large number of households and is thus better diversified. Lastly, the residential real



Source: National Bank of Cambodia



Source: National Bank of Cambodia



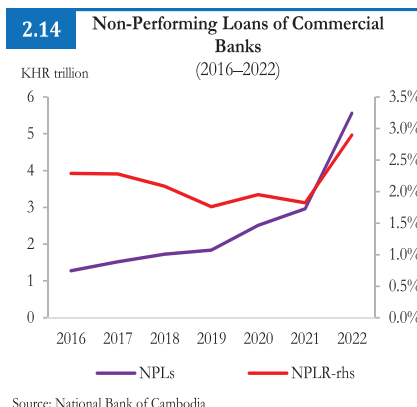
Source: National Bank of Cambodia

estate market has remained resilient so far, even during the pandemic, with residential property prices experiencing only a brief drop in mid-2022 before posting recovery (Figure 1.11 in Chapter I). While the commercial property market possibly took a more serious hit during the pandemic-driven slowdown, banks' exposure to this segment is limited to only 15.4 percent of their total lending to real estate activities.<sup>13</sup> It is also worth reiterating that the real estate market receives only a part of its overall financing from banks, as FDI flows account for a sizeable share.

**Pandemic-induced challenges and the expiry of NBC's regulatory forbearance measures have resulted in some expected deterioration in asset quality.** Commercial banks' overall non-performing ratio (NPLR), a key indicator of their asset quality, increased from 1.8 percent in 2021 to 2.9 percent in 2022 (Figure 2.14). Both the surge in NPLs in 2022 (posting 88 percent YoY increase) as well as the relatively slower growth in credit pushed the delinquency rate up. However, at 2.9 percent, the overall NPLR remains moderate, suggesting that banks have weathered the pandemic-induced crisis without a major impact on their asset quality.

The NPLR remained low during the early period of the pandemic as NBC's regulatory forbearance measures, introduced since the outbreak of COVID-19, enabled banks to restructure loans during the 2020–21 period without changing their loan classifications, thus delaying NPL formation.<sup>14</sup> However, with the expiry of these forbearance measures, some increase in NPLs was expected.

According to the instructions issued by the NBC in December 2021,<sup>15</sup> banks were required to treat restructured loans deemed performing as viable and to classify such loans as 'special mention' with 3 percent provisioning of the gross amount. By the end of December 2022, banks (and MDIs) classified around 84 percent of their restructured loans as viable,



<sup>13</sup> Some segments of the real estate market, like condominiums and office space, etc., could come under increasing pressure if growing supply, amid already lower occupancy rates, is not met with sufficient demand.

<sup>14</sup> For instance, banks on average restructured around 10.4 percent of their total loans between April 2020 and December 2021. At the end of December 2022, restructured loans were 5.7 percent of total loans.

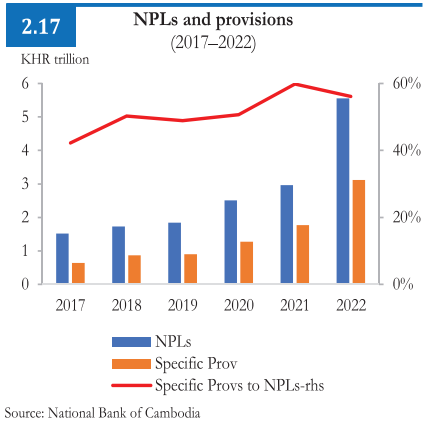
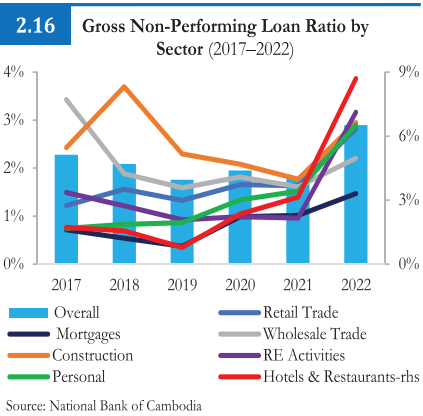
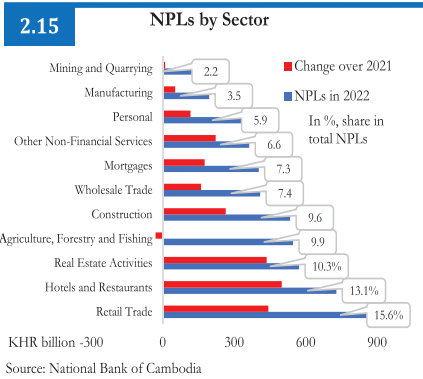
<sup>15</sup>For details, please refer to the NBC Circular dated 28<sup>th</sup> December 2021 on the classification and provisioning requirement of restructured loans.

suggesting that the impact of the pandemic-related economic slowdown on banks’ asset quality was limited.

NPLs by different sectors reveal that, in 2022, retail trade had the highest amount of outstanding NPLs in absolute terms (KHR 867 billion), followed by hotels and restaurants (KHR 729 billion) and real estate activities (KHR 573 billion) (Figure 2.15). The agriculture, forestry and fishing sector, which had the highest amount of outstanding NPLs in 2021, was the only sector to witness a contraction in outstanding NPLs in 2022, while every other sector recorded an increase in fresh NPLs. For the second year in a row, the hotel and restaurant sector experienced the highest increase in NPLs, followed by the retail trade.

**Sector-wise NPLRs reflect an uptick in all key sectors.** The NPLR for the hotel and restaurant sector tripled from 3.1 percent in 2021 to 9 percent in 2022; the sector continued to face a challenging operating environment during 2022 amid the lingering impact of the pandemic and continuation of the zero-COVID policy in China, a key source of international tourists in Cambodia (Figure 2.16). Construction and particularly the real estate sector registered a noticeable pickup in NPLR. For the household segment, the rise in NPLR for mortgage loans was moderate compared to personal loans. On the other hand, both the agriculture and mining sectors posted a decline. However, given the rise in most sectoral ratios, the overall NPLR increased from 1.8 percent in 2021 to 2.9 percent in 2022. Though the rise in NPLR reflects some deterioration in asset quality, which was expected given the scale of the pandemic-triggered shock, banks’ overall asset quality has remained healthy.

**Specific provisions significantly increased during the year, providing banks with additional cushion to withstand any potential deterioration in credit quality.** During 2022, specific provisions reached KHR 3.1 trillion on the back of KHR 1.3 trillion worth of additional specific provisions, the highest increase in absolute terms in the last six years (Figure 2.17). However, specific provisions to the NPLR declined to 56 percent in 2022 on the back of a relatively stronger



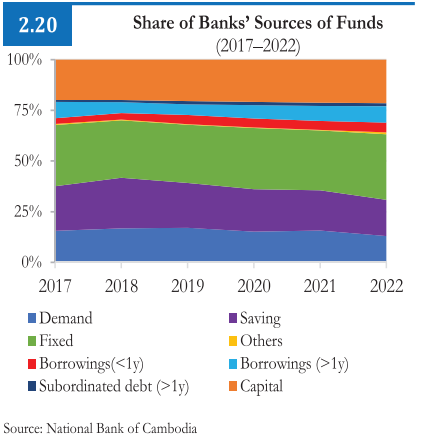
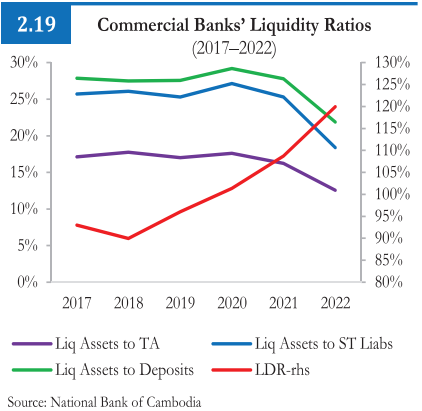
increase in NPLs. A healthy level of provisions should help banks better manage any further deterioration in asset quality.

### B. Funding and Liquidity

**Banks’ liquidity levels remained healthy, notwithstanding a noticeable decline in 2022.** Liquidity coverage ratio (LCR), the measure to test whether banks hold sufficient high-quality liquid assets to survive a 30-day severe liquidity stress, was first introduced by the NBC in September 2016, with a minimum ratio set at 60 percent. The LCR was gradually phased in and reached 100 percent in 2020, where it has stayed since, in line with the Basel III recommendations. The overall LCR of commercial banks, while declining in the last two years, stood at 143.8 percent in 2022, far above the NBC’s required benchmark (100 percent), indicating healthy liquidity levels to face any short-term liquidity stress (Figure 2.18).

Similar to the LCR, banks also experienced a noticeable decline in liquidity when viewed in terms of traditional indicators. For instance, the ratio of liquid assets to total assets, an indication of available liquidity to meet expected and unexpected cash outflows, decreased from 16.2 percent in 2021 to 12.6 percent in 2022 (Figure 2.19). Likewise, the ratio of liquid assets to short-term liabilities, which reveals the extent to which banks can meet short-term withdrawals of funds without experiencing a liquidity squeeze, slid from 25.3 percent to 18.4 percent during the same period. Stronger growth in credit disbursement (18.1 percent), compared to deposit mobilisation (8.5 percent), also led to an increase in loan to deposit ratio, which reached 120 percent in 2022.

In terms of banks’ sources of funds, customer deposits represented around 64.1 percent, with borrowings (both short and long-term) accounting for 14.4 percent and capital accounting for over 21.4 percent (Figure 2.20). Although the share of deposits has marginally decreased (with the share of borrowings inching up) compared to 2021, customer deposits still account for nearly two-thirds of banks’ sources of funds. Breakdown by the type of deposit revealed that the highest share was that of fixed deposits (50.4 percent),





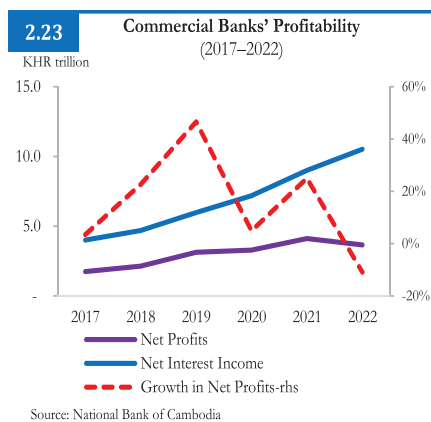
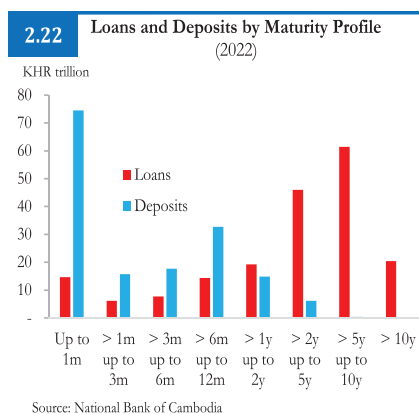
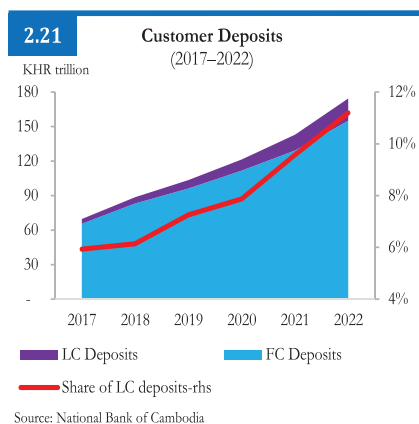
followed by savings (28 percent) and demand deposits (20.2 percent); in particular, the share of fixed deposits visibly improved amid higher interest rates. Overall, customer deposits reached KHR 155 trillion in 2022, posting a much slower growth of 8.5 percent compared to 15.1 percent in 2021.

**While the bulk of banking sector deposits, similar to loans, remained in USD, the share of riel deposits improved.** Deposits in USD continued to remain the primary choice among customers, accounting for 88.8 percent of total deposits in 2022. Although dollarization remained high, the share of riel deposits marginally improved from 9.6 percent in 2021 to 11.2 percent in 2022 (Figure 2.21). The NBC's policy of requiring banks to lend at least 10 percent of their credit in riel has encouraged banks to raise more local currency deposits; with KHR 20.7 trillion of local currency loans and KHR 19.5 trillion of local currency deposits in 2022, the gap between local currency loans and deposits significantly narrowed in 2022 compared to 2021.

The term structure of banks' loans and deposits in 2022 reveals that deposits in general were well above the loans for shorter maturities, while loans far outstripped deposits in maturities of 2 years and beyond (Figure 2.22). In fact, a certain degree of maturity mismatch is natural, given banks' very function of maturity transformation, where short-term liabilities are converted into longer term assets. However, if the scale of mismatch is too high, banks could face a liquidity risk, particularly if they are more reliant on short-term – and less stable – non-core funding.

## C. Profitability and Solvency

**With the surge in provision expenses, banks' net profits declined in 2022 after experiencing strong growth in 2021.** The profitability of commercial banks deteriorated in 2022, with net profits after tax registering an 11 percent drop (compared to a 25 percent growth in 2021), reaching KHR 3.6 trillion (Figure 2.23). These lower net profits were on account of higher interest expenses as well as significantly greater provision expenses as the NBC's regulatory



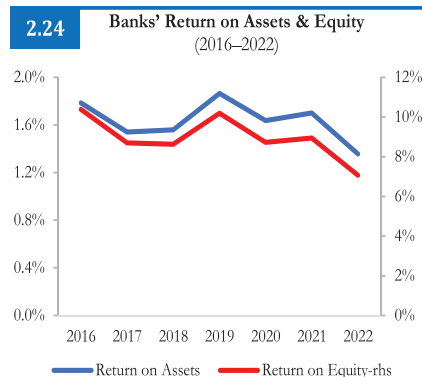


forbearance measures came to an end, requiring banks to appropriately classify restructured loans and set aside sufficient provisions. On the income side, while interest income posted a strong growth of 23 percent in 2022, growth in non-interest income slowed down to 12.5 percent, much lower than in 2021 (37.2 percent).

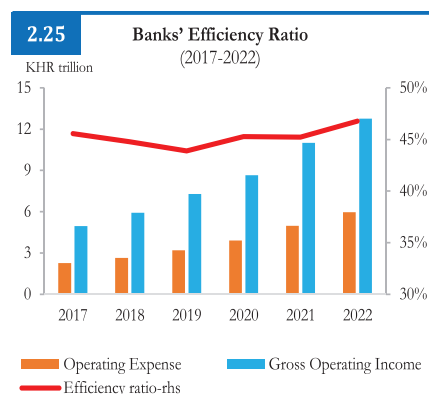
In turn, the lower net profit of commercial banks led to a decline in both the average return on assets (ROA) and return on equity (ROE) in 2022 (Figure 2.24). Specifically, the ROE deteriorated from around 9 percent in 2021 to 7 percent in 2022; likewise, the ROA also declined by 34 basis points to reach 1.36 percent in 2022. This deterioration in the return ratios of commercial banks was on account of a relatively stronger growth in both average total assets (11.7 percent) and equity (12.8 percent) as well as YoY contraction in net profit (11 percent).

The operational efficiency ratio of commercial banks, as measured in terms of the ratio of operating expenses to gross operating income, marginally declined in 2022 to reach 46.8 percent (Figure 2.25). This improvement<sup>16</sup> was on account of the operating expenses growing stronger by 20 percent, while the growth of gross operating income was 16 percent; despite the larger size of the denominator (operating income), the stronger growth in operating expenses led to a marginal decline in the efficiency ratio of the banking industry.

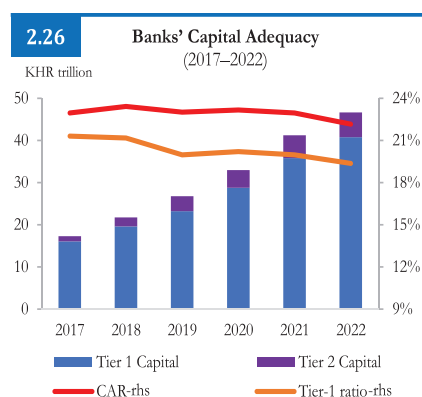
**Banks' capital adequacy remained at a comfortably high level and well above the NBC's required benchmark.** Commercial banks in Cambodia continued to maintain high capital levels, with banks' overall capital adequacy ratio (CAR) around 22.2 percent, slightly down from 23 percent in 2021 (Figure 2.26). The marginal drop in CAR was due to a higher growth in risk-weighted assets (17.3 percent) in 2022 compared to capital (13.2 percent). Notwithstanding the marginal decline, banks' CAR, an indicator of their loss absorbing capacity, was well above the NBC's minimum regulatory requirement of 15 percent; in fact,



Source: National Bank of Cambodia



Source: National Bank of Cambodia



Source: National Bank of Cambodia

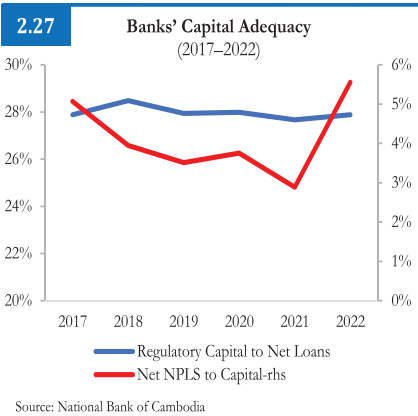
<sup>16</sup> A lower operational efficiency ratio is better since the banks incur less operational expenses to generate more revenues.

even the Tier-1 CAR, at 19.4 percent, was well above the regulatory minimum required for overall capital. During 2022, banks were allowed to fully utilise their capital conservation buffers (CCB) as part of the NBC’s regulatory response to help banks withstand the COVID-19 shock.

The breakdown of total capital reveals that while both Tier-1 and Tier-2 capitals posted positive growth, the former categories witnessed a somewhat higher increase (13.8 percent and 9.6 percent, respectively). As a result, the share of Tier-1 capital further improved to 87.4 percent in banks’ overall capital. Banks’ strong capital adequacy level, primarily supported by high-quality Tier-1 capital, continued to underpin the resilience of the banking system in weathering major stress scenarios, as is evident from Cambodian banks’ soundness in recent years despite facing an unprecedented pandemic-induced shock.

The NBC’s internal stress testing exercise, which aimed to determine banks’ resiliency under a wide range of extreme but plausible stress scenarios, confirms the banks’ capital adequacy. For instance, even under an extreme stress scenario where the NPLR for each bank is raised by another three percentage points,<sup>17</sup> all the banks except one<sup>18</sup> would maintain their respective CARs above 15 percent, highlighting the cushion that banks have in withstanding any potential deterioration in asset quality.

Banks’ regulatory capital to net loans ratio inched up to 28 percent in 2022, reflecting the scale of cushion banks would have in terms of their capital even if a sizeable chunk of their loans turned bad. On the other hand, banks’ net NPLs to capital ratio, an indicator of the fraction of banks’ equity that can be wiped out due to loan losses, almost doubled in 2022 on the back of the higher growth in NPLs (Figure 2.27). Notwithstanding the relatively moderate increase in NPLs that needs to be seen in the context of an unprecedented COVID-19 shock, banks’ overall capital adequacy level remains strong and well above the NBC’s regulatory requirement.



<sup>17</sup> The current (as of December 2022) overall NPLR is 2.9 percent.  
<sup>18</sup> Only one bank breaches the regulatory threshold of 15 percent under this stress scenario, but it would still have a CAR above 14.5 percent.

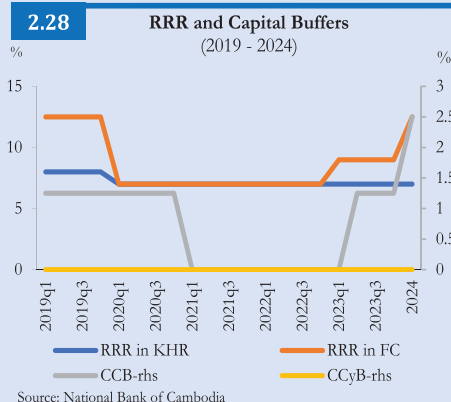
## The NBC's Exit Strategy: Phasing out the COVID-19 Supporting Measures

The COVID-19 pandemic prompted the NBC to roll out supporting measures to support the banking system, relieve the burden of borrowers and boost the recovery process. The table below shows all the supporting measures implemented by the NBC for 2020 and 2021.

**Table 2.2: NBC's Supporting Measures During the Pandemic**

| Measures implemented in 2020  | Measures implemented in 2021  |
|---|---|
| <ul style="list-style-type: none"> <li>i) Maintain the implementation of capital conservation buffer (CCB) at 1.25 percent from 17 March 2020.</li> <li>ii) Reduce the minimum interest rate on liquidity-providing collateralised operation (LPCO) by 0.50 percent for all maturities from 17 March 2020.</li> <li>iii) Reduce the interest rate on negotiable certificate of deposit (NCD) for both KHR and USD to an appropriate level.</li> <li>iv) Reduce the reserve requirement ratio (RRR) from 8 percent in KHR and 12.5 percent in foreign currency to 7 percent for all currencies for a six-month period from April 2020 onwards.</li> <li>v) Issue guidelines to financial institutions regarding loan restructuring for borrowers experiencing financial difficulties (but still have some capacity to repay without turning into bad loans) in priority sectors and others on 27 March 2020.</li> <li>vi) Recognise the quarterly audited net profit to include in the net worth calculation from 13 April 2020.</li> <li>vii) Restrict dividend payments to shareholders for audited profit in 2020.</li> </ul> | <ul style="list-style-type: none"> <li>i) Require banking and financial institutions to make provision based on their assessment on all loans restructured in line with the last circular issued on 28 December 2021.</li> <li>ii) Allow banking and financial institutions to restructure new loans affected by COVID-19 to 30 June 2022. This does not apply for customers who have already applied for restructuring since March 2020.</li> <li>iii) Allow banking and financial institutions to fully utilise their CCBs.</li> <li>iv) Restrict dividend payments to shareholders for audited profit in 2021 unless permission is granted by the NBC.</li> <li>v) RRR of 7 percent is maintained until further notice.</li> </ul> |

While accommodative policy and regulatory forbearance were being implemented, the NBC also started to carefully formulate an exit strategy to ensure that the supporting measures could be withdrawn without suffering any potential moral hazard. In line with the pace of Cambodia's economic recovery, the NBC started to gradually normalise supporting policies by requiring banking and financial institutions to make provision initially on loans restructured before 2022, followed by all restructured loans when the new forbearance period expired on 30 June 2022. Additionally, the NBC also raised the RRR for foreign currencies from 7 percent to 9 percent in January 2023, and will raise it further to 12.5 percent in 2024 while keeping the RRR for KHR stable at 7 percent (Figure 2.28). The NBC also issued two guidelines for banking supervisors in 2022, which included i) a guideline on the implementation of *Prakas* on Credit Risk Grading and Impairment Provisioning, and ii) a guideline on the implementation of the Supervisory Review and Evaluation Process (SREP) methodology for effective risk-based supervision. The CCB was also being re-implemented as banking and financial institutions need to maintain their CCB at 1.25 percent of the risk-weighted assets by 30 June 2023 and at the full 2.5 percent by 31 December 2023 (Figure 2.28). Moreover, the capital adequacy regulatory framework is being updated in accordance with the Basel III standards as part of the implementation of a risk-based supervision plan. The supporting macro-prudential policy will play a crucial role in preserving Cambodia's financial stability and sound banking system.



## 2.3 Microfinance Sector

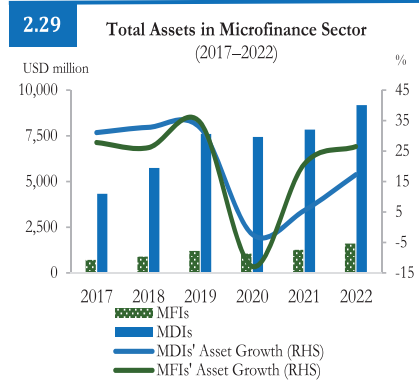
The microfinance sector continued to grow healthily thanks to the government's efforts in rolling out vaccinations and prompt policy to support lessening the impact of the pandemic. As of the end of 2022, there were 5 MDIs and 82 MFIs with 1,109 branches operating countrywide. The total assets in the sector grew significantly by 18.5 percent to KHR 44.4 trillion (USD 10.8 billion), compared to 7.3 percent in 2021. The assets of MDIs further expanded by 17.3 percent to KHR 37.8 trillion (USD 9.2 billion), and the assets of MFIs increased by 26.5 percent to KHR 6.6 trillion (USD 1.6 billion) (Figure 2.29).

### A. Credit Performance

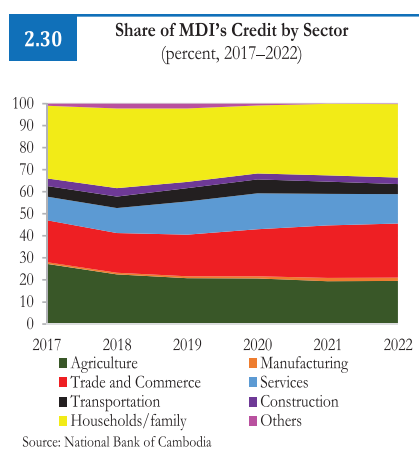
Microfinance institutions played an important role in providing financial access to small businesses and rural communities, in line with the government's efforts to provide affordable loans to SMEs. Credit to households accounts for 33.2 percent of total MDIs' loans, followed by 24.6 percent for trade, 19.6 percent for agriculture and 13.3 percent for services and others. The share of credit to trade and commerce and service expanded over the past years, while the share of credit to agriculture narrowed slightly (Figure 2.30).

Similarly, MFIs' credit to households takes up 33.1 percent of total MFIs loans, followed by 16.1 percent for trade and commerce, 15.2 percent for service, 13 percent for construction and 7.5 percent for agriculture and others. A number of sectors have gained in their share, including services, manufacturing and construction, whereas the share of loans to households, agriculture and trade and commerce marginally declined (Figure 2.31).

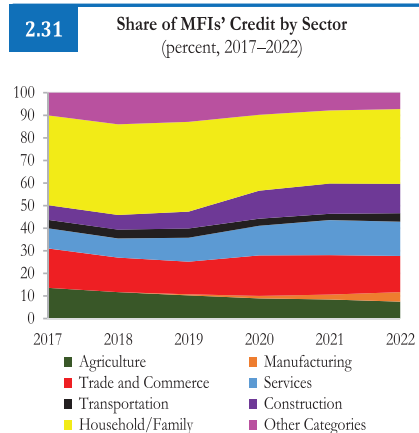
**Robust credit growth in microfinance sectors was supported by an expansion of credit from both MDIs and MFIs.** The overall credit growth in the microfinance sector was 21.5 percent in 2022 compared to 26 percent in 2021. The growth rate has risen moderately, following its temporal deceleration from the pushback of the pandemic-driven surge in businesses' precautionary loan demand. Credit growth accelerated to 19.7 percent for MDIs, compared to 12.8



Source: National Bank of Cambodia



Source: National Bank of Cambodia



Source: National Bank of Cambodia

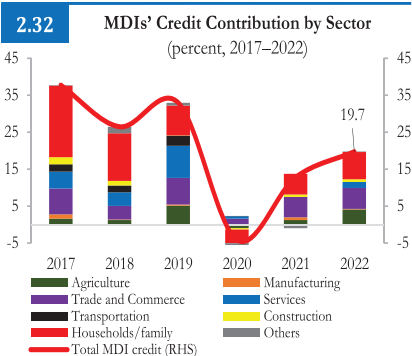
percent in 2021, and this was mainly contributed to by loans to households at 7.4 percent, trade and commerce at 5.6 percent, agriculture at 4.1 percent and service and others at 1.6 percent (Figure 2.32).

The MFIs’ credit exhibited a higher growth rate of 32.8 percent, compared to 26.4 percent last year, mainly contributed by loans to households at 11.6 percent, services at 4.7 percent, trade and commerce at 3.9 percent, construction at 3.9 percent, manufacturing at 3.4 percent and agriculture and others at 1.5 percent. Microfinance institutions act as the main providers of finance to Micro, Small and Medium Enterprises (MSMEs) and rural communities in line with the government’s policy to promote financial inclusion and an SME financing scheme for post-COVID-19 economic recovery (Figure 2.33).

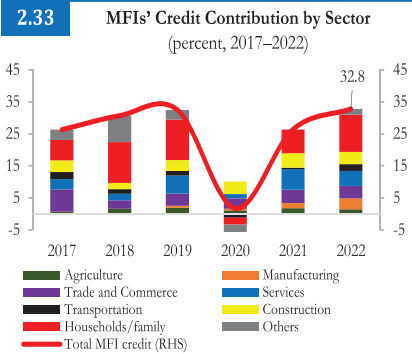
### B. Credit Quality

**On credit quality, microfinance institutions maintained a manageable level of NPLR in 2022 with adequate provisioning.** While 30-day past due loans for MDIs increased from KHR 382 billion in 2021 to KHR 460 billion in 2022, with a growth rate of 19.1 percent, the delinquency ratio remained at a similar level to the previous year at 1.38 percent due to the increase in loan portfolios. The MDIs continued to maintain adequate provisioning against a decline in credit quality. The specific provisioning coverage for the MDIs remained stable at 75 percent in 2022 (Figure 2.34). Meanwhile, the MFIs’ total 30-day past due loans grew by 35.6 percent to KHR 520 billion, but reduced from 64.7 percent in 2021. This has contributed to a relatively stable delinquency ratio at 9 percent. Amid improvements in business conditions and the withdrawal of regulatory forbearance, most customers have been able to service their loans, although a small portion of borrowers continue to face repayment challenges. Nevertheless, MFIs will remain cautious about the repayment capacity of these borrowers moving forward (Figure 2.35).

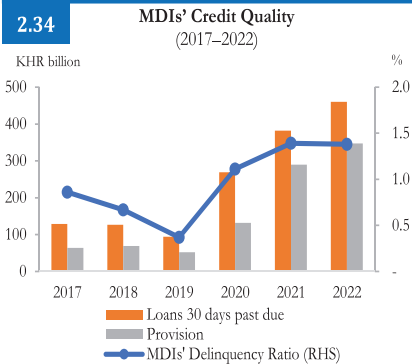
Based on the data from the Credit Bureau Cambodia, 5.7 percent of all MFI borrowers have surpassed the 30-day loan due date. Given the significant role of MFIs for MSMEs and rural communities, the NBC has further



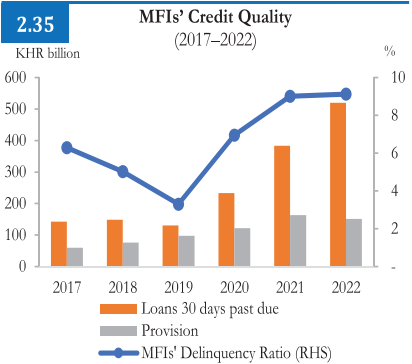
Source: National Bank of Cambodia



Source: National Bank of Cambodia



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Source: National Bank of Cambodia

enhanced regulatory frameworks to safeguard consumer protection and sustainability in the sector.

### C. Liquidity and Funding Position

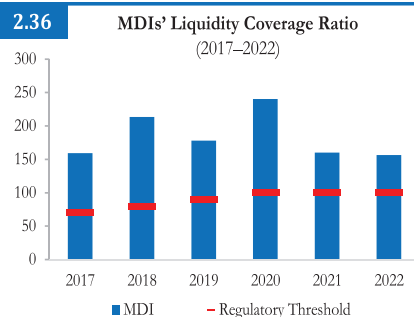
**Microfinance institutions' funding position remains healthy and liquid, maintaining resiliency against liquidity shocks amid the ongoing economic recovery.** The liquidity positions of MDIs, as measured by the Basel III LCR, inched down slightly from 160 percent in 2021 to 156.7 percent at the end of 2022 due to the decline in total liquid assets (10.4 percent YoY) and total net cash outflow (8.5 percent YoY), while staying well above the statutory minimum requirement of 100% (Figure 2.36).

The share of customer deposits to total funding source declined marginally to 56 percent from 57 percent last year, followed by a capital of 26 percent and a borrowing fund of 18 percent. Despite the mild decrease, customer deposits continued to be the primary source of funding for MDIs, underpinning a stable funding structure (Figure 2.37). Customer deposits increased by 17.1 percent to KHR 19.9 trillion (USD 4.8 billion).

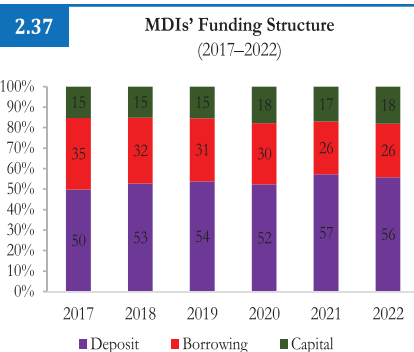
As of 2022, the overall borrowing fund of MDIs increased to KHR 9.2 trillion (USD 2.5 billion), an 18.1 percent increase compared to 2021 (-8 percent). The total MDI borrowings were mostly long-term borrowings, which accounted for 81 percent, while the share of short-term borrowings increased slightly from 7 percent of total borrowing in 2021 to 8 percent in 2022 (Figure 2.38).

The primary funding of MFIs came from domestic and foreign NGOs, donors, multilateral development banks and government subsidies. The dependence on these traditional sources of financing constituted an obstacle to growth, which in turn encouraged MFIs to turn to other sources of funds, such as equity capital and borrowing, for development. As of 2022, MFIs' funding sources from borrowing accounted for 65.6 percent of the total fund, followed by equity capital at 34.4 percent (Figure 2.39).

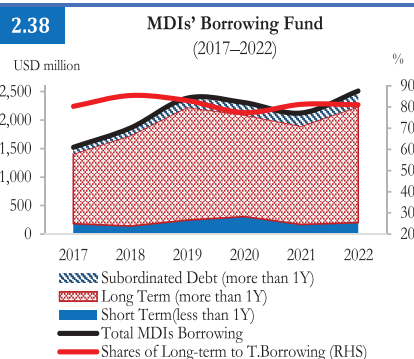
Long-term borrowing reached KHR 4.1 trillion (USD 998 million), with a growth rate of 36.8 percent compared to 24.2 percent last year. In contrast, the share



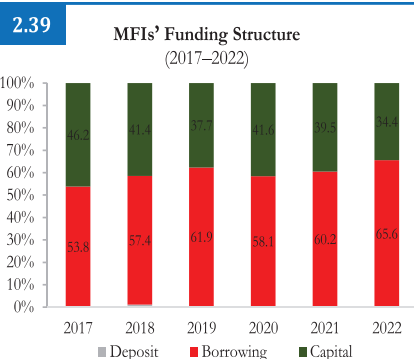
Source: National Bank of Cambodia



Source: National Bank of Cambodia



Source: National Bank of Cambodia



Source: National Bank of Cambodia



of short-term borrowing dropped slightly from 30.6 percent to 28.4 percent in 2022, while long-term borrowing accounted for 70 percent of the total borrowing of MFIs, an increase from the previous 67 percent, indicating that the institutions are seeking more stable funding (Figure 2.40).

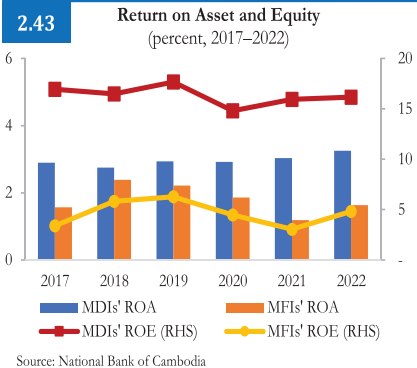
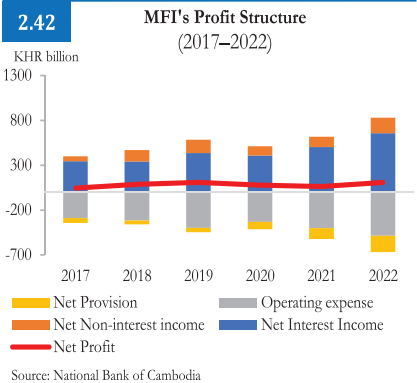
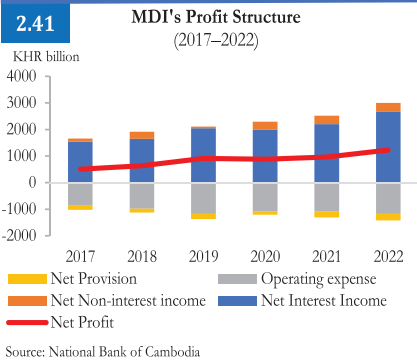
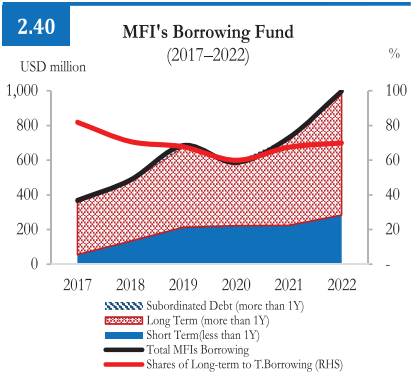
### D. Profitability

**The microfinance sector posted strong gains in net profits.** MDIs recorded a net profit of KHR 1.2 trillion (USD 298 million) in 2022, an increase of 25.5 percent from the previous year. This was mainly due to higher net interest income and lower provisioning expenses as MDIs set aside a high level of provision in the previous year, together with better managed operating expenses (Figure 2.41).

Despite higher provision and operating costs, MFIs enjoyed strong gains in net profit, registering at KHR 107 billion (USD 26 million) with a growth rate of 73 percent from 2021, owing to higher net interest income (Figure 2.42). Although there’s a sustained recovery in the microfinance sector’ earnings, it is subject to uncertainties surrounding both external and domestic fronts. Should these uncertainties further intensify and lead to a notable slowdown in demand for credit and worsening credit quality, the sectors’ profitability will be significantly affected.

Common indicators that are used to assess profitability are annualised ROA and ROE. The average ROA for MDIs and MFIs inched up from 3 percent and 1.2 percent in the previous year to 3.4 percent and 1.6 percent, respectively. Meanwhile, the average ROE for both MDIs and MFIs improved to 16.2 percent and 4.8 percent in 2022 from 16 percent and 3.1 percent in 2021, respectively. (Figure 2.43).

The ability of both MDIs and MFIs to efficiently use their resources has improved, reflecting in their lower average efficiency ratios of 40.7 percent and 61.6 percent in 2022 from 42.6 percent and 64.7 percent in 2021. This is mainly due to these institutions’ leaner, stronger and inclusive, technology-enabled operations (Figure 2.44).





## E. Capital Position

**The microfinance sector's capital position remains strong amid the uncertainties.** MDIs' regulatory capital registered an increase of 24.8 percent from the previous year, reaching KHR 6.3 trillion (USD 1.5 billion), while risk-weighted assets increased by 24.8 percent. These led to an improvement in the CAR from 18.1 percent in 2021 to 18.6 percent in 2022, which is higher than the pre-pandemic level (Figure 2.45).

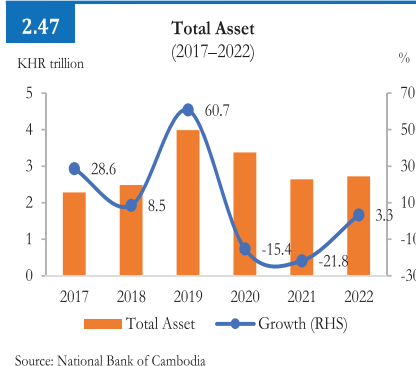
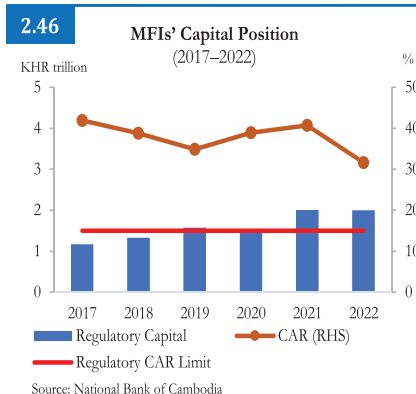
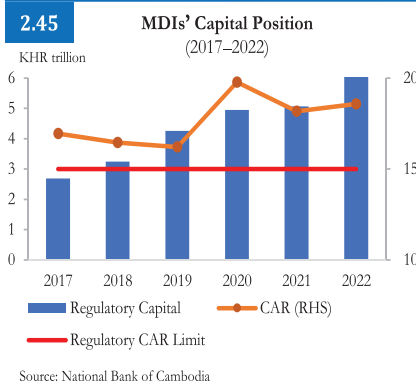
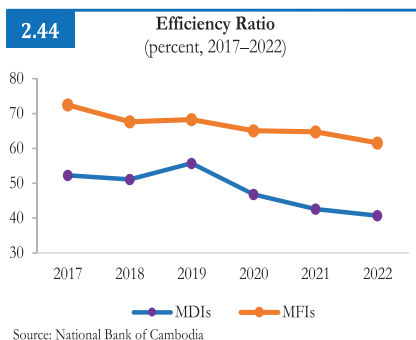
For MFIs, regulatory capital slightly declined by 0.3 percent to KHR 2 trillion (USD 486 million), while risk-weighted assets rose significantly by 28.1 percent. As a result, the CAR dropped from 40.7 percent to 31.6 percent (Figure 2.46), but remained well above the regulatory limit. Strong capital buffers, supplemented by ample provisions, will ensure the sector is well placed to withstand unexpected shocks.

### 2.4 Specialised Bank

**Amid an improvement in the macroeconomic environment, specialised banks exhibit positive performance.** At the end of 2022, specialised banks accounted for 0.85 percent of total assets in the banking system. There are currently 9 specialised banks operating in the banking system, with their total assets reaching KHR 2.7 trillion (USD 661.7 million), an increase of 3.3 percent compared to KHR 2.6 trillion in 2021 (Figure 2.47).

**Specialised banks' credit further expanded to meet demand of new loans due to a favourable post-pandemic economic outlook.** The share of personal essentials excluding mortgages reached 84 percent of the total loans, followed by 4 percent for retail sale and 2 percent each for wholesale, hotels and restaurants, construction and real estate and other sectors (Figure 2.48).

The total loan portfolio increased by 13 percent to reach KHR 2.2 trillion (USD 532.8 million) from a 24.8 percent contraction in 2021, yet it remains lower than the pre-pandemic growth level. Credit expansion largely came from personal loans, which made up 14.8 percent of growth, followed by manufacturing at 0.8 percent and agriculture at 0.6 percent, while some



other sectors recorded negative contributions (Figure 2.49).

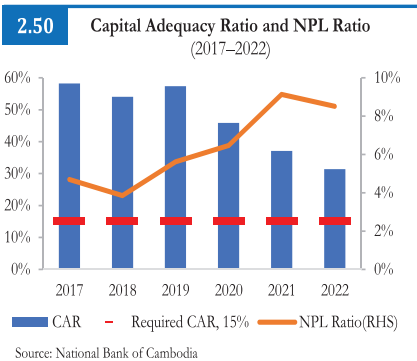
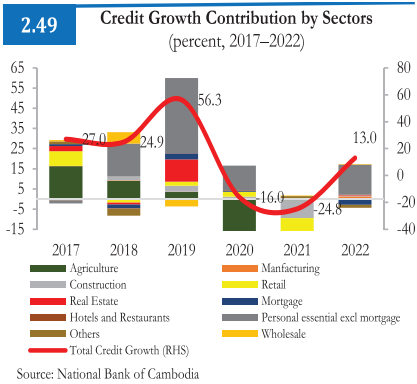
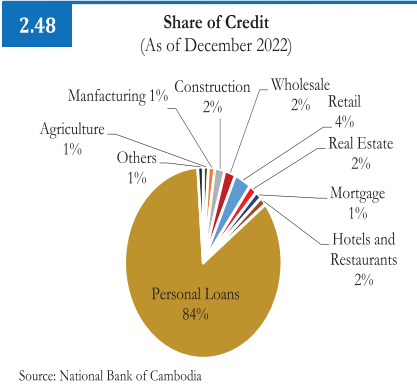
**Despite the increase in credit disbursement, the quality of the loan portfolio remained manageable.** The NPLR eased to 8.5 percent at the end of 2022, an improvement from the 9.1 percent recorded during the same period last year.

**Specialised banks’ capital position remained strong, providing a solid cushion against unforeseen shocks.** At the end of December 2022, the average CARs of specialised banks was around 31.4 percent. The ratio was slightly lower than the previous year due to the increase in risk-weighted assets, although it continued to be well above the minimum regulatory requirement of 15 percent (Figure 2.50).

### 2.5 Conclusion

Based on the data as of December 2022, our analysis reveals that the overall banking system has remained sound and resilient, steadily providing the necessary financing to support economic recovery from the pandemic-induced shock. While credit growth remains strong, it has decelerated from the rate observed a year earlier, with personal loans by commercial banks registering a more pronounced slowdown. Higher provisions and rising interest expenses have led to a contraction in banks’ profits. However, capital adequacy remains high and asset quality is healthy, despite the recent increase in NPLs, which was expected after the phasing out of the NBC’s regulatory forbearance measures. As our internal stress testing exercise reveals, banks are still able to withstand significant deterioration in asset quality under various stress scenarios. While NPLRs are relatively higher in MFIs/specialised banks when compared to commercial banks, these institutions also have much higher capital adequacy levels in general.

While the NBC continues to effectively regulate the banking system, risks may still arise from shadow banking institutions, such as real estate developers or pawn shops. Unlike the banking system, which is supervised by the NBC, these institutions are outside the regulatory mandate of the NBC. As a result, little



information is available about the operations or financial performance of real estate developers and pawn shops or the debt servicing capacity of their customers. Therefore, concerted efforts by the concerned regulatory authorities are required to strengthen their data collection and improve their regulatory oversight in order to proactively contain any risks from the shadow banking institutions to the broader financial system.

Securities markets continued to develop with the addition of new companies listed in both equity and debt markets. After plummeting in 2021, the CSX index and the market capitalisation slightly expanded in 2022, with a significant increase in the number of daily trading value to more than KHR 2.1 billion (USD 0.5 million). Meanwhile, the bond market contributed to providing an alternative source of financing for both the public and private sectors. At the end of 2022, the total outstanding corporate bonds was recorded at KHR 515 billion (USD 125.1 million), of which financial institutions accounted for 40.9 percent. The insurance sector continued to record robust growth, reflected by the increase in total premiums for all sub-sectors – general, life and micro-insurance – to KHR 1.4 trillion (USD 331.9 million) in 2022.

### 3.1 Asset Market

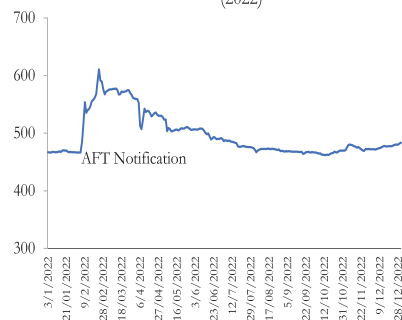
#### A. Equity Market

**Both the CSX index and its market capitalisation slightly increased compared to the year before.** At the end of 2022, the CSX index was 483.7, an increase of 2.2 percent from 473.4 last year (Figure 3.1). This blip resulted from the rise in share prices of ACLEDA Bank (ABC), Phnom Penh Water Supply Authority (PPWSA) and Royal Group Phnom Penh SEZ Plc. (PPSP), which posted positive yearly returns of 2.9 percent, 5.6 percent and 15.5 percent, respectively. It is noted that after the notification of ACLEDA Financial Trust (AFT) on its investment plan in ABC's share on 4th February 2022, the CSX jumped notably to 610.6 before showing a downward trend until the third quarter.

After a big drop in 2021, the market capitalisation of the CSX slightly increased in 2022, following the trend of ABC. The market capitalisation – including both main and growth boards – rose by 4 percent, from KHR 7.2 trillion in 2021 to KHR 7.5 trillion (USD 1.8 billion). ABC contributed KHR 4.7 trillion (62.7 percent of total market capitalisation), followed by Sihanoukville Autonomous Port (PAS; 15.3 percent) and PPWSA (8.8 percent) (Figure 3.2).

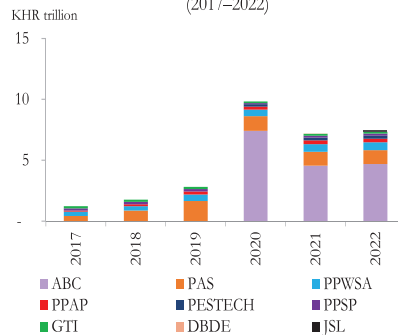
The growth board market continued to attract SMEs obtaining additional financing, with the additional listing of JS Land. This construction company was listed on 10th February 2022, and issued around 25.7 million shares at an IPO price of KHR 2,420 per share.

**3.1** Cambodia Securities Exchange Index (2022)



Source: CSX

**3.2** Market Capitalisation (2017–2022)



Source: CSX and NBC staff's calculation

More SMEs are expected to join the growth board, giving more options for investors with different risk appetites.

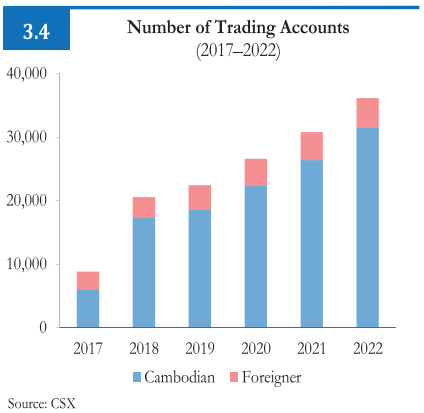
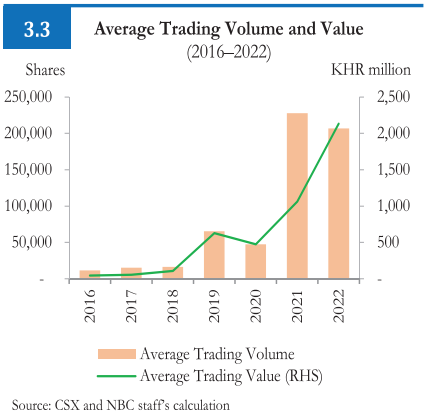
Cambodia’s equity market remained active, as reflected by the significant increase in the number of daily trading value. The average daily trading value continued to record robust growth rate of 101.1 percent, from KHR 1.1 billion to more than KHR 2.1 billion (USD 0.5 million), and the average daily trading volume stayed high at 207,071 shares per day despite recording a decrease of 9.1 percent (Figure 3.3). At the same time, the number of trading accounts has gradually increased YoY, reflecting the growing interest of investors. By the end of 2022, the number of trading accounts reached 36,155 accounts, an increase of 17.1 percent, of which Cambodian investors accounted for 87 percent (Figure 3.4). With the stability of the economy and potential for growth, more traders both foreign and domestic is expected to increase.

There have also been great strides in the direction of digitalisation with the introduction of CSX Trade mobile application, updates to the investment guide Phsar Hun and the introduction of opening account online. These moves have provided a conducive trading environment and supported public confidence and interest in trading with the CSX. Going forward, more companies are expected to list on the CSX, which will provide both local and foreign investors with more options and diversification strategies. As a result, daily trading is expected to remain active.

## B. Bond Markets

### B.1 Government Bond

In 2022, the government started issuing government bonds worth a total of KHR 72.1 billion (USD 17.6 million), with one year maturity and a coupon rate of 2.2 percent to be paid semi-annually. The issuance of government bonds is an important step in contributing to the development of Cambodia’s financial markets and mobilising an alternative source of financing in KHR. This tool would also help facilitate market-based



monetary policy operations and promote the use of the local currency.

### B.2 Corporate Bond

**The bond market continued to attract new companies to seek sources of financing in the local currency.** At the end of 2022, the total corporate bonds outstanding was recorded at KHR 515 billion (USD 125.1 million), of which financial institutions accounted for 40.9 percent of the total corporate bond market, followed by a transportation company (27.2 percent), a trading company (16.2 percent) and a telecom firm (15.8 percent) (Figure 3.5). This reflects the role of the bond market in providing additional long-term financing to business firms in various sectors.

Royal Railway successfully issued two types of bonds with a total amount of KHR 140 billion (USD 34 million). The first tranche was plain bond with a total offering size of KHR 41.6 billion (USD 10 Million), 7 percent coupon rate per annum and ten-year maturity. For the second tranche, the company issued a guaranteed bond for qualified investors with a total offering size of KHR 98.4 billion (USD 24 million), divided into two series: 5-year maturity bonds with a coupon rate at SOFR + 3.5 percent or 5 percent per annum (whichever is higher) and 10-year bonds with a coupon rate at SOFR + 3.5 percent or 5 percent per annum (whichever is higher) from year 1 to year 5 and SOFR + 3.75 percent or 5 percent per annum (whichever is higher) from year 6 to year 10. Meanwhile, the corporate bonds of LOLC and ABA reached maturity in 2022. By the end of 2022, there were three financial institutions, one import–export company, one telecommunication company and one transportation firm listed on the bond market. Despite an increase in bond issuance, trading activity in the bond market remained inactive as investors preferred to hold their bonds until maturity.

Among the listed 3-year-maturity bonds, Prasac Microfinance Institution offered the highest coupon rate at 7.5 percent, whereas coupon rates for 5-year-maturity bonds varied from 4.5 percent to SOFR + 3.5 percent (Table 3.1). Meanwhile, Royal Railway also

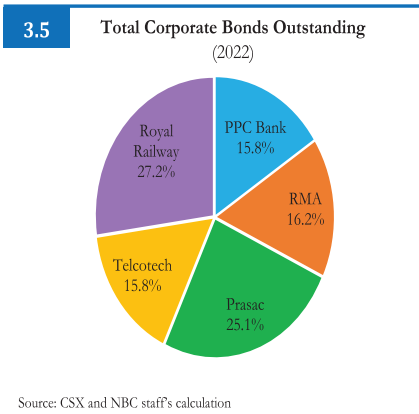


Table 3.1: Bond Coupon Rates

| Issuer                          | Bond Name                      | Coupon Rate |                                |   |
|---------------------------------|--------------------------------|-------------|--------------------------------|---|
|                                 |                                | 3-Year      | 5-Year                         | 10-Year   |
| Phnom Penh Commercial Bank      | PPCB- FX- Indexed Bond No.1    | 6.5%        |                                |   |
|                                 | PPCB- FX- Indexed Bond No.2    | 6.5%        |                                |   |
| Prasac Microfinance Institution | PRASAC                         | 7.5%        |                                |   |
| RMA (Cambodia)                  | RMAC                           |             | 5.5%                           |   |
| Telcotech                       | Telcotech                      |             | 4.5%                           |   |
| Royal Railway                   | Royal Railway Guarantee Bond 1 |             | SOFR* + 3.5% or 5% per annum** |   |
|                                 | Royal Railway Bond             |             |                                | 7%  |
|                                 | Royal Railway Guarantee Bond 2 |             |                                | ■ Year 1-5: SOFR + 3.5% or 5% per annum**<br>■ Year 6-10: SOFR + 3.75% or 5% per annum ** |

Source: CSX  
 Note: \*SOFR refers to Overnight Financing Rate  
 \*\* The higher one is applicable



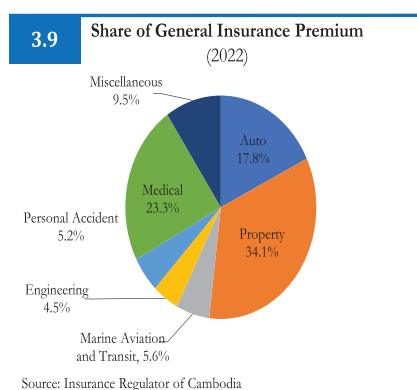
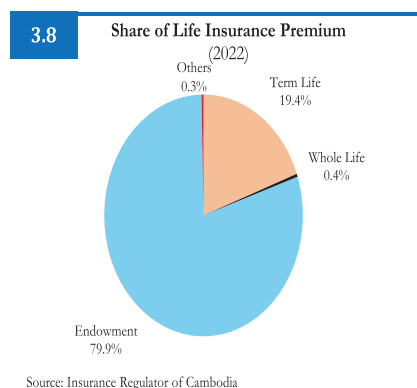
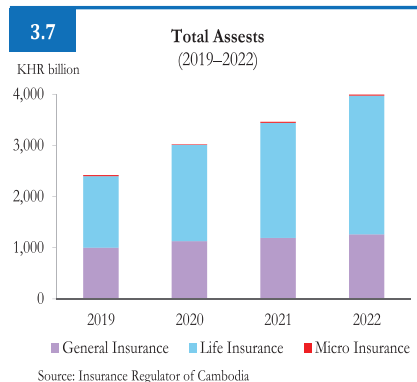
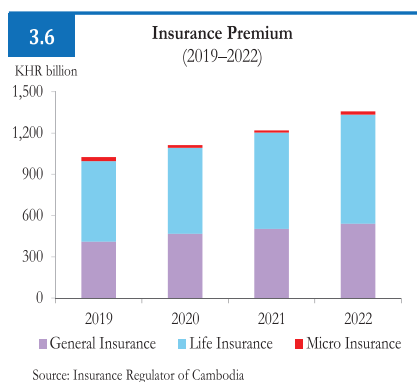
issued 10-year bonds, the longest maturity corporate bond, divided into a plain bond and guaranteed bond.

### 3.2 Insurance Sector

**The insurance sector continued to record robust growth in all sub-sectors.** The total gross premium increased by 10.7 percent to almost KHR 1.4 trillion (USD 331.9 million) in 2022 (Figure 3.6). The gross premium of life insurance accounted for 58.4 percent, followed by that of general insurance (39.9 percent) and micro insurance (1.7 percent). Meanwhile, the total assets of this sector increased by 14.9 percent to almost KHR 4 trillion (USD 977 million) (Figure 3.7). The insurance penetration, measured as a percentage of total premiums to GDP, also expanded to 1.17 percent in 2022.

The premiums earned from the sales of life insurance increased by 12.6 percent to KHR 792.2 billion (USD 193.8 million), mainly driven by endowment policies (9.9 percent of total growth) and term life insurance (4.1 percent). Endowment policies covered the largest share of the gross premium for life insurance, accounting for 79.9 percent of total life premium, followed by term life (19.4 percent) (Figure 3.8). Furthermore, the number of new policies picked up from 485,249 to 535,871 policies, an increase of 10.4 percent. The claim ratio decreased from 8.8 percent to 7.3 percent as the total claim paid in life insurance dropped 6.7 percent to KHR 58 billion (USD 14.2 million).

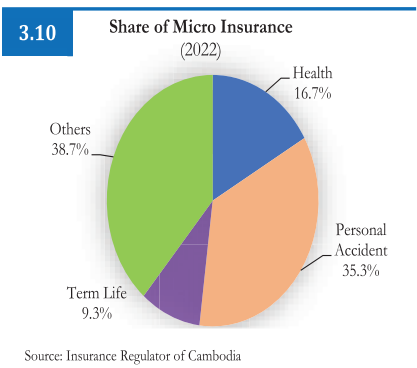
Gross premium of general insurance increased by 7.1 percent to KHR 540.9 billion (USD 132.3 million), which was mainly driven by property (6.1 percent of total growth), medical (3 percent) and auto insurance (1.6 percent). Property insurance accounted for the largest share of the gross premium for general insurance with a 34.1 percent share, followed by medical insurance (23.3 percent) and auto insurance (17.8 percent) (Figure 3.9). The claim ratio slightly decelerated to 23.8 percent, with the total claim paid in general insurance increased by 6 percent to KHR 128.7 billion (USD 31.5 million).



Gross premium of micro insurance jumped by 38.4 percent to KHR 23.4 billion (USD 5.7 million), contributed mostly by personal accident insurance. The main products of micro insurance include personal accident (35.3 percent share), health (16.7 percent), term life (9.3 percent) and other insurance (38.7 percent) (Figure 3.10). The claim ratio registered at 16 percent, with the total of claim paid in micro insurance up by 35.6 percent to KHR 3.7 billion (USD 0.9 million).

### 3.3 Conclusion

Continued expansion of the non-bank financial sector is an encouraging sign that can help complement the banking system and contribute toward a more diversified and broad-based financial sector development. Both retail and institutional investors have more options to manage their risk appetite while business firms can also seek alternative sources of financing besides bank loans. Meanwhile, risks might also arise from shadow banking activities such as real estate developers or pawn shops. Hence, concerted efforts are needed to strengthen data collection and sharing as well as to improve the regulatory oversight to proactively contain any risks from shadow banking and the broader financial system. The NBC will continue to further strengthen collaboration with the relevant authorities in ensuring the soundness of the financial system in Cambodia.



## Balance Sheet Analysis

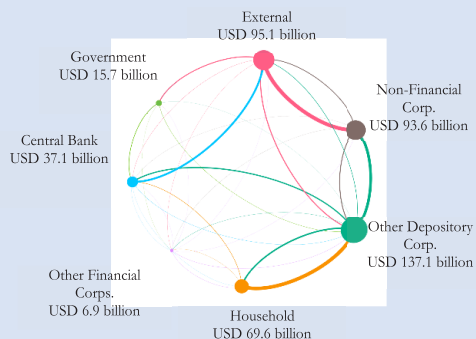
In 2022, the gross financial position of all sectors from the perspective of asset and liability accumulated USD 455.1 billion, an increase of 7.4 percent compared to USD 423.8 billion in 2021. Other deposit corporations, external sectors, non-financial corporations and households are the major contributors of USD 137.1 billion, USD 95.1 billion, USD 93.6 billion and USD 69.6 billion, respectively (Figure 3.11).

In terms of net position, the other depository corporations (ODCs) showed a net creditor of USD 2.2 billion, an increase of 8.8 percent (YoY) from USD 2 billion in 2021. The ODCs received an inflow of funds from the rest of the sectors of USD 67.5 billion, an increase of 11.1 percent (YoY) mostly contributed by influx from households (an increase of 12.7 percent) and external sectors (18.5 percent), whereas claims on the rest of the sectors reached USD 69.6 billion, an increase of 11 percent from USD 62.7 billion in 2021, which was mainly due to an increase in the provision of funds to NFCs (15.2 percent) and households (22.8 percent), most of which were in the form of loans (Figure 3.12).

The non-financial corporations (NFCs) indicated a net debtor and received fund sources mostly from external sectors and ODCs. The NFCs showed a net liability of USD 65.6 billion, an increase of 21.3 percent due to the rise of inflow of funds from external sectors (8.6 percent), mostly in the form of FDIs and the increase of lending from ODCs (15.2 percent). The fund's inflow from the rest of the sector into the NFCs accumulated USD 79.6 billion, which was an increase of 13.3 percent (YoY), whereas for the claims from the rest of the sectors, NFCs recorded USD 14 billion, a decline of 13.6 percent.

The external sector indicated a net creditor of USD 39.7 billion on Cambodia, which was an increase of 35.2 percent. The influx of funds from external sectors into Cambodia accounted for USD 67.4 billion, up by 9.6 percent, whereas the outflows from Cambodia to external sectors amounted to USD 27.7 billion, down by 13.7 percent. NFCs were the main recipients of funds from this sector, accounting for 66 percent of the total outflows from the external sectors, while the inflow from NFCs to the external sectors contributed only 20 percent of the total inflows.

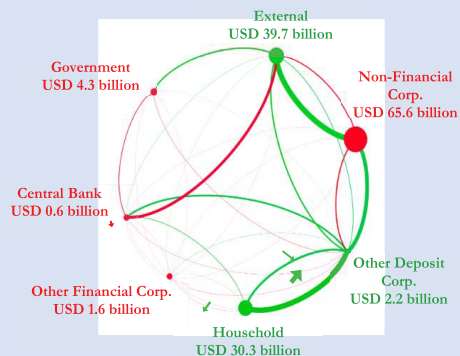
### 3.11 The Gross Financial Position of All Sectors in 2022



#### Notes:

- The size of bubble represents the total asset and liability of each sector.
- The line colour from each sector towards the other sectors represent the claim from those sectors.

### 3.12 The Net Financial Position of All Sectors in 2022



#### Notes:

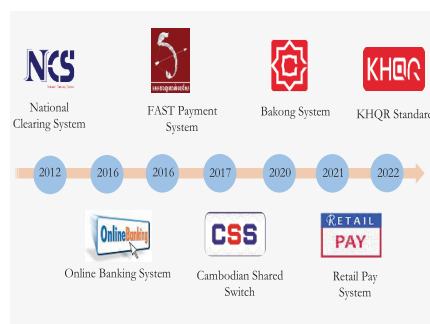
- The size of the bubble represents the relative size of the net financial position of each sector.
- The bubbles in red represent net debtors, while the bubbles in green represent net creditors.
- The line colour from each sector towards the other sectors represent the claim from those sectors.

Development of payment and settlement systems has steadily promoted efficiency, interoperability and financial inclusion in Cambodia. The use of electronic payment systems has increased remarkably in recent years as banks and financial institutions have introduced innovative digital payment services to support the growing demand and adoption in the new normal environment. The number of e-wallet accounts has jumped to 19.5 million, and the value of retail electronic payments has substantially increased to more than 9 times the GDP. The use of mobile banking services has steadily accelerated as supported by the growth of mobile phone and internet penetration rates. Moreover, payment transactions through the Bakong system and QR code notably increased in 2022, as reflected by the increasing interest and adoption among the public.

In line with rapid development in financial technology and digital economy, the NBC has promoted innovation in digital financial services to reduce costs, improve interoperability and enhance financial inclusion. Payment and settlement systems have continuously developed over the last decade, for both retail and wholesale payment, to support Cambodia's rapidly expanding digital financial services, including the National Clearing System (NCS), Online Banking System (OBS), FAST Payment System, Cambodian Shared Switch (CSS), Retail Pay and Bakong (Figure 4.1). In addition, the NBC is developing the Bakong Large Value Payment System (LVPS) to facilitate large value transactions for the interbank and financial markets.

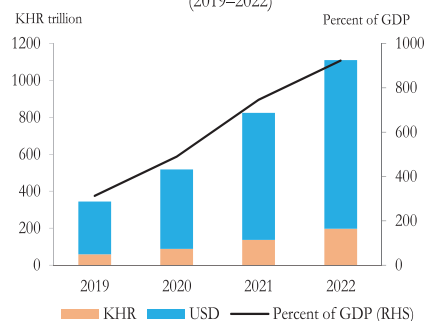
In the new normal environment, the use of electronic payment systems has substantially increased in recent years. New electronic payment systems introduced by the NBC has provided efficient and convenient platforms for secure and smooth payment transactions during the COVID-19 pandemic, and the upward trend has continued, reflecting growing confidence and adoption among the public. In 2022, the value of retail electronic payments,<sup>19</sup> including both KHR and USD, increased by 34 percent to KHR 1,110.6 trillion (USD 272 billion), equivalent to more than 9 times the GDP (Figure 4.2).

#### 4.1 NBC's Payment and Settlement Systems (2012–2022)



Source: National Bank of Cambodia

#### 4.2 Value of Retail Electronic Payment (2019–2022)



Source: National Bank of Cambodia

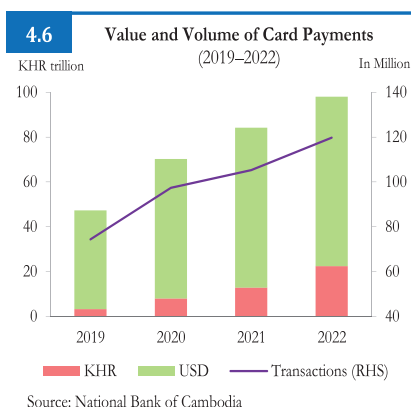
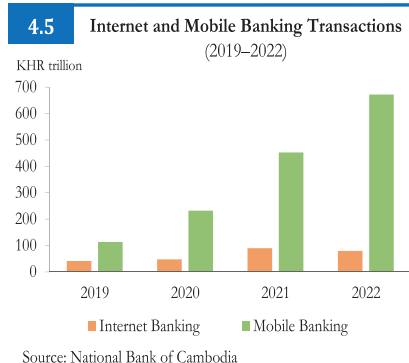
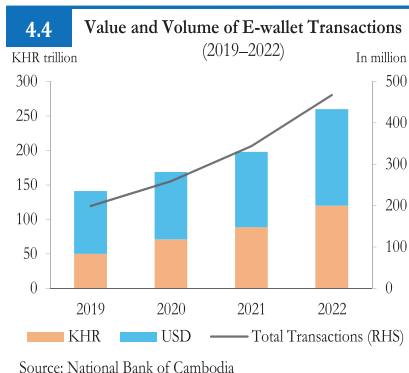
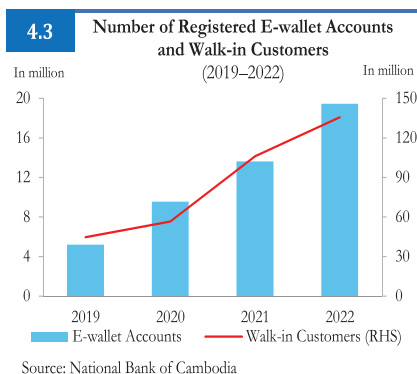
<sup>19</sup> Retail electronic payments include both KHR and USD payment transactions through e-wallets of banks and financial institutions and payment service institutions, internet banking, mobile banking and card payment.

**Banks and financial institutions, especially payment service institutions, have also introduced innovative digital payment services to support the growing demand.** The number of registered e-wallet accounts steadily increased to 19.5 million, and the number of walk-in customers was recorded at 135.6 million in 2022, indicating greater access to formal financial services at a much more affordable cost to the underserved customers to conduct various transactions such as bill payments and money transfers (Figure 4.3). The total value of online payments using e-wallet accounts increased by 31 percent to KHR 262.8 trillion (USD 64.3 billion), and the number of transactions also jumped to 467.4 million transactions (Figure 4.4).

The use of mobile banking services has steadily accelerated as supported by growing mobile phone and internet penetration rates coupled with the availability of user-friendly digital financial services, enabling customers to conduct a wide range of digital banking operations, including loan repayment, fund transfer, bill payment, phone top up, payroll, balance inquiry, etc. While the value of internet banking decreased by 11.5 percent to KHR 80.5 trillion (USD 19.7 billion), mobile banking increased by 47.8 percent to KHR 673.2 trillion (USD 164.7 billion) (Figure 4.5). Likewise, the volume of internet banking dropped to 3.3 million transactions while mobile banking jumped to 485.1 million transactions.

The use of card payments has steadily increased, as reflected through the growing trends in the value of transactions and number of cards issued. In 2022, the total value of card payments increased by 16 percent to KHR 98 trillion (USD 24 billion) with 119.7 million transactions, while the number of cards in circulation reached 12.3 million (Figure 4.6).

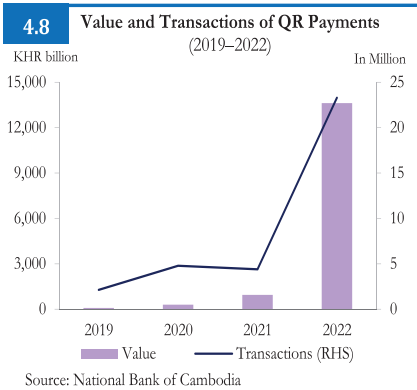
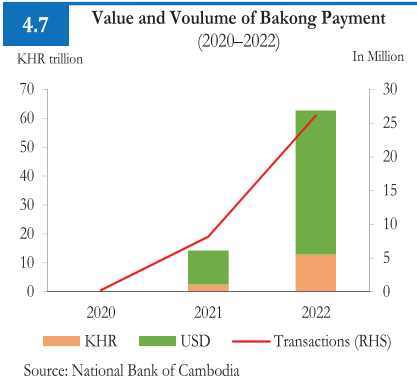
The Bakong system – which was officially launched in October 2022 – has enhanced efficiency in the payment system, facilitated interoperability among banks and financial institutions and promoted financial inclusion. For instance, the number of registered accounts increased to 522.6 thousand accounts in 2022. At the same time, the total value of transactions through the



Bakong system jumped 4.4 times to KHR 62.7 trillion (USD 15.3 billion) with 26.1 million transactions (Figure 4.7).

The introduction of the KHQR standard, which was officially launched in July 2022, has facilitated the interoperability of QR code payment in the country as well as enhanced cross-border payment connectivity within the region. The value of QR code payments skyrocketed by 14.3 times to KHR 13.7 trillion (USD 3.4 billion) and the number of transactions jumped by more than 5-fold to 23.3 million transactions (Figure 4.8). In order to further deepen regional integration and cooperation, cross-border payment connectivity with other ASEAN members has also been enhanced to facilitate trade, e-commerce, tourism and remittances as well as to promote the use of local currency in the region.

To conclude, rapid development of payment and settlement systems has been making significant contribution in improving efficiency, safety and affordability of payment operations to be in line with the government’s policy in promoting the digital economy and society. The increasing trend of digital payment also requires close monitoring and safeguard the flow and safety of payment transactions as well as promote consumer protection in maintaining public confidence. The NBC has continuously promoted financial and digital literacy, particularly among the younger population who are keen to embrace digital financial services. At the same time, cybersecurity and consumer protection have also been enhanced to ensure stability in the banking system. Moreover, on-site and off-site inspections are continuously conducted to monitor business progress and challenges and set corrective recommendations for risk mitigation.





## Appendix 1

**Table 1: Balance of Payment**  
(Percent of GDP, 2017-2022)

|                             | 2017 | 2018  | 2019 | 2020 | 2021  | 2022  |
|-----------------------------|------|-------|------|------|-------|-------|
| Overall Balance             | 7.4  | 5.9   | 9.9  | 2.5  | 0.3   | 1.17  |
| Financial Account           | 14.2 | 16.4  | 19.4 | 4.8  | 39.9  | 26.1  |
| Current and Capital Account | -6.9 | -10.5 | -9.5 | -2.4 | -39.6 | -24.9 |

Source: National Bank of Cambodia

**Table 2: FDI Inflows by Sectors**  
(2017-2022)

|                            | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------|------|------|------|------|------|------|
| FDI (USD billion)          | 2.8  | 3.2  | 3.7  | 3.6  | 3.5  | 3.6  |
| Agriculture                | 0.2  | 0.2  | 0.2  | 0.2  | 0.1  | 0.1  |
| Mining and Quarrying       | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| Manufacturing              | 0.4  | 0.4  | 0.6  | 0.6  | 0.7  | 0.8  |
| Financial Activities       | 1.0  | 1.1  | 1.2  | 1.4  | 1.3  | 1.1  |
| Accommodation              | 0.3  | 0.4  | 0.5  | 0.4  | 0.2  | 0.2  |
| Telecom                    | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| Construction & Real Estate | 0.5  | 0.6  | 0.7  | 0.6  | 0.6  | 0.8  |
| Other                      | 0.4  | 0.4  | 0.4  | 0.4  | 0.4  | 0.5  |
| Total Growth (percent)     | 12.6 | 15.2 | 14.0 | -1.0 | -3.9 | 2.7  |

Source: Council for the Development of Cambodia and NBC's staff calculations

**Table 3: KHR Exchange Rates**  
(2017-2022)

|            | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
|------------|-------|-------|-------|-------|-------|-------|
| NEER Index | 97.4  | 99.2  | 97.8  | 98.7  | 100.9 | 97.6  |
| REER Index | 94.6  | 96.1  | 94.9  | 94.2  | 94.9  | 91.7  |
| KHR/USD    | 4,051 | 4,051 | 4,061 | 4,093 | 4,099 | 4,102 |

Source: National Bank of Cambodia

**Table 4: International Reserves**  
(2017-2022)

|   | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|------|------|------|------|------|
| International Reserves (USD billion)    | 12.2 | 14.6 | 18.8 | 21.3 | 20.3 | 17.8 |
| Months of Imports of Goods and Services | 8.0  | 8.0  | 8.6  | 10.0 | 8.3  | 7.0  |

Source: National Bank of Cambodia

**Table 5: GDP Growth by Sector**  
(Percent, 2017-2022e)

|                                | 2017 | 2018 | 2019 | 2020  | 2021  | 2022e |
|--------------------------------|------|------|------|-------|-------|-------|
| Agriculture                    | 1.7  | 1.1  | -0.5 | 0.6   | 1.2   | 0.3   |
| Garment                        | 5.8  | 9.6  | 6.6  | -6.1  | 12.7  | 12.9  |
| Construction                   | 18.0 | 17.5 | 20.8 | -1.8  | 1.1   | 0.5   |
| Trade, Real Estate and Finance | 7.5  | 7.3  | 6.9  | -4.7  | -1.0  | 2.6   |
| Hotel and Restaurants          | 5.9  | 5.5  | 3.1  | -32.2 | -39.5 | 18.2  |
| Others                         | 8.1  | 7.7  | 8.1  | 1.4   | 6.5   | 5.4   |
| Real GDP Growth                | 7.0  | 7.5  | 7.1  | -3.1  | 3.0   | 5.2   |

Source: National Institute of Statistics, NBC's staff estimation

**Table 6: Contribution to Growth by Sector**  
(Percent, 2017-2022e)

|                                | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e |
|--------------------------------|------|------|------|------|------|-------|
| Agriculture                    | 0.3  | 0.2  | -0.1 | 0.1  | 0.2  | 0.1   |
| Garment                        | 1.0  | 1.7  | 1.2  | -1.1 | 2.3  | 2.5   |
| Construction                   | 1.5  | 1.6  | 2.0  | -0.2 | -0.1 | 0.1   |
| Trade, Real Estate and Finance | 1.4  | 1.3  | 1.2  | -0.8 | -0.2 | 0.4   |
| Hotel and Restaurants          | 0.3  | 0.3  | 0.2  | -1.5 | -1.3 | 0.3   |
| Others                         | 2.5  | 2.4  | 2.5  | 0.4  | 2.1  | 1.8   |
| Real GDP Growth                | 7.0  | 7.5  | 7.1  | -3.1 | 3.0  | 5.2   |

Source: National Institute of Statistics, NBC's staff estimation

**Table 7: Number of International Tourist Arrivals by Purpose of Visits**  
(Million tourists, 2017-2022)

|   | 2017 | 2018 | 2019 | 2020  | 2021  | 2022    |
|---|------|------|------|-------|-------|---------|
| Holiday   | 5.0  | 5.3  | 5.0  | 1.0   | 0.1   | 1.8     |
| Business and Professional                                 | 0.4  | 0.7  | 1.4  | 0.3   | 0.1   | 0.4     |
| Others  | 0.2  | 0.2  | 0.2  | 0.1   | 0.0   | 0.1     |
| Total International Tourist Arrivals                      | 5.6  | 6.2  | 6.6  | 1.3   | 0.2   | 2.3     |
| Growth of International Tourists Arrival (percent, Y-o-Y) | 11.8 | 10.7 | 6.6  | -80.2 | -85.0 | 1,058.6 |

Source: Ministry of Tourism

**Table 8: Domestic Tourists**  
(Million tourists, 2017-2022)

|   | 2017 | 2018 | 2019 | 2020  | 2021  | 2022  |
|---|------|------|------|-------|-------|-------|
| Phnom Penh                                      | 2.7  | 2.4  | 2.4  | 1.8   | 1.2   | 2.4   |
| Siem Reap                                       | 3.1  | 3.2  | 2.1  | 0.7   | 0.4   | 2.4   |
| Coastal Zone                                    | 3.1  | 3.3  | 3.2  | 2.9   | 2.1   | 7.1   |
| Eco-Tourism Zone                                | 0.5  | 0.6  | 0.7  | 0.6   | 0.4   | 0.7   |
| Total Domestic Tourists                         | 10.9 | 11.1 | 11.3 | 7.2   | 4.7   | 13.9  |
| Growth of Domestic Tourists<br>(percent, Y-o-Y) | 2.1  | 1.8  | 2.3  | -36.1 | -35.5 | 198.8 |

Source: Ministry of Tourism

**Table 9: Residential Property Price Index**  
(2021 – 2022)

| 2021                  | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Cambodia              | 103   | 104.6 | 106.4 | 109.2 | 111.8 | 113.5 | 113.0 | 112.1 | 111.0 | 111.0 | 110.2 | 111.0 |
| Phnom Penh            | 104.1 | 105.7 | 107.7 | 110.5 | 113.0 | 114.7 | 114.4 | 113.3 | 112.2 | 112.4 | 111.6 | 112.2 |
| Rest of the Provinces | 94.9  | 96.2  | 96.4  | 99.6  | 102.5 | 104.4 | 102.8 | 103.0 | 102.4 | 100.6 | 100.0 | 101.5 |
| 2022                  | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
| Cambodia              | 110.7 | 111.9 | 111.2 | 109.4 | 108.6 | 109.0 | 111.9 | 113.5 | 114.6 | 115.1 | 114.7 | 114.8 |
| Phnom Penh            | 112.2 | 113.9 | 113.3 | 111.1 | 109.8 | 110.4 | 113.6 | 115.4 | 116.5 | 116.8 | 116.0 | 116.0 |
| Rest of the Provinces | 100.6 | 99.5  | 97.9  | 98.9  | 100.4 | 100.3 | 101.1 | 102.1 | 102.4 | 104.0 | 107.0 | 107.6 |

Source: National Bank of Cambodia

**Table 10: Contribution to Headline Inflation**  
(Percent, 2017-2022)

|                   | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------|------|------|------|------|------|------|
| Inflation         | 2.9  | 2.5  | 1.9  | 2.9  | 2.9  | 5.4  |
| Food              | 1.8  | 1.3  | 1.1  | 2.5  | 1.5  | 2.7  |
| Oil Related Items | 0.2  | 0.4  | -0.1 | -0.3 | 0.8  | 1.1  |
| Core Inflation    | 0.9  | 0.7  | 0.9  | 0.7  | 0.6  | 1.5  |

Source: National Bank of Cambodia

**Table 11: Financial Dollarization**  
(Percent, 2017-2022)

|  | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------|------|------|------|------|------|
| Foreign Currency to Broad<br>Money (FCD/M2)    | 83.8 | 85.7 | 84.1 | 83.9 | 83.0 | 83.0 |
| Foreign Currency to Total<br>Deposits (FCD/TD) | 93.4 | 94.1 | 93.5 | 93.1 | 91.4 | 90.4 |

Source: National Bank of Cambodia

## Appendix 2

**Table 12: Banking Indicators Compared to GDP**  
(Percent, 2017-2022)

|                 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------|------|------|------|------|------|------|
| Assets to GDP   | 151  | 167  | 189  | 225  | 251  | 264  |
| Loans to GDP    | 93   | 104  | 120  | 145  | 169  | 183  |
| Deposits to GDP | 86   | 100  | 108  | 128  | 143  | 146  |

Source: National Bank of Cambodia

**Table 13: Commercial Banks' Credits and Deposits by Type of Currency**  
(2017-2022)

| <b>Credits</b>                 | 2017 | 2018 | 2019 | 2020  | 2021  | 2022  |
|--------------------------------|------|------|------|-------|-------|-------|
| Credit in KHR (KHR trillion)   | 1.2  | 3.5  | 10.7 | 15.0  | 18.2  | 20.7  |
| Credit in USD (KHR trillion)   | 64.7 | 78.3 | 92.8 | 112.5 | 142.5 | 168.0 |
| Share of KHR Credit (percent)  | 1.9  | 4.3  | 10.4 | 11.8  | 11.4  | 11.0  |
| <b>Deposits</b>                | 2017 | 2018 | 2019 | 2020  | 2021  | 2022  |
| LC Deposits (KHR trillion)     | 4.1  | 5.4  | 7.5  | 9.5   | 13.6  | 19.5  |
| FC Deposits (KHR trillion)     | 65.5 | 83.2 | 96.0 | 111.7 | 129.2 | 154.9 |
| Share of LC Deposits (percent) | 5.9  | 6.1  | 7.3  | 7.9   | 9.6   | 11.2  |

Source: National Bank of Cambodia

**Table 14: Commercial Banks' Credit by Sector – Value & Share**  
(2017-2022)

| <b>Value (KHR trillion)</b>               | 2017 | 2018 | 2019 | 2020  | 2021  | 2022  |
|---|------|------|------|-------|-------|-------|
| Agriculture, Forestry and Fishing         | 6.5  | 6.8  | 7.1  | 9.8   | 12.8  | 15.5  |
| Mining and Quarrying                      | 0.2  | 0.2  | 0.2  | 0.5   | 0.7   | 0.9   |
| Manufacturing                             | 4.2  | 4.5  | 4.6  | 5.2   | 6.3   | 8.1   |
| Utilities                                 | 0.5  | 0.5  | 0.9  | 1.6   | 2.0   | 1.9   |
| Construction                              | 6.2  | 7.6  | 9.9  | 12.5  | 15.3  | 18.1  |
| Wholesale Trade                           | 8.3  | 9.5  | 11.7 | 12.7  | 15.4  | 18.5  |
| Retail Trade                              | 11.8 | 13.4 | 16.2 | 19.8  | 25.9  | 30.7  |
| Hotels and Restaurants                    | 3.0  | 3.9  | 4.7  | 5.1   | 7.2   | 8.3   |
| Transport and Storage                     | 1.2  | 1.6  | 2.0  | 3.4   | 4.4   | 4.9   |
| Information Media and Telecommunications  | 0.5  | 0.7  | 0.9  | 1.1   | 1.2   | 0.9   |
| Rental and Operational Leasing Activities | 1.5  | 2.6  | 3.8  | 3.5   | 2.6   | 2.7   |
| Real Estate Activities                    | 3.8  | 6.1  | 8.6  | 10.8  | 14.1  | 18.0  |
| Other Non-Financial Services              | 4.9  | 5.7  | 6.3  | 6.8   | 8.4   | 10.0  |
| Personal Loans                            | 4.5  | 6.6  | 8.4  | 11.4  | 14.0  | 14.1  |
| Mortgages                                 | 6.2  | 8.4  | 12.1 | 17.0  | 22.3  | 27.3  |
| Other Lending                             | 0.9  | 1.0  | 1.2  | 1.1   | 2.2   | 2.5   |
| Total                                     | 64.8 | 79.7 | 99.4 | 122.9 | 155.3 | 183.4 |

| Share (percent)                           | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|------|------|------|------|------|
| Agriculture, Forestry and Fishing         | 10.0 | 8.5  | 7.1  | 8.0  | 8.2  | 8.4  |
| Mining and Quarrying                      | 0.3  | 0.2  | 0.2  | 0.4  | 0.4  | 0.5  |
| Manufacturing                             | 6.5  | 5.6  | 4.7  | 4.2  | 4.1  | 4.4  |
| Utilities                                 | 0.7  | 0.7  | 0.9  | 1.3  | 1.3  | 1.0  |
| Construction                              | 9.6  | 9.5  | 10.0 | 10.1 | 9.8  | 9.9  |
| Wholesale Trade                           | 12.8 | 11.9 | 11.8 | 10.3 | 9.9  | 10.1 |
| Retail Trade                              | 18.2 | 16.8 | 16.3 | 16.1 | 16.7 | 16.7 |
| Hotels and Restaurants                    | 4.7  | 5.0  | 4.7  | 4.1  | 4.6  | 4.5  |
| Transport and Storage                     | 1.9  | 2.0  | 2.0  | 2.8  | 2.8  | 2.7  |
| Information Media and Telecommunications  | 0.8  | 0.8  | 0.9  | 0.9  | 0.8  | 0.5  |
| Rental and Operational Leasing Activities | 2.4  | 3.3  | 3.8  | 2.9  | 1.7  | 1.5  |
| Real Estate Activities                    | 6.0  | 7.6  | 8.7  | 8.8  | 9.0  | 9.8  |
| Other Non-Financial Services              | 7.5  | 7.1  | 6.3  | 5.5  | 5.4  | 5.4  |
| Personal Loans                            | 7.0  | 8.3  | 8.4  | 9.3  | 9.0  | 7.7  |
| Mortgages                                 | 9.5  | 10.6 | 12.1 | 13.8 | 14.3 | 14.9 |
| Other Lending                             | 1.4  | 1.2  | 1.2  | 0.8  | 1.4  | 1.4  |

Source: National Bank of Cambodia

**Table 15: Commercial Banks' Liquidity Coverage Ratio**  
(Percent, 2017-2022)

|              | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
|--------------|-------|-------|-------|-------|-------|-------|
| LCR Required | 70    | 80    | 90    | 100   | 100   | 100   |
| LCR Actual   | 139.5 | 158.7 | 155.7 | 162.4 | 151.6 | 143.8 |

Source: National Bank of Cambodia

**Table 16: Share of Commercial Banks' Source of Funds**  
(Percent, 2017-2022)

|                         | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------|------|------|------|------|------|------|
| Demand                  | 16   | 17   | 17   | 15   | 16   | 13   |
| Saving                  | 22   | 25   | 22   | 21   | 20   | 18   |
| Fixed                   | 30   | 28   | 29   | 30   | 30   | 32   |
| Others                  | 0    | 0    | 0    | 0    | 0    | 1    |
| Borrowings (<1y)        | 3    | 3    | 5    | 5    | 4    | 5    |
| Borrowings (>1y)        | 8    | 5    | 5    | 7    | 7    | 8    |
| Subordinated Debt (>1y) | 1    | 1    | 2    | 2    | 2    | 1    |
| Capital                 | 20   | 20   | 20   | 21   | 21   | 21   |

Source: National Bank of Cambodia

**Table 17: Commercial Banks' Return on Assets & Equity**  
(Percent, 2017-2022)

|                  | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|------|
| Return on Assets | 1.5  | 1.5  | 1.8  | 1.6  | 1.7  | 1.3  |
| Return on Equity | 8.7  | 8.6  | 10.1 | 8.7  | 8.9  | 7.0  |

Source: National Bank of Cambodia

**Table 18: Commercial Banks' Capital Adequacy**  
(Percent, 2017-2022)

|                      | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|------|------|------|------|------|------|
| Regulatory CAR Limit | 15   | 15   | 15   | 15   | 15   | 15   |
| Tier 1 Ratio         | 21.3 | 21.2 | 20.0 | 20.2 | 20.0 | 19.4 |
| CAR                  | 22.9 | 23.4 | 23.0 | 23.1 | 22.9 | 22.2 |

Source: National Bank of Cambodia

**Table 19: Total Assets in Microfinance Sector**  
(2017-2022)

|                       | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|------|------|------|------|------|------|
| Amount (KHR trillion) | 20.3 | 26.6 | 35.9 | 34.3 | 37.1 | 44.4 |
| Growth (percent)      | 30.6 | 31.2 | 34.7 | -4.5 | 8.1  | 19.8 |

Source: National Bank of Cambodia

**Table 20: Microfinance Credit by Sector – Value & Share**  
(2017-2022)

| <b>Value (KHR trillion)</b> | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------|------|------|------|------|------|------|
| Agriculture                 | 4.4  | 4.6  | 5.7  | 5.3  | 5.7  | 6.9  |
| Manufacturing               | 0.1  | 0.1  | 0.2  | 0.3  | 0.5  | 0.7  |
| Trade and Commerce          | 3.2  | 3.8  | 5.4  | 5.8  | 7.3  | 9.1  |
| Services                    | 1.8  | 2.4  | 4.2  | 4.4  | 4.6  | 5.3  |
| Transportation              | 0.8  | 1.1  | 1.7  | 1.6  | 1.6  | 1.7  |
| Construction                | 0.7  | 0.9  | 1.0  | 1.1  | 1.4  | 1.8  |
| Households                  | 5.8  | 8.0  | 10.0 | 8.6  | 10.3 | 12.9 |
| Others                      | 0.4  | 0.8  | 1.1  | 0.5  | 0.4  | 0.5  |
| Total                       | 17.2 | 21.8 | 29.3 | 27.5 | 31.7 | 38.9 |
| <b>Share (percent)</b>      | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Agriculture                 | 25.5 | 21.1 | 19.4 | 19.3 | 17.9 | 17.8 |
| Manufacturing               | 0.7  | 0.7  | 0.8  | 1.0  | 1.6  | 1.8  |
| Trade and Commerce          | 18.8 | 17.6 | 18.3 | 20.9 | 23.0 | 23.3 |
| Services                    | 10.4 | 11.0 | 14.4 | 16.0 | 14.4 | 13.6 |
| Transportation              | 4.6  | 5.0  | 5.7  | 5.9  | 5.2  | 4.4  |
| Construction                | 4.0  | 4.2  | 3.5  | 3.8  | 4.3  | 4.5  |
| Households                  | 33.8 | 36.7 | 34.2 | 31.2 | 32.4 | 33.2 |
| Others                      | 2.2  | 3.8  | 3.6  | 1.9  | 1.1  | 1.3  |

Source: National Bank of Cambodia



**Table 21: MDIs' Liquidity Coverage Ratio**  
(Percent, 2017-2022)

|                      | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
|----------------------|-------|-------|-------|-------|-------|-------|
| MDIs' LCR            | 159.5 | 213.6 | 170.1 | 240.4 | 160.1 | 156.6 |
| Regulatory LCR Limit | 70    | 80    | 90    | 100   | 100   | 100   |

Source: National Bank of Cambodia

**Table 22: Microfinance Credit Quality**  
(2017-2022)

|   | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
|---|-------|-------|-------|-------|-------|-------|
| Loans 30 Days Past Due<br>(KHR billion) | 271.6 | 275.5 | 224.3 | 501.9 | 765.4 | 979.9 |
| Delinquency Ratio (percent)             | 1.6   | 1.3   | 0.8   | 1.8   | 2.4   | 2.5   |

Source: National Bank of Cambodia

**Table 23: Microfinance Return on Assets and Equity**  
(Percent, 2017-2022)

|     | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----|------|------|------|------|------|------|
| ROA | 2.7  | 2.7  | 2.8  | 2.8  | 2.8  | 3.0  |
| ROE | 12.8 | 13.5 | 14.8 | 12.4 | 12.7 | 13.6 |

Source: National Bank of Cambodia

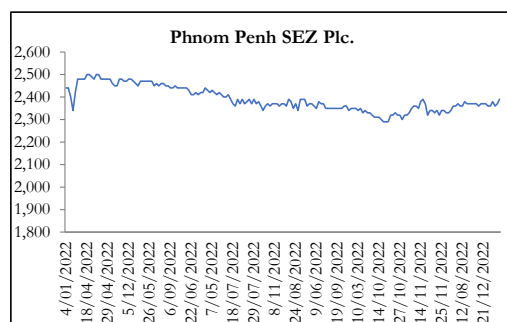
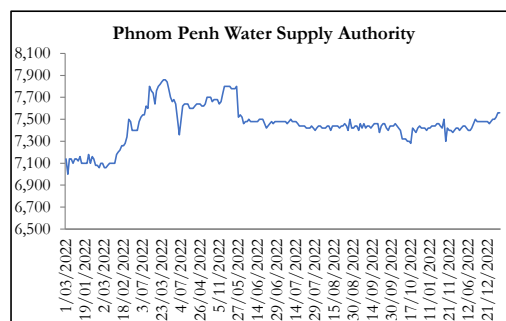
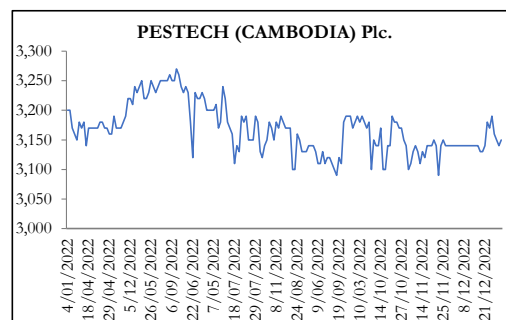
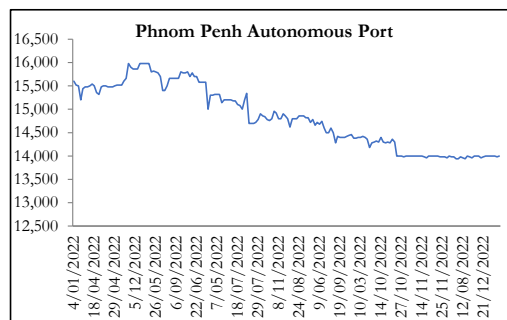
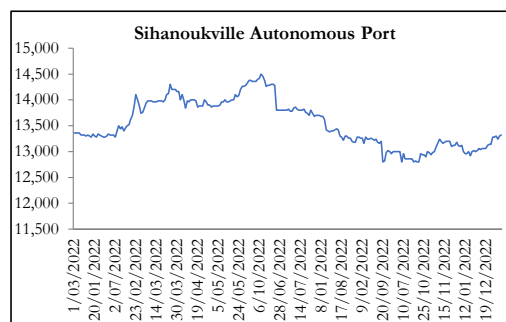
**Table 24: Microfinance Capital Position**  
(Percent, 2017-2022)

|                      | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|------|------|------|------|------|------|
| Regulatory CAR Limit | 15   | 15   | 15   | 15   | 15   | 15   |
| CAR                  | 16.9 | 16.4 | 16.2 | 19.8 | 18.2 | 18.6 |

Source: National Bank of Cambodia

## Appendix 3

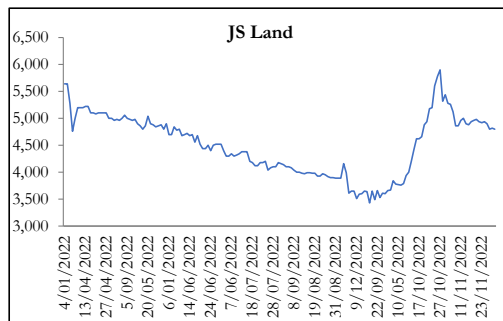
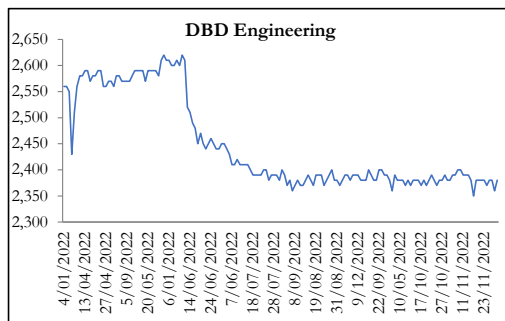
### Equity Market (Main Board) (KHR per Share, 2022)



Source: Cambodia Securities Exchange

## Equity Market (Growth Board)

(KHR per Share, 2022)



Source: Cambodia Securities Exchange

**Table 25: Equity Market Capitalization**

(KHR billion, 2017-2022)

|         | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    |
|---------|---------|---------|---------|---------|---------|---------|
| ABC     | -       | -       | -       | 7,407.1 | 4,556.9 | 4,686.8 |
| PAS     | 437.4   | 866.3   | 1,664.0 | 1,218.0 | 1,142.5 | 1,142.5 |
| PWSA    | 335.7   | 365.3   | 521.8   | 530.5   | 622.7   | 657.5   |
| PPAP    | 106.3   | 158.9   | 258.6   | 242.0   | 304.1   | 289.6   |
| PESTECH | -       | -       | -       | 217.3   | 236.1   | 236.1   |
| PPSP    | 163.2   | 208.4   | 185.4   | 84.8    | 148.8   | 171.8   |
| GTI     | 188.0   | 172.8   | 176.0   | 128.0   | 168.8   | 152.0   |
| DBDE    | -       | -       | -       | -       | 14.9    | 15.4    |
| JSL     | -       | -       | -       | -       | -       | 127.5   |
| Total   | 1,230.6 | 1,771.7 | 2,805.8 | 9,827.7 | 7,194.8 | 7,479.2 |

Source: Cambodia Securities Exchange

**Table 26: Government Bond**

(Sep 2022 – Apr 2023)

| Issued Date                           | Sep-22    | Nov-22    | Dec-22    | Jan-23    | Feb-23    | Mar-23    | Apr-23    |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Aggregate Amount of the Notes (units) | 41,800    | 24,300    | 6,000     | 24,000    | 72,000    | 4,000     | 4,000     |
| Face Value (KHR per unit)             | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Issue Price (KHR per unit)            | 998,033   | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 998,832   |
| Maturity Date                         | 1 Year    | 1 Year    | 1 Year    | 1 Year    | 1 Year    | 3 Years   | 1 Year    |
| Coupon Rate (percent per annum)       | 2.0       | 2.2       | 2.2       | 3.4       | 4.0       | 4.2       | 3.4       |
| Yield to Maturity (percent per annum) | 2.2       | 2.2       | 2.2       | 3.6       | 4.1       | 4.5       | 4.0       |
| Coupon Payment Frequency              | 2 Times   | 2 Times   | 2 Times   | 2 Times   | 2 Times   | 2 Times   | 2 Times   |

Source: Cambodia Securities Exchange

**Table 27: Insurance Sector**  
(2019-2022)

**Total Assets**

| <b>KHR billion</b>     | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|------------------------|-------------|-------------|-------------|-------------|
| General Insurance      | 246,994.3   | 276,316.7   | 293,632.9   | 308,976.9   |
| Life Insurance         | 344,622.4   | 461,829.6   | 551,759.0   | 662,763.4   |
| Micro Insurance        | 6,048.3     | 3,257.0     | 5,250.8     | 5,246.8     |
| Total                  | 597,665.1   | 741,403.2   | 850,642.7   | 976,987.1   |
| <b>Share (percent)</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| General Insurance      | 41.3        | 37.3        | 34.5        | 31.6        |
| Life Insurance         | 57.7        | 62.3        | 64.9        | 67.8        |
| Micro Insurance        | 1.0         | 0.4         | 0.6         | 0.5         |

**Gross Premium**

| <b>KHR billion</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|--------------------|-------------|-------------|-------------|-------------|
| General Insurance  | 410.8       | 466.8       | 502.7       | 540.9       |
| Life Insurance     | 585.1       | 625.4       | 700.1       | 792.2       |
| Micro Insurance    | 28.6        | 20.5        | 16.8        | 23.4        |
| Total              | 1,024.6     | 1,112.7     | 1,219.6     | 1,356.4     |

**General Insurance Premium**

| <b>KHR billion</b>     | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|------------------------|-------------|-------------|-------------|-------------|
| Auto                   | 76.6        | 85.8        | 87.9        | 96.6        |
| Property               | 119.0       | 152.9       | 152.9       | 184.8       |
| MAT                    | 15.7        | 11.7        | 17.3        | 30.5        |
| Engineering            | 41.5        | 34.8        | 36.8        | 24.4        |
| Personal Accident      | 24.2        | 20.8        | 23.3        | 28.1        |
| Medical                | 74.4        | 88.1        | 109.9       | 125.8       |
| Miscellaneous          | 59.4        | 72.6        | 74.6        | 50.9        |
| Total                  | 410.8       | 466.8       | 502.7       | 540.9       |
| <b>Share (percent)</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| Auto                   | 18.7        | 18.4        | 17.5        | 17.8        |
| Property               | 29.0        | 32.8        | 30.4        | 34.2        |
| MAT                    | 3.8         | 2.5         | 3.4         | 5.6         |
| Engineering            | 10.1        | 7.5         | 7.3         | 4.5         |
| Personal Accident      | 5.9         | 4.5         | 4.6         | 5.2         |
| Medical                | 18.1        | 18.9        | 21.9        | 23.3        |
| Miscellaneous          | 14.5        | 15.6        | 14.8        | 9.4         |

**Life Insurance Premium**

| <b>KHR billion</b>     | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|------------------------|-------------|-------------|-------------|-------------|
| Term Life              | 73.1        | 89.2        | 124.0       | 153.7       |
| Whole Life             | 2.2         | 4.5         | 5.0         | 3.2         |
| Endowment              | 506.2       | 525.1       | 560.2       | 632.6       |
| Others                 | 3.6         | 6.5         | 11.0        | 2.6         |
| Total                  | 585.1       | 625.4       | 700.1       | 792.2       |
| <b>Share (percent)</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| Term Life              | 12.5        | 14.3        | 17.7        | 19.4        |
| Whole Life             | 0.4         | 0.7         | 0.7         | 0.4         |
| Endowment              | 86.5        | 84.0        | 80.0        | 79.9        |
| Others                 | 0.6         | 1.0         | 1.6         | 0.3         |

**Micro Insurance Premium**

| <b>KHR billion</b>     | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|------------------------|-------------|-------------|-------------|-------------|
| Health                 | 11.2        | 7.4         | 4.5         | 3.9         |
| Personal Accident      | 3.4         | 3.1         | 2.3         | 8.2         |
| Term Life              | 10.1        | 7.7         | 6.7         | 2.2         |
| Others                 | 3.9         | 2.3         | 3.2         | 9.0         |
| Total                  | 28.6        | 20.5        | 16.8        | 23.4        |
| <b>Share (percent)</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| Health                 | 39.1        | 36.1        | 26.9        | 16.7        |
| Personal Accident      | 12.0        | 15.2        | 13.8        | 35.3        |
| Term Life              | 35.2        | 37.5        | 40.1        | 9.3         |
| Others                 | 13.7        | 11.2        | 19.2        | 38.7        |

Source: Insurance Regulator of Cambodia

## Appendix 4

**Table 28: Value of Retail Electronic Payment**  
(KHR trillion, 2019-2022)

|                | 2019  | 2020  | 2021  | 2022    |
|----------------|-------|-------|-------|---------|
| Payment in KHR | 58.9  | 89.0  | 137.3 | 197.2   |
| Payment in USD | 285.2 | 429.4 | 687.9 | 913.4   |
| Total          | 344.1 | 518.3 | 825.2 | 1,110.6 |

Source: National Bank of Cambodia

**Table 29: Number of Registered E-wallet Accounts  
and Walk-in Customers**  
(Million, 2019-2022)

|                   | 2019 | 2020 | 2021  | 2022  |
|-------------------|------|------|-------|-------|
| E-wallet Accounts | 5.2  | 9.6  | 13.6  | 19.5  |
| Walk-in Customers | 44.7 | 56.5 | 106.2 | 135.6 |

Source: National Bank of Cambodia

**Table 30: Value and Volume of E-wallet Transactions**  
(KHR trillion, 2019-2022)

|                              | 2019  | 2020  | 2021  | 2022  |
|------------------------------|-------|-------|-------|-------|
| Transaction in KHR           | 49.8  | 70.7  | 88.5  | 119.9 |
| Transaction in USD           | 91.4  | 98.1  | 109.6 | 140.2 |
| Total                        | 141.2 | 168.9 | 198.1 | 260.1 |
| Total Transactions (million) | 198.9 | 258.7 | 343.8 | 467.4 |

Source: National Bank of Cambodia

**Table 31: Internet and Mobile Banking**  
(KHR trillion, 2019-2022)

|                  | 2019  | 2020  | 2021  | 2022  |
|------------------|-------|-------|-------|-------|
| Internet Banking | 41.6  | 47.2  | 90.1  | 80.1  |
| Mobile Banking   | 114.0 | 232.1 | 452.9 | 672.4 |

Source: National Bank of Cambodia

**Table 32: Card Payment**  
(KHR trillion, 2019-2022)

|                              | 2019 | 2020 | 2021  | 2022  |
|------------------------------|------|------|-------|-------|
| Payment in KHR               | 3.2  | 8.0  | 12.8  | 22.4  |
| Payment in USD               | 44.1 | 62.2 | 71.3  | 75.7  |
| Total                        | 47.3 | 70.2 | 84.1  | 98.0  |
| Total Transactions (million) | 74.4 | 97.3 | 105.3 | 119.7 |

Source: National Bank of Cambodia



**Table 33: Bakong Payment**  
(KHR trillion, 2020-2022)

|                              | 2020 | 2021 | 2022 |
|------------------------------|------|------|------|
| Payment in KHR               | 0.04 | 2.5  | 12.8 |
| Payment in USD               | 0.14 | 11.8 | 49.9 |
| Total                        | 0.2  | 14.3 | 62.7 |
| Total Transactions (million) | 0.2  | 8.2  | 26.1 |

Source: National Bank of Cambodia

**Table 34: QR Code Payment**  
(KHR billion, 2019-2022)

|                              | 2019 | 2020  | 2021  | 2022     |
|------------------------------|------|-------|-------|----------|
| Total Value                  | 83.5 | 298.1 | 953.7 | 13,626.1 |
| Total Transactions (million) | 2.1  | 4.8   | 4.4   | 23.3     |

Source: National Bank of Cambodia



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