



CREDIT & BOND RATINGS IN CAMBODIA:

Building Trust, Market Discipline and
Investor Access



Cambodia's financial system is entering a more important stage of development. For many years, economic growth was mainly supported by bank lending, foreign direct investment, real estate activity, trade, manufacturing, tourism and private-sector expansion. That model helped Cambodia grow quickly, but the next stage requires deeper capital markets, stronger issuer transparency, better risk pricing and wider investor participation.

Credit and Bond Ratings

A credit rating is not simply a letter grade. It is an independent opinion on an issuer's ability and willingness to meet financial obligations. A bond rating goes further by assessing the specific risk of a debt instrument, including repayment capacity, security structure, guarantees, covenants, recovery prospects and instrument-level protections.

For Cambodia, ratings matter because they help move the market from relationship-based lending toward transparent, rules-based capital formation.

Cambodia's economy remains sizeable and investable, but it also faces a more complex environment. The World Bank estimated Cambodia's 2025 GDP at about US\$50.5 billion, with real GDP growth estimated at 4.8% in 2025, projected to moderate to 3.9% in 2026 and recover to 4.9% in 2027. The same outlook notes that manufacturing FDI remains an important support, with FDI inflows reaching US\$5.1 billion in 2025, or 10.1% of GDP.

At the same time, Cambodia's capital market is becoming more active. The National Bank of Cambodia's Financial Stability Review 2025 noted that the government bond market expanded significantly, with total government bond issuance reaching KHR 691.2 billion, or about US\$172.2 million, and government bonds outstanding reaching KHR 990.5 billion. Corporate bonds also grew strongly, with outstanding corporate bonds reaching KHR 1.5 trillion, or about US\$379.1 million, up 172.5% from the previous year.

That is precisely why ratings are no longer optional market decoration. They are becoming part of Cambodia's financial infrastructure.

Why Credit & Bond Ratings Matter for Cambodia

Independent ratings can support Cambodia in several practical ways.

1. First, they **reduce information gaps**. Investors, banks, regulators and market participants need a common language to understand credit risk. Ratings provide that language by converting complex financial, legal, operational and governance analysis into an understandable risk opinion.
2. Second, ratings can help **lower funding friction**. A transparent rating does not guarantee cheaper funding, but it can make funding discussions more disciplined. Issuers with stronger governance, better disclosure, predictable cash flows and stronger risk controls are generally better positioned to attract investors.
3. Third, ratings help Cambodia **broaden its investor base**. Domestic investors may understand local market conditions, but foreign investors normally require more structured disclosure. They need to understand sovereign risk, legal enforceability, foreign-exchange risk, transferability, recovery assumptions, ESG credibility and cross-border repayment mechanics.
4. Fourth, ratings support **regional credibility**. Cambodia is not competing only inside Cambodia. It is competing for capital against Vietnam, Thailand, Malaysia, Indonesia and other emerging ASEAN markets. A stronger rating culture helps Cambodian issuers present themselves in a format regional and international investors can understand.



5. Fifth, ratings strengthen **market discipline**. Once issuers know that governance, disclosure, leverage, liquidity, covenants, related-party exposure, ESG practices and risk management will be independently assessed, the quality of corporate behaviour tends to improve.

This aligns with Cambodia's securities-sector development priorities. The Securities Sector Development Strategy 2025–2035 notes that Cambodia's securities regulatory framework is robust and aligned with IOSCO principles and international practices, while also recognising that the development of the government securities market is important for deepening the corporate bond market. The same strategy also identifies constraints, including limited domestic savings capacity and the high level of US dollar transactions in Cambodia.

Andersen Cambodia's Role

Andersen Cambodia is an **accredited Credit Rating Agency in Cambodia**, bringing independent, methodology-driven research, ratings and credit assessments to Cambodia's developing capital market.

The firm delivers independent credit ratings, financial-strength assessments and risk analytics aligned with regulatory expectations. Public commentary has also highlighted Andersen Cambodia's more than 25 years of regional and international ratings, research and analytical experience, combining global best practice with local market understanding.

This is important because Cambodia needs ratings that are **both globally credible and locally grounded**. International standards alone are not enough if they are not adapted to Cambodia's legal, regulatory, banking, business and investor environment. Equally, local market knowledge alone is not enough if it is not supported by disciplined methodology, documentation, transparency and rating governance.

Andersen Cambodia helps bridge that gap by delivering independent, methodology-driven research, ratings and credit assessments aligned with both international standards and Cambodia's regulatory framework. In practical terms, this helps Cambodian issuers strengthen transparency, improve investor communication, support better funding access and broaden participation from both domestic and cross-border investors.

Andersen Cambodia was recently **recognised by SERC** for contributions to Cambodia's capital-market development, including support for a stronger, more transparent and more inclusive investment environment.

Beyond Regulated Ratings: SuperBankRatings

Beyond regulated credit ratings, Andersen Cambodia also deploys **SuperBankRatings**, a specialised financial-services research and benchmarking framework.

SuperBankRatings is positioned as Cambodia's premier source for independent bank research, ratings, views and financial education. Its stated mission is to equip banks with strategic insights, close the information gap between banks and customers, and improve transparency, governance and compliance standards.

This is especially relevant for Cambodia's banking and financial-services sector. Regulated credit ratings assess creditworthiness. SuperBankRatings adds another layer of institutional insight by benchmarking banks on areas such as governance strength, risk discipline, innovation, sustainability performance, market positioning, product quality, transparency and customer-facing performance.

This broader benchmarking framework can enhance institutional positioning. It gives banks and financial institutions a clearer view of where they stand, where they are strong, and where they need to improve. In a developing market, this type of benchmarking can support better governance, stronger customer trust and more informed investor engagement.

Localised “kh” Ratings vs International Ratings

One of the most important issues for Cambodia is the difference between a localised **Cambodian national-scale rating**, often expressed as a “kh” rating, and an **international or global-scale rating**.

A localised “kh” rating ranks credit risk **within Cambodia**. For example, a “kh AAA” rating may indicate that an issuer or bond is among the strongest credit risks on a Cambodian national scale. However, it is not automatically equivalent to an international AAA rating.

The reason is simple: a national-scale rating measures relative strength **inside the country**, while an international rating measures risk against a broader global universe of issuers and instruments.

A Cambodian bond may therefore be very strong domestically, but receive a lower international view because foreign investors will apply additional risk tests. These may include Cambodia sovereign risk, foreign-exchange and convertibility risk, transferability risk, offtaker risk, construction risk, operating risk, legal enforceability, ESG credibility and recovery uncertainty.

This is not a weakness of the Cambodian rating system. It is a necessary distinction.

A local rating helps domestic investors understand relative risk within Cambodia. An international rating helps global investors compare the Cambodian issuer or bond against issuers in other countries.

The International Investor Risk Overlay

For Cambodia, the most useful bridge between local and international ratings is the **International Investor Risk Overlay**.

This overlay explains why a bond may look strong domestically but lower under an international investor lens.

The International Investor Risk Overlay covers:

AREA	REQUIRED CRA COMMENTARY
Sovereign ceiling	Whether the project or bond rating is constrained by Cambodia country risk, sovereign environment, regulatory conditions or broader macroeconomic limitations.
FX risk	Whether project revenue, operating costs, reserve accounts and debt obligations are denominated in the same currency, and whether FX mismatch is mitigated.
Transfer risk	Whether interest, principal and distributions can be remitted offshore to foreign investors without material restriction, delay or currency-conversion risk.
PPA risk	For power and infrastructure bonds, whether the offtaker has adequate credit strength, payment history, tariff certainty and contractual reliability.
Construction risk	Whether the project is exposed to EPC failure, delay, cost overrun, permitting, grid-connection, technical-completion or COD risk.
Operating risk	Whether the asset has reliable O&M, availability, performance-ratio assumptions, insurance coverage, monitoring systems and operating track record.
Legal risk	Whether security, trustee rights, step-in rights, account controls, enforcement rights and creditor ranking are clear and enforceable.
ESG / green bond risk	Whether the bond has credible EIA, ESMP, ICMA-aligned documentation, SPO, use-of-proceeds controls and ongoing reporting commitments.
Recovery analysis	What bondholders may reasonably recover in a default scenario, based on collateral, seniority, guarantees, legal enforceability and restructuring assumptions.

This overlay is critical for Cambodia because international investors do not only ask,

... “What is the rating?” ... They ask, ... “What does the rating mean, what does it not mean, where are the risks, how are they mitigated, and what happens if the transaction fails?”...



The Next Stages

Cambodia's next stage of financial development will depend on more than growth alone.

It will depend on;

- ✓ Trust,
- ✓ Transparency,
- ✓ Governance,
- ✓ Disclosure,
- ✓ Investor confidence and
- ✓ Disciplined Capital Allocation.

Credit and Bond Ratings help provide that discipline.

- For **issuers**, ratings can improve credibility and investor communication.
- For **investors**, ratings can support risk comparison and due diligence.
- For **regulators**, ratings can support market discipline and transparency.
- For the Kingdom, ratings can help connect domestic growth ambitions with regional and international capital.

Andersen Cambodia, as an accredited credit rating agency, is well positioned to contribute to this development by combining international methodology, local market understanding, independent research and Cambodia-specific regulatory alignment.

The broader opportunity is not simply to rate Cambodian issuers. It is to help Cambodia build a more transparent, investable and institutionally credible financial market.

Andersen Cambodia Master Rating Scale

The **Andersen Cambodia Master Rating Scale** is a positive step toward clearer market communication. It provides an internationally comparable long-term credit and bond rating framework, with rating categories from AAA to D and supporting descriptions for credit quality, default probability, recovery implications and instrument-level notching considerations.

One strong feature of the Andersen Cambodia Master Rating Scale is that it separates several issues that are often confused in emerging markets.

1. It recognises that issuer ratings and issue ratings may differ. A company may have one credit profile, but a specific bond may be stronger or weaker depending on security, guarantee support, contractual priority, structural subordination, loss severity and recovery prospects.
2. It also makes clear that ratings are opinions, not guarantees, and that no rating should be described as risk-free. Even the highest rating category does not eliminate market risk, liquidity risk, legal risk, regulatory risk, event risk or operational risk.
3. The scale also identifies BBB- as the common investment-grade floor, with BB+ and below generally treated as speculative grade or high yield.

This type of rating scale is valuable for Cambodia because it helps investors see rating migration, investor eligibility and risk escalation more clearly. It also helps issuers understand what separates investment-grade strength from speculative-grade vulnerability.



Andersen Cambodia Master Rating Scale

DETAILED MASTER RATING SCALE

Color coding is intended to make rating migration, investor eligibility and risk escalation visible at a glance. The international comparator is indicative and should not override local rating definitions, national-scale identifiers or transaction-specific methodology.

ANDERSEN RATING	RATING GRADE	CREDIT QUALITY DEFINITION	DEFAULT PROBABILITY / RISK SIGNAL	RECOVERY / INVESTOR IMPLICATION	INSTRUMENT-LEVEL NOTCHING CONSIDERATIONS
AAA	Highest Investment Grade	Highest credit quality. The issuer has extremely strong capacity to meet financial commitments.	Lowest expected default risk within the rating scale.	Premium credit quality; typically associated with the tightest credit spreads and strongest investor confidence, but not risk-free.	Instrument rating may be notched lower if structurally subordinated, unsecured, or exposed to weak recovery prospects.
AA+	Very High Investment Grade	Very strong capacity to meet financial commitments; differs only slightly from the highest-rated obligations.	Very low expected default risk.	Very strong investor acceptance; close to top-tier credit quality.	Notching may apply for subordination, weak covenants, or lower-ranking debt.
AA	Very High Investment Grade	Very strong capacity to meet financial commitments.	Very low default risk, though marginally higher than AAA / AA+.	High institutional-quality credit; strong access to capital markets.	Senior secured obligations may align with issuer rating; subordinated or hybrid instruments may be notched lower.
AA-	Very High Investment Grade	Very strong capacity, but marginally weaker than higher AA notches.	Very low default risk, with some sensitivity to adverse conditions.	Strong institutional-grade quality; typically, suitable for conservative portfolios.	Recovery expectations and ranking in the capital structure remain relevant.
A+	Strong Investment Grade	Strong capacity to meet financial commitments, but somewhat more exposed to adverse economic, business or financial conditions than AA category.	Low default risk.	Strong investment-grade profile; generally attractive to institutional investors.	Instrument rating may differ where security, guarantee support, or structural subordination materially changes expected loss.
A	Strong Investment Grade	Strong capacity to meet financial commitments, although adverse conditions may weaken capacity more than for AA-rated obligors.	Low default risk, but with greater sensitivity to cyclical or operating stress.	High-quality investment grade.	Notching may reflect collateral quality, guarantee coverage, contractual priority, or loss severity.
A-	Strong / Upper-Medium Investment Grade	Strong current capacity, but closer to the lower investment-grade categories than higher A notches.	Low to moderate-low default risk.	Still solid investment grade, but investors may require more spread than for A / A+.	Subordinated, unsecured, or weakly covenanted instruments may be notched below the issuer rating.
BBB+	Medium Investment Grade	Adequate capacity to meet financial commitments; adverse economic or business conditions may weaken capacity.	Moderate-low default risk relative to higher investment-grade categories.	Upper end of the BBB category; generally, investment-grade eligible.	Security package, guarantee support, project structure, or seniority may materially influence issue rating.

ANDERSEN RATING	RATING GRADE	CREDIT QUALITY DEFINITION	DEFAULT PROBABILITY / RISK SIGNAL	RECOVERY / INVESTOR IMPLICATION	INSTRUMENT-LEVEL NOTCHING CONSIDERATIONS
BBB	Medium Investment Grade	Adequate capacity to meet financial commitments, but more vulnerable to adverse conditions than A-rated obligors.	Moderate default risk relative to higher investment-grade categories.	Core lower investment grade; typically, acceptable for many institutional mandates.	Instrument-level notching should be assessed where recovery prospects differ from issuer-level credit quality.
BBB-	Lowest Investment Grade	Adequate capacity to meet financial commitments, but with clear vulnerability to adverse economic, business or financial changes.	Highest risk within investment grade; close to speculative-grade threshold.	Investment-grade floor; rating pressure or downgrade risk may materially affect investor eligibility and pricing.	Notching is critical where debt is subordinated, unsecured, structurally junior, or dependent on weak contractual protections.
BB+	Highest Speculative Grade	Less vulnerable in the near term than lower-rated speculative obligations, but faces meaningful uncertainty and exposure to adverse conditions.	Elevated default risk; below investment grade.	Crossover / high-yield territory; some investors may participate selectively.	Strong collateral, guarantees or senior secured status may support issue ratings; weak recovery may result in lower notches.
BB	Speculative Grade	Speculative credit quality with ongoing uncertainty and material exposure to adverse business, financial or economic conditions.	Elevated default risk.	High-yield category; investor appetite depends heavily on pricing, security and outlook.	Instrument rating should distinguish between senior secured, senior unsecured and subordinated obligations.
BB-	Speculative Grade	Speculative credit quality; adverse developments could lead to weaker payment capacity.	Elevated to high default risk.	Higher-risk high-yield credit; spreads may widen materially during stress.	Recovery analysis becomes increasingly important.
B+	Highly Speculative	More vulnerable to non-payment than BB-rated obligations, but currently has capacity to meet financial commitments.	High default risk, especially under adverse conditions.	High-yield / speculative; investors require meaningful compensation for credit risk.	Issue rating may vary substantially based on collateral, guarantees, covenant protection and seniority.
B	Highly Speculative	Vulnerable to adverse business, financial or economic conditions, though current capacity to meet obligations remains.	High default risk.	Significant credit risk; refinancing and liquidity access are important considerations.	Senior secured debt may receive better notching than unsecured or subordinated debt if recovery prospects are stronger.
B-	Highly Speculative	Highly vulnerable; adverse developments could materially impair capacity or willingness to meet commitments.	High to very high default risk.	Weak credit profile; investor confidence may depend on liquidity runway, sponsor support or asset coverage.	Loss severity and legal enforceability should be explicitly assessed.
CCC+	Substantial Risk	Currently vulnerable and dependent on favorable business, financial or economic conditions to meet commitments.	Very high default risk.	Distressed or near-distressed credit; investor focus shifts heavily to downside protection.	Recovery analysis should be central; ranking, collateral, guarantees and restructuring position are critical.

ANDERSEN RATING	RATING GRADE	CREDIT QUALITY DEFINITION	DEFAULT PROBABILITY / RISK SIGNAL	RECOVERY / INVESTOR IMPLICATION	INSTRUMENT-LEVEL NOTCHING CONSIDERATIONS
CCC	Substantial Risk	Currently vulnerable to non-payment; capacity to meet commitments is highly dependent on favorable conditions.	Very high default risk; default could occur if conditions deteriorate.	Highly speculative; pricing may reflect distressed-risk expectations.	Issue-level rating should not assume the same risk as issuer rating if security or structural priority differs.
CCC-	Substantial / Near-Distressed Risk	Extremely vulnerable; default may be likely without favorable developments, external support, refinancing or restructuring.	Extremely high default risk.	Deeply speculative; investor analysis should focus on survival, liquidity and recovery value.	Material distinction should be made between secured, unsecured, subordinated and guaranteed instruments.
CC	Very High Risk / Near Default	Highly vulnerable to non-payment; default appears probable or very near, but may not yet have occurred.	Default risk is extremely high.	Distressed credit; investor focus is primarily on restructuring outcome and recoverable value.	Issue rating may vary sharply depending on collateral, legal priority and enforceability.
C	Near Default / Default-Like	Near default or default-like credit condition; very limited prospects for avoiding non-payment or impairment without extraordinary support or restructuring.	Default or impairment risk is imminent or extremely high.	Extremely high risk; recovery expectations should be analyzed separately, not assumed.	Subordination should be treated through notching and recovery analysis, not embedded in the general rating definition.
D	Default	Default has occurred on one or more financial commitments, or payment is not being made as required.	Default has occurred.	Recovery is uncertain and depends on collateral, seniority, guarantees, restructuring terms, jurisdiction and enforcement.	Issue-level recovery may differ materially across instruments of the same issuer.

Key Classification Notes

CLASSIFICATION	ANDERSEN RATING	PRACTICAL MEANING
Highest Investment Grade	AAA	Strongest credit quality; lowest relative expected default risk.
Very High Investment Grade	AA+, AA, AA-	Very strong capacity to pay; only modestly weaker than AAA.
Strong Investment Grade	A+, A, A-	Strong capacity, but more exposed to adverse conditions than AA.
Lower / Medium Investment Grade	BBB+, BBB, BBB-	Adequate capacity; more vulnerable to economic or business stress. BBB- is the common investment-grade floor.
Speculative Grade / High Yield	BB+, BB, BB-	Below investment grade; elevated credit risk and greater spread sensitivity.
Highly Speculative	B+, B, B-	Vulnerable credit profile; refinancing, liquidity and sponsor support become important.
Substantial Risk / Distressed	CCC+, CCC, CCC-	Very high default risk; recovery analysis becomes central.
Near Default	CC / C	Default appears probable, imminent, or default-like.
Default	D	Payment default has occurred or payment is not being made as required.

Important Rating Notes and Limitations

Ratings are opinions, not guarantees.

Ratings are independent opinions of relative creditworthiness and expected capacity to meet financial commitments. They are not recommendations to buy, sell or hold any security.

Investment-grade threshold.

Rating of BBB- above are generally considered investment grade. Rating of BB+ and below are generally considered speculative grade or high yield.

Default risk and recovery risk are separate.

A high probability of default does not automatically determine recovery. Recovery depends on collateral, seniority, guarantees, jurisdiction, restructuring terms, covenant protections and enforcement rights.

Issuer rating and issue rating may differ.

An issuer credit rating reflects the overall creditworthiness of the obligor. An issue or bond rating may be notched higher or lower based on security, guarantee support, contractual priority, structural subordination, loss severity and recovery prospects.

No rating should be described as risk-free.

Even the highest rating category does not eliminate market risk, liquidity risk, regulatory risk, legal risk, event risk or operational risk.

Local and national rating scales require caution.

A domestic or national-scale rating may rank relative credit risk within a country and should not be presented as automatically equivalent to an international global-scale rating.

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