



ធនាគារជាតិ នៃ កម្ពុជា
NATIONAL BANK OF CAMBODIA

ព្រះរាជាណាចក្រកម្ពុជា
KINGDOM OF CAMBODIA
ជាតិ សាសនា ព្រះមហាក្សត្រ
NATION RELIGION KING

ANNUAL REPORT 2011



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FOREWORD BY THE GOVERNOR

In 2011, the sovereign debt crisis in Europe depressed growth and threatens new rounds of austerity. As a result, high unemployment in many developed countries, low confidence of investors and consumers, and the recovery from natural disaster continue to cloud the outlook for Cambodia.

The IMF reports world economic growth declined from 5.1 percent in 2010 to 4 percent in 2011. The United States growth was 1.5 percent, Europe achieved 1.6 percent growth, and growth was -0.5 percent in Japan. Developing Asian economies contributed more strongly to global expansion. Growth was 9.5 percent in China, 7.8 percent in India, and 5.3 percent in the five major ASEAN countries.

Despite this slow expansion of the global economy and the Southeast Asian floods that reduced domestic agricultural production, economic growth for Cambodia is expected to rise from 6 percent in 2010 to 6.9 percent this year, supported by the prudent fiscal and monetary policy of the Royal Government. The agricultural sector is expected to expand at 3.3 percent, industry at 14.3 percent (garments at 20.2 percent), and services at 5 percent.

The balance of payments for Cambodia in 2011 improved to an overall surplus of 1.7 percent of GDP, reflecting the decline in current account deficit (excluding official transfers) from 10 percent to 8 percent of GDP. Gross foreign reserves rose to just over USD 3 billion, which were sufficient to finance about 4.9 months of imports. The NBC has continued to manage foreign reserves based on safety, liquidity, and income.

The NBC has promoted price stability fostering a more stable financial system and a stable exchange rate. Inflation in 2011 was 5.5 percent. The value of riel in terms of US dollars appreciated by 3.2 percent during the year, due to an improvement in the trade balance and an increase in foreign direct investment of approximately USD 692 million. Over the last ten years, the exchange rate for the riel against the dollar has been relatively stable, contributing to public confidence in the banking system and the national economy.

The banking system in Cambodia has developed both in scope and in size of operations. In 2011, three branches of foreign banks received licenses to do banking operation in Cambodia. Branches of banking institutions increased from 361 in 2010 to 407 in 2011. Deposits in the banking system and credits to private sector rose by 20 percent and 25.6 percent, respectively, compared to 2010. The sectors that accounted for most of this growth were agriculture, industry, and construction. This result reflected the Royal Government's objective of promoting the expansion of the agricultural sector.

The NBC continued to strengthen and develop banking system to foster safety and soundness by enhancing its supervision and regulation. Banking institutions were sound, reporting an average solvency ratio of 28.6 percent, liquidity ratio of 87 percent, and non-performing loan ratio of 3.3 percent. The program of increasing capital requirements for banking institutions was accomplished successfully. Furthermore, the microfinance sector strengthened and extended to rural areas. This sector played an important role in the

Government's program to alleviate poverty. Microfinance credit reached KHR 2,297 billion in 2011, increasing 33 percent for the year. The number of borrowers rose above 1 million.

The NBC continued to participate in the Royal Government's program for reforming the management of public finance, phase 2. The Bank improved the efficiency of service to public ministries and institutions. It also continued to install the core banking system at other branches of the NBC.

The NBC has been developing the National Payment System to allow checks and other instruments to be paid and cleared centrally in a safe and efficient manner. This payment system will be operating in 2012. A draft law on "the National Payment System" prepared under cooperation with International Finance Corporation (IFC) will become the legal basis for managing and monitoring the payment system.

Under a technical assistance from IFC and support from the NBC, the Credit Bureau was established at the end of this year as a partnership of the Association of Banks in Cambodia, the Cambodia Microfinance Association, and the Information Technology Service Provider.

The NBC also has been preparing the grounds to establish an interbank and money market. It is making arrangements to account for the purchase, sale, and custody of securities safely. It is helping to develop related information technology systems and procedures for issuing central bank securities if needed.

The Financial Intelligence Unit (FIU) cooperated with national and international institutions, especially government ministries and institutions and Asia Pacific Group, in their efforts to combat money laundering and terrorism. In 2011, the FIU signed a statement of cooperation for the exchange of information with the Japanese Financial Intelligence Unit.

On November 25, 2011, the financial sector adopted the Royal Government's "Financial Sector Development Strategy 2011-2020". This strategy reflects close collaboration among the NBC, the Ministry of Economy and Finance, the Ministry of Commerce, and the Securities and Exchange Commission of Cambodia. With the technical assistance of the Asian Development Bank, this plan will be the basis for developing the financial sector in Cambodia.

The NBC hosted the 4th ASEAN Central Bank Deputies' Meeting of Financial Sector Integration part, the 9th Annual Meeting of SEACEN Executive Committee (EXCO), and the 18th Annual Meeting of Francophone, as it continues to develop its role in the regional and global communities.

Overall, the NBC's great accomplishments reflect the wholehearted contributions of all its officials and staff, as well as contributions from the royal government and all the NBC's international development partners. I would like to express my gratitude to the Board of Directors, the NBC's officials and staff, and all our partners responsible for these valuable achievements.

Governor

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Introduction

In 2011, the world economy had not completely recovered from the 2008-09 global financial crises. In addition, the uncertainty and austerity resulting from the sovereign debt crisis in Europe depressed growth in many advanced countries, which in turn, hurt the short-term economic outlook for Asia. Despite this slow expansion of the global economy and the Southeast Asian floods that reduced domestic agricultural production, economic growth for Cambodia for the year is expected to reach 6.9 percent, compared to 6 percent in 2010.

Other macroeconomic indicators for Cambodia are also favorable. The average year-on-year rate of inflation was 5.5 percent, compared to 4 percent in 2010. The exchange rate of the riel against the US dollar remained relatively stable, finishing 2011 only 0.2 percent below its value in December 2010.

The financial sector also continued to improve in 2011. The growth of deposits and loans at commercial banks recovered after slowing down during 2009. With this recovery, the financial system is providing new services to consumers and businesses. A credit bureau has been established in Cambodia and will soon begin operations. And the National Bank of Cambodia has been developing a payment system to support the emergence of broader financial markets.

The implementation of monetary policy in a highly dollarized economy has been a challenge for the NBC. In this context, the managed floating exchange rate policy is an important instrument for price stability in order to contribute to macroeconomic stability. In addition, the NBC has continued to strengthen its capacity to examine and supervise banks in order to promote the development of Cambodia's financial system, to improve corporate governance within banks, and to enhance proper risk management in the banking system. The NBC increased minimum capital requirements for banks and strengthened some prudential regulations. The NBC also continues to develop its relations with other central banks in Southeast Asia to foster the integration of Cambodia's banks into the region's financial system.

I. Macroeconomic Developments

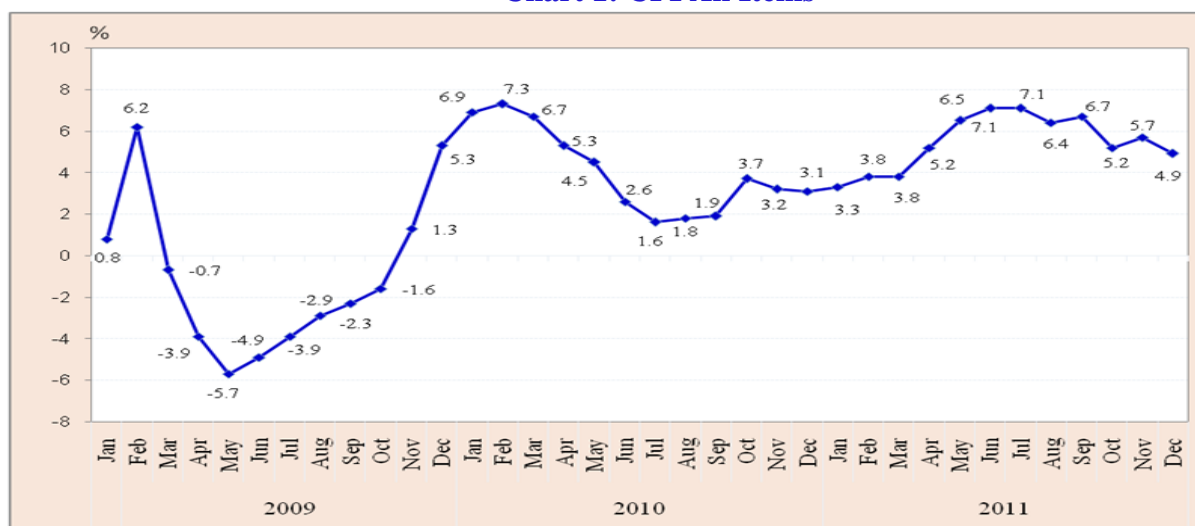
1. Prices and Exchange Rate Movements

1.1. Retail Prices and Inflation

The rate of domestic inflation increased from 4 percent in 2010 to 5.5 percent in 2011. Many factors -- including the regional flood, rising inflation in major trading partners, and increases in oil and food prices in global markets -- contributed to the acceleration of prices of domestic goods and services.

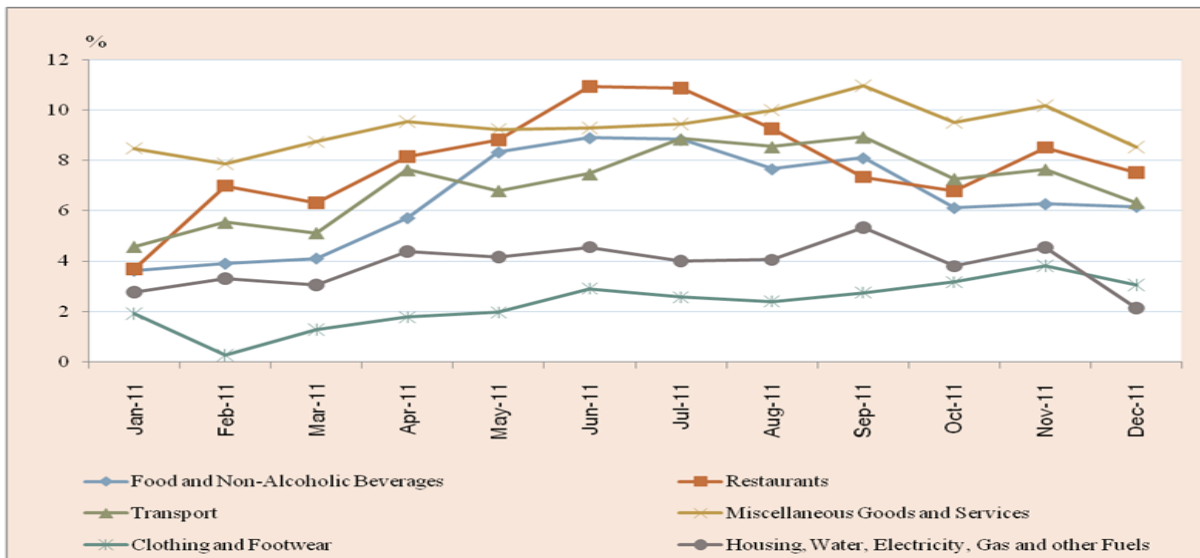
In response to these challenges, the National Bank of Cambodia has managed the foreign exchange rate of the riel in order to control inflation. The stability of the KHR against US dollar has been an effective tool for monetary policy given the substantial dollarization of the Cambodian economy.

Chart 1: CPI All Items



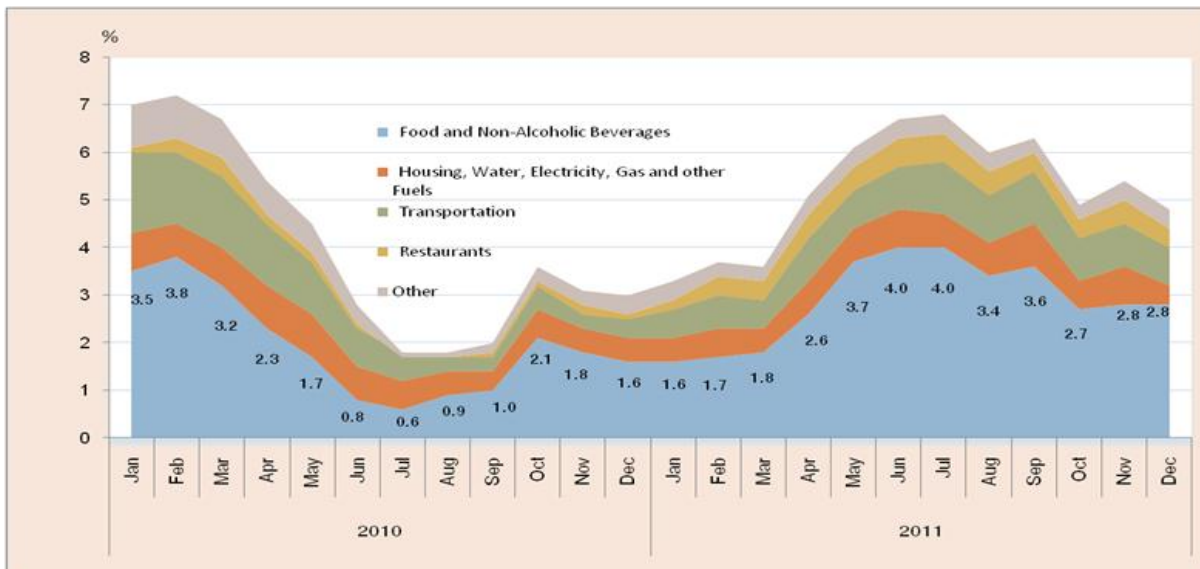
The increase in the rate of inflation of the CPI in 2011 comprises increases in the price indexes for Miscellaneous Goods and Services (8.5 percent); Restaurants (7.5 percent); Transport Services (6.3 percent); and Food and Non-Alcoholic Beverages (6.2 percent). The other components of the CPI that rose last year were Clothing and Footwear (3 percent); Furnishings and Household Maintenance (2.2 percent); Housing, Water, Electricity, Gas and other Fuels (2.1 percent); Education (1.8 percent); and Alcoholic Beverages, Tobacco and Narcotics (1.5 percent). The price indexes for the remaining components of the CPI fell during 2011: Health (1.4 percent); Recreation and Culture (1.2 percent); and Communication (0.5 percent)

Chart 2: The Highest Increases of the Major Group Indices of CPI All Items in 2011



The increase in the Food and Non-alcoholic beverages group index, which has the largest weight in the CPI, resulted from the increase in prices of fresh pork (22.7 percent), fresh beef (16.2 percent), oils and Fats (10.9 percent), vegetables (9.5 percent), fresh duck (7.9 percent), locally processed meat (6.6 percent), and fresh fruits (3.6 percent). The rise in the Transport Price Index resulted from the increases in prices of Diesel fuel (15.4 percent), Gasoline (11 percent), and Transport Services (6.1 percent).

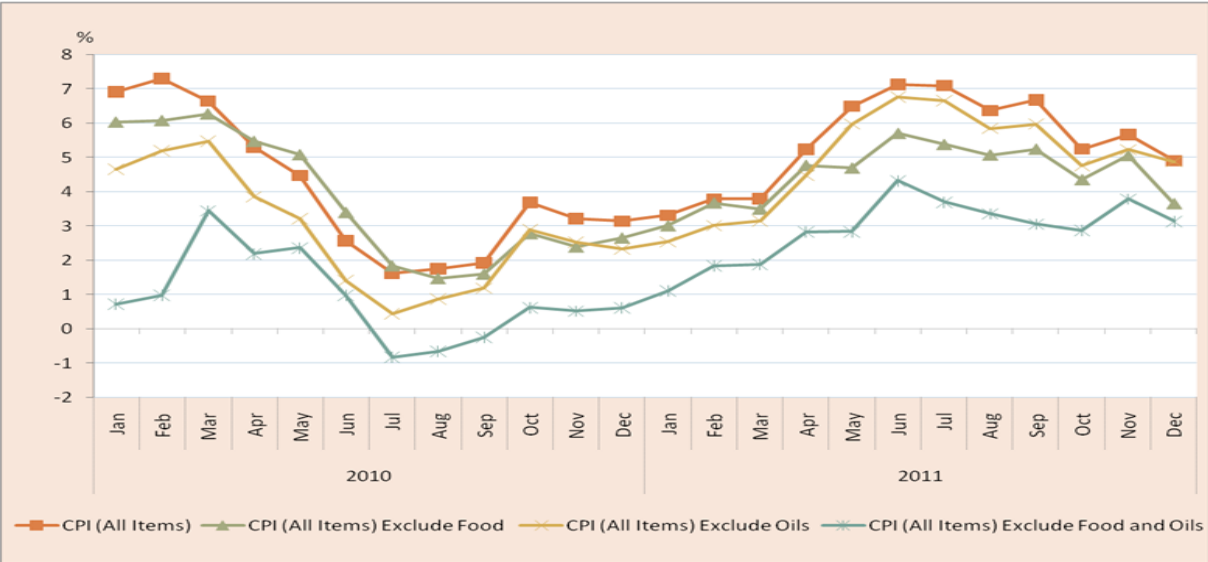
Chart 3: Contribution to CPI All Items (Year-on-Year Change)



The year-on-year change in the CPI of 4.9 percent in 2011 comprised a 2.8 percent increase in the price index for domestic food and non-alcoholic beverages (which accounted for 56.2 percent of the annual inflation rate); a 0.8 percent increase in index for the Transport group (15.8 percent of the annual inflation rate); a 0.4 percent increase in the index for the Restaurants group (9 percent of the annual inflation rate); a 0.4 percent increase in the index for Housing, Water, Electricity, Gas and Other Fuels (7.4 percent of the annual inflation rate); and a 0.2 percent increase in the index for Miscellaneous Goods and Services (4 percent of the annual inflation rate).

In 2011, rising prices of food and fuel accounted for most of the increase in the rate of inflation. The increase in prices of non-food and non-oil items was 3.1 percent at the end of December, 2011. The year-on-year increase in prices of non-food items was 3.7 percent. Inflation excluding oil-related products and services was 4.9 percent.

Chart 4: CPI All Items Excluding Food and Transportation (Year-on-Year)

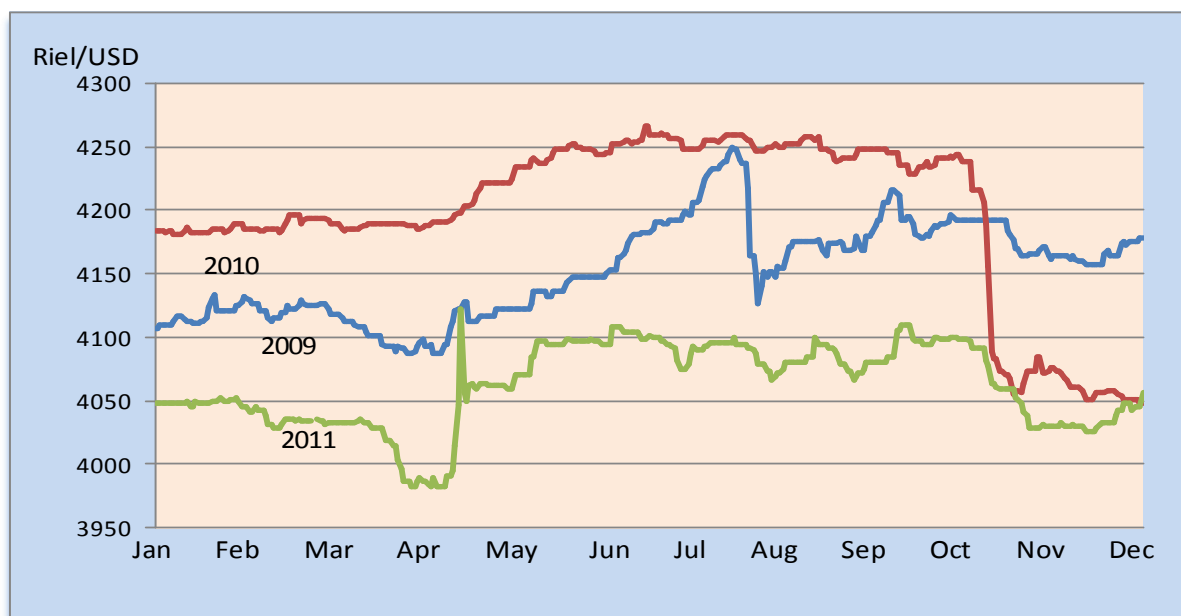


1.2.Exchange Rate Movements

1.2.1.The Exchange Rate of KHR Against the US Dollar

During 2011, the riel against the US dollar exchange rate remained relatively stable, rising from 4,048 riel per US dollar in 2010 to 4,057 riel per US dollar in 2011. An increase in the domestic demand for riel and greater capital inflows supported the value of the riel.

Chart 5: Trend of Riel Exchange Rate Against US Dollar (2011)

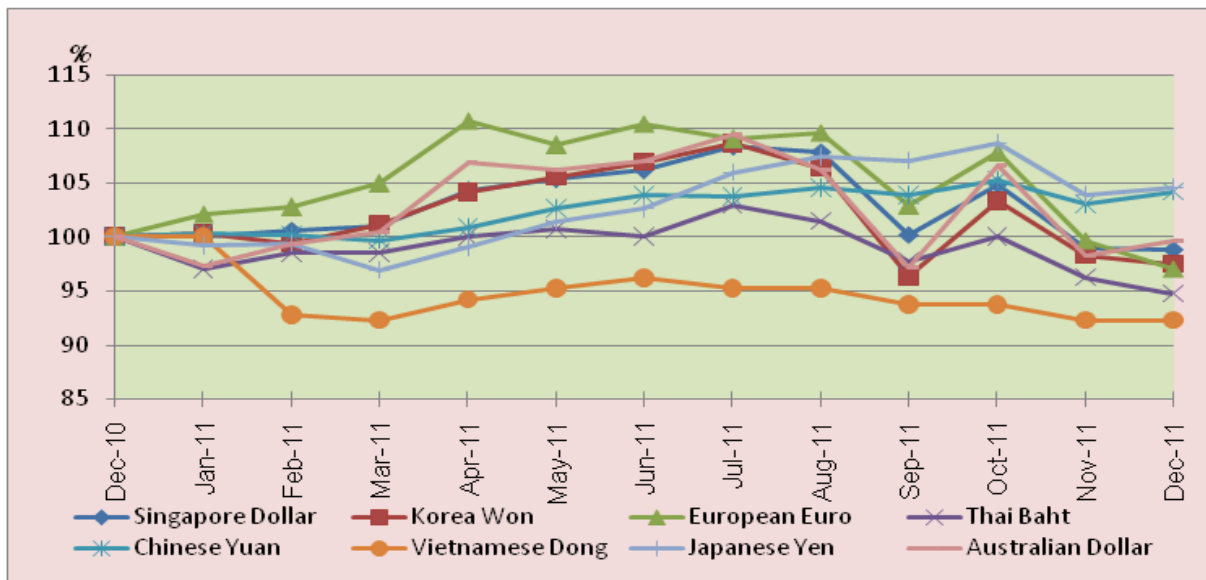


	Exchange Rate (end month period)					
	Market Rate			Official Rate		
	Bid	Ask	Mean	Bid	Ask	Mean
Dec-10	4,048	4,053	4,051	4,051	4,055	4,053
Jan-11	4,052	4,059	4,056	4,050	4,054	4,052
Feb-11	4,034	4,038	4,036	4,036	4,042	4,039
Mar-11	4,004	4,010	4,007	4,007	4,013	4,010
Apr-11	4,060	4,069	4,065	4,020	4,028	4,024
May-11	4,094	4,103	4,099	4,080	4,088	4,084
Jun-11	4,122	4,127	4,125	4,115	4,123	4,119
Jul-11	4,098	4,106	4,102	4,100	4,108	4,104
Aug-11	4,096	4,103	4,100	4,093	4,101	4,097
Sep-11	4,084	4,098	4,091	4,080	4,088	4,084
Oct-11	4,092	4,098	4,095	4,100	4,108	4,104
Nov-11	4,030	4,037	4,034	4,031	4,039	4,035
Dec-11	4,057	4,066	4,062	4,039	4,039	4,039

1.2.2. The Exchange Rate of KHR Against Currencies other than the US Dollar

The KHR fluctuated within a range of +8 and -5 percentage points versus the currencies of Cambodia's major trading partners (around its value at the end December 2010 - see chart below). Among these foreign currencies, the Vietnam Dong depreciated 7.7 percent; the Taiwan Dollar, 4.3 percent; the Thai Baht, 3.7 percent; the Malaysia Ringgit, 3.3 percent; the Indonesia Rupiah, 1.1 percent; the Australian Dollar, 0.4 percent; the Korean Won, 2.5 percent; the Singapore Dollar, 1.1 percent; the Hong Kong Dollar, 0.2 percent; and the Euro, 2.9 percent. Meanwhile, the Japanese Yen and the Chinese Yuan appreciated vis-à-vis the Cambodian Riel 4.7 percent and 4.2 percent, respectively.

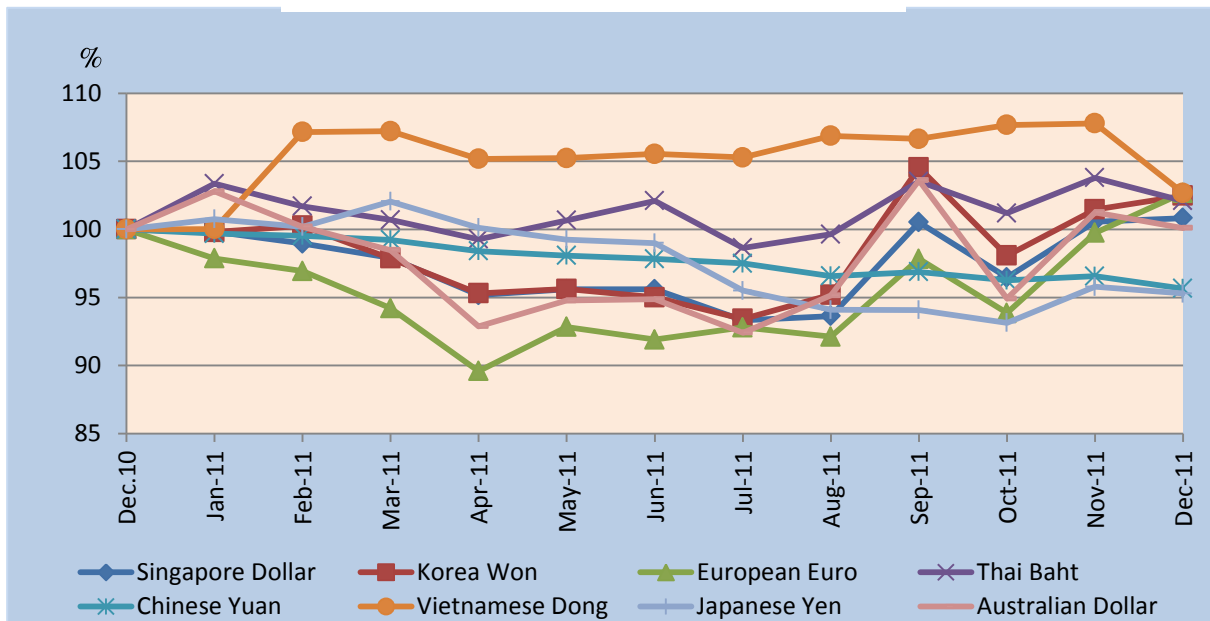
Chart 6: Currencies Against Cambodian Riel
Index: End-December 2010 = 100



1.2.3 The Exchange Rate of US Dollar Against Currencies other than Cambodian Riel

The foreign exchange value of the US dollar in terms of the currencies of Cambodia's major trading partners also fluctuated within a range of +8 and -1 percentage points (around its value at the end December 2010 – see chart below), reflecting the relatively constant exchange rate between the riel and the US dollar.

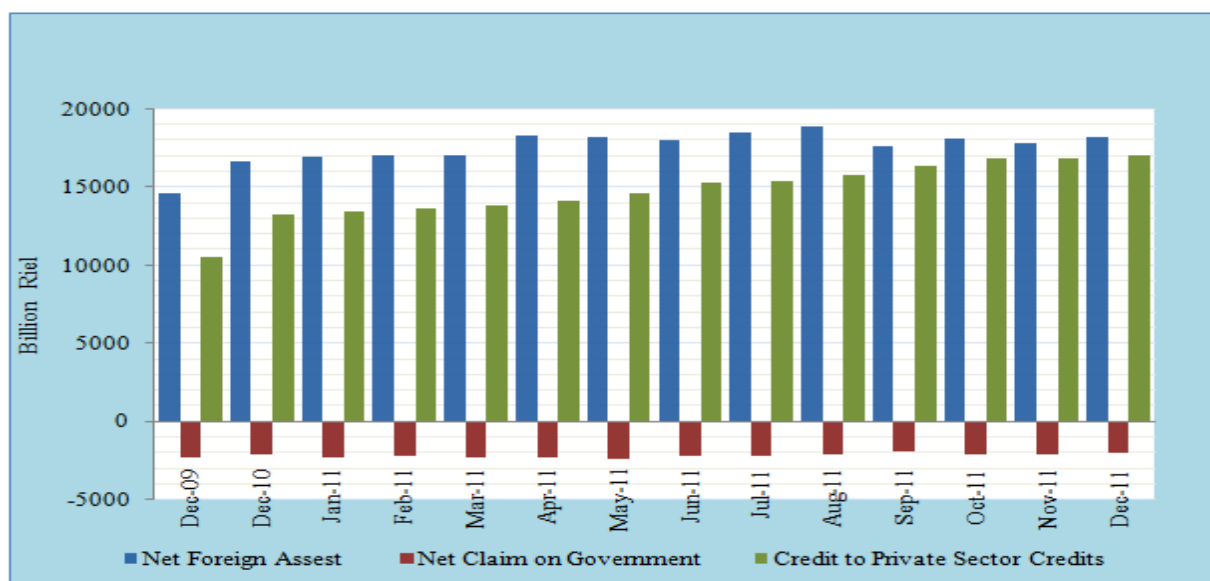
Chart 7: Currencies Against US Dollar
Index: End-December 2010 = 100



2.Monetary Development

The Cambodian economy in 2011 grew 6.9% as a result of the expansion of the agriculture, service, and financial sectors. With this growth, credits to the private sector and broad money (M2) increased remarkably due to an increase in residents' deposits with the banking system. In addition, net foreign assets and the capital of the banking system grew moderately, showing public confidence on banking system.

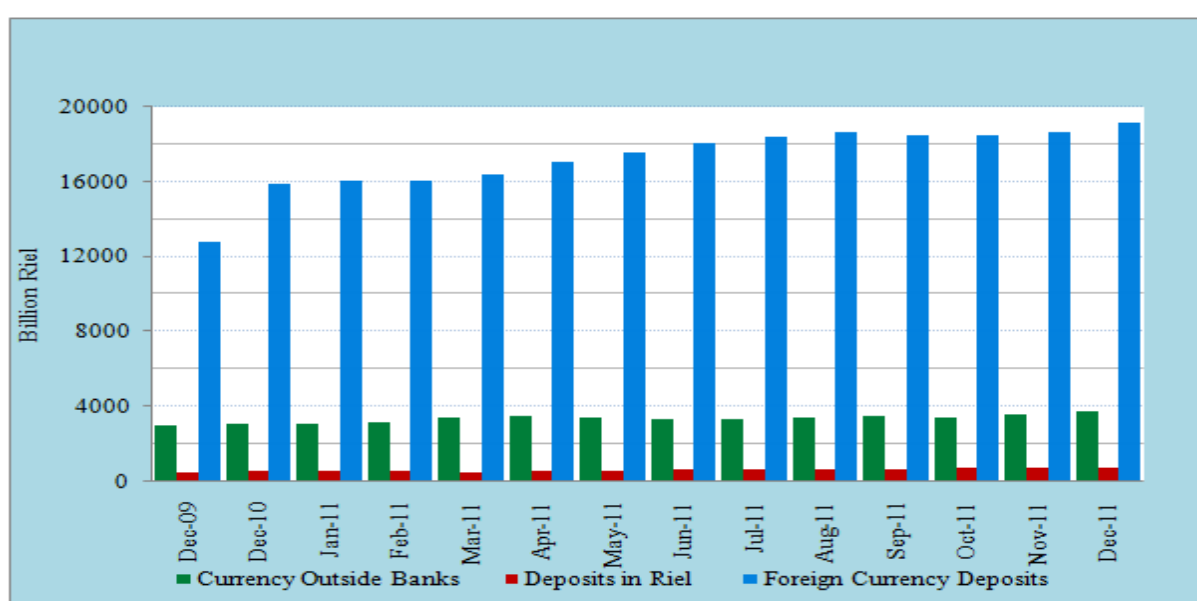
Chart 8: Monetary Survey



2.1. Monetary Aggregates

In 2011, Liquidity (M2) increased by 21.5 percent, compared to 20.0 percent in 2010 and 36.8 percent in 2009. The growth in M2 in 2011 reflected the increase in residents' foreign currency deposits of KHR 3,294 billion (20.8 percent), an expansion of currency outside banks of KHR 673 billion (21.7 percent), an increase in riel-denominated time and savings deposits of KHR 149 billion (36.4 percent), and an increase in riel-denominated demand deposits of KHR 62 billion (50.9 percent). Foreign currency deposits increased in almost every month of the year. The monthly average growth rate of these deposits in 2011, 1.6 percent, was similar to that in 2010, 1.8 percent.

Chart 9: Structure of Money Supply



**Table 1: Liquidity Components & Inflation
(Year-on-Year Percentage Change)**

	2006	2007	2008	2009	2010	2011
Net claims on government	-126.4	-90.5	-64.5	24.6	5.6	0.2
Credit of private sector	51.6	76.0	55.0	6.5	26.6	31.7
Liquidity (M2)	38.2	62.9	4.8	36.8	20.0	21.5
Currency outside banks	24.8	24.4	15.3	30.8	3.2	21.7
Inflation rate	4.2	14.0	12.3	5.3	3.1	4.9

2.2. Factors Affecting Money Supply

The growth of M2 in 2011 reflected an increase in net foreign assets of the banking system of KHR 1,196 billion (7.2 percent) and net domestic assets of KHR 2,982 billion (107 percent). The growth in net foreign assets was mainly due to a KHR 1,028 billion (6.9 percent) increases in net foreign assets of NBC and a KHR 168 billion (9.8 percent) increases in net foreign assets of banks. The expansion in net domestic assets resulted from the increase in credit¹ to private sector of KHR 4,222 billion (31.7 percent) and net claims on government of KHR 3 billion (0.2 percent). Capital and reserves of the banking system rose by KHR 1,029 billion (11.9 percent). The expansion of credit to the private sector comprised increases in Personal essentials (21 percent), Retail trade (17 percent), Agriculture forestry and fishing (15 percent) manufacturing (12 percent) and construction (10 percent).

2.2.1. Financial Operations of NBC

Net domestic assets of NBC declined by KHR 239 billion (5.1 percent), from KHR -4,738 billion in December 2010 to KHR -4,977 billion in 2011 after decreasing by KHR 263 billion (4.8 percent) in the previous year. The decline in domestic assets was mainly due to a drop in net claims on banks of KHR 137 billion (31.3 percent) and in other items net of KHR 103 billion (4.1 percent). Net claims on the government rose by KHR 1 billion riel (0.1 percent). The increase in net claims on government resulted entirely from the fall in government deposits.

Net foreign assets of the NBC increased by KHR 1,028 billion (6.9 percent), compared with last year's increase of KHR 1,721 billion (13.0 percent). This growth was due to an increase in foreign assets of KHR 1,025 billion (6.6 percent). Foreign liabilities decreased slightly by KHR 3 billion (0.7 percent).

2.2.2. Financial Operations of Deposit Money Banks

In 2011, the total assets of deposit money banks grew to KHR 32,316 billion, up by KHR 6,489 billion (22.2 percent) which contributed to the growth in private investment and economic activities. The increase in the total assets of the banking systems partly reflected the increase in the paid-up capital of some banks and the capital of new banks. Total deposits

¹ Gross Credit = Total Credit + interest accrual

increased to KHR 19,830 billion, an increase of KHR 3,479 (21.3 percent), of which foreign currency deposits accounted for 97 percent of total customers' deposits.

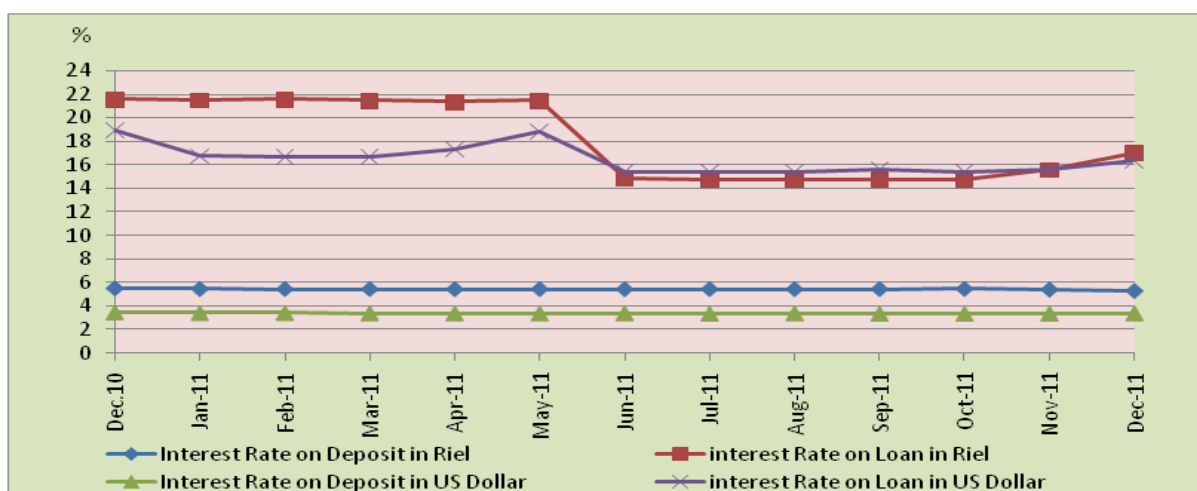
Net domestic assets of deposit money banks rose by KHR 3,536 billion (49.2 percent), due mainly to an increase in credit to the private sector of KHR 4,222 billion (31.7 percent) and net claims on government of KHR 2 billion (0.7 percent) while other items decreased by KHR 686 billion (11.8 percent). Capital and reserves of KHR increased by 872 billion (15.7 percent); other liabilities, KHR 586 billion (43.1 percent); and inter-bank liabilities, 396 billion (41.5 percent); other assets, KHR 1,175 billion (56.4 percent). Deposits of commercial banks at the NBC, a component of Cambodia's international reserves, increased by KHR 261 billion (3.6 percent).

Net foreign assets of deposit money banks increased by KHR 168 (9.8 percent), from KHR 1,715 billion in December 2010 to KHR 1,884 billion in December 2011. Foreign assets increased by KHR 675 billion (19.2 percent), and foreign liabilities rose KHR 506 billion (28.2 percent).

2.3. Interest Rates Movements

The interest rate on deposits in riel fell 0.2 percentage point from 5.49 percent in December 2010 to 5.28 percent at the end of 2011, while the interest rate on USD deposits fell by 0.07 percentage point from 3.50 percent in December 2010 to 3.43 percent in December 2011. The interest rate on loans in riel decreased by 6.03 percentage points from 21.57 percent in December 2010 to 16.99 percent at the end of 2011, and the interest rate on loans in USD decreased by 2.58 percentage points from 18.96 percent at the end of 2010 to 16.38 percent in December 2011.

Chart 10: Interest Rates on Loan & Deposit
(6 months weighted average)



Banks' interest rate spreads on their KHR-portfolio dropped from 16.08 percentage points in December 2010 to 11.71 percentage points at the end of 2011, while interest rate spreads on their US dollar-portfolio fell from 15.46 percentage points in December 2010 to 12.95 percentage points in December 2011. This decline in interest spreads resulted from the expansion of intermediation and the growth of the banking sector in Cambodia.

**Table 2: Weighted Average Interest Rates on Loans and Deposits
(6-month maturity)**

KHR	Dec-	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec-11
Deposit	5.49	5.44	5.43	5.43	5.43	5.43	5.42	5.43	5.43	5.43	5.44	5.39	5.28
Loans	21.57	21.50	21.54	21.44	21.34	21.44	14.80	14.70	14.70	14.70	14.70	15.54	16.99
Sprea	16.08	16.06	16.11	16.01	15.91	16.01	9.38	9.27	9.27	9.27	9.26	10.20	11.71
USD													
Deposit	3.50	3.45	3.46	3.43	3.42	3.42	3.44	3.39	3.44	3.40	3.40	3.41	3.43
Loans	18.96	16.75	16.71	16.69	17.36	18.81	15.37	15.39	15.39	15.39	15.40	15.57	16.38
Sprea	15.46	13.30	13.25	13.26	13.94	15.39	11.93	12.00	11.95	12.19	12.00	12.16	12.95

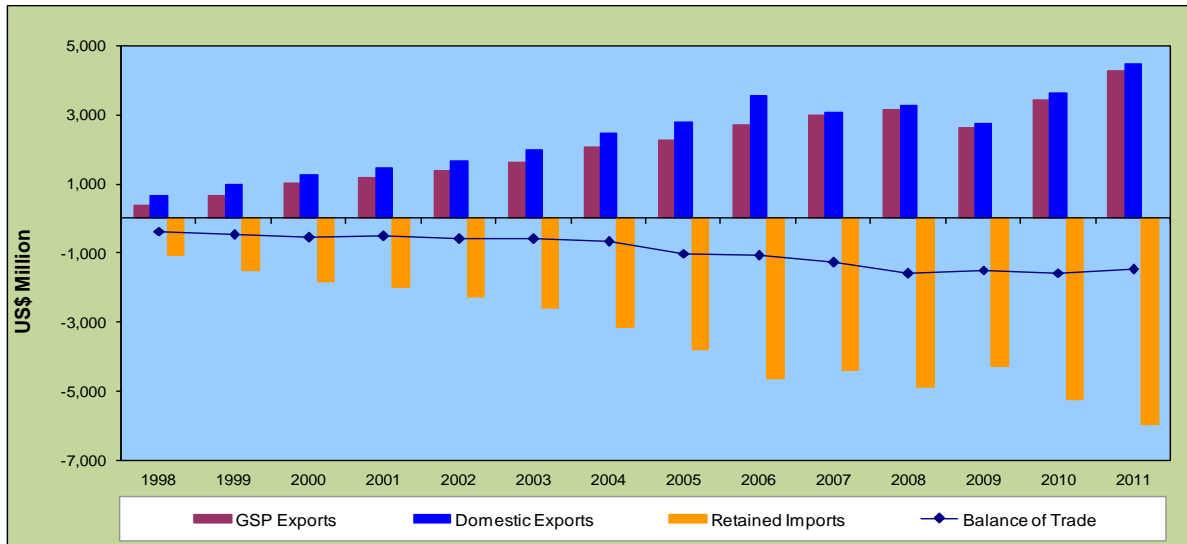
3. Balance of Payments

Although the US and EU Area's economies are still facing many challenges, the external demands from developed countries for Cambodian goods and services have not fallen, and Cambodia's balance of payments transactions changed little in 2011. The current account balance (excluding official transfers) posted a deficit of USD 1,011 million (8 percent of GDP) in 2011 compared to USD 1,171 million (10 percent of GDP) in 2010. Net official transfers and financial account balance registered a surplus of USD 1,276 million in 2011. As a result, the overall surplus was USD 215 million (1.7 percent of GDP) in 2011, an increase of USD 65 million (43.3 percent) from 2010's surplus.

3.1 Current account (Excluding Official Transfers)

Preliminary estimates of Cambodia's Balance of Payments in 2011 show a current account deficit (excluding official transfers) of USD 1,011 million, a decrease of USD 160 million (13.7 percent) compared to the 2010's deficit, which accounted for about 8 percent of GDP. The main factors contributing to this improvement were a 6.3 percent drop in the deficit for the trade in goods and a 7.4 percent increase in income account surplus. This deficit in current account was offset by the 13.9% increase in the net service surplus.

**Chart 11: Trade Balance
(1998-2011)**



During the period, domestic exports increased to USD 877 million (24.2 percent) compared with 2010. This increase was mostly caused by the rise in Garment and textile exports, which accounted for 95 percent of total domestic exports. Garment and textile exports amounted to USD 4,295 million, an increase of USD 859 million (25 percent) and other domestic exports increased by 10 percent. The prices of paddy rice, fish, and rubber also rose.

Retained imports of goods were approximately USD 5,982 million, an increase of USD 720 million (13.7 percent) compared with the 2010's imports. Imports of garment materials, which accounted for most of the increase in retained imports, rose by USD 272 million (20 percent). Petroleum imports increased by USD 70 million (15 percent) as the average price per unit of crude oil in the world market jumped nearly 100 percent and the volume of petroleum imports increased by 8 percent. Electricity and other retained imports increased by USD 45 million (43 percent) and USD 333 million (10 percent), respectively.

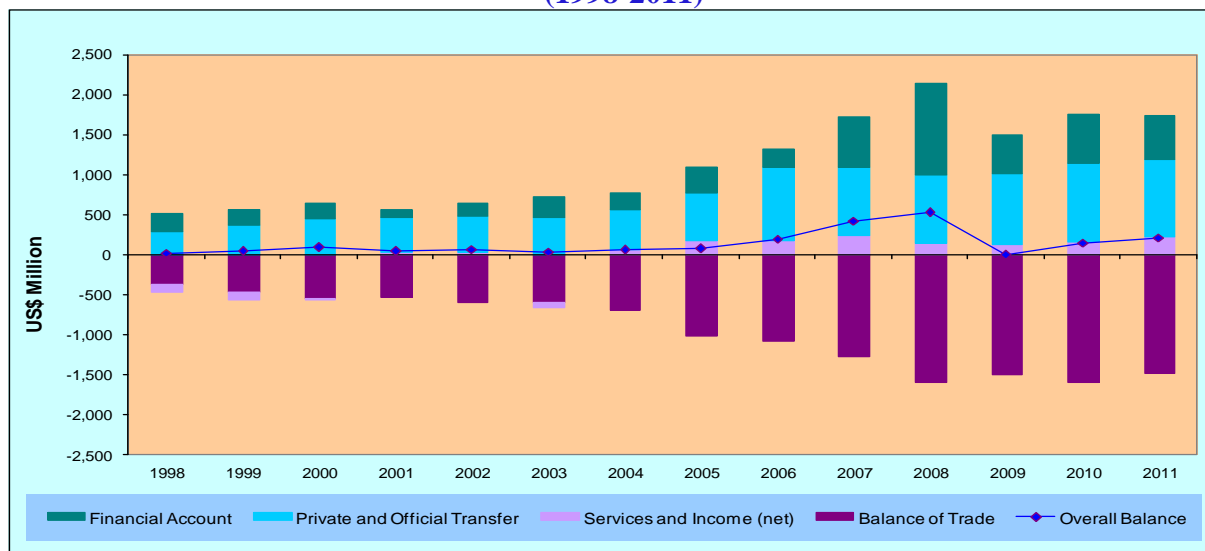
The net services surplus rose by USD 97 million (13.9 percent) to USD 794 million. Services receipts increased by USD 121 million (7.2 percent), while services payments rose by USD 24 million (2.4 percent). Tourism receipts rose by USD 94 million (8 percent) to USD 1,274 million.

The deficit on the net income account rose by USD 39 million (7.4 percent) to USD 569 million. Income payments increased by USD 39 million, in which USD 35 million was the income on direct investment in Cambodia. The surplus for net private transfers rose by USD 2 million (1 percent) to USD 245 million.

3.2 Official Transfers and Financial Accounts

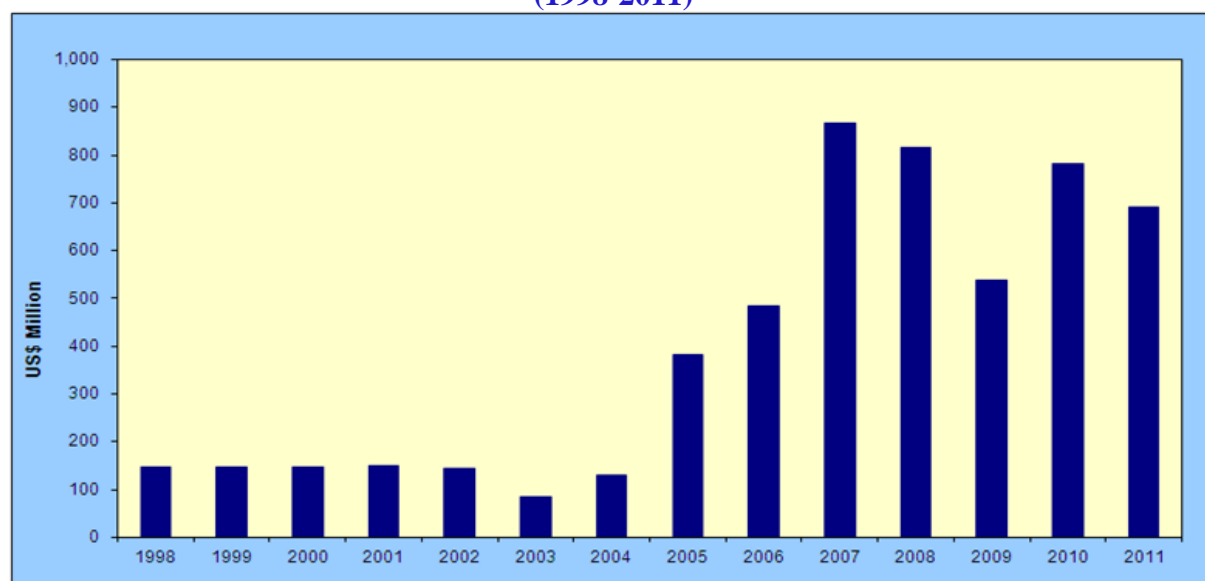
Net official transfers were USD 723 million in 2011 compared to USD 731 million in 2010. During 2011, the financial account surplus decreased by 10.8 percent to USD 553 million, from USD 620 million in 2010. Net official loans fell by USD 37 million (15.1 percent) to USD 208 million in 2011.

**Chart 12: Balance of Payments
(1998-2011)**



Net foreign direct investment fell by USD 84 million (11.1 percent) to USD 677 million due to a 66.7 percent drop in flows to the banking sector. Non-banking sector flows increased USD 115 million US dollars (25 percent), as inflows to the garment, agri-industry, and telecommunication sectors increased remarkably.

**Chart 13: Foreign Direct Investment Inflow
(1998-2011)**



The drop in official transfers and financial account surpluses were offset by a substantial drop in the current account deficit. As a result, Cambodia's balance of payments transactions in 2011 showed a surplus of USD 215 million, and the level of gross official reserves exceeded USD 3,000 million, sufficient to cover 4.9 months of imports of goods and services.

4. Foreign Reserve Management

4.1. Investment of Foreign Reserves

Cambodia's international foreign reserves have been invested mostly in short-term deposits, overnight deposit and securities such as US T-Bills and medium term instruments with various international financial institutions, central banks in developed countries, or commercial banks with high credit ratings. The remainder of foreign reserves were placed with external fund managers.

The Investment Committee determines the investment policy for international reserves. The Committee selects the instruments and partners according to the following priorities: safety, liquidity, and income.

As of the end of 2010, the total international investment of Cambodia's foreign reserves amounted to USD 3,213 billion, an increase of 4.86 percent compared to December 2010.

4.2. Intervention in the Foreign Exchange Market

During 2011, the NBC did not intervene in the local foreign exchange market because the exchange rate for the riel was stable. In contrast, in response to the economic demand, NBC intervened to sell KHR 837 billion in exchange for USD 206 million.

During the year, the NBC purchased USD 52 million from the Ministry of Economy and Finance and sold USD 76 million back to the Ministry. In addition, NBC also purchased USD 7 million from and sold USD 54 million to the Cambodian Electricity Company (EDC).

4.3. Management of Gold and Foreign Exchange Business

4.3.1 Declaration

In 2011, the NBC declared 13 gold imports for a total of 5,900 kilograms and 2 gold exports for a total of 600 kilograms. In addition, the NBC declared 1 multi currency export of more than 2 million USD.

4.3.2 Licensing on export-import metal and precious stones

According to B9-262 P.K December 29, 2009 Prakas on Licensing for export-import of metal and precious stone, NBC issued 17 licences for the export-import of metal and precious stone in 2011.

5-Relations with Bank and Financial Institution

The number of banking and financial institutions has increased considerably in the last 5 years. By the end of 2011, the banking system in Cambodia consisted of 31 commercial banks, 7 specialized banks, 2 representative offices, 31 microfinance institutions, including 7 deposit-taking MFIs, and 28 rural credit operators.

Local branches of financial institutions in the cities and provinces have increased steadily. In 2011, banks opened 28 new branches, which increased the number of branches to 421. In addition, banks have applied for licenses for other new branches. Some Cambodian banks and MFIs also have established new branches in Laos and Vietnam.

In 2011, the ratio of credit to deposits rose to 83.3 percent, compared to 75.1 percent at the end of 2010, as credit to the private sector rose 33.5 percent while deposits increased 20 percent.

5.1 Commercial Banks and Specialized Supervision

5.1.1. Off-site supervision

Banks have successfully fulfilled the the NBC's new capital requirements. The branches of some foreign banks changed to local banks, and some banks proposed to offer new services such as gold saving and electronic system service.

NBC has inspected and analyzed the financial conditions of banking institutions using the COBRA method to examine their financial strength and transparency. The NBC taken corrective actions with the institutions that did not comply with existing laws. Furthermore, the NBC has been monitoring the implementation of the Prakas on the internal auditing of banking institutions to enforce this critical element of good governance.

5.1.2. On-site supervision

On-site supervision is the examination of the financial condition and activities of banks in order to assess the safety and soundness of the banks according to the regulations and instructions issued by the NBC.

In 2011, the NBC implemented and completed on-site examinations of 21 banks, 4 specialized banks, 7 deposit-taking MFIs, 9 other MFIs, and 5 rural credit operators. The results of these examinations showed that banking and financial institutions are sound and comply with regulations. However, some institutions still faced problems such as incomplete implementation of their strategic plans, internal audit, and governance. With such deficiencies, the NBC has recommended that the banks take prompt corrective action.

5.1.3. Microfinance Institutions Supervision

In 2011, the total credit of microfinance institutions was 2,591 billion riels, an increase of 50.3 percent compared to 2010. MFIs served 1 million customers, of which 83 percent are women who live in the provinces.

MFIs carefully analyze the credit history of their customers, favoring those who are not indebted and have good credit histories. As a result, all MFIs have maintained the quality of their loans, and their non-performing loan ratio was 0.22% in 2011, an impressive result given the floods that hurt rural areas. The NBC will continue to monitor carefully the potential effects of the flood on MFIs.

Customers deposits with MFIs have risen to 459 billion riels, an increase of 179.9 percent compared to 2010. By the end of 2011, there were 7 deposit-taking MFIs included Sathapana, AMRET, Hatthakaksekar, Prasac, Angkor Microheranhvatho, CREDIT, and Vision Fund.

To maintain public confidence in MFIs, the NBC carefully implemented on-site and off-site supervision on MFIs operating in the kingdom. The NBC also updated existing regulations and issued new regulations in order to establish a clear foundation for improving the institutions. The Microfinance Information System, which is the electronic reporting system for MFIs, will be operating in early 2012.

5.2. Legal Promulgation

With the growth of the banking and financial system in scope and scale, the NBC has revised and updated its laws and regulations. It has also compiled more laws and regulations for banking and financial institutions to improve supervision and to safeguard the banking system.

5.3. Licensing and Registration

In 2011, the NBC issued licenses to 2 new commercial banks, 2 new MFIs, and issued letters of principle to 3 commercial banks and 2 MFIs. In addition, the NBC issued certificates of registration to 1 rural credit operator and renewed the certificates of registration to 5 operators. The NBC issued foreign exchange business license to 22 commercial banks, 8 third parties, and 3 MFIs. It issued letters of permission to 35 money changers in Phnom Penh. The NBC also has issued letters of principle to credit bureaus in Cambodia which have requested licenses from the NBC and are likely to receive licenses soon.

5.4. Work of Cambodian Financial Intelligent Unit

The Cambodian financial intelligent unit has cooperated with the banking supervision directorate and has been conducting on-site audits pertaining to money laundering and the financing of terrorism in 11 banks and 3 MFIs.

On 19th July 2011, the financial intelligent unit signed a statement of cooperation about the exchange of information on money laundering and the financing of terrorism with Japan's financial intelligent unit.

6. Central Bank Services

6.1. Accounts Management

The National Bank of Cambodia currently manages 960 accounts denominated in local and foreign currencies.

6.1.1. Government Account Management

To support the Ministry of Economy and Finance's Public Finance Management Service, the NBC has opened accounts and provided payment services such as cash withdrawal, money transfer, payroll to the armed forces and government officials and has distributed cash according to the transfer orders of the treasury.

The amount of direct tax and custom duties paid at the NBC was KHR 3,405 billion in 2011.

6.1.2. Repository of Accounts for Bank and Financial Institutions

The accounts that the banking and financial institutions open at the NBC are current accounts, fixed deposit accounts, capital guarantee accounts, and reserve requirement

accounts. As of end 2011, the total balance in the accounts of banking and financial institutions was KHR 257 billion and USD 1,688 million.

6.2. Local Money Transfers

- + Transfers from provincial branches to Phnom Penh headquarters amounted to
 - KHR 622 billion
 - USD 592 million
- + The outgoing funds transferred from Phnom Penh headquarters to provincial branches amounted to
 - KHR 1,270 billion
 - USD 148 million

6.3. Clearing House Activities

KHR and USD denominated check clearing operates every weekday. The clearing house processes payments effectively.

6.3.1. Clearing and Settlement of KHR-Denominated Checks

As of end 2011, 30 institutions, including 27 commercial banks, 2 specialized banks, and the NBC have participated in the Clearing House for KHR denominated checks.

In 2011, the clearing house operated on 236 days, during which 34,742 checks, valued KHR 1,821 billion, were cleared and settled. Compared to 2010, the volume of checks cleared increased by 6%, while their value increased by 12%.

6.3.2. Clearing and Settlement of USD-Denominated Checks

36 members, including 31 commercial banks, 4 specialized banks, and the NBC itself participated in the Clearing House for USD denominated checks. The clearinghouse operated on 236 days, during which 558,894 checks, valued USD 9,573 million, were cleared and settled.

In 2011, number of USD denominated checks cleared increased to 73,705 (15%). The value of checks cleared increased from 7,008 million USD to 9,573 million USD (37%).

6.4. Lending Activities

In 2011, the NBC granted loans to and collected debt repayments from the banking and financial institutions as follows:

- Beginning balance = KHR 31 billion
- Debit =KHR 65 billion
- Credit = KHR 77 billion
- Ending balance = KHR 19 billion

7. Currency Management

In 2011, total cash receipts through NBC's teller desks amounted to KHR 6,903 billion, a growth of 5 percent compared to 2010. This increase reflected a rise in cash releases from the strong room of KHR 408 billion (12.7 percent), an increase in cash receipts in the form of payment of taxes and customs duties of KHR 32 billion (7.7 percent), a growth in cash deposits of Electricité du Cambodge of KHR 27 billion (4.7 percent), an increase in deposits of dealers of KHR 591 billion (100 percent), a rise in the cash transfers from NBC's municipal and provincial branched of KHR 19 billion (5.3 percent), and an increase in cash receipts from other sources of KHR 114 billion (52.4%). Some accounts declined during the year. Deposits from banking and financial institutions decreased by KHR 828 billion (47.1%) and deposits of banks and foreign exchange dealers for the purpose of foreign currency auctions dropped by KHR 36 billion (100 percent).

In 2011, cash payments through NBC's teller desks totaled KHR 6,891 billion, an increase of 4.8 percent compared to 2010. Of this growth, cash withdrawals by the National Treasury increased KHR 249 billion (15 percent); cash withdrawals by dealers rose by 418 billion (100 percent); and cash withdrawal for other purposes amounted to 118 billion (47.3 percent). The cash outflows from other accounts were less than 2010. Amounts placed into the strong room fell KHR 136 billion (4.5 percent); cash withdrawals from deposits of banking and financial institutions decreased by KHR 267 billion (49.7 percent); cash withdrawals by Electricité du Cambodge declined by KHR 8 billion (100 percent); cash provided to municipal and NBC's provincial branches fell by KHR 42 billion (3.9 percent); and withdrawals from the auction deposit account dropped by KHR 17 billion (100 percent).

During 2011, cash receipts through the teller desks in US dollars amounted to USD 2,929.6 million, an increase of USD 104.5 million (3.7 percent) compared to 2010. The

amount of USD-cash disbursed through the teller desks amounted to USD 2,929.9 million, an increase of USD 104.6 million (3.7 percent) compared to 2010.

To promote the use of local currency in 2011, the NBC's has supplied new banknotes totaling KHR 313 billion to its provincial branches to replace old, worn and torn local currency in circulation. This was an increase of KHR 40 billion (14.6 percent) compared to 2010. A total of KHR 825 billion worth of unusable currency notes were destroyed by using normal shredding machines, an increase of KHR 11 billion 2010 (1.4 percent). An additional KHR 474 billion was destroyed using automatic shredding machines, representing an increase of KHR 43 billion (10 percent) on the amount destroyed using the same technique in 2010.

Currency management and handlings by the NBC, cooperating with relevant authorities, also placed great attention to detecting and preventing the circulation of counterfeit banknotes. The NBC has seized and withdrawn from circulation 257 counterfeit KHR notes, a drop of 306 (54 percent) compared to 2010. The NBC withdrew 412 counterfeit USD notes, a decline of 541 (56.7 percent) from 2010. The NBC also cooperated with the United Overseas Bank Limited in conducting a three-time seminar on the Detection of Counterfeit Notes in Phnom Penh, Battambang, and Siem Reap.

8. Payment System Development

To comply with the Financial Sector Development Strategy, the NBC has been improving the payment system to allow the centralized payment and clearing of checks and other instruments. Installing hardware in the primary data center and the disaster recovery data centers 1 and 2 was finished in September 2011. Setting up software for the first stage in the primary data center and the disaster recovery data centers 1 and 2 was completed. Currently, the CMA Company which created the software has been training personnel in functions and processes of the system. This payment system will be operating in 2012.

Besides the development of the payment system, the NBC has been preparing the Shared Switch Development Project.

The NBC has cooperated with IFC to prepare a draft law on "National Payment System" to become a legal basis for managing and monitoring the payment system.

9. Information Technology

In 2011, the NBC focused on two major information technology projects. The first will install a core banking system at all branches of the NBC, and the second will implement a

national payment system. The NBC has installed the core banking system at the remaining branches that had not yet received the system: 10 branches including Kandal, Takeo, Prey Veng, Kampong Speu, Kampot, Kratie, Stung Treng, Kampong Thom, Pursat, and Ratanakiri.

The NBC also developed the information technology for facilitating issuance of the NBC securities and for managing the reports and monitoring of banking institutions.

II. Internal Management of NBC

1. The Activities of the Board of Directors

The Composition of the Board of Directors of NBC was as follows:

- H.E. Chea Chanto NBC's Governor Chair
- H.E. Neav Chanthana NBC's Deputy Governor Member
- H.E. Aun Pornmoniroth Representative of the Head of the Royal Government Member
- H.E. Iv Thong Representative of the academics Member
- H.E. Chou Kimleng Representative of the MEF Member
- Mr. Lay Mengsun Representative of the private sector Member
- Mrs. Mao Son Representative of NBC's staff Member

In 2011, the Board held six meetings, during which important matters related to NBC's activities were discussed, and the Board approved the tasks and other important matters related to the NBC's activities. These meetings are outlined below:

- The 84th Meeting on February 23, 2011, to discuss: (1) The report on adjustment and addition of secretariat of Board of Director (2) To review and adopt the draft decision to establish a committee to examine NBC's accounting record for the financial year 2010, and (3) The report on the strengthening of the use of Riel Currency;
- The 85th Meeting on March 31, 2011, to review and adopt the draft report on NBC's budget implementation for the financial year 2010 and the budget plan for year 2011;
- The 86th Meeting on July 26, 2011, to discuss and adopt the draft First Semi-annual Report of NBC for year 2011; and
- The 87th Meeting on August 18, 2011, to review on the compound of the Board of Director's members of the new mandate;

- The 88th Meeting on November 29, 2011, aimed at monitoring and discussing to prepare the draft of NBC's International Reserve Investment Policy;
- The 89th Meeting on December 28, 2011, to discuss and adopt the draft Annual Report of NBC for year 2011.

2. Human Resource Development

2.1. Staff Statistics

At year-end 2011, 874 employees (496 male employees and 378 female employees) were working at the NBC Headquarters, and 386 (222 male employees and 164 female employees) employees were working at different NBC Branches.

During 2011, there were 1,260 total employees of at the NBC. In 2010, the NBC employed 1,255 (710 male employees and 545 female employees). Comparing employment at the end of 2011 to 2010:

- At the Headquarters: Employment increased by 5 as a result of 19 new hires and 14 resignations and retirements.
- At municipal and provincial branches: Unchanged (new recruitment of 22 employees and resignations or retirements of 22 employees).

2.2. Training and Development

2.2.1. Local Training

NBC continued to motivate and develop skilled staff by adopting appropriate recruitment and reward strategies and providing its staff with opportunities for training and development.

The NBC supported the training and development of staff at both the headquarters and the municipal and provincial branches, through part-time studies, long-term training, and short courses offered by both local and overseas institutions. During 2011, the Center for Banking Studies continued to provide courses with accreditation "High Certificate for Banking" for 439 students (262 female students and 177 male students), of which 19 students are employed by the NBC. The NBC conducted 20 in-house training courses and seminars for 1,110 employees. A number of officials of the NBC also participated in various long-term training courses and academic courses offered by local training institutions, such as the perfection course at Royal Administration School (2 staff), two English training courses for provincial

branches (27 staff), and the English language course at Australian Center for Education (19 staff). Forty NBC officials also attended seventeen training sessions, seminars and meetings organized by the Cambodian government's ministries and private institutions. The NBC has prepared in-house examinations to recognize and reward the transfer of knowledge and the development the skills within its staff. The NBC also invited staff who have recently returned from training courses overseas to share their experiences and knowledge by giving presentations on selected topics to members of the staff.

2.2.2. External Training

In addition to the local training, a large number of the NBC's employees participated in external courses on a wide range of topics related to central banking. Throughout 2011, a total of 175 employees attended 117 seminar events organized abroad. In addition, 35 employees participated in 6 overseas study visits; 50 officials took part in 23 different short-term courses while 5 officials were involved in 4 different long-term academic study programs. Furthermore, 173 NBC officials were sent abroad to join 78 different international meetings on various subjects relevant to the central bank's responsibilities.

These training events and meetings were organized and supported by various international and regional institutions such as the International Monetary Fund, the World Bank, Bank Negara Malaysia, the Asian Development Bank, the Indian Government, the Government of the Republic of Korea, the Japan International Cooperation Agency (JICA), the SEACEN Centre, the Central Bank of Czech Republic, the Deutsche Bundes Bank, the Australian Government, and various other institutions.

3. Internal Audit and Inspection

In 2011 the NBC effectively implemented an internal audit by strengthening its control on cash management and transaction flows using the flexcube system. The NBC also audited actual and computerized in-out control systems in the Banking Operation Department, Issuing Department, and Exchange Management Department (focused in particular on foreign reserve investment transaction, funds transfers between headquarters and branches, including branches in Phnom Penh, Kompong Chnang, Svay Rieng, Battambang, Kompot, Takeo, and Kratie). The audit report which includes a number of recommendations has been issued for improvement and avoiding risks in order to provide good services and increase public confidence in the core banking system. The branches in Kompong Thom, Sihanouk Ville and Steung Treng have begun implementing the recommendations. The NBC has conducted

ad hoc inspections in ten branches, with particular focus on ensuring security of the vault, cash management, and compliance to guidance issued by specialized departments, as well as strengthening job qualification and discipline among staffs at the branch offices.

4. Management of NBC's Branches

NBC has continued to strengthen its cooperation with the Ministry of Economy and Finance to be more effective in the Royal Government's PFM reform program by installing the core banking system at all NBC branches. NBC has trained and supplied human resources to implement the task. The MEF is continuing its pilot phase 1 and phase 2 of state budget management by opening treasury accounts for state budget revenue-expenditure transactions at ACLEDA Bank in Kompong Cham, Mondulhiri, Steung Treng, Koh Kong, Preah Vihear and Udon Meanchey, and at Canadia Bank in Siem Reap, Battambang and Sihanouk Ville. Some provincial treasuries have closed their account at NBC provincial branches. Others are maintaining their accounts with NBC branches in Prey Veng, Kompong Thom, Takeo, Svay Rieng, Pursat, Kompong Chhnang, Kompong Speu, Kompot, Kratie and Ratanakiri.

This year 2011, the MEF authorized three district halls, including Peam Ror district (Prey Veng), Steung Sen town (Kompong Thom) and Kratie town (Kratie), to open deposit accounts at NBC branches.

III. International Relations

1. Multilateral Relations

1.1. Relations with International Monetary Fund

During 2011, the National Bank of Cambodia welcomed two missions from International Monetary Fund. The first mission under the authority of Monetary and Capital Market Development discussed technical assistance and training on liquidity management as well as money market and interbank market development. The second mission discussed the Article 4 of the IMF. The mission expressed a positive evaluation on financial and economic performance in Cambodia, noticing that the Cambodian economy recovered faster than expected despite the regional flood disaster.

With regard to the banking sector, the mission remarked favorably on development and stability in financial sector. It also noted additional achievements in Cambodia's short and medium term fiscal and monetary policy framework in accordance with the recommendations made in Financial Sector Assessment Program (FSAP) assessment.

The mission is providing permanent technical assistance to the NBC, especially in bank supervision.

1.2. Relations with the Asian Development Bank

Asian Development Bank (ADB), our major partner in financial sector development, is providing technical assistance and other supports to the NBC as it updates the “**Financial Sector Development Strategy for 2011-2020**” for Cambodia from the 2006-2015 strategy. Understanding the importance of this long-term strategy, the Royal Government of Cambodia adopted this document on 25 Nov 2011.

The National Bank of Cambodia continues to work closely with other relevant ministries in order to carry out the reform in the Program Loan III (FSPL III). The total amount for this program is USD 45 million and was split equally into three sub-programs, covering a three-year period from 2011 to 2013. Each sub-program comprises 15 million USD with an interest rate of 1 percent per annum during the grace period, and 1.5 percent per annum thereafter. On October 4, 2011 the Royal Government of Cambodia has co-signed with the ADB the Minutes of the Loan Negotiation to support the reform activities in sub-program I, which comprises of 25 policy actions of which only 13 policy action involve the NBC. The 13 policy triggers focus on legal reform, the establishment of Payment System Infrastructure and the strengthening of supervisory capacity. The sub-program 1 was successfully completed in November 2011.

1.3. Relations with ASEAN and ASEAN+3 Countries

The National Bank of Cambodia (NBC) continued to participate actively in the framework of ASEAN financial cooperation to exchange views on economic/financial sector and to make progress toward implementation of various reform plans in light of ASEAN leaders’ decision and instruction. On 18th January 2011, the NBC hosted successfully the 4th ASEAN Deputy Governors Meeting on ASEAN financial integration in Cambodia. During 2011, delegations of high-ranking officials from the NBC attended the 7th ASEAN Central Bank Governors Meeting, the 19th ASEAN Finance and Central Bank Deputies Meeting and other related meetings under the framework of the cooperation among ASEAN, as well as ASEAN+3 (China, Japan and Korea), that were held from 5-8 April 2011 in Indonesia. The objective of the meeting is aimed at deepening the ASEAN financial integration, mainly focusing on four priority areas: capital market development, capital account liberalization, financial service liberalization and payment and settlement system.

ASEAN+3 financial cooperation also made remarkable progress on the Crisis Prevention Function under Multi-lateralization of the Chiang Mai Initiatives (CMIM). The ASEAN+3 Macroeconomic Research Office (AMRO) was established in April 2011 in Singapore with two main functions: (i) to study, analyze and assess the region's macroeconomic situation, and (ii) to facilitate the implementation of the CMIM agreement. On November 4, 2011, the AMRO Director and his team visited Cambodia to report the progress of AMRO and to learn more about the Cambodian economy, its monetary and fiscal policies, and the development of its financial sectors.

ASEAN+3 countries continued to strengthen the implementation of Asian Bond Market Initiatives (ABMI), aiming at development of bond market in the region with effectiveness. To support the issuance of corporate bonds and widen bond market development in the region, the ASEAN countries and Asian Development Bank (ADB) agreed to create the Credit Guarantee and Investment Facility (CGIF) amounted to 700 million US dollars and expected to be introduced in 2012.

ASEAN+3 Bond Market Forum (ABMF) was also established to facilitate regulation standard related to cross-border bond transaction in the region.

1.4. Relations with SEACEN

Membership in the South East Asia Central Banks (SEACEN) has created valuable opportunities for the NBC to train its staff, to conduct research on economic and monetary policy, and to exchange information with members of the SEACEN Centre. Membership in the SEACEN Centre has also allowed the NBC to enhance its bilateral relations with various regional central banks.

In order to enhance cooperation among SEACEN member banks, the NBC was honored to receive the offer to host the 9th SEACEN Executive Committee (EXCO) Meeting and Executive Seminar, which was held on January 19-21, 2011 in Phnom Penh. The topic that this Seminar addresses is particularly challenging: "Macro-Financial Linkages: Financial Stability and Economic Growth".

1.5. Relations with the Association of Central Banks of French-speaking Countries (Francophone)

After joining the Association of Central Banks of French-speaking Countries in 1993, Cambodia's relations with these banks improved, particularly, in exchanging experience, sharing information, and obtaining technical assistance.

To strengthen the cooperation with Francophone members, the NBC had the honor to host the 18th Annual Meeting, held from 11-13 May 2011 in Siem Reap, Cambodia.

2. Bilateral Relations

Besides these multilateral relations, the NBC has developed close bilateral contacts with foreign central banks and international institutions in various regions around the globe. Such relationships were manifested through the bilateral exchange of staff under various forms of training program, study visits, information exchange, and other central banking cooperation.

Bilateral cooperation with Deutsche Bundes Bank was further strengthened through its providing two training courses on the subject of Banking Supervision and Monetary Policy.

Cooperation with the Bank of Mongolia also gained further momentum. On 25-28 May 2011, on the occasion of the visit of the Governor of National Bank of Cambodia to Mongolia, the NBC and the Bank of Mongolia signed MOU on Cooperation and human resource capacity building between the two countries.

During 2011, the NBC's staff benefited from technical assistance provided by the Bank of Thailand (BOT). That assistance included the short-term training courses on Payment and Settlements System, and On-Site Examination and Financial Institutions Analysis at the NBC.

Officials from the Monetary Authority of Singapore (MAS) provided two-day seminar on Monetary Policy and Banking Supervision during July 2011 at NBC.

The National Bank of Cambodia on 19 September 2011 had a great honor to welcome the official visit of the President of Myanmar National Assembly and delegates from Myanmar, who came to observe the recent banking development and implementation of monetary policy in Cambodia.

To strengthen their close cooperation, a bilateral Meeting between the Bank of Laos PDR and the NBC was organized on 9-13 December 2011 in Phnom Penh, Cambodia.

During the meeting, both sides exchanged information on their recent economic and financial development and signed an MOU on General Cooperation and Banking Supervision.

International cooperation has provided many benefits to the NBC. Technical assistance offered in association with such cooperation provides valuable training for its staff. Apart from this cooperation, the NBC will seek to expand relationships with other central banks and financial institutions for the purpose of sharing experiences on monetary policy issues and other subjects of interest to central banks, while also seeking to gain further technical assistance.

Conclusion

The global recovery from the world economic crisis of 2008-2009 has been slower than expected, especially for the developed countries that have fragile economic conditions, weak public confidence, and high unemployment. The sovereign debt crisis threatens to spread beyond Greece to other European countries. In Asia, some central banks have eased monetary policy to support economic growth while the global recovery remains weak.

To support the recovery in Cambodia in the event that the global economy is not stable and growth in Asia decelerates, the NBC has maintained a flexible monetary policy. During the past year, the NBC helped control inflation in Cambodia by supporting a stable exchange rate between the riel and the US dollar. The stable exchange rate also helped Cambodia's balance of payments to recover in 2011. Cambodia's banking system remains stable and sound as a result of the increase in minimum capital requirements, the strengthening of corporate governance in banks, and the improvement of prudential regulations for the banking system.

In the future, the major objective of the NBC is to implement reforms as listed in "Financial Sector Development Strategy 2011-2020." This program has been adopted by the Royal Government as the long-term plan for developing Cambodia's banking and financial sectors. This plan relies on local demand, international experience, and the integration of the ASEAN financial sector as described by the objectives for the ASEAN economic community.

The next stage of reform is broad, covering the entire financial system--including the capital market, money and interbank markets, and the foreign exchange market. This reform will develop the law and regulations needed both to promote the use of the riel and to develop a safe and efficient domestic payment system.

As Cambodia's financial sector becomes stronger and more sophisticated, the foundations for new kinds of financial institutions, instruments, and services will emerge. In this context, the NBC will continue to improve its capacity to regulate and supervise the banking system and money markets.

As emphasized by the IMF in this year's Article IV mission, the NBC and the royal government are developing strategies to promote financial stability in Cambodia. The connections among global financial markets can allow crises to spread from one sector or one region to another as happened, for example, in the recent global financial crisis. Controlling

this risk warrants international prudential regulation, strong and clear legal frameworks, and suitable methods to prepare for and manage these crises as they emerge. These controls invited deeper cooperation among local and foreign policymakers.

Within Cambodia, the reform of banking sector and its regulation will strengthen the financial system, permitting it to expand its capacity to supply credit to the manufacturing, service, and agricultural sectors on economical terms. This reform also should foster innovations in the financial sector, including the payment system and capital markets, to support economic development in Cambodia.

The implementation of financial sector development policy in the past has allowed the royal government to maintain Cambodia's favorable reputation which attracts local and regional investors. The commitment of the royal government and authorities at all levels to stabilize political and macroeconomic conditions, including the creation of a favorable business environment, indicates that Cambodia is progressing in the right direction.

Much work lies before all institutions in Cambodia. The NBC will continue to cooperate with the Royal Government, investors, and Cambodia's trading partners to strengthen its financial system and business sectors to provide the foundation for sustainable development and economic growth in Cambodia.



Appendix

Table 1 : Consumer Price Index (CPI)

(October-December, 2006=100)

Consumer Price Index	2010	2011											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CPI (All Items)	138.25	138.50	139.46	140.41	141.93	143.97	144.69	145.49	145.75	147.21	147.28	146.32	145.03
Food and Non-Alcoholic Beverages	154.11	153.75	154.69	155.81	157.74	162.12	163.28	164.75	165.42	167.88	168.19	166.05	163.60
Alcoholic Beverages, Tobacco and Narcotics	121.89	122.69	122.92	123.06	123.27	122.72	123.18	123.50	122.77	122.99	123.78	123.93	123.72
Clothing and Footwear	114.61	114.95	114.13	115.47	115.66	116.09	117.00	116.50	117.06	118.53	118.78	119.02	118.09
Housing, Water, Electricity, Gas and other Fuels	121.03	122.07	123.07	123.48	124.63	124.62	124.61	123.61	123.53	123.70	123.42	123.50	123.61
Furnishings, Household Maintenance	121.76	122.57	122.23	122.51	123.00	122.99	123.03	123.52	124.03	125.08	124.67	124.80	124.47
Health	117.09	116.66	116.98	117.23	117.55	118.06	116.87	117.07	116.70	116.57	116.70	116.97	115.40
Transport	120.59	121.42	122.49	124.31	127.10	126.46	127.39	129.19	128.51	129.84	128.87	127.92	128.22
Communication	73.35	73.84	73.51	73.29	72.99	73.19	72.60	72.61	72.64	72.65	72.74	72.55	72.98
Recreation and Culture	103.57	103.35	102.90	102.69	102.62	102.37	102.08	102.17	101.03	101.51	102.20	102.14	102.34
Education	140.16	140.16	140.16	140.16	140.51	140.45	139.56	139.95	140.51	141.65	142.17	142.17	142.69
Restaurants	176.12	178.53	182.46	183.38	184.44	186.21	188.02	189.14	190.19	190.42	190.28	190.78	189.34
Miscellaneous Goods and Services	139.40	138.24	139.90	141.59	142.77	143.85	145.11	145.42	146.61	149.25	151.51	153.75	151.29
	Month to Month Change (%)												
CPI (All Items)	-0.16	0.19	0.69	0.67	1.09	1.43	0.50	0.55	0.18	1.00	0.04	-0.65	-0.88
Food and Non-Alcoholic Beverages	-1.37	-0.23	0.61	0.72	1.24	2.78	0.72	0.90	0.40	1.49	0.19	-1.28	-1.47
Alcoholic Beverages, Tobacco and Narcotics	-0.55	0.66	0.19	0.11	0.17	-0.45	0.37	0.26	-0.59	0.18	0.64	0.12	-0.17
Clothing and Footwear	-0.05	0.30	-0.72	1.18	0.16	0.37	0.79	-0.43	0.48	1.26	0.21	0.20	-0.79
Housing, Water, Electricity, Gas and other Fuels	2.45	0.86	0.82	0.34	0.93	-0.01	-0.01	-0.80	-0.06	0.14	-0.22	0.06	0.09
Furnishings, Household Maintenance	-0.01	0.67	-0.28	0.23	0.40	-0.01	0.03	0.39	0.42	0.84	-0.32	0.11	-0.27
Health	0.38	-0.37	0.28	0.21	0.28	0.43	-1.00	0.17	-0.32	-0.11	0.11	0.23	-1.34
Transport	1.48	0.69	0.88	1.48	2.25	-0.50	0.74	1.41	-0.53	1.03	-0.75	-0.74	0.24
Communication	-0.53	0.66	-0.44	-0.31	-0.41	0.28	-0.81	0.02	0.04	0.01	0.11	-0.26	0.59
Recreation and Culture	0.49	-0.21	-0.44	-0.20	-0.06	-0.25	-0.28	0.09	-1.12	0.47	0.69	-0.06	0.19
Education	0.00	0.00	0.00	0.00	0.25	-0.05	-0.63	0.28	0.40	0.81	0.36	0.00	0.36
Restaurants	0.18	1.37	2.21	0.50	0.58	0.96	0.98	0.59	0.56	0.12	-0.08	0.26	-0.75
Miscellaneous Goods and Services	-0.11	-0.83	1.20	1.20	0.84	0.76	0.88	0.21	0.82	1.80	1.51	1.48	-1.60
	Year on Year Change (%)												
CPI (All Items)	3.14	3.31	3.79	3.80	5.24	6.49	7.06	7.10	6.37	6.68	5.25	5.67	4.91
Food and Non-Alcoholic Beverages	3.63	3.62	3.90	4.11	5.71	8.33	8.90	8.83	7.66	8.09	6.11	6.27	6.16
Alcoholic Beverages, Tobacco and Narcotics	-0.48	0.40	-0.26	0.08	0.10	-0.14	0.44	1.05	-0.48	0.38	0.40	1.12	1.50
Clothing and Footwear	2.56	1.91	0.26	1.28	1.76	1.95	2.90	2.55	2.39	2.74	3.15	3.80	3.04
Housing, Water, Electricity, Gas and other Fuels	2.90	2.77	3.31	3.05	4.37	4.16	4.55	4.00	4.05	5.32	3.79	4.54	2.13
Furnishings, Household Maintenance	1.46	1.45	0.61	0.82	1.99	1.95	2.23	2.21	2.15	2.65	2.30	2.49	2.22
Health	0.67	1.40	1.01	1.28	1.15	2.12	0.95	0.93	0.99	0.28	0.15	0.28	-1.44
Transport	3.37	4.57	5.54	5.12	7.63	6.79	7.46	8.85	8.53	8.93	7.27	7.64	6.32
Communication	0.49	1.31	1.96	2.66	2.24	1.76	1.59	1.65	3.18	-2.40	-2.32	-1.62	-0.51
Recreation and Culture	0.46	-0.49	0.00	-1.64	-1.99	-2.30	-1.76	-1.85	-2.45	-2.74	-1.65	-0.90	-1.19
Education	1.01	0.56	0.00	0.56	0.25	0.20	-0.43	-0.15	0.25	1.06	1.43	1.43	1.80
Restaurants	2.41	3.68	6.99	6.32	8.15	8.82	10.94	10.87	9.25	7.34	6.79	8.51	7.51
Miscellaneous Goods and Services	9.98	8.48	7.87	8.74	9.53	9.24	9.30	9.45	10.00	10.96	9.50	10.17	8.53
	Three-month moving average												
All Items	138.88	138.40	138.74	139.46	140.60	142.10	143.53	144.71	145.31	146.15	146.75	146.93	146.21
Annual Percentage Change	3.35	3.22	3.42	3.64	4.28	5.18	6.27	6.88	6.84	6.72	6.10	5.86	5.28
	Twelve-month moving average												
All Items	136.36	136.74	137.16	137.59	138.18	138.91	139.70	140.51	141.24	142.00	142.62	143.27	143.84
Annual Percentage Change	4.00	3.71	3.43	3.21	3.21	3.38	3.76	4.22	4.60	5.00	5.13	5.34	5.48

Table 2 : Consumer Price Index (CPI) December 2007 - December 2011

(October-December, 2006=100)

Consumer Price Index	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11
CPI (All Items)	113.10	127.26	134.03	138.25	145.03
Food and Non-Alcoholic Beverages	118.47	141.06	148.71	154.11	163.60
Alcoholic Beverages, Tobacco and Narcotics	102.20	111.00	122.48	121.89	123.72
Clothing and Footwear	101.99	108.92	111.75	114.61	118.09
Housing, Water, Electricity, Gas and other Fuels	112.66	115.34	117.62	121.03	123.61
Furnishings, Household Maintenance	106.64	114.50	120.01	121.76	124.47
Health	105.52	109.94	116.31	117.09	115.40
Transport	112.51	104.21	116.66	120.59	128.22
Communication	85.24	78.45	72.99	73.35	72.98
Recreation and Culture	98.65	104.71	103.09	103.57	102.34
Education	106.00	127.40	138.76	140.16	142.69
Restaurants	108.19	165.62	171.97	176.12	189.34
Miscellaneous Goods and Services	110.06	113.86	126.75	139.40	151.29
	Month to Month Change (%)				
CPI (All Items)	1.06	-3.93	-0.09	-0.16	-0.88
Food and Non-Alcoholic Beverages	0.32	-4.56	-1.00	-1.37	-1.47
Alcoholic Beverages, Tobacco and Narcotics	0.31	0.94	-0.51	-0.55	-0.17
Clothing and Footwear	0.44	-0.71	-0.25	-0.05	-0.79
Housing, Water, Electricity, Gas and other Fuels	3.78	-4.76	2.25	2.45	0.09
Furnishings, Household Maintenance	0.40	-0.76	0.39	-0.01	-0.27
Health	0.06	-0.48	-0.03	0.38	-1.34
Transport	2.65	-8.46	0.31	1.48	0.24
Communication	-0.79	-1.27	-0.81	-0.53	0.59
Recreation and Culture	-0.26	-0.24	-1.88	0.49	0.19
Education	0.00	0.00	0.00	0.00	0.36
Restaurants	0.09	0.53	1.11	0.18	-0.75
Miscellaneous Goods and Services	-2.31	0.09	0.95	-0.11	-1.60
	Year on Year Change (%)				
CPI (All Items)	13.95	12.52	5.32	3.14	4.91
Food and Non-Alcoholic Beverages	19.62	19.08	5.42	3.63	6.16
Alcoholic Beverages, Tobacco and Narcotics	2.94	8.60	10.34	-0.48	1.50
Clothing and Footwear	3.60	6.80	2.60	2.56	3.04
Housing, Water, Electricity, Gas and other Fuels	12.74	2.38	1.98	2.90	2.13
Furnishings, Household Maintenance	6.23	7.37	4.81	1.46	2.22
Health	5.48	4.19	5.80	0.67	-1.44
Transport	13.88	-7.38	11.94	3.37	6.32
Communication	-12.03	-7.97	-6.95	0.49	-0.51
Recreation and Culture	-1.06	6.15	-1.54	0.46	-1.19
Education	6.72	20.19	8.92	1.01	1.80
Restaurants	9.14	53.09	3.84	2.41	7.51
Miscellaneous Goods and Services	10.51	3.45	11.32	9.98	8.53
	Three-month moving average				
All Items	112.33	132.27	134.38	138.88	146.21
Annual Percentage Change	12.33	17.76	1.59	3.35	5.28
	Twelve-month moving average				
All Items	105.60	132.00	131.12	136.36	143.84
Annual Percentage Change	7.67	25.00	-0.66	4.00	5.48

Table 3: Some Asean And European Currencies Against Khmer Riel(End Period Buying Rate) (Rate)

Currencies	Dec-10	2011												% Change Dec.11- Dec.10				
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec					
IMF																		
Special Drawing Right	6,242	6,339	6,340	6,335	6,518	6,506	6,579	6,573	6,589	6,400	6,529	6,272	6,181					-1.0
ASIA																		
Australian Dollar	4,114	4,001	4,091	4,132	4,396	4,373	4,406	4,506	4,369	4,000	4,387	4,043	4,098					-0.4
Hong Kong Dollar	521	520	518	515	517	524	529	526	525	524	528	517	520					-0.2
Japanese Yen	49.70	49.32	49.42	48.18	49.26	50.44	51.00	52.68	53.38	53.22	54.01	51.64	52.01					4.6
Korean Won	3.59	3.60	3.57	3.63	3.74	3.79	3.84	3.90	3.82	3.46	3.71	3.53	3.50					-2.5
New Zealand Dollar	3,123	3,117	3,031	3,050	3,230	3,342	3,409	3,567	3,484	3,138	3,372	3,076	3,119					-0.1
Chinese Yuan	613	615	614	611	618	629	637	636	641	637	645	632	639					4.2
Taiwan Dollar	139	140	136	136	140	142	142	142	141	134	136	133	133					-4.3
ASEAN																		
Indonesian Rupiah	0.45	0.448	0.457	0.459	0.468	0.477	0.478	0.483	0.479	0.454	0.464	0.440	0.445					-1.1
Malaysian Ringgit	1,318	1,322	1,321	1,324	1,354	1,355	1,362	1,389	1,374	1,281	1,334	1,270	1,274					-3.3
Philippine Peso	92.48	91.80	92.19	92.26	93.46	94.19	94.60	96.93	96.62	93.54	95.72	92.35	92.10					-0.4
Singapore Dollar	3,143	3,147	3,164	3,175	3,277	3,311	3,339	3,408	3,392	3,150	3,297	3,110	3,108					-1.1
Thai Baht	134	130	132	132	134	135	134	138	136	131	134	129	127					-5.2
Vietnamese Dong	0.208	0.208	0.193	0.192	0.196	0.198	0.200	0.198	0.196	0.195	0.195	0.192	0.192					-7.7
EUROPE																		
Euro	5,387	5,504	5,537	5,657	5,968	5,847	5,955	5,876	5,909	5,546	5,810	5,371	5,230					-2.9
Other																		
Great Britain Pounds	6,252	6,411	6,494	6,440	6,692	6,731	6,612	6,708	6,676	6,371	6,592	6,290	6,225					-0.4

Table 4: Monetary Survey

(In Billion Riels)

	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11
Net Foreign Assets	10,735	10,346	14,655	16,698	17,894
Foreign Assets	11,890	12,886	16,514	18,918	20,617
Foreign Liabilities	-1,156	-2,540	-1,858	-2,220	-2,723
Net Domestic Assets	576	1,513	1,573	2,779	5,761
Domestic Credit	4,570	6,907	8,280	11,206	15,430
Net Claims on Government	-1,816	-2,987	-2,252	-2,127	-2,123
Claims	297	270	270	270	270
Deposits	-2,113	-3,257	-2,522	-2,397	-2,394
Non-Government	6,386	9,894	10,532	13,333	17,553
Public Enterprises	1	1	0	2	0
Private Sector	6,385	9,893	10,532	13,331	17,553
Of Which in Foreign Currency	6,161	9,603	10,214	12,886	17,115
Other Items (Net)	-3,994	-5,394	-6,707	-8,428	-9,669
Restricted Deposits	-255	-288	-341	-476	-608
Capital and Reserves	-4,312	-5,776	-7,258	-8,674	-9,703
Others	572	670	892	722	641
Liquidity (M2)	11,311	11,859	16,228	19,477	23,655
Money (M1)	2,052	2,400	3,120	3,221	3,956
Currency Outside Banks	1,990	2,295	3,002	3,099	3,772
Demand Deposit	62	105	119	122	185
Quasi-Money	9,259	9,459	13,108	16,256	19,698
Time and Savings Deposits	121	185	359	408	557
Foreign Currency Deposits	9,138	9,274	12,749	15,848	19,141

Table 5: Monetary Survey

(Annual percentage change)

	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11
Net Foreign Assets	48.6	-3.6	41.7	13.9	7.2
Foreign Assets	55.4	8.4	28.2	14.6	9.0
Foreign Liabilities	171.5	119.8	-26.8	19.4	22.7
Net Domestic Assets	304.2	162.7	4.0	76.6	107.3
Domestic Credit	70.7	51.1	19.9	35.3	37.7
Net Claims on Government	-90.5	-64.5	24.6	5.6	0.2
Claims	3.6	-8.9	0.0	0.0	0.0
Deposits	70.4	54.2	-22.6	-5.0	-0.1
Non-Government	75.9	54.9	6.4	26.6	31.6
State Enterprises	-43.5	-49.8	-100.0	100.0	-100.0
Private Sector	76.0	55.0	6.5	26.6	31.7
Of Which in Foreign Currency	77.3	55.9	6.4	26.2	31.7
Other Items (Net)	-35.0	-35.0	-24.3	-25.7	-14.7
Restricted Deposits	64.2	13.1	18.5	39.6	27.6
Capital and Reserves	33.0	34.0	25.7	19.5	11.9
Others	30.8	17.1	33.2	-19.1	-11.2
Liquidity	62.9	4.8	36.8	20.0	21.5
Money	23.8	16.9	30.0	3.2	22.8
Currency Outside Banks	24.4	15.3	30.8	3.2	21.7
Demand Deposits	7.1	68.3	13.2	3.1	50.9
Quasi-Money	75.2	2.2	38.6	24.0	21.2
Time and Savings Deposits	36.6	52.7	94.1	13.8	36.4
Foreign Currency Deposits	75.9	1.5	37.5	24.3	20.8

Table 6: Monetary Authority

	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11
(In Billion Riels)					
Reserve Money	5,018	6,100	8,741	10,245	11,033
Currency Outside Banks	1,990	2,295	3,002	3,099	3,772
Vault Cash	47	90	86	140	176
Bank Deposits	2,968	3,688	5,621	6,978	7,032
Required Reserves	778	1,632	1,677	2,134	2,634
Other	2,191	2,055	3,945	4,844	4,398
Other Deposits	13	28	32	28	53
Net Foreign Assets	8,579	10,776	13,262	14,982	16,010
Foreign Assets	8,579	10,776	13,710	15,410	16,435
Foreign Liabilities	0	0	448	428	425
Net Domestic Assets	-3,561	-4,676	-4,520	-4,738	-4,977
Net Claims on Government	-1,632	-2,696	-1,976	-1,785	-1,783
Claims	297	270	270	270	270
Deposits	-1,929	-2,966	-2,246	-2,055	-2,054
Net Claims on Banks	-151	-194	-296	-439	-576
Claim on Private Sector	2	2	2	0	0
Other Items (Net)	-1,779	-1,788	-2,250	-2,514	-2,617
(Annual Percentage Change)					
Reserve Money	48.3	21.6	43.3	17.2	7.7
Currency Outside Banks	24.4	15.3	30.8	3.2	21.7
Vault Cash	58.8	90.8	-4.0	62.6	25.3
Bank Deposits	71.0	24.2	52.4	24.1	0.8
Required Reserves	81.7	109.8	2.8	27.3	23.4
Other	67.5	-6.2	91.9	22.8	-9.2
Other Deposits	-25.8	118.6	15.1	-14.1	92.4
Net Foreign Assets	49.8	25.6	23.1	13.0	6.9
Foreign Assets	49.8	25.6	27.2	12.4	6.6
Foreign Liabilities	-	-	100.0	-4.5	-0.8
Net Domestic Assets	-51.8	-31.3	3.3	-4.8	-5.1
Net Claims on Government	-102.2	-65.2	26.7	9.7	-0.1
Claims	3.6	-8.9	-0.1	0.0	0.0
Deposits	76.4	53.8	-24.3	-8.5	-0.1
Net Claims on Banks	64.6	28.1	-52.8	-48.1	-31.3
Claims on Private Sector	-3.5	-2.2	-4.2	-100.0	-100.0
Other Items (Net)	-22.8	-0.5	-25.9	-11.7	-4.1

Table 7: Deposit Money Banks

	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11
(In Billion Riels)					
Net Foreign Assets	2,156	-431	1,393	1,715	1,884
Foreign Assets	3,311	2,110	2,804	3,508	4,182
Foreign Liabilities	-1,156	-2,540	-1,411	-1,792	-2,298
Net Domestic Assets	4,020	5,962	5,733	7,185	10,722
Domestic credit	6,160	9,561	10,254	12,991	17,213
Claims on Central Government (Net)	-184	-292	-276	-342	-340
Claims on public enterprises	1	1	0	2	0
Claims on private sector	6,383	9,892	10,530	13,331	17,553
Claims on MA (Net)	-40	-40	0	0	0
Other Items (Net)	-2,140	-3,598	-4,521	-5,806	-6,492
Reserves	3,132	4,005	6,068	7,450	7,224
Cash	47	90	86	140	176
Deposits at NBC	3,085	3,915	5,982	7,309	7,048
Domestic Liabilities	9,308	9,537	13,194	16,350	19,830
Demand Deposits	49	77	86	95	131
Time and Savings Deposits	121	185	359	408	557
Foreign Currency Deposits	9,138	9,275	12,749	15,848	19,141
Total Assets = Total Liabilities	13,543	17,308	21,344	26,372	32,216
(Annual Percentage Change)					
Net Foreign Assets	44.1	-120.0	-423.6	23.1	9.8
Foreign Assets	72.3	-36.3	32.9	25.1	19.2
Foreign Liabilities	171.5	119.8	-44.5	27.0	28.2
Net Domestic Assets	104.9	48.3	-3.8	25.3	49.2
Domestic Credit	76.5	55.2	7.3	26.7	32.5
Claims on Central Government (Net)	-25.6	-58.5	5.3	-23.9	0.7
Claims on Public Enterprises	-43.6	-49.0	-100.0	0.0	0.0
Claims on Private Sector	76.0	55.0	6.5	26.6	31.7
Claims on MA (Net)	-579.7	0.0	-100.0	100.0	0.0
Other Items (Net)	-40.1	-68.2	-25.6	-28.4	-11.8
Reserves	67.7	27.9	51.5	22.8	-3.0
Cash	58.8	90.8	-4.0	62.6	25.3
Deposits at NBC	67.9	26.9	52.8	22.2	-3.6
Domestic Liabilities	74.8	2.5	38.4	23.9	21.3
Demand Deposits	21.0	56.1	11.8	9.5	38.8
Time and Savings Deposits	36.6	52.7	94.1	13.8	36.4
Foreign Currency Deposits	75.9	1.5	37.5	24.3	20.8
Total Assets = Total Liabilities	70.1	27.8	23.3	23.6	22.2

Table 8: Credit Granted Classified by Ownership in the Economic Sector

(In Billion Riels)

	Dec-09	Dec-10	Oct-11	Nov-11	Dec-11
1. Financial Institutions	145	177	246	283	324
National Bank of Cambodia(NBC)	0	0	0	0	
Depository Institutions	10	18	38	84	105
Other Financial Institutions	135	160	208	199	220
2. Non-Financial Institutions	9,208	11,695	14,238	14,401	15,037
Agriculture, Forestry and Fishing	709	884	1,369	1,450	1,581
Mining and Quarrying	11	55	14	14	13
Manufacturing	920	1,150	1,563	1,576	1,623
Utilities	56	73	173	173	212
Construction	904	931	1,309	1,298	1,318
Wholesale Trade	1,353	2,316	2,369	2,432	2,494
Retail Trade	1,922	2,369	2,975	2,980	3,195
Hotels and Restaurants	1,262	1,288	1,270	1,262	1,318
Transport and Storage	176	252	287	302	272
Information Media and Telecommunications	308	356	488	493	528
Rental and Operational Leasing Activities, excluded Real Estate Leasing and Rentals	46	99	292	291	293
Real Estate Activities	663	613	549	530	566
Other Non-Financial Services	879	1,309	1,579	1,600	1,624
3. Personal Essentials	1,142	1,183	1,970	1,940	2,010
Personal Lending	748	684	843	841	879
Credit Cards	17	24	75	38	33
Mortgages, Owner-Occupied Housing only	378	476	1,052	1,062	1,098
4. Other Lending	46	165	291	280	297
Total Gross Loan	10,541	13,221	16,745	16,904	17,668

Table 9: Deposits with Deposit Money Banks

(In Billion Riels)

	Dec-09	Dec-10	Oct-11	Nov-11	Dec-11
Deposits in Riel					
Demand deposits	102	141	215	212	176
Savings deposits	233	198	240	269	267
Fixed deposits	139	201	282	284	282
Others	1	1	1	1	1
Total	476	541	737	765	725
Deposits in Foreign Currency					
Demand deposits	2,714	3,219	3,531	3,802	3,835
Savings deposits	4,256	6,074	6,881	6,861	7,010
Fixed deposits	6,308	7,565	9,096	8,941	8,898
Others	89	80	142	130	412
Total	13,366	16,938	19,651	19,734	20,156
GRAND TOTAL	13,842	17,479	20,388	20,498	20,881

Cambodia: Balance of Payments

Year 2008 – 2011

(USD million)

	2008	2009	2010	2011 ^F
Balance of trade	-1,583.6	-1,494.2	-1,581.6	-1,481.7
Exports (FOB)	3,493.1	2,995.7	3,884.3	4,700.5
Domestic exports	3,254.8	2,733.7	3,620.2	4,497.6
GSP exports (mostly garment)	3,158.2	2,626.7	3,435.7	4,294.7
Other domestic exports	96.6	107.0	184.5	202.9
Re-exports (including profit and transportation cost)	238.3	262.0	264.1	269.4
Imports (FOB)	-5,076.7	-4,489.9	-5,466.0	-6,182.2
Retained imports	-4,893.7	-4,288.8	-5,262.2	-5,982.2
Garment sector	-1,193.3	-1,049.9	-1,358.8	-1,630.6
Petroleum	-420.7	-413.7	-465.9	-535.8
Electricity	-20.3	-54.5	-104.9	-150.0
Other retained imports	-3,259.4	-2,770.6	-3,332.6	-3,665.9
Imports for re-exports	-182.9	-201.1	-203.7	-200.0
Net services	627.2	615.3	697.3	794.4
Receipts	1,527.4	1,524.7	1,669.0	1,789.7
Of which : Travel services	1,101.1	1,081.5	1,179.6	1,274.0
Payments	-900.2	-909.4	-971.7	-995.3
Of which : Travel services	-97.0	-103.5	-197.8	-296.7
Net income	-474.8	-477.2	-529.8	-569.0
Receipts	108.2	55.6	58.7	58.3
Of which : Interest	62.6	26.2	28.4	28.5
Payments	-583.0	-532.8	-588.5	-627.3
Of which : Interest payable (including arrears)	-46.5	-48.8	-52.0	-53.0
Income on equity	-389.9	-344.2	-385.6	-420.3
Private transfers, net	280.7	290.4	243.0	245.4
Receipts	368.1	367.6	351.5	355.0
Payments	-87.4	-77.2	-108.5	-109.6
BALANCE ON CURRENT ACCOUNT (excluding official transfers)	-1,150.5	-1,065.7	-1,171.2	-1,010.9
Official transfers	563.3	592.6	730.5	722.6
Receipts	563.6	592.9	730.8	722.9
Payments	-0.3	-0.3	-0.3	-0.3
BALANCE ON CURRENT ACCOUNT & OFFICIAL TRANSFERS	-587.2	-473.0	-440.7	-288.3
FINANCIAL ACCOUNT	1,154.2	476.7	620.4	553.3
Official sector loans (excluding IMF), net*	234.7	153.1	244.9	208.0
Drawings	244.9	164.1	257.1	220.0
Repayments	-10.2	-11.0	-12.1	-12.0
Non-official sector investment	919.5	323.6	375.4	345.3
Direct Investment, net*	794.7	520.2	762.0	677.5
Portfolio Investment Assets*	-11.6	-7.6	-36.7	-42.2
Other Investment, net*	136.4	-189.0	-349.9	-290.0
Net errors and omissions	-45.0	-8.4	-29.4	-49.8
OVERALL BALANCE	522.0	-4.7	150.3	215.3
FINANCING	-522.0	4.7	-150.3	-215.3
Net foreign assets of the NBC*	-534.8	-8.1	-163.0	-228.0
Change in Reserve Assets	-534.8	-116.6	-163.0	-228.0
Use of IMF credit	-	-	-	-
Allocation of SDRs	-	108.5	-	-
Exceptional financing	12.8	12.8	12.8	12.8

* A positive Value denotes an increase in foreign liabilities or a decrease in foreign assets and a Negative Value denotes an increase in foreign assets or a decrease in foreign liabilities

Sources: Data provided by Cambodian authorities, and NBC staff estimates.

Notes: - Provisional Data for 2008 - 2010 (Subject to change)

- F: Data Forecasted for 2011

