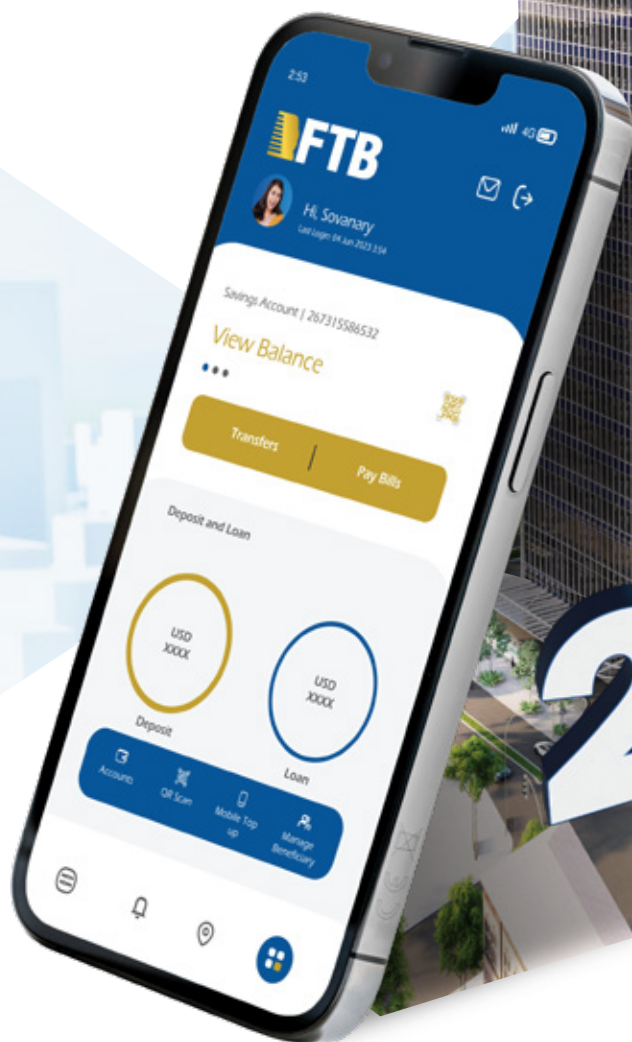


ANNUAL REPORT

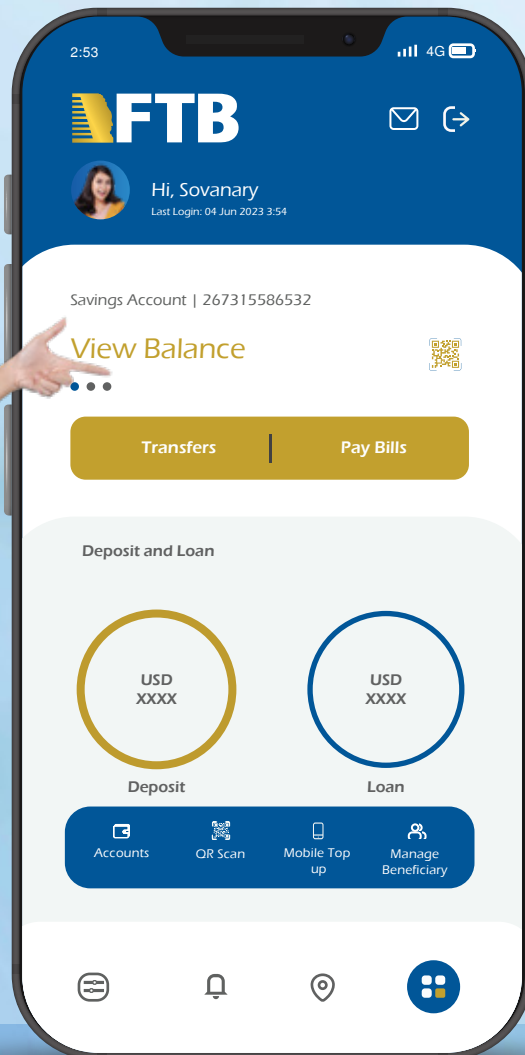
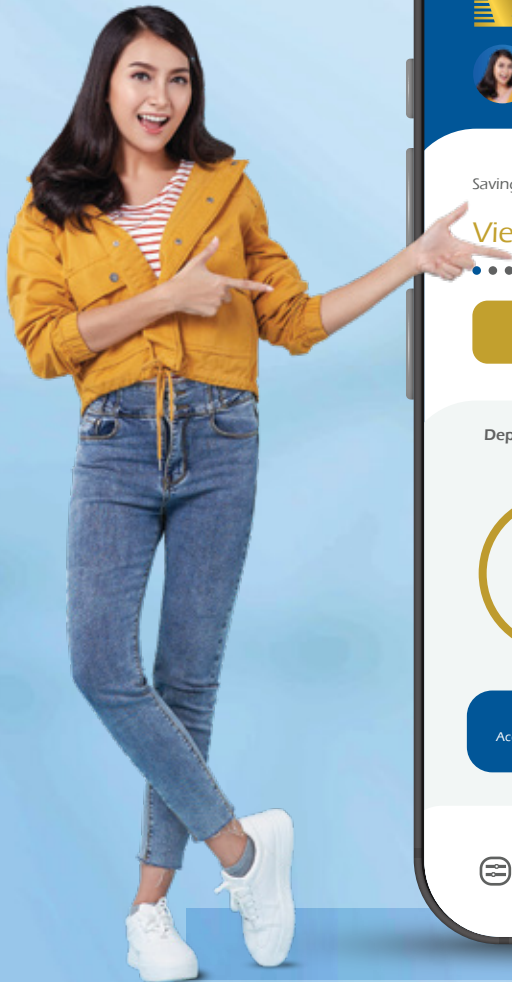


INVESTING IN THE FUTURE

FTB Mobile

Full Fill Your Need

24/7



FTB Mobile



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CORPORATE PROFILE

Status:

Commercial Bank

Ownership Structure:

State 10%, Private enterprise and Individual 90%.

Registered Capital:

- US\$38.5 million on 19 Jun 2011
- US\$75 million on 13 Jan 2017
- US\$ 79.5 Million on 07 Feb 2019

Bank's Licenses:

- No. 16 dated 04 Jan 2001
- No. B 11 dated 05 Oct 2015

Commercial Registration:

- No. Co. 8835M/2006 dated 21 Jun 2006

1979 Foreign Trade Bank of Cambodia Establishment

Operated as a department under National Bank of Cambodia.



1999 Autonomous Business Operations

FTB was authorized to conduct autonomous business operations with equal status to other commercial bank.



2000 State-owned Commercial Bank

FTB has changed legal status to state-owned commercial bank.



2002 Shareholder Transferring

National Bank of Cambodia (NBC) has transferred 80% shares to Ministry of Economic and Finance (MEF). NBC remaining hold 20% shares.



2005 Privatization

Joint venture between state and private enterprises. Canadia Bank Plc., ING Holding and MEF.



2009 Canadia Bank Plc Reduced Share

Canadia Bank Plc. sold 30.78% share to Individual Shareholders



2011 Canadia Bank Plc. Sold Final Share

Canadia Bank Plc. Sold 15.22% share to individual shareholders.



2015 Reduced Share of ING Holding

ING Holding sold 33% to Individual shareholder.



SHAREHOLDERS



Name of Shareholder	Number of Shares	%	Amount in USD
Lok Oknha MAK Kim Hong	26,235	33%	26,235,000
Mrs. KIM Tiek	18,285	23%	18,285,000
Mrs. CHHAY Kimbuoy	18,285	23%	18,285,000
ING Holding Co.,Ltd	8,745	11%	8,745,000
Ministry of Economy & Finance	7,950	10%	7,950,000
Total	79,500	100%	79,500,000



VISION, MISSION AND CORE VALUES

ABOUT FTB

First commercial bank in Cambodia, a truly local bank trusted since 1979.



1979

Establishment of Foreign Trade Bank of Cambodia, 42 years of sustainable growth



610

Total Employees



17

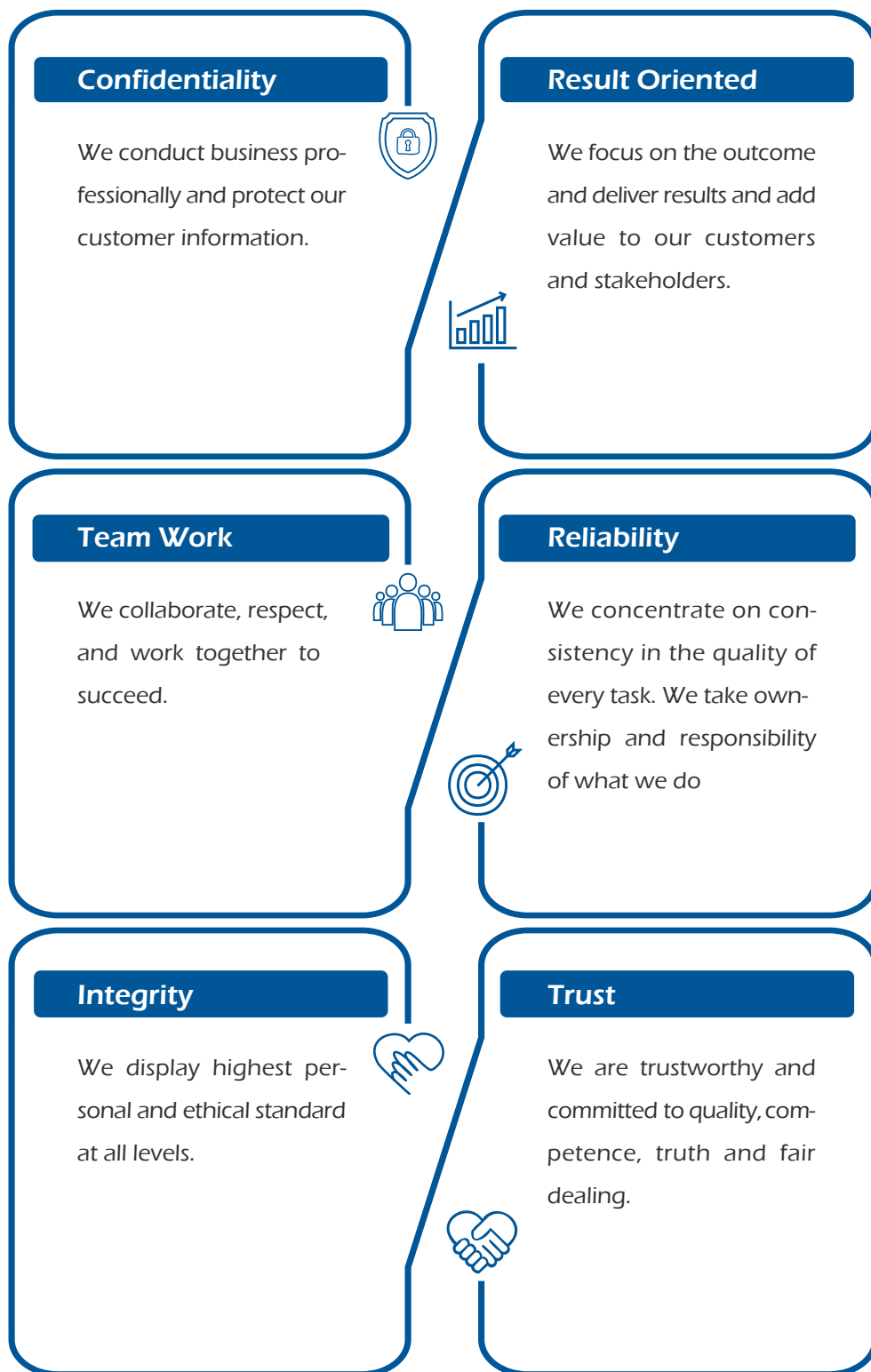
Total Branches

VISION, MISSION AND CORE VALUES



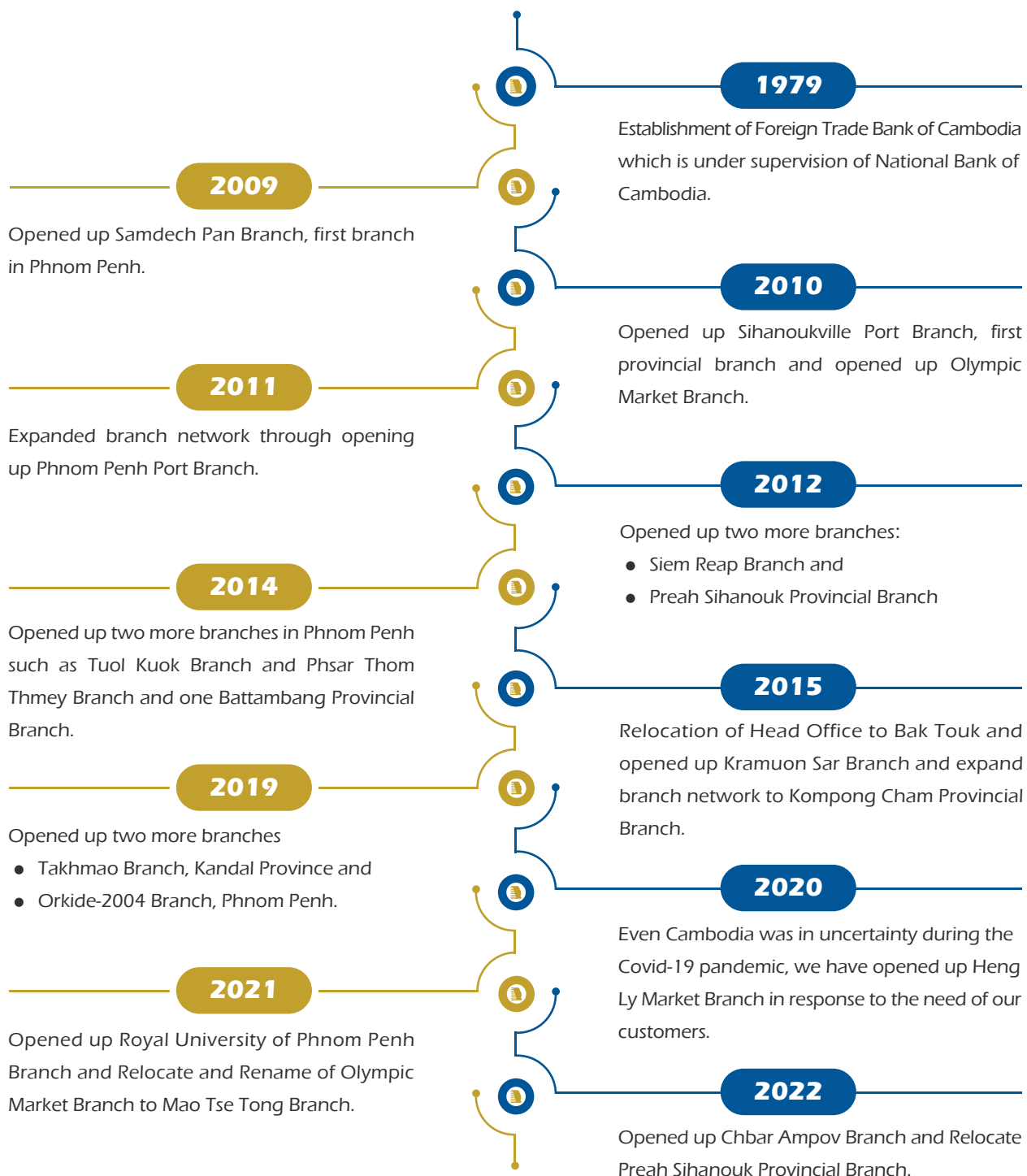
- To be the preferred commercial bank in Cambodia.
- To provide innovative banking products and services.
- To deliver timely and convenient solutions which are responsive to our customers' needs in order to grow together.
- To operate in a socially and environmentally responsible manner.
- Foreign Trade Bank of Cambodia's values are the operating philosophies and principles that guide our staff's internal conduct and relationship with our customers, partners and other stakeholders. Our values are the guiding principles of our decision making.

CORE VALUES



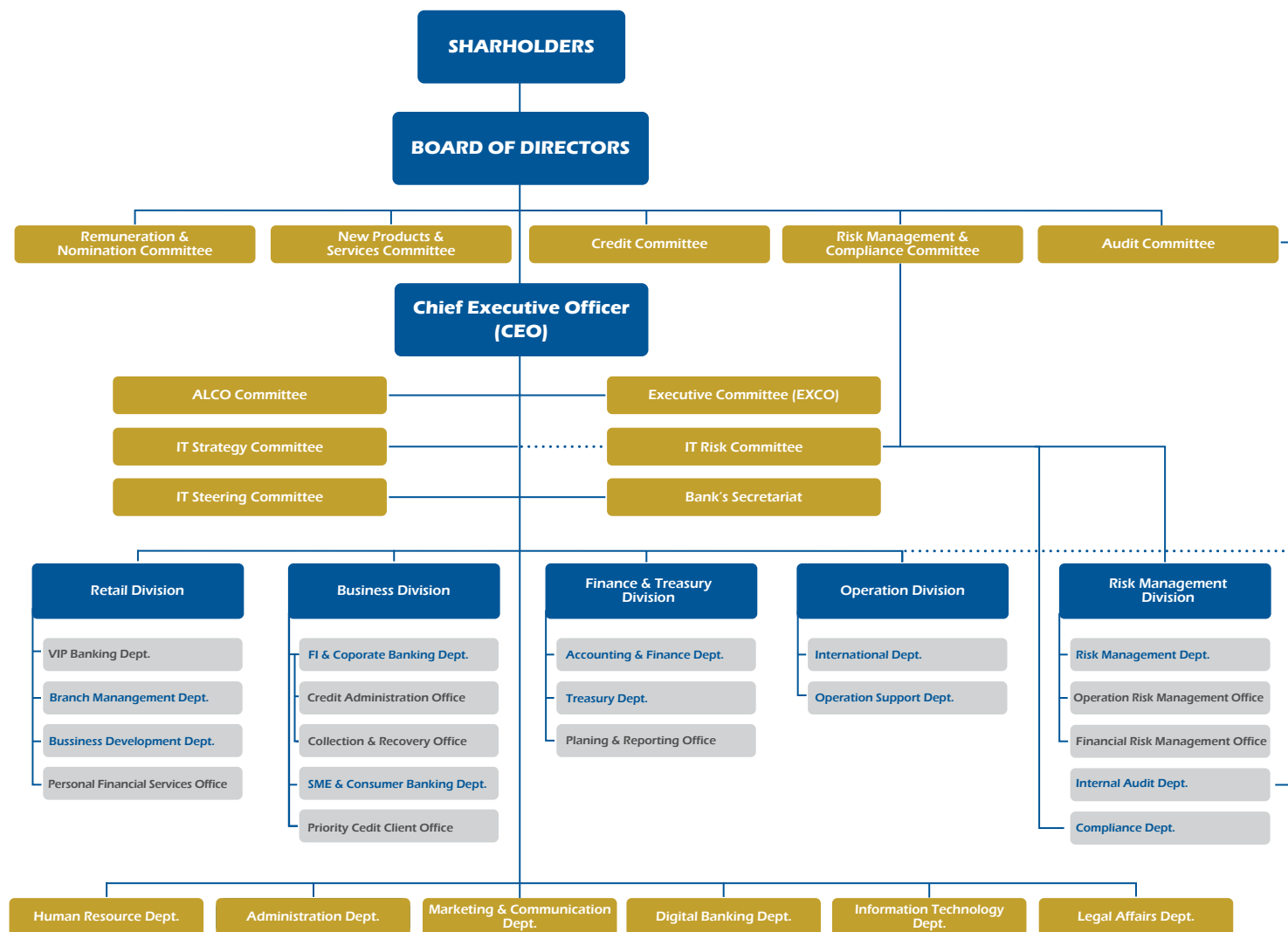


A BRIEF HISTORY OF FTB'S PROGRESS





ORGANIZATIONAL CHART



Note
Dept. = Department



FINANCIAL HIGHLIGHTS

	2022	2021
Summary of the balance sheet (US Dollar)		
Total assets	1,884,524,019	1,711,841,127
Loans and advances to customers - net	1,336,071,142	1,149,024,261
Other assets	548,452,877	562,816,866
Total liabilities	1,672,728,748	1,531,247,863
Deposits	1,594,996,321	1,477,084,849
Other liabilities	77,732,427	54,163,014
Total shareholders' equity	211,795,271	180,593,264
Share capital	79,500,000	79,500,000
Reserved and retained earnings	132,295,271	101,093,264
Summary of the income statement (US Dollar)		
Interest income	111,873,465	99,200,888
Interest expense	63,526,591	55,264,339
Net interest income	48,346,874	43,936,549
Fee and commission income	2,904,495	3,146,527
Other operating expenses	19,344,979	16,383,925
(Reversals)/impairment losses on financial instruments	7,439,697	4,385,550
Profit before income tax	39,346,087	26,313,601
Net profit for the year	31,202,007	20,917,258
Key Ratios		
Return on capital	39.25%	26.31%
Return on assets	1.66%	1.22%
Return on shareholders' equity	14.73%	11.58%
Solvency ratio	18.05%	18.41%
Liquidity coverage ratio	132.34%	147.83%
Interest income to total assets	5.94%	5.79%
Total loans (gross) to total deposits	85.10%	78.97%
Non-performing loans ratio	0.34%	0.34%
Growth in interest income	12.77%	8.68%
Growth in total deposits	7.98%	14.32%
Growth in total loans (gross)	16.09%	12.52%
Growth in shareholders' equity	17.28%	13.10%
Growth in total assets	10.09%	13.10%

FINANCIAL HIGHLIGHT 2022

ASSET IN MILLION

10 %
▲

Growth from 2021

2022
1,885

2021
1,712

2020
1,514

EQUITY IN MILLION

17 %
▲

Growth from 2021

2022
212

2021
181

2020
160

LOAN IN MILLION

16 %
▲

Growth from 2021

2022
1,339

2021
1,153

2020
1,025

DEPOSIT IN MILLION

8 %
▲

Growth from 2021

2022
1,595

2021
1,477

2020
1,292

PHYSICAL EXPANSION 2022

BRANCH

1

Growth from 2021

2020
15

2021
16

2022
17

ATM

6

Growth from 2021

2020
66

2021
69

2022
75

STAFF

86

Growth from 2021

2020
490

2021
524

2022
610

NUMBER OF CARDS IN THOUSAND

1

Growth from 2021

2020
36

2021
38

2022
39



PRODUCTS AND SERVICES

Foreign Trade Bank of Cambodia Products and Services



Deposits



VIP Banking



Safe Deposit Box



Payroll Service



Mobile Banking App



Internet Banking



Debit & Prepaid Card



Bill Payment Services



Tax Payment Services



Loans



Trade Finance



Letter of Credit



Bank Guarantee



QR Scan



ATM & POS Services



Foreign Exchange



Fund Transfers



Currency Swap

Interbank Payment



Easy Cash



Bakong App



FAST Payment



Retail Pay



Cambodia Share
Switch (CSS)











QR Cross Border
Payment (Thailand)





CORRESPONDENT BANKS

Country of Correspondent Bank	Correspondent Bank	SWIFT Code	Currency
 China	BANK OF CHINA LIMITED SHANGHAI	Swift Code: BKCHCNBJ500 A/C NO. 433861149292	CNY
 United Kingdom	STANDARD CHARTERED BANK LONDON	Swift Code: SCBLGB2L A/C NO. 01-7022166-01	GBP
 France	NATIXIS PARIS	Swift Code: NATXFRPP A/C No. 300079999906126068000	USD
	NATIXIS PARIS	Swift Code: NATXFRPP A/C No. 300079999906126068000	EUR
 Republic of Korea	KOOKMIN BANK SEOUL	Swift Code: CZNBRKSE A/C No. 836-8-USD-01-0	USD
	KEB HANA BANK SEOUL	Swift Code: KOEXKRSE A/C No. 0963THR051230019	USD
	WOORI BANK SEOUL	Swift Code: HVBKKRSE A/C No. W1055001US	USD
 Singapore	STANDARD CHARTERED BANK SINGAPORE	Swift Code: SCBSLG22 A/C No. 77.0.001775.2	USD
 Thailand	BANGKOK BANK PUBLIC COMPANY LIMITED BANGKOK	Swift Code: BKKBTHBK A/C No. 555-293-008-0	USD
	SIAM COMMERCIAL BANK PLC. BANGKOK	Swift Code: SICOTHBK A/C No. 111-3-00231-1	THB
	KASIKORNBANK PUBLIC COMPANY LIMITED BANGKOK	Swift Code: KASITHBK A/C No. 099-9-22973-5	USD
	KASIKORNBANK PUBLIC COMPANY LIMITED BANGKOK	Swift Code: KASITHBK A/C No. 146-1-78285-6	THB
 USA	STANDARD CHARTERED BANK NEW YORK	Swift Code: SCBLUS33 A/C No. 3582.062596.001	USD
 Vietnam	JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM HANOI	Swift Code: BFTVVNVX A/C No. 0681370007155	USD
	JOINT STOCK BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM (BIDV) HANOI	Swift Code: BIDVVNVX A/C No. 99010370000199	USD



CHAIRMAN'S MESSAGE



“We achieved the impressive growth in Asset to USD 1.88 billion, Loan to USD 1.34 billion, Deposit to USD 1.59 billion, and a satisfactory level of profit generated.”

On behalf of the shareholders and as the Chairman of the Board of Directors of Foreign Trade Bank of Cambodia (FTB), I am pleased to present the Annual Report 2022. The improvement of the covid-19 situation has been observed in 2022; yet other global issues posed further challenges to the operating business environment. FTB has, however, adapted well and continued to strengthen its business foundation for sustainable growth in order to achieve its long-term vision.

According to shareholders' resolution, FTB in colla-

boration with MSNH Investment Co., Ltd have celebrated the groundbreaking ceremony on April 22, 2022 to start constructing of its new headquarters named “FTB Tower”. FTB Tower has a total area of 77,593 square meters, 28 floors, and 4 floors at basements to accommodate car and motorbike parking. The construction of FTB Tower demonstrates the strength and longevity as the first local bank established since 1979. FTB has been serving the customers for more than 40 years and still continues to strive for the benefit and satisfaction of

our customers in this rapidly growing banking industry.

In 2022, we opened Chbar Ampov branch and relocated Preah Sihanouk Provincial branch to a more spacious location while scouting and identifying a number of new locations for the branch network expansion in 2023. As a result of prudent strategic plan execution, we achieved the impressive growth with the total assets increased to USD 1.88 billion, loan to USD 1.34 billion, deposit to USD 1.59 billion, and a satisfactory level of profit generated. We have fully complied with the regulations requirement from National Bank of Cambodia and prudentially managed the capital and liquidity to sustain our operations.

I would like to express my gratitude to the Board of Directors for their continued support and recommendation to the executive management team, which has consequently enabled us to overcome all challenges facing our business. I would like to thank the management and staff for their hard work, dedication, and

efforts to enhance the quality of products and services in order to achieve remarkable results for our bank's long term success. The professional level and qualification of every employee are the pride of the FTB. I would also like to express my sincere gratitude to the shareholders for their support.

Finally, I would like to thank all the customers for their loyalty and trust in FTB. I would like to express my deep gratitude to the management of the National Bank of Cambodia for their continuous support and facilitation. We will continue to strengthen our operations cautiously in the coming years, and the Board is confident that FTB will continue to be further strengthened and to achieve additional successes in the future.

Yours sincerely,

(SIGNED)

Roth Savuth

Chairman



CEO'S MESSAGE



“The continuation of trust building with customers and business partners, as well as efforts to enhance the service and operation quality in 2022, has enabled FTB to achieve solid business results and new milestones.”

After going through a challenging and uncertain period from early 2020 caused by the Covid-19 Global Health Crisis, the normalization of domestic, regional and international markets in early 2022 have brought about a renewed hope and confidence for businesses across most sectors of the economy to recommence the investment and expansion in order to meet the recovery of market demand. For our domestic market, the recovery began to surge from late 2021 after the market has normalized and the government has successfully implemented effective prevention measures against the Covid-19. The favorable business

environment and the momentum of the improved market condition observed under the New Normal in early 2022 have nevertheless started to change and to get impacted again by some newly emerging global issues and the interest rate hiking by a number of major countries to manage the rising inflation rate.

Taking the advantage of domestic market opportunities while managing potential risk that could be resulted from the impact of the challenging international market conditions, Foreign Trade Bank of Cambodia (FTB) has continued to strengthen

business operation, to invest and implement key business priorities with diligence and prudence. The continuation of trust building with customers and business partners, as well as efforts to enhance the service and operation quality in 2022, has enabled FTB to achieve solid business results and new milestones. As a result, the underlying profitability has significantly improved while the total asset also reached new level compared to 2021.

In 2022, in line with the long-term plan, we implemented various key operational and strategic initiatives including: the launch of a new mobile banking application, the implementation of the second phase of the financing projects with Proparco to support rural water and electricity supply operators, the expanding focus on the sustainable finance, the roll-out of payment/collection services to public entities (such as GDT, GDCE, NSSF, etc.) and partnering with MSNH to begin construction of the new headquarter, called "FTB Tower". In addition, the Bank has been expanding the branch network and digital capabilities with diversified functions to meet the increasing needs of customers. Various mobile banking's functions have launched such as KHQR for local payment, CSS projects and Retail Pay. In addition, the Bank also provided loans to small and medium enterprises through the SME Bank's Co-Financing Scheme, and participated in the Business Recovery Guarantee Scheme provided by the Credit Guarantee Corporation of Cambodian (CGCC) of Ministry of Economy and Finance. At the same time, we have been actively undertaking several social responsibility activities in

various sectors including education, health, culture & arts and humanitarian. Such CSR activities helped make positive impact on our community and society. Being the first local commercial bank operated since 1979 and based on the financial strength, the Bank shall continue to pursue its long-term strategic plan and defined vision by sharpening competitive capabilities, enhancing the service and operation quality, continuing to build human resource capacity, adopting prudent risk management, continuing to further invest in digitalization, and to diversify the business foundation. Last but not least, I would like to take this opportunity to thank all the customers, business partners, the National Bank of Cambodia and all relevant stakeholders who always support and trust in FTB. I would like to express my special thanks and deep gratitude to the shareholders and the Board of Directors for their continued encouragement, support and guidance that have help all management and staff to continue successfully executing according to long-term plan and positioning the Bank's business on a healthy and sustainable path. I would like to also express my appreciation to all management and staff members having worked collaboratively well in performing tasks diligently and professionally to achieve commendable collective results in 2022.

Yours sincerely,

(SIGNED)

Dith Sochal

Chief Executive Officer and Board Member



CORPORATE GOVERNANCE

The Board of Directors and management of FTB are committed to fulfill the responsibilities toward our shareholders and are devoted to leadership in corporate governance. To ensure the focus on creating long term shareholder values, we have designed the corporate governance policies and practices to meet the applicable legal requirements, and continuously monitor all proposed new rules to modify our policies and practices to meet the additional requirements. An overview of our corporate governance structure is set out below.

BOARD OF DIRECTORS

FTB is led by the Board of Directors who are appointed by the shareholders to act on their behalf. The Board of Directors are responsible for the supervision and management of business, affairs and situation of the bank on behalf of the shareholders in compliance with the Articles of Association and the Law on Commercial Enterprises. The Board of Directors consists of seven members as at 31st December 2021:



Mr. Roth Savuth
Chairman



Mr. Gui Anvanith
Vice-Chairman



Mr. Dith Sochal
Chief Executive Officer and Board Member



Oknha Lim Bunsour
Board Member



H.E. Chou Vannak
Board Member



Mrs. Sok Chan Sona
Independent Board Member



Mr. Ly Tayseng
Independent Board Member

COMMITTEES UNDER BOARD LEVEL

CREDIT COMMITTEE

The Credit Committee is established to oversee, direct, and review the management of credit risk of the loan portfolio of FTB.

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The purpose of the Committee is to assist the Board in its review of the risk management principles, policy strategies, processes and controls in relation to business, market, operational, reputational risk management and make recommendations where appropriate.

AUDIT COMMITTEE

The Audit Committee is responsible for ensuring the compliance with legal and regulatory requirements, an accessing the relevance of the accounting methods used to prepare the individual and consolidated accounts, if any. It reviews and assesses the quality of the internal control procedures, in particular whether the systems for measuring, monitoring and controlling risks are consistent, and recommends further actions where appropriate.

REMUNERATION AND NOMINATION COMMITTEE

Remuneration and Nomination Committee is established by the Board of Directors to provide independent advices on matters pertaining to the nomination and remuneration of Board Members, members of key executive committee, and the senior management team of the Bank as well as the remuneration schemes for the staff of the Bank. The committee also ensures that the remuneration policy is aligned with the Bank's long term strategy and its core values.

NEW PRODUCTS AND SERVICES COMMITTEE

The New Products and Services Committee is responsible for making decisions regarding new products, extensions of existing products, and prioritization of approved ideas for the product launch. The decisions should include considerations around branding, thought leadership/innovation, market demand and available resources. In addition, the Committee is responsible for ensuring that an effective and efficient governance process of the new product is in place and functioning.

COMMITTEES UNDER EXECUTIVE LEVEL

EXECUTIVE COMMITTEE (EXCO)

The Executive Committee is established to ensure that the Bank's operations are in accordance with its strategies, policies and regulations. The Committee is empowered to administer and manage the Bank's business, and perform tasks assigned by the Board of Directors, with an aim to accomplish the Bank's vision and be in alignment with the Bank's mission, as well as to promote management practices that are in compliance with Bank's core values.

ASSETS & LIABILITIES COMMITTEE (ALCO)

The ALCO Committee is established to provide the framework to strategically manage FTB's overall assets and liabilities for the long-term and short term.

IT GOVERNANCE RISK MANAGEMENT COMMITTEE

The principal roles of the Committee are to ensure that bank has wide and versatile qualifications and experience on IT governance in order to promote financial service sustainability.

COMPLIANCE

The Compliance Department is to oversee and monitor the daily operation, and to promote the compliance function through its internal training, advising, and supporting employee to ensure that the bank complies with Cambodia's laws and regulations. Its obligation is also to engage with relevant regulators such as National Bank of Cambodia (NBC), Cambodia Financial Intelligence Unit (CAFIU), and others to help ensuring that the regulator's requirement is implemented effectively and timely. This department reports directly to Risk Management and Compliance Committee, and present to the Board of Directors at Quarterly Meeting. This year, the department has updated and executed its AML/CFT Policy, and Whistle Blowing Policy imposed by NBC and CAFIU.



SIGNIFICANT ACHIEVEMENTS

CREDIT

In 2022, Covid-19 situation has been improved much better and it was the good sign that enabled the bank to achieve its credit growth by 16%, with a total loan amount of US\$ 1,339 billion. The growth of its loan portfolio is generated from owner-occupied housing loans, construction, real estate activities, agricultural, wholesale trade, financial institutions, utilities, and unsecured loan.

BRANCH EXPANSION

In 2022, the bank continues to expand its branch network to get closer to the customers, and Chbar Ampov Branch was opened in August to serve our existing and potential customers. The opening of new branch, located along national road number 1, Sangkat Niroth, Khan Chbar Ampov, Phnom Penh, aiming to provide convenient access with variety ranges of products and services. In addition to branch expansion, we have also relocated our Preah Sihanouk Branch to the new look and feel FTB building which its location is at Ekreach Avenue corner street 108, Phum Phum Muoy, Sangkat Pir, Krong Preah Sihanouk, Preah Sihanouk Province. Besides opening and relocating some branches, renovation to the existing branches have also been performed as part of its routine physical branch management practice, while the quality of customer service has been improved to be in line with one of its mission to deliver timely and convenient solutions which are responsive to our customer's need in order to grow together.



CONTRIBUTION PAYMENT SERVICE TO NATIONAL SOCIAL SECURITY FUND (NSSF)

Foreign Trade Bank of Cambodia has signed an agreement with National Social Security Fund (NSSF) on Contribution Payment Service to NSSF. As part of our successful milestone, FTB has officially launch its contribution payment service at all FTB Branches in June 2022 aiming to offer employers more convenient, fast, secure and effective cash management without paying service fee.

KHQR PAYMENT SERVICE

FTB has officially launched another new payment service on FTB Mobile App for customers and merchants through KHQR Code. The KHQR, which has been initiated and led by National Bank of Cambodia (NBC), is the standardized QR Code payment for banks and financial institutions in Cambodia.

Being one of the founding members of the Bakong Project initiated and led by the NBC, FTB rolled out this new service to help promote wider usage of digital channels and provide new convenient banking experience for both customers and merchants. The KHQR enables QR code payments to be made by customers through FTB Mobile App with the cashless payment instantly made at either FTB's or others' QR merchants. FTB's QR merchants can receive instant cashless payments from customers using Bankong App as well as other banks and financial institutions' mobile app. All users of mobile banking applications of Bakong members will be able to transfer and settle the payment both in Khmer Riel and US Dollar by scanning QR code at any FTB Merchants in a convenient, secure, and fast manner.

**FTB MOBILE CAN SCAN
PAYMENT FOR ALL
BAKONG MEMBERS**



EMPLOYER OF CHOICE

In order to achieve the bank's vision "to be the preferred commercial bank in Cambodia", FTB highly commits to provide an integrated work environment that allows employees to develop professional skills to support our long-term sustainable growth.

BENEFITS OFFERING

As a bank policy, we continue to provide our employees with good and regular financial support and encourage our employees to pursue personal financial goals by providing mortgages and other essentials with low interest rates.

Occupational accident insurance and health care services are also provided to staff. In addition, the bank also provides for employees when they retire from a job called a pension.

COMPETENT STAFF MANAGEMENT AND RETENTION

Our approach to staff development, engagement, and retention is concentrated on three key areas relating to talent development, remuneration, as well as ongoing training and development by sending staff to local and overseas training.

The Bank's continued success is built on the constant commitment and support of our employees, and FTB always considers employees are our most important assets.

DIVERSITY AND INCLUSION

Diversification has allowed the bank to access a wider range of talented and diverse employers. Providing equal opportunities for our employees is important to support diversity and inclusion agenda, and it enables us to realize the full potential of the Bank's collective staff capacity.

FTB embraces gender and cultural diversity, which we believes is the key to a conducive work environment in which individual employees are respected and supported.

WELL-BEING WORKPLACE

As an employer of choice bank, it is important that we treat, take good care, and support our employees that enable them to lead healthy lives and work well, so they can be more productive and engaged.

We commit to provide an environment that supports employees and encourages all employees and those who work in our workplace to embrace safety and healthy lifestyle.

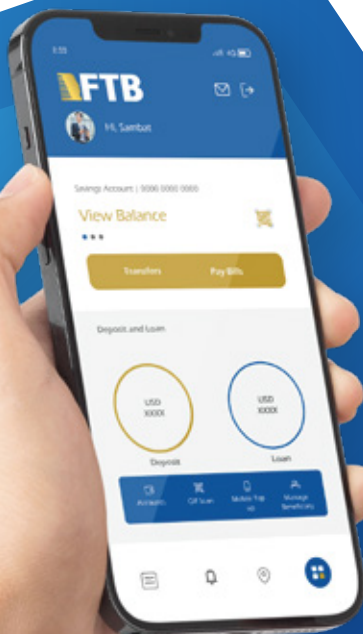


INTERNATIONAL REMITTANCE AND FINANCIAL INSTITUTIONS

International remittance plays a very important role to the growth of the Bank, even though; the Covid-19 is still existing, our inward-outward fees has moderately increased by 11% compared to 2021. FTB has complied with KYC standards and the other regulations, and as part of AML/CFT procedures, FTB has performed World Check and implemented filtering system to screen all inward-outward transactions. In the meantime, International remittance services, FTB has been keeping good relationship with customers, local financial Institutions, correspondent banks and local partners, and further expansion to increase numbers of our correspondent bank both in region and worldwide.

DIGITAL BANKING

Digital evolution has proved to enhance our customer experience, engagement, and improve our operation efficiency. It enables us to collect and store more structured data which gives us opportunity to analyze and ascertain customer insights as well as to better understand customer need. On the other hand, it encourages digital culture at our workplace by means of collaboration with strategic partners and customers from multiple industries. It is amongst the reasons we continue to build our digital capabilities relentlessly to enhance our deliveries. Development and deployment of additional products/services to the market and additional functions and features to our customers would remark our achievement in year 2022.



FTB Mobile 24/7
Full Fill Your Needed



Secure



Convenience



Fast

FTB Mobile



CARD FINANCIAL TRANSACTION FUNCTIONS

Our customer maintains multiple sources of funds with us. After enabling customer accesses to their banking account, we have exposed a number of functions on mobile and internet banking applications to optimize use of the card via digital channels, including requests for virtual card used for other purpose, e.g., e-commerce purchase. This offering aims at migrating MohaBot users who mainly used their cards as bases for performing transactions to new mobile/internet application.



FTB KHQR MERCHANT

Our customers are also business establishment who offer goods/ services and receive payment for same. We understand customer needs and designed the tools to allow them to accept payment from their clients regardless of banks their clients maintain relationship. With KHQR code standard, we have made this possible to our merchants using their smart phone or our POS terminals.

ATM NETWORK EXPANSION

We view ATM as a branch with limited functions through which the customers can access their fund and perform other functions in addition to cash withdrawals. ATM network is mean for brand exposure, establishing strategic partnership, and alternative banking channel that would help us extend our banking period beyond official business days and hours. We are working towards equipping our ATM network with more capacities, e.g., cash deposit and recycling so that the customer would less depend on our branch, and installing more ATM terminals every year to expand the network itself.



THE CONSTRUCTION OF FTB TOWER

Foreign Trade Bank of Cambodia (FTB) in collaboration with MSNH Investment CO., LTD have started the construction of its new head quarter named “FTB Tower” on 22nd April 2022. FTB Tower constructed with total gross floor of 77,593 square meters with 28 floors and 4 floors at basement to accommodate car and motorbike parking and a rooftop helipad for helicopter landing. The tower is located on Lot A, Sangkat Monorom, Khan 7 Makara along Russian Boulevard, near the Peace Palace, the office of the Council of Ministers, at the heart of Phnom Penh business center.



“ GROUNDBREAKING CEREMONY FOR FTB TOWER ”



With US\$ 112 million investments, FTB Tower is a Grade A Office Building, one of the few ever currently available in Cambodia. This Grade A Office Building is designed anchored in the idea of a modern tower which its shape celebrates the FTB Logo with ‘Prum’ as a symbol that represents ‘strength and aspiration’. FTB Tower is setting a benchmark for sustainability, modern and iconic office tower where Cambodia culture meet a contemporary architecture. Set to take almost 3 years to complete the construction, FTB Tower will be the new headquarter of FTB, the prime hub of innovation and creativity in expanding its banking products and services. Other than the space that will be occupied by FTB for its own banking operation, the remaining available parts will be leased out as office space.

Constructing and owning name rights of the tower ‘FTB Tower’ indicates FTB’s strength and longevity as the first local commercial bank in Cambodia established since 1979. FTB has served the customers and the market for over 40 years, and still continues to strive for the benefits and satisfaction of our customers in this rapidly growing banking industry.



AWARDS AND RECOGNITIONS

“ LEADERSHIP IN TRANSACTION
PER ACTIVE TERMINAL 2022 ”

BY VISA CAMBODIA





SUSTAINABILITY STATEMENT

FTB manages Environmental and Social Risks associated with the provision of financial services to its customers and with impacts from its day-to-day operations. We recognize that the Bank's major E&S exposures are within its lending and investment activities; however, our goal to lead by example will be demonstrated by communities in which we operate. We expect that integrating these consideration in our business will enable us to achieve our strategic objectives, developmental goal of the Cambodian government and respond to the needs of the Cambodian people while ensuring a sustainable return on investment for our shareholders.

ESMS - ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

- Environmental and Social Risk Management policies and procedure in place
- Integration of ESRM in credit process is undergoing
- ESRM Coordinator Function under Risks management
- ESRM Accountability and Transparency Report on annual report

ADOPTION OF CAMBODIAN SUSTAINABLE FINANCE PRINCIPLES

FTB has signed the voluntary of the nine Cambodian Sustainable Finance Principle introduced by Association of Banks in Cambodia (ABC). FTB has also contributed to leadership of ABC Sustainable Finance Committee since 2019 until now. Recently, the Bank also participated in the signing ceremony of the Memorandum of Understanding on "Promoting Sustainable Finance with the Business Sector in Cambodia" on 27 August 2020.

ENVIRONMENT PROTECTION

We will assess and manage environmental risks relating to climate change, pollution, waste management, and the protection of our critical natural resources



ENVIRONMENT PROTECTION

We will assess and manage environmental risks relating to climate change, pollution, waste management, and the protection of our critical natural resources.



PEOPLE PROTECTION

We will assess and manage risks that could potentially negatively impact our people in particular local communities, workers, and indigenous/minority populations.



Culture
Protection

CULTURE PROTECTION

We will assess and manage risks that could potentially negatively impact aspects of our cultural heritage including our language, culture, traditional and monuments.



Financial
Literacy

FINANCIAL LITERACY

We will increase the financial awareness and literacy of the Cambodian people and improve our approach to customer/ client protection.



Financial
Inclusion

FINANCIAL INCLUSION

We will expand our reach to those who previously has no or limited access to the formal banking sector, as well as provide more innovative solutions to improve banking access and service levels.



Financial
Innovation

FINANCIAL INNOVATION

We will finance innovations that create efficiencies and improvements of existing, traditional sector and business activities as well for developing new green economy activities.



Environment &
Social Standards

ENVIRONMENTAL & SOCIAL STANDARDS

We will seek to build capacity across the bank to deliver on our commitments and raise awareness amongst our customers and communities about sustainable, inclusive finance.



Environment &
Social Footprints

ENVIRONMENTAL & SOCIAL FOOTPRINTS

We will manage our own environmental and social (E&S) footprints and request similar standards to our suppliers.



Transparency
Accountability

TRANSPARENCY & ACCOUNTABILITY

We will report our individual and sector progress against these commitments annually, to hold ourselves accountable and to share the story and outcomes of our journey and the value we believe that can be created for Cambodia.

RESOURCE EFFICIENCY

FTB has commitments to improve resource efficiency through various sustainable ways including saving and reducing the usage of utility, paper, toilet paper, and plastic.

CARBON EMISSION

FTB commits to avoid financing of activities that contribute significantly to the emission of greenhouse gases.

E&S FOOTPRINT REPORT



610

Total Employees



53% 47%

Gender Balance



26 H

Average Hours of
Training Per
Employee/Year



Leaders

SUPPLIERS AND CONTRACTORS

We integrate E&S value in dealing with vendors and supplier/contractors by including in our procurement process the impact assessment criteria into the selection and pre-qualification process including health & safety concerns, waste management, environmental certificate (if required), information on human right abuses, workforce, and adverse media on past performance.

FINANCIAL INCLUSION & ACCESSING TO SANITATION WATER & ELECTRICITY

In order to cope with the accessibility to sanitation water and electricity, FTB has signed a \$20 million long term financing with Proparco together with a €1.5 million technical assistance grant from the French government. This line of credit to FTB is primarily intended to support access to financing for small water and electricity enterprises ("Small Water Enterprises, SWEs, and Rural Electrification Enterprises, REEs") located in rural and peri-urban areas of Cambodia. In total, nearly 544,000 people are expected to benefit from access to improved water and electricity services.

This project is a continuation of the first phase of AFD's project to support small-scale water and electricity operators in Cambodia between 2014 and 2019, which enabled more than 400,000 Cambodian to have an improved access to water and electricity. Overall thanks to the 2 phases of the project, close to 1 million people will get an improved access to such basic services

Thanks to this partnership between Proparco and FTB, the project will have significant economic, social and environmental impacts. Within five years, nearly 1,800 jobs will be maintained within the bank and the SMEs that will benefit from the financing.



“ CREDIT FACILITY AGREEMENT SIGNING CEREMONY BETWEEN (PROPARCO) AND (FTB) ”

In total, nearly 544,000 people are expected to benefit directly from access to improved water and electricity services. Finally, the project aims to finance projects with climate co-benefits (60%) and mitigation (29%), making 89% of Proparco's loan "climate".

CORPORATE SOCIAL RESPONSIBILITY

Foreign Trade Bank of Cambodia (FTB) has continuously been taking part in various corporate social responsibility activities (CSR) in its 43 years of banking operation. As the truly local bank and the first commercial bank in Cambodia since 1979, FTB has implemented various CSR initiatives that have contributed to the sustainable development of the country and had a positive impact on our wider community and society at large. Over the long and proud journey of 43 years, FTB's consistent effort to drive key CSR activities covers several key aspects which include charitable giving, volunteering hours in the community, and adopting sustainable financing principles and socially responsible business practices. These have been embedded into one of the Bank's missions which are to operate in a socially and environmentally responsible manner.

In line with one of FTB's missions, more CSR activities and initiatives are being and will be undertaken, and with that, FTB will continue playing a crucial role as the truly local bank and active contributor to sustainable development of the country and make positive impact to our community.

As part of implementing its CSR activities, FTB has annually sponsored and donated funds, both in cash and in-kind, to support various programs and entities across the country including:

CHARITY EVENTS

DONATION IN CASH, FACIAL MASK, AND ALCOHOL TO CAMBODIAN RED CROSS

As an active contribution, FTB has donated 40 million Riel in cash, 500 boxes of facial mask, and 750 litres of hand washing alcohol to Cambodian Red Cross on the occasion of 159th Anniversary of World Red Cross and Red Crescent Day on 8th May 2022 under the theme “Together with Cambodian Red Cross to address challenges and continue strengthen community resilience”. This donation aiming to help the affected and the most vulnerable people; especially, to fight against the spread of Covid-19.



“ CAMBODIA RED CROSS ON THE OCCASION OF 159th ANNIVERSARY ”



“ VOLUNTARY BLOOD DONATION
OF FTB STAFF ”

VOLUNTARY BLOOD DONATION

On 23rd July 2022, Foreign Trade of Cambodia (FTB) has organized “Voluntary Blood Donation of FTB Staff” event to the National Blood Transfusion Center aiming to save the lives of victims who are in need of blood.

PHNOM PENH INTERNATIONAL HALF MARATHON

As always, FTB, in 2022, has participated and sponsored to Phnom Penh International Half Marathon, a Sport Tourism Event conducted annually in the heart of Phnom Penh capital city. This event held on 19th June 2022 aiming:

- Celebrates Royal Birthday of H.M Queen Mother Norodom Monineath Sihanouk
- Charity Fundraising for Kantha Bopha Hospital
- Promote Phnom Penh City as the attractive tourism site
- Race towards the 32nd SEA Games 2023



" PHNOM PENH INTERNATIONAL HALF MARATHON DAY "

PROMOTING BUDDHISM



" WAT RITHY SOVANNARAM "

KAN BEN

Kan Ben is part of Pchum Ben festival, and it is one of the most important festival in Buddhism. As part of our mission, FTB has handed over the offerings to the monks who stay in Wat Rithy Sovannaram also known as Wat Tameas locates in Tameas Village, Koh Chen Commune, Punhealeu District, Kandal Province.

EDUCATION SUPPORT



“ WORLD DISABILITY DAY ”

NOTE BOOK DONATION TO DISABLE STUDENT

FTB has donated notebooks to disable students who are studying in Royal University of Phnom Penh (RUPP) on the occasion of "World Disability Day" event dated 3rd December 2022. This donation aiming to motivate disable students to study harder in order to achieve their goals and becoming competent resources for Cambodia.

BOOKS DONATION

FTB has donated Books via Khmer Writer Association to students and public who joint the Book Exhibition with the aim to promote Book Reading in local community and this event held in Kampong Cham Province from 28 – 29 May 2022.



“ BOOKS DONATION ”

ESSAY COMPETITION SUPPORT

On November 15, 2022, FTB has an honor to be a Diamond Sponsor in the writing competition “1st Lifelong Learning Award 2022 at the Royal University of Phnom Penh ” organized by the Faculty of Education’s Department of Lifelong Learning.

FTB supports and participates in this event with the aim of providing opportunities to Cambodian youth to showcase their talent, creativity and participating in promotion of composition through this contest.



“ 1st LIFELONG LEARNING AWARD ”

PROMOTING KHMER RIEL

FTB is playing crucial role in promoting “Riel” Currency arranged and led by National Bank of Cambodia (NBC) in Phnom Penh and some selected provinces. This event aiming to raise public awareness about the history and importance of the “Riel” currency.



“RIEL” PROMOTION PROGRAM

RAISE AWARENESS OF NATURAL ENVIRONMENT

In 2022, FTB has donated in cash to Royal University of Phnom Penh (RUPP) in building a Garden with varieties of fauna and flora and it locates in the campus of RUPP. This garden built with the aim to raise awareness among Cambodian youth of the natural environment.



“ A GARDEN WITH MIXED PLANTS AND ANIMALS ON THE CAMPUS OF THE ROYAL UNIVERSITY PHNOM PENH”

AUDITED FINANCIAL STATEMENTS





REPORT OF THE BOARD OF DIRECTORS

The Board of Directors ("BOD") of Foreign Trade Bank of Cambodia ("the Bank") submit its report together with the Bank's financial statements as at 31 December 2022 and for the year then ended.

THE BANK

The Bank was originally established following sub-decree No. 1213 dated 10 October 1979 under the former regime of the State of Cambodia. In 2000, the Bank was separated from the direct management of the National Bank of Cambodia ("NBC" or "the Central Bank"). The Bank is recognized as a public limited company by the Ministry of Commerce ("MOC") under the registration number Co.8835 M/2006 dated 21 June 2006.

The Bank holds a commercial banking license from the NBC that was renewed for an indefinite period on 21 December 2006.

The principal activities of the Bank consist of the provision of comprehensive banking and related financial services in Cambodia.

The registered office of the Bank is located at No.33C-D Tchecoslovaquie Blvd., Sangkat Veal Vong, Khan 7 Makkara, Phnom Penh, the Kingdom of Cambodia.

FINANCIAL RESULTS

The Bank's financial performance for the year ended 31 December 2022 are set out in the statement of comprehensive income.

DIVIDENDS

No dividend was declared or paid, and the Directors do not recommend any dividend to be paid for the year under audit.

SHARE CAPITAL

There was no movement in the registered and issued share capital during the year.

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the year other than those disclosed in the financial statements.

REPORT OF THE BOARD OF DIRECTORS (Cont.)

EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

Before the financial statements of the Bank were drawn up, the BOD took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and advances to customers or making of allowance for expected credit losses, and satisfied themselves that all known bad loans and advances to customers had been written off and that adequate provision for expected credit losses on loans and advances to customers had been made.

At the date of this report and based on the best of knowledge, the BOD is not aware of any circumstances which would render the amount written off for bad loans and advances to customers or the amount of the allowance for expected credit losses in the financial statements of the Bank inadequate to any material extent.

ASSETS

Before the financial statements of the Bank were prepared, the BOD took reasonable steps to ensure that any assets which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Bank, had been written down to an amount which they are expected to be realized.

At the date of this report and based on the best of knowledge, the BOD is not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Bank misleading in any material respect other than those already disclosed in the accompanying notes to the financial statements.

VALUATION METHODS

At the date of this report, the BOD is not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Bank as misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no charge on the assets of the Bank which has arisen since the end of the period which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Bank that has arisen since the end of the period other than in the ordinary course of business.

REPORT OF THE BOARD OF DIRECTORS (Cont.)

CONTINGENT AND OTHER LIABILITIES (Cont.)

No contingent or other liabilities of the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the period which, in the opinion of the BOD, will or may have a material effect on the ability of the Bank to meet its obligations as and when they become due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the BOD is not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Bank, which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF UNUSUAL NATURE

The results of the operations of the Bank for the period were not, in the opinion of the BOD, materially affected by any items, transactions or events of a material and unusual nature. There has not arisen in the interval between the end of the year and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the BOD, to substantially affect the results of the operations of the Bank for the year in which this report is made other than those already disclosed in the accompanying notes to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring during the period between the end of the reporting period and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

THE BOARD OF DIRECTORS

The members of BOD and Executive Management who served during the year and at the date of this report are:

Board of Directors

Mr. Roth Savuth	Chairman, Independent and Non-Executive Director
Mr. Gui Anvanith	Vice Chairman, Non-Executive and Non-Independent Director
Mr. Dith Sochal	Executive Director
Oknha Lim Bunsour	Non-Executive Director
H.E. Chou Vannak	Non-Executive Director
Ms. Sok Chansona	Independent and Non-Executive Director
Mr. Ly Tayseng	Independent and Non-Executive Director

REPORT OF THE BOARD OF DIRECTORS (Cont.)

THE BOARD OF DIRECTORS (Cont.)

Executive Management

Mr. Dith Sochal	Chief Executive Officer
Ms. Nuon Borany	Chief Operation Officer
Mr. Mean Channarith	Chief Business Officer
Mr. Ok Seiha	Chief Finance Officer

DIRECTORS' INTERESTS

No member of the BOD holds a direct interest in the equity of the Bank.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed, to which the Bank was a party, whose object was to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other corporate body.

No director of the Bank has received or become entitled to receive any benefit by reason of a contract made by the Bank or with a firm in which the director is a member, or with a company which the director has a material financial interest other than those disclosed in the financial statements.

STATEMENT OF THE BOD'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The BOD is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year ended 31 December 2022 in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

The BOD oversees the preparation of these financial statements by management who is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- Comply with CIFRSs or, if there has been any departure in the interests of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- Maintain adequate accounting records and an effective system of internal controls;
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and

REPORT OF THE BOARD OF DIRECTORS (Cont.)

STATEMENT OF THE BOD'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS (Cont.)

- Set overall policies for the Bank, ratify all decisions and actions by management that have a material effect on the operations and performance of the Bank, and ensure they have been properly reflected in the financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the applicable accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The BOD confirms that the Bank has complied with these requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 226 OF LAW ON COMMERCIAL ENTERPRISES

We, on behalf of the Board of Directors, do hereby confirm that the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs.

Signed in accordance with a resolution of the Board of Directors,

(SIGNED)

(SIGNED)

Dith Sochal

Executive Director and Chief Executive Officer

Ok Seiha

Chief Finance Officer

Phnom Penh, Kingdom of Cambodia

23 March 2023



INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS OF FOREIGN TRADE BANK OF CAMBODIA

OPINION

We have audited the financial statements of Foreign Trade Bank of Cambodia (“the Bank”), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

BASIS FOR OPINION

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants and Auditors issued by the Ministry of Economy and Finance of Cambodia, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The other information obtained at the date of the auditor’s report comprises the Bank information and the Report of the Board of Directors as set out in pages 1 to 5. Management is responsible for the other information.

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

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

INDEPENDENT AUDITOR'S REPORT (Cont.)

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT (Cont.)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

(SIGNED)

Hong Khav

Associate Partner

Ernst & Young (Cambodia) Ltd.

Certified Public Accountants

Registered Auditors

Phnom Penh, Kingdom of Cambodia

23 March 2023



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		NOTES	2022		2021	
			US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
ASSETS						
Cash on hand	4		36,740,739	151,261,622	41,382,860	168,593,772
Balances with other financial institutions	5		47,708,705	196,416,738	38,658,962	157,496,611
Balances with the National Bank of Cambodia ("NBC")	6		367,948,847	1,514,845,403	405,530,296	1,652,130,426
Loans and advances to customers	7		1,336,071,142	5,500,604,892	1,149,024,261	4,681,124,839
Other assets	8		7,868,810	32,395,891	2,207,518	8,993,430
Other investments	9		30,744,936	126,576,902	20,103,889	81,903,244
Foreclosed properties	10		31,782,378	130,848,050	28,690,723	116,886,006
Intangible assets	11		1,103,946	4,544,946	903,323	3,680,138
Property and equipment	12		16,365,480	67,376,681	16,172,520	65,886,846
Right-of-use assets	13		7,600,116	31,289,678	7,054,352	28,739,430
Deferred tax assets	21		588,920	2,424,584	2,112,423	8,606,011
Total Assets			1,884,524,019	7,758,585,387	1,711,841,127	6,974,040,753
LIABILITIES AND EQUITY LIABILITIES						
Deposits from customers	14		1,498,895,342	6,170,952,123	1,373,978,145	5,597,586,963
Deposits from other financial institutions	15		96,100,979	395,647,731	103,106,704	420,056,712
Borrowings	16		21,753,816	89,560,460	7,973,509	32,484,076
Subordinated debts	17		37,800,328	155,623,950	27,184,550	110,749,857
Lease liabilities	18		8,179,808	33,676,270	7,521,960	30,644,465
Other liabilities	19		3,814,441	15,704,054	2,281,316	9,294,082
Provision for employee benefits	20		422,406	1,739,046	3,003,828	12,237,595
Provision for off-balance sheet commitments	31		401,771	1,654,091	851,853	3,470,449
Income tax payable	21		5,359,857	22,066,531	5,345,998	21,779,596
Total Liabilities			1,672,728,748	6,886,624,256	1,531,247,863	6,238,303,795
EQUITY						
Share capital	22		79,500,000	318,000,000	79,500,000	318,000,000
Reserves	23		87,726,171	356,722,512	81,972,975	333,209,200
Retained earnings			44,569,100	180,808,971	19,120,289	76,799,680
Cumulative translation differences			-	16,429,648	-	7,728,078
Total Equity			211,795,271	871,961,131	180,593,264	735,736,958
Total Liabilities And Equity			1,884,524,019	7,758,585,387	1,711,841,127	6,974,040,753

The accompanying notes form an integral part of these financial statements.



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022		2021	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Operating income					
Interest income	24	111,873,465	457,226,851	99,200,888	403,549,212
Interest expense	25	(63,526,591)	(259,633,177)	(55,264,339)	(224,815,331)
Net interest income		48,346,874	197,593,674	43,936,549	178,733,881
Net fee and commission income	26	1,459,121	5,963,428	1,360,220	5,533,375
Other income	27	1,445,374	5,907,244	1,786,307	7,266,697
Total operating profit		51,251,369	209,464,346	47,083,076	191,533,953
Personnel expenses	28	(11,025,119)	(45,059,661)	(9,071,066)	(36,901,096)
Depreciation and amortization	29	(3,458,666)	(14,135,568)	(2,980,707)	(12,125,516)
General and administrative expenses	30	(4,861,194)	(19,867,700)	(4,332,152)	(17,623,194)
Total operating expenses		(19,344,979)	(79,062,929)	(16,383,925)	(66,649,806)
Operating profit before impairment		31,906,390	130,401,417	30,699,151	124,884,147
Recoveries/reversal of provision (provision) for expected credit losses	7(ii)	7,439,697	30,406,041	(4,385,550)	(17,840,417)
Profit before income tax		39,346,087	160,807,458	26,313,601	107,043,730
Income tax expense	21	(8,144,080)	(33,284,855)	(5,396,343)	(21,952,323)
Net profit for the year		31,202,007	127,522,603	20,917,258	85,091,407
Other comprehensive income item:					
Exchange difference on translation		-	8,701,570	-	4,756,107
Total comprehensive income for the year		31,202,007	136,224,173	20,917,258	89,847,514

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	SHARE CAPITAL		NON-DISTRIBUTABLE RESERVES		GENERAL RESERVES		REGULATORY RESERVES		RETAINED EARNINGS		CUMULATIVE TRANSLATION DIFFERENCES	TOTAL	
	US\$ (Note 22)	KHR'000 (Note 2.1)	US\$ (Note 23)	KHR'000 (Note 2.1)	US\$ (Note 23)	KHR'000 (Note 2.1)	US\$ (Note 23)	KHR'000 (Note 2.1)	US\$ (Note 23)	KHR'000 (Note 2.1)	KHR'000 (Note 2.1)	US\$ (Note 2.1)	KHR'000 (Note 2.1)
As at 1 January 2022	79,500,000	318,000,000	70,600,486	287,202,777	195,590	797,029	11,176,899	45,209,394	19,120,289	76,799,680	7,728,078	180,593,264	735,736,958
Net profit for the year	-	-	-	-	-	-	-	-	31,202,007	127,522,603	-	31,202,007	127,522,603
Exchange difference on translation	-	-	-	-	-	-	-	-	-	-	8,701,570	-	8,701,570
Total comprehensive income	-	-	-	-	-	-	-	-	31,202,007	127,522,603	8,701,570	31,202,007	136,224,173
Transfers to regulatory reserves (Note 23)	-	-	-	-	-	-	5,753,196	23,513,312	(5,753,196)	(23,513,312)	-	-	-
As at 31 December 2022	79,500,000	318,000,000	70,600,486	287,202,777	195,590	797,029	16,930,095	68,722,706	44,569,100	180,808,971	16,429,648	211,795,271	871,961,131
As at 1 January 2021	79,500,000	318,000,000	-	-	195,590	797,029	9,379,930	37,899,324	70,600,486	286,221,120	2,971,971	159,676,006	645,889,444
Net profit for the year	-	-	-	-	-	-	-	-	20,917,258	85,091,407	-	20,917,258	85,091,407
Exchange difference on translation	-	-	-	-	-	-	-	-	-	-	4,756,107	-	4,756,107
Total comprehensive income	-	-	-	-	-	-	-	-	20,917,258	85,091,407	4,756,107	20,917,258	89,847,514
Transfer to non-distributable reserves (Notes 23)	-	-	70,600,486	287,202,777	-	-	-	-	(70,600,486)	(287,202,777)	-	-	-
Transfers to regulatory reserves (Note 23)	-	-	-	-	-	-	1,796,969	7,310,070	(1,796,969)	(7,310,070)	-	-	-
As at 31 December 2021	79,500,000	318,000,000	70,600,486	287,202,777	195,590	797,029	11,176,899	45,209,394	19,120,289	76,799,680	7,728,078	180,593,264	735,736,958

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022		2021	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
OPERATING ACTIVITIES					
Profit before income tax		39,346,087	160,807,458	26,313,601	107,043,730
Non-cash items included in profit or loss:					
Depreciation and amortization	29	3,458,666	14,135,568	2,980,707	12,125,516
(Reversal of provision)					
provision for expected credit losses	5,7,31	(7,439,697)	(30,406,043)	4,385,550	17,840,417
Write-off expense on fixed assets	12	133,093	543,951	9,468	38,515
Gain on disposal of property and equipment		(5,000)	(20,435)	-	-
Interest income from other investments	9	(1,644,080)	(6,719,355)	(103,889)	(422,620)
Finance costs on lease liabilities	18	484,458	1,979,980	274,397	1,116,246
Gain on disposal of foreclosed properties	10	(97,704)	(399,316)	-	-
		34,235,823	139,921,808	33,859,834	137,741,804
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Balances with other financial institutions		(94,678,391)	(386,950,584)	(4,211,690)	(17,133,155)
Balances with the National Bank of Cambodia ("NBC")		(5,882,515)	(24,041,839)	(7,953,606)	(32,355,269)
Loans and advances to customers		(185,564,231)	(758,401,012)	(141,257,499)	(574,635,506)
Other assets		(2,143,472)	(8,760,370)	38,940	729,661
Increase (decrease) in:					
Deposits from customers		124,917,197	510,536,584	146,874,964	597,487,354
Deposits from other financial institutions		(7,005,725)	(28,632,398)	38,134,495	155,131,126
Other liabilities		433,930	1,773,473	3,186,367	12,962,141
Provision for employee benefits		(2,581,422)	(10,550,272)	90,369	367,621
Cash (used in) provided by operations	21.2	(138,268,806)	(565,104,610)	68,762,174	280,295,777
Income tax paid		(6,606,718)	(27,001,656)	(3,974,445)	(16,168,042)
Net cash (used in) provided by operating activities		(144,875,524)	(592,106,266)	64,787,729	264,127,735

STATEMENT OF CASH FLOWS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022		2021		
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)	
Cash flows from investing activities						
Acquisitions of:						
Other investments	9	(10,097,158)	(41,267,085)	(20,000,000)	(81,360,000)	
Property and equipment	12	(2,279,802)	(9,317,551)	(6,416,089)	(26,100,649)	
Intangible assets	11	(369,364)	(1,509,591)	(58,139)	(236,509)	
Proceeds from:						
Interest received from other investments	9	1,100,191	4,496,481	-	-	
Disposals of foreclosed properties	10	3,658,000	14,950,246	-	-	
Disposals of property and equipment		5,000	20,435	-	-	
Net cash used in investing activities		(7,983,133)	(32,627,065)	(26,474,228)	(107,697,158)	
Cash flows from financing activities						
Repayments of:						
Borrowings	16	(5,535,300)	(22,622,771)	(24,068,686)	(97,911,415)	
Subordinated debts	17	(3,307,454)	(13,517,564)	(3,307,454)	(13,454,723)	
Principal portion of lease liabilities	18	(1,703,512)	(6,962,254)	(1,289,844)	(5,247,085)	
Proceeds from:						
Borrowings	16	19,106,982	78,090,235	9,004,688	36,631,071	
Subordinated debts	17	10,609,000	43,358,983	-	-	
Net cash provided by (used in) financing activities		19,169,716	78,346,629	(19,661,296)	(79,982,152)	
Net (decrease) increase in cash and cash equivalents						
		(133,688,941)	(546,386,702)	18,652,205	76,448,425	
Cash and cash equivalents at beginning of year		356,738,903	1,453,354,291	338,086,698	1,367,560,692	
Exchange difference on translation		-	11,329,104	-	9,345,174	
Cash and cash equivalents at end of year		4	223,049,962	918,296,693	356,738,903	1,453,354,291
Additional information on operational cash flows from interest:						
Interest received		110,695,193	452,411,254	99,724,516	405,679,329	
Interest paid		60,752,644	248,296,056	52,963,387	215,455,057	

The accompanying notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

1. REPORTING ENTITY

The Bank was originally established following sub-decree No. 1213 dated 10 October 1979 under the former regime of the State of Cambodia. In 2000, the Bank was separated from the direct management of the National Bank of Cambodia (“NBC” or “the Central Bank”). The Bank is recognised as a public limited company by the Ministry of Commerce (“MOC”) under the registration number Co.8835 M/2006 dated 21 June 2006.

The Bank holds a commercial banking license from NBC that was renewed for an indefinite period on 21 December 2006.

The principal activities of the Bank consist of the provision of comprehensive banking and related financial services in Cambodia.

The registered office of the Bank is located at No.33C-D Tchecoslovaquie Blvd., Sangkat Veal Vong, Khan 7 Makkara, Phnom Penh, the Kingdom of Cambodia.

As at 31 December 2022, the Bank had 610 employees (2021: 524 employees).

The financial statements were authorized for issue by the Board of Directors on 23 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of Preparation

The financial statements of the Bank have been prepared on historical cost basis, except for any financial assets and financial liabilities that have been measured at fair value.

Statement of Compliance

The financial statements of the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Fiscal Year

The Bank’s fiscal year starts on 1 January and ends on 31 December.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

Presentation of Financial Statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 35.

Functional and Presentation Currency

CIAS 21, The Effects of Changes in Foreign Exchange Rates, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

- (i) The currency that mainly influences prices for financial instruments and services (this will often be the currency in which prices for its financial instruments and services are denominated and settled);
- (ii) The currency in which funds from financing activities are generated; and
- (iii) The currency in which receipts from operating activities are usually retained.

Based on the economic substance of underlying circumstances relevant to the Bank, the functional currency of the Bank has been determined to be the US\$. The US\$ is the currency of the primary economic environment in which the Bank operates; and it is the currency that mainly influences the revenue and the expenses.

Translation of United States Dollar ("US\$") into Khmer Riel ("KHR")

The financial statements are presented in US\$ and KHR. Assets and liabilities are translated at the closing rate as at the statement of financial position date while the items in the statements of comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognized and accumulated in the cumulative translation differences presented under equity in the statement of financial position. The translation of the US\$ amounts into KHR is included solely for meeting the presentation requirement pursuant to the Law on Accounting and Auditing.

The financial statements are presented in KHR based on the following applicable exchange rates per US\$ 1:

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

Translation of United States Dollar ("US\$") into Khmer Riel ("KHR") (Cont.)

	2022	2021
Closing rate	4,117	4,074
Average rate	4,087	4,068

2.2 NEWS STANDARDS AND AMENDMENTS

2.2.1 Standards Issued But Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. These standards and amendments to CIFRSs issued but not yet effective, are not expected to have a significant impact on the financial position or performance of the Bank.

Effective beginning on or after 1 January 2023

- CIFRS 17, Insurance Contracts
- Amendments to CIAS 1, First-time Adoption of Cambodian International Financial Reporting Standards - Classification of liabilities as current and non-current
- Amendments to CIAS 1, First-time Adoption of Cambodian International Financial Reporting Standards, and CIFRS Practice Statement 2 Making Materiality Judgments - Disclosure of Accounting Policies
- Amendments to CIAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to CIAS 12, Income Taxes - Deferred Tax related to Assets and Liability arising from a Single Transaction.

2.2.2 New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Bank has adopted the following new accounting pronouncements starting 1 January 2022. Adoption of these pronouncements did not have any significant impact on the Bank's financial position or performance unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.2 NEWS STANDARDS AND AMENDMENTS (Cont.)

2.2.2 New and Amended Accounting Standards and Interpretations (Cont.)

(i) Onerous Contract - Costs of Fulfilling a Contract - Amendments to CIAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Bank cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(ii) Reference to Conceptual Framework - Amendments to CIFRS 3

The amendments replace a reference to a previous version of the Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of CIFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of CIAS 37 Provisions, Contingent Liabilities and Contingent Assets or C-IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Bank applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Bank as there were no contingent assets or contingent liabilities within the scope of these amendments that arose during the period.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.2 NEWS STANDARDS AND AMENDMENTS (Cont.)

2.2.2 New and Amended Accounting Standards and Interpretations (Cont.)

(iii) **Property, Plant and Equipment; Proceeds before Intended Use - Amendments to CIAS 16 Leases**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Bank applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Bank as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

(iv) **CIFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of CIFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to CIFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of CIFRS 1.

These amendments had no impact on the financial statements of the Bank.

(v) **CIFRS 9 Financial Instruments - Fees In The '10 Per Cent' Test For Derecognition of Financial Liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

2.2 NEWS STANDARDS AND AMENDMENTS (cont.)

2.2.2 New and Amended Accounting Standards and Interpretations (Cont.)

(v) Cifrs 9 Financial Instruments - Fees In The '10 Per Cent' Test For Derecognition of Financial Liabilities (Cont.)

These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for CIAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Bank applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Bank as there were no modifications of the Bank's financial instruments during the period.

(vi) CIAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of CIAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of CIAS 41.

These amendments had no impact on the financial statements of the Bank as it did not have assets in scope of CIAS 41 as at the reporting date.

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2.3.1 Recognition and Initial Measurement

The Bank initially recognizes loans and advances, borrowings and subordinated liabilities on the date on which they are originated. All other financial the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification

(i) Financial Assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income' ("FVOCI") or 'fair value through profit or loss' ("FVTPL").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments for principal and interest ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in 'other comprehensive income' ("OCI"). This election is made on an investment-by-investment basis.

All Other Financial Assets are Classified as Measured at FVTPL

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Business Model Assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(ii) Business Model Assessment (Cont.)

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

(iii) Assessment of Whether Contractual Cash Flows are Solely Payments Of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont.)

2.3.2 Classification (cont.)

(iii) Assessment of Whether Contractual Cash Flows are Solely Payments Of Principal and Interest (Cont.)

In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

(iv) Non-recourse Loans

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

(v) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(vi) Derecognition

Financial assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the statement of comprehensive income.

Financial liabilities

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(vii) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see (iii)) and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(vii) Modifications of financial assets and financial liabilities (Cont.)

Financial assets (Cont.)

- other fees are included in profit and loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit and loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

- If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(vii) Modifications of Financial Assets and Financial Liabilities (Cont.)

Financial liabilities (Cont.)

derecognized and consideration paid is recognized in the statement of comprehensive income. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit and loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(viii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ix) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(ix) Fair Value Measurement (Cont.)

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in the statement of comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment

The Bank recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- loan commitments issued.

No impairment loss is recognized on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECLs, except for the following, for which they are measured as 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECLs is recognized are referred to as 'Stage 1 financial instruments'.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECLs is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

At each reporting date, the Bank assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and includes forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.

The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days and 14 days past due for long term and short term asset, respectively. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECLs.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held); or
- The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due for long-term facilities or more than 14 days past due for short-term facilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

Measurement of ECLs (Cont.)

ECLs is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.

Inputs, assumptions and techniques used for estimating impairment

The key inputs into the measurement of ECLs are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

ECLs for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECLs is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

Inputs, assumptions and techniques used for estimating impairment (continued)

assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECLs are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

Credit-impaired financial assets (Cont.)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a long term or short term loan that is overdue for 91 days or 31 days, respectively or more is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for ECLs are presented in the statement of financial position for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.

Write-off

Loans and advances are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of loans previously written off are credited provision for ECLs in the statement of comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.4 CASH AND CASH EQUIVALENT

For the purpose of presentation of statement of cash flows, cash and cash equivalents include cash on hand, unrestricted balances with the NBC, balances with other financial institutions, and other short-term highly liquid investments with original maturities of three months or less where the Bank has full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value.

Balances with other financial institutions and with NBC are carried at amortized cost in the statement of financial position.

2.5 STATUTORY DEPOSITS

Statutory deposits included in balances with the NBC are maintained in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by the defined percentage of the minimum share capital and the customers' deposits as required by NBC.

2.6 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances' captions in the statement of financial position include loans and advances measured at amortized cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method.

2.7 OTHER ASSETS

Other assets are carried at cost less impairment losses, if any.

2.8 OTHER INVESTMENTS

Other investments are carried at amortized cost using the effective interest rate method.

2.9 FORECLOSED PROPERTIES

Foreclosed properties consisting of immovable properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

2.10 INTANGIBLE ASSETS

Intangible assets comprise acquired computer software licenses and related costs for the core banking system and other systems. They are stated at cost less accumulated amortization and impairment loss. Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire the specific software

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.10 INTANGIBLE ASSETS (Cont.)

and bring it into use. These costs are amortised over their estimated useful lives of three to five years using the straight-line method.

Work in progress is not amortised until such time as the items are completed and put into operational use.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

2.11 PROPERTY AND EQUIPMENT

2.11.1 Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labor. For qualifying assets, borrowing costs are capitalized in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

2.11.2 Subsequent Costs

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognized net within "other income" and "other expenses" respectively in the statement of comprehensive income.

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.11 PROPERTY AND EQUIPMENT (Cont.)

2.11.2 Subsequent Costs (Cont.)

to profit or loss. The costs of the day-to-day servicing of property and equipment are recognized in the statement of comprehensive income as incurred.

2.11.3 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognized as an expense in profit or loss on a straight-line over the estimated useful lives of each component of an item of property and equipment. Work in progress is not depreciated until such time as the items are completed and put into operational use.

Depreciation is recognized from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives are as follows:

	Years
Buildings	20 Years
Leasehold improvement	Shorter of lease period and its economic useful lives
Computer equipment	3 - 5 Years
Furniture and office equipment	3 - 5 Years
Motor vehicles	5 Years

Depreciation methods, useful lives and residual values are reassessed at end of the reporting period and adjusted if appropriate.

2.12 LEASES

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.12 LEASES (Cont.)

To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where all the decisions about how and for what purpose the asset is used are predetermined, the Bank has the right to direct the use of the asset if either:
 - ◇ the Bank has the right to operate the asset; or
 - ◇ the Bank designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease and non-lease component, the Bank allocates the consideration in the contract to each lease component and aggregate of non-lease components on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Leases in which the Bank is a lessee

An arrangement conveyed the right to use the asset if one of the following was met:

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.12 LEASES (Cont.)

Leases in which the Bank is a lessee (Cont.)

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated useful lives are as follows:

	Years
Branch offices	3 - 10 years
ATM spaces	2 - 10 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, to the lessee's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.12 LEASES (Cont.)

Leases In which the Bank is a Lessee (Cont.)

- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the lease term, a change in the assessment of the option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-Term Leases and Leases of Low-value Assets

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases in Which the Bank is a Lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of comprehensive income.

2.13 INCOME TAX

Income tax expense comprises current and deferred tax. It is recognized in profit and loss except items recognized directly in equity or in other comprehensive income.

The Bank has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under CIAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognized the related expenses in 'Other expenses'.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Current Lax

Current tax comprises the expected tax payable or receivable on the taxable income for the period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

Deferred Lax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset are recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.14 BORROWINGS

Borrowings are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at amortized cost using effective interest method.

2.15 SUBORDINATED DEBTS

Subordinated debts are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at amortized cost using effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.16 EMPLOYEE BENEFITS

2.16.1 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.16.2 Other Long-term Employee Benefits

The Bank's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in the statement of comprehensive income in the period in which they arise.

2.16.3 Provident Funds

The Bank provides its employees with benefits under the provident fund. The fund is sourced from the following:

- (i) A monthly contribution which is based on the monthly salary of an employee and contributed by the Bank and its employees at a rate of 5% and 5%, respectively. The Bank's contribution is recognized in the statement of comprehensive income.
- (ii) The Bank contributes interest on the cumulative balance of the provident fund computed at 6% per annum. Interest is accrued on a monthly basis.

The provident funds will be fully paid to the employee, who contributed to the fund, upon termination of employment with the Bank.

2.17 PROVISIONS

Provisions are recognized in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.18 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary share are recognised as a deduction from equity, net of any tax effects. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

2.19 RESERVES

General reserve

The general reserves are set up for any overall financial risk. The Board of Directors exercises its discretion for the use and maintenance of the general reserves. The transfer from retained earnings to general reserves is subject to the approval of Board of Directors of the Bank. Allocations to the general reserve are no longer allowed under the Bank's Memorandum and Articles of Association dated 23 May 2006 and the amendment on 30 May 2007.

Non-distributable reserve

The non-distributable reserve is transferred from retained earnings and maintained as reserve following the approval on 5 July 2021 from the NBC on the request of the Bank to comply with the NBC's Prakas No. B7-10-182 dated 15 October 2010 on Net worth and Prakas No. B7-00-46 dated 16 February 2000 on Solvency ratio. Any movement requires approval from the Board of Directors and the NBC.

Regulatory reserve

A regulatory reserve is established for the difference between the allowance for expected credit losses (ECLs) as determined in accordance with CIFRS 9 and the regulatory allowance in accordance with NBC Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisioning for banks and financial institutions. The Bank shall compare the regulatory allowance with the provision in accordance with CIFRS 9, and:

- (i) In case the regulatory allowance is lower than the allowance in accordance with CIFRS 9, the entity records the allowance based on CIFRS 9; and
- (ii) In case the regulatory allowance is higher than the allowance in accordance with CIFRS 9, the entity records the allowance based on CIFRS 9 and transfer the difference from the retained earnings (accumulated losses) to regulatory reserve in the equity section of the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.19 RESERVES (Cont.)

Regulatory reserve (Cont.)

The Prakash on regulatory provisioning requires banks and financial institutions to classify their loan portfolio into five classes and provide general and specific allowance based on the following loan classification:

Classification	Number of days past due	Allowance rate
Standard	0 to 14 days (short-term)	
	0 to 29 days (long-term)	1%
Special mention	15 days to 30 days (short-term)	
	30 days to 89 days (long-term)	3%
Substandard	31 days to 60 days (short-term)	
	90 days to 179 days (long-term)	20%
Doubtful	61 days to 90 days (short-term)	
	180 days to 359 days (long-term)	50%
Loss	From 91 days (short-term)	100%
	360 days or more (long-term)	

In December 2021, the NBC issued Circular No. B7-021-2314 to provide additional guidance to banks and financial institutions in classifying their loans which have been restructured up to 31 December 2021 and in providing the regulatory allowance. This Circular requires banks and financial institutions to classify the restructured loans as follows:

- Special mention if a restructured loan is “viable” or deemed as “performing”
- Substandard if a first-time restructured loan will need another restructuring
- Doubtful if a second-time restructured loan will need another restructuring
- Loss if a restructured loan is “non-viable” or deemed as “non-performing”

2.20 INTEREST

2.20.1 Effective Interest Rate

Interest income and expense are recognized in profit and loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.20 INTEREST (Cont.)

2.20.1 Effective Interest Rate (Cont.)

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank/the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECLs. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECLs.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received. A contractual interest rate is used in replacement of the effective interest rate when management assesses that transaction costs and fees are not an integral part of the effective interest rate and that the impact is not material to the financial statements. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

2.20.2 Amortized Cost and Gross Carrying Amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECLs allowance.

The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any ECLs allowance.

2.20.3 Calculation of Interest Income and Expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortization of the hedge adjustment begins.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.20 INTEREST (Cont.)

2.20.3 Calculation of Interest Income and Expense (Cont.)

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

2.20.4 Presentation

Interest income calculated using the effective interest method presented in the statement of comprehensive income includes interest on financial assets and financial liabilities measured at amortized cost.

Interest expense presented in the statement of comprehensive income includes financial liabilities measured at amortized cost.

2.21 FEE AND COMMISSION

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

A contract with a customer that results in a recognized financial instrument in the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Bank first applies CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then applies CIFRS 15 to the residual.

2.22 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Bank's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its related cashgenerating unit (CGU) exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.22 IMPAIRMENT OF NON-FINANCIAL ASSETS (Cont.)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in the statement of comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.23 CONTINGENT LIABILITIES

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognized in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.24 CONTINGENT ASSETS

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognized in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgments are continually evaluated and based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Bank makes estimates, assumptions and judgments concerning the future. The results of accounting estimates will, by definition, seldom equal the related actual results. The areas involving significant estimates, assumptions and judgments are:

(i) Measurement of Allowance for ECLs

The measurement of the allowance for ECLs for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECLs, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECLs
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECLs
- Establishing groups of similar financial assets for the purposes of measuring ECLs

(ii) Determination of Functional Currency

Based on the economic substance of underlying circumstances relevant to the Bank, the functional currency of the Bank has been determined to be the US\$. The US\$ is the currency of the primary economic environment in which the Bank operates; and it is the currency that mainly influences the revenue and the expenses.

(iii) Classification of Financial Assets

The Bank classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

In performing the SPPI test, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (Cont.)

(iv) Effective Interest Rate ("EIR") Method

The Bank's EIR method recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognizes the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgment regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the Bank's base rate and other fee income or expense that are integral parts of the instrument.

(v) Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

4. CASH ON HAND

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
US\$	28,878,948	118,894,628	10,184,160	41,490,268
KHR	7,861,791	32,366,994	31,198,700	127,103,504
	36,740,739	151,261,622	41,382,860	168,593,772

For the purpose of the statement of cash flows, cash and cash equivalents comprise:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Cash on hand	36,740,739	151,261,622	41,382,860	168,593,772
Balances with other financial institutions – gross (Note 5)	47,756,043	196,611,629	38,660,508	157,502,909
Balances with the NBC (Note 6)	138,553,180	570,423,442	276,695,535	1,127,257,610
	223,049,962	918,296,693	356,738,903	1,453,354,291

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

5. BALANCES WITH OTHER FINANCIAL INSTITUTIONS

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current accounts	42,756,043	176,026,629	38,660,508	157,502,909
Time deposit with original maturity of three months	5,000,000	20,585,000	-	-
	47,756,043	196,611,629	38,660,508	157,502,909
Allowance for ECLs	(47,338)	(194,891)	(1,546)	(6,298)
	47,708,705	196,416,738	38,658,962	157,496,611

The movements in allowance for ECLs in balances with other financial institutions are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	1,546	6,298	17,561	71,034
Provision (reversal of provision) for ECLs (Note 7.ii)	45,792	187,152	(16,015)	(65,149)
Exchange difference on translation	-	1,441	-	413
At 31 December	47,338	194,891	1,546	6,298

The balances with other financial institutions by currency are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
US\$	47,529,444	195,678,721	38,184,597	155,564,048
KHR	4,024	16,567	58,638	238,891
Others	222,575	916,341	417,273	1,699,970
	47,756,043	196,611,629	38,660,508	157,502,909

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

5. BALANCES WITH OTHER FINANCIAL INSTITUTIONS (Cont.)

Ranges of interest rates (per annum) are as follows:

	2022	2021
Current accounts	Nil	Nil
Time deposits	2.00% - 5.00%	1.50% to 4.30%

6. BALANCES WITH THE NBC

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current accounts	138,553,180	570,423,442	276,695,535	1,127,257,610
Time deposits with original maturities of more than three months	118,624,985	488,379,063	23,946,594	97,558,424
Capital guarantee (i)	7,976,050	32,837,398	7,951,594	32,394,794
Reserve requirement deposit (ii)	102,794,632	423,205,500	96,936,573	394,919,598
	367,948,847	1,514,845,403	405,530,296	1,652,130,426

(i) Capital guarantee

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit 10% of its capital. This deposit is not available for use in the Bank's day-to-day operations and is refundable should the Bank voluntarily cease its operations in Cambodia.

(ii) Reserve Requirement Deposit

Under NBC Prakas No. B7-020-230 dated 18 March 2020, commercial banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 7% of customer deposits and borrowings in KHR and other currencies. The reserve requirement on customers' deposits and borrowings bears no interest.

(iii) Interest Rate (Per Annum)

	2022	2021
Current accounts	Nil	Nil
Time deposits	0.02% - 3.34%	0.02% to 0.80%
Capital guarantee	0.08% - 0.65%	0.04% to 0.06%

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

6. BALANCES WITH THE NBC (Cont.)

(iv) By Currency:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
US\$	334,974,400	1,379,089,605	359,827,368	1,465,936,697
KHR	32,974,447	135,755,798	45,702,928	186,193,729
	367,948,847	1,514,845,403	405,530,296	1,652,130,426

7. LOANS AND ADVANCES TO CUSTOMERS

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Commercial loans:				
Long-term loans	640,601,688	2,637,357,149	461,440,021	1,879,906,644
Overdrafts	282,167,754	1,161,684,643	259,568,847	1,057,483,483
Loans to other banks and micro-finance institutions	63,181,872	260,119,767	68,172,731	277,735,706
Short-term loans	49,781,707	204,951,288	63,776,029	259,823,542
	1,035,733,021	4,264,112,847	852,957,628	3,474,949,375
Consumer loans:				
Housing loans	296,134,311	1,219,184,958	293,954,847	1,197,572,047
Staff loans	6,890,247	28,367,147	6,280,873	25,588,277
	303,024,558	1,247,552,105	300,235,720	1,223,160,324
Carrying amount- gross	1,338,757,579	5,511,664,952	1,153,193,348	4,698,109,699
Allowance for ECLs	(2,686,437)	(11,060,060)	(4,169,087)	(16,984,860)
Carrying amount - net	1,336,071,142	5,500,604,892	1,149,024,261	4,681,124,839

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

7. LOANS AND ADVANCES TO CUSTOMERS (Cont.)

(i) The movements of allowance for ECLs on loans and advances to customers are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	4,169,087	16,984,860	12,866,463	52,044,843
Reversal of provision for ECLs	(1,482,650)	(6,059,591)	(8,586,084)	(34,928,190)
Write-off	-	-	(111,292)	(452,736)
Exchange difference on translation	-	134,791	-	320,943
At 31 December	2,686,437	11,060,060	4,169,087	16,984,860

(ii) Recoveries/reversal of provision (provision for) for losses on financial instruments recognized in the statement of comprehensive income are summarized as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Reversal of provision (provision) for ECLs on:				
Loans and advances to customers	1,482,650	6,059,591	8,697,376	35,380,926
Balances with other financial institutions (Note 5)	(45,792)	(187,152)	16,015	65,149
Off- balance sheet commitments (Note 31)	450,082	1,839,485	(183,782)	(747,625)
Recoveries of provision (written-off expense)	5,552,757	22,694,117	(12,915,159)	(52,538,867)
	7,439,697	30,406,041	(4,385,550)	(17,840,417)

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

7. LOANS AND ADVANCES TO CUSTOMERS (Cont.)

(iii) Gross carrying amount of loans and advances to customers are analyzed as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
A. By maturity:				
Within 1 month	34,724,080	142,959,037	50,527,746	205,850,037
Within 1 to 3 months	105,307,557	433,551,212	111,182,720	452,958,401
Within 3 to 12 months	207,982,452	856,263,755	212,372,227	865,204,453
Within 1 to 5 years	592,596,155	2,439,718,370	425,595,634	1,733,876,612
More than 5 years	398,147,335	1,639,172,578	353,515,021	1,440,220,196
	1,338,757,579	5,511,664,952	1,153,193,348	4,698,109,699

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
B. By relationship:				
Staff loans	6,668,560	27,454,462	5,508,092	22,439,967
Related parties	221,687	912,685	772,781	3,148,310
Non-related parties	1,331,867,332	5,483,297,805	1,146,912,475	4,672,521,422
	1,338,757,579	5,511,664,952	1,153,193,348	4,698,109,699

C. By currency:				
US\$	1,201,724,357	4,947,499,177	1,032,746,490	4,207,409,200
KHR	137,033,222	564,165,775	120,446,858	490,700,499
	1,338,757,579	5,511,664,952	1,153,193,348	4,698,109,699

Ranges of Interest rate (per annum):

	2022	2021
US\$	6% - 15%	6.5% - 15%
KHR	6% - 18%	6% - 18%

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

8. OTHER ASSETS

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Advances and prepayments (*)	7,385,320	30,405,362	1,892,018	7,708,081
Investment in Credit Bureau Holding (Cambodia) Ltd	25,000	102,925	25,000	101,850
Others	458,490	1,887,604	290,500	1,183,499
	7,868,810	32,395,891	2,207,518	8,993,430

(*) The Bank entered into a Sale and Purchase agreement dated 12 December 2022 to buy a plot of land in Sangkat Russey Keo with a value of US\$ 8,435,000 or KHR'000 34,726,895. The Bank paid a deposit of US\$5,409,000 (KHR'000 22,268,853) to the seller and recorded in Advances and prepayments. At the date of this report, title deed for the land has been transferred to the Bank.

9. OTHER INVESTMENTS

Other investments comprise of corporate and government bonds subscribed by the Bank with the following issuers:

	2022	2021
	US\$	US\$
Cambodia Airport Investment Co., Ltd	30,647,119	20,103,889
Ministry of Economy and Finance	97,817	-
Total	30,744,936	20,103,889
KHR'000 (Note 2.1)	126,576,902	81,903,244

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

9. OTHER INVESTMENTS (Cont.)

Movements of other investments are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	20,103,889	81,903,244	-	-
Additions	10,097,158	41,267,085	20,000,000	81,360,000
Interest income (Note 24)	1,644,080	6,719,355	103,889	422,620
Interest received	(1,100,191)	(4,496,481)	-	-
Exchange difference on translation	-	1,183,699	-	120,624
At 31 December	30,744,936	126,576,902	20,103,889	81,903,244

Maturity analysis of other investments is included in Note 35.

Interest rates (per annum) for corporate and government bonds are as follows:

	Term	2022	2021
Cambodia Airport Investment Co., Ltd	3 years	5.5%	5.5%
Ministry of Economy and Finance	1 year	2.2%	Not applicable

10. FORECLOSED PROPERTIES

Foreclosed properties consist of immoveable properties acquired through foreclosure of collaterals from default on loans and advances to customers that have devolved to the Bank as part of settlement of debts.

These assets are not held for operational purposes and have to be disposed of in order to recover the outstanding amount within the maximum allowable period of twelve months as per the guidelines No. B-7-01-186 Prakas issued by the NBC.

On 6 March 2023, the Bank submitted a letter to the NBC requesting for extending period to hold the foreclosed properties. However, the Bank has not yet received approval from the NBC as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

10. FORECLOSED PROPERTIES (Cont.)

The gross movements of the foreclosed properties during the year are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	28,690,723	116,886,006	32,796,742	132,662,821
Addition	6,651,952	27,186,528	-	-
Disposal	(3,560,297)	(14,550,934)	-	-
Transfer	-	-	(4,106,019)	(16,703,285)
Exchange difference on translation	-	1,326,450	-	926,470
At 31 December	31,782,378	130,848,050	28,690,723	116,886,006

In 2022, the Bank foreclosed a property pledged as a collateral by a borrower to settle outstanding loan balance and related fees amounting to US\$ 6,651,952 or KHR'000 27,186,528. The arrangement was approved by the Bank's Credit Committee and through debt settle agreement with the borrower dated 25 May 2022. The transfer of the property's title is being processed as at the date of this report.

In 2022, the Bank sold a foreclosed property with book value of US\$ 3,560,297 or KHR'000 14,550,934 for total proceeds of US\$ 3,658,000 or KHR'000 14,950,246 resulting to a gain on disposal of the foreclosed property of US\$ 97,704 or KHR'000 399,316 (Note 27).

Valuation process (technique/inputs) used to determine fair value

The foreclosed properties were valued by a valuation company accredited by the Securities and Exchange Regulator of Cambodia. The Bank obtained independent valuations for its foreclosed properties as at 26 January 2023; and management believes that there is no significant change on valuation from the reporting date.

The level 3 fair value of foreclosed properties has been derived using sales comparison approach for land and cost approach for buildings.

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Fair value	60,377,904	248,575,831	66,220,000	269,780,280

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

11. INTANGIBLE ASSETS

	Software	Work in progress	Total
	US\$	US\$	US\$
2022			
Cost			
At 1 January	3,786,795	-	3,786,795
Additions	70,265	299,099	369,364
Reclassification (Note 12)	-	384,681	384,681
Transfers	587,304	(587,304)	-
At 31 December	4,444,364	96,476	4,540,840
Less: Accumulated amortization			
At 1 January	2,883,472	-	2,883,472
Amortization (Note 29)	553,422	-	553,422
At 31 December	3,436,894	-	3,436,894
Net book value			
At 31 December	1,007,470	96,476	1,103,946
KHR'000 (Note 2.1)	4,147,754	397,192	4,544,946

	Software	Work in progress	Total
	US\$	US\$	US\$
2021			
Cost			
At 1 January	3,628,108	100,548	3,728,656
Additions	58,139	-	58,139
Transfer	100,548	(100,548)	-
At 31 December	3,786,795	-	3,786,795
Less: Accumulated amortization			
At 1 January	2,253,495	-	2,253,495
Amortization (Note 29)	629,977	-	629,977
At 31 December	2,883,472	-	2,883,472
Net book value			
At 31 December	903,323	-	903,323
KHR'000 (Note 2.1)	3,680,138	-	3,680,138

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

12. PROPERTY AND EQUIPMENT

	Land	Booths (*)	Buildings	Leasehold improvement	Computer equipment	Furniture and office equipment	Motor vehicles	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost									
At 1 January 2022	8,548,504	1,527,000	3,024,627	1,813,068	3,888,823	6,461,918	1,906,641	741,260	27,911,841
Reclassification (Note 11)	-	-	-	-	-	-	-	(384,681)	(384,681)
Additions	-	-	-	16,307	642,517	232,052	123,987	1,264,939	2,279,802
Transfers	-	-	-	463,367	-	549,946	-	(1,013,313)	-
Disposal	-	-	-	-	-	-	(29,350)	-	(29,350)
Write-off	(5,045)	-	(16,590)	-	-	-	-	(111,458)	(133,093)
Exchange difference on translation	-	-	-	-	(1,601)	(954)	-	-	(2,555)
At 31 December 2022	8,548,504	1,527,000	3,008,037	2,292,742	4,529,739	7,242,962	2,001,278	496,747	29,641,964
Less: Accumulated depreciation									
At 1 January 2022	-	-	1,086,953	890,490	2,820,887	5,468,527	1,472,464	-	11,739,321
Depreciation (Note 29)	-	-	147,086	191,918	578,017	465,041	192,044	-	1,574,106
Disposal	-	-	-	-	-	-	(29,349)	-	(29,349)
Exchange difference on translation	-	-	(5,040)	-	(1,601)	(953)	-	-	(7,594)
At 31 December 2022	-	-	1,228,999	1,082,408	3,397,303	5,932,615	1,635,159	-	13,276,484
Net book value									
At 31 December 2022	8,543,459	1,527,000	1,779,038	1,210,334	1,132,436	1,310,347	366,119	496,747	16,365,480
KHR'000 (Note 2.1)	35,173,421	6,286,659	7,324,299	4,982,945	4,662,239	5,394,699	1,507,312	2,045,107	67,376,681

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

12. PROPERTY AND EQUIPMENT (Cont.)

	Land	Booths (*)	Buildings	Leasehold improvement	Computer equipment	Furniture and office equipment	Motor vehicles	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost									
At 1 January 2021	1,707,878	1,527,000	1,521,939	1,359,202	3,291,607	5,800,298	1,834,317	358,714	17,400,955
Additions	6,840,626	-	1,502,688	10,636	198,579	436,329	72,324	1,460,926	10,522,108
Transfers	-	-	-	443,230	399,736	225,946	-	(1,068,912)	-
Write-off	-	-	-	-	-	-	-	(9,468)	(9,468)
Exchange difference on translation	-	-	-	-	(1,099)	(655)	-	-	(1,754)
At 31 December 2021	8,548,504	1,527,000	3,024,627	1,813,068	3,888,823	6,461,918	1,906,641	741,260	27,911,841
Less: Accumulated depreciation									
At 1 January 2021	-	-	1,070,886	679,712	2,303,094	5,021,182	1,287,759	-	10,362,633
Depreciation (Note 29)	-	-	16,067	210,778	517,892	449,000	184,705	-	1,378,442
Exchange difference on translation	-	-	-	-	(99)	(1,655)	-	-	(1,754)
At 31 December 2021	-	-	1,086,953	890,490	2,820,887	5,468,527	1,472,464	-	11,739,321
Net book value									
At 31 December 2021	8,548,504	1,527,000	1,937,674	922,578	1,067,936	993,391	434,177	741,260	16,172,520
KHR'000 (Note 2.1)	34,826,605	6,220,998	7,894,084	3,758,583	4,350,771	4,047,075	1,768,837	3,019,893	65,886,846

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

13. RIGHT-OF-USE ASSETS

The Bank leases various assets including ATM spaces, building and branch offices. Information about right-of-use-assets for which the Bank is a lessee is presented below:

	Office space	ATM space	Total
	US\$	US\$	US\$
At 1 January 2022	7,050,907	3,445	7,054,352
Additions	1,066,700	-	1,066,700
Remeasurement (Note 18)	810,202	-	810,202
Depreciation (Note 29)	(1,328,382)	(2,756)	(1,331,138)
At 31 December 2022	7,599,427	689	7,600,116
KHR'000 (Note 2.1)	31,286,841	2,837	31,289,678
At 1 January 2021	2,043,826	31,131	2,074,957
Additions	5,951,683	-	5,951,683
Depreciation (Note 29)	(944,602)	(27,686)	(972,288)
At 31 December 2021	7,050,907	3,445	7,054,352
KHR'000 (Note 2.1)	28,725,395	14,035	28,739,430

14. DEPOSITS FROM CUSTOMERS

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Time deposits	1,030,374,433	4,242,051,541	921,025,379	3,752,257,394
Savings accounts	266,080,272	1,095,452,480	246,717,392	1,005,126,655
Current accounts	199,638,782	821,912,865	205,702,692	838,032,767
Margin deposits	613,208	2,524,577	485,727	1,978,852
Other deposits	2,188,647	9,010,660	46,955	191,295
	1,498,895,342	6,170,952,123	1,373,978,145	5,597,586,963

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

14. DEPOSITS FROM CUSTOMERS (Cont.)

Deposits from customers are analysed as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
By maturity:				
Within 1 month	538,875,488	2,218,550,384	518,798,712	2,113,585,953
Within 1 to 3 months	107,020,599	440,603,806	98,575,058	401,594,786
Within 3 to 6 months	127,139,856	523,434,787	166,892,138	679,918,570
Within 6 to 12 months	302,859,535	1,246,872,706	289,438,805	1,179,173,692
Within 1 to 5 years	404,205,604	1,664,114,472	266,247,799	1,084,693,533
Over 5 years	18,794,260	77,375,968	34,025,633	138,620,429
	1,498,895,342	6,170,952,123	1,373,978,145	5,597,586,963
By customer type:				
Individuals	1,006,247,230	4,142,719,846	948,343,616	3,863,551,892
Domestic corporations	480,839,350	1,979,615,604	413,666,597	1,685,277,716
Foreign corporations	11,808,762	48,616,673	11,930,202	48,603,643
Other	-	-	37,730	153,712
	1,498,895,342	6,170,952,123	1,373,978,145	5,597,586,963
By residency:				
Residents	1,484,196,472	6,110,436,875	1,359,786,420	5,539,769,875
Non-residents	14,698,870	60,515,248	14,191,725	57,817,088
	1,498,895,342	6,170,952,123	1,373,978,145	5,597,586,963
By relationship:				
Non-related parties	1,498,100,256	6,167,678,754	1,373,762,552	5,596,708,637
Related parties	795,086	3,273,369	215,593	878,326
	1,498,895,342	6,170,952,123	1,373,978,145	5,597,586,963
By currency:				
US\$	1,326,412,003	5,460,838,216	1,212,451,907	4,939,529,069
KHR	172,458,777	710,012,785	161,281,589	657,061,194
Others	24,562	101,122	244,649	996,700
	1,498,895,342	6,170,952,123	1,373,978,145	5,597,586,963

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

14. DEPOSITS FROM CUSTOMERS (Cont.)

	2022	2021
By interest rate (per annum):		
Current accounts	0% - 0.50%	0% - 0.50%
Savings accounts	0% - 7.31%	0% - 7.31%
Time deposits	3% - 8.00%	0.50% - 7.75%

15. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Time deposits	90,066,415	370,803,431	89,753,510	365,655,800
Current accounts	5,746,058	23,656,521	13,182,526	53,705,611
Savings accounts	288,506	1,187,779	170,668	695,301
	96,100,979	395,647,731	103,106,704	420,056,712

Deposits from other financial institutions are analyzed as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
By maturity:				
Within 1 month	19,156,408	78,866,932	17,393,665	70,861,791
Within 1 to 3 months	31,364,343	129,127,000	26,625,754	108,473,322
Within 3 to 6 months	26,121,448	107,542,001	30,628,546	124,780,696
Within 6 to 12 months	19,458,780	80,111,798	28,458,739	115,940,903
	96,100,979	395,647,731	103,106,704	420,056,712
By customer type:				
Domestic corporations	96,100,979	395,647,731	103,106,704	420,056,712
By residency:				
Residents	96,100,979	395,647,731	103,106,704	420,056,712
By currency:				
US\$	94,099,330	387,406,942	101,223,273	412,383,614
KHR	2,001,433	8,239,900	1,883,190	7,672,116
Other	216	889	241	982
	96,100,979	395,647,731	103,106,704	420,056,712

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

15. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS (Cont.)

	2022	2021
By interest rate (per annum):		
Current accounts	0% - 0.15%	0% - 0.15%
Savings accounts	0% - 0.15%	0% - 0.15%
Time deposits	2% - 6.85%	0.60% - 5.75%

16. BORROWINGS

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Agence Francaise de Development (“AFD”) and Proparco (i)	16,309,098	67,144,556	2,109,592	8,594,478
SME Bank of Cambodia Plc. (ii)	5,444,718	22,415,904	2,107,587	8,586,310
Liquidity Providing Collateralised Operation (“LPCO”) (iii)	-	-	3,756,330	15,303,288
	21,753,816	89,560,460	7,973,509	32,484,076

(i) Agence Francaise de Development (“AFD”) and Proparco

On 28 April 2014, the Bank entered into an agreement with AFD for a total facility of US\$ 15,000,000. In accordance with the agreement, the Bank shall undertake to make long-term loans available to finance the Rural Electrification Enterprise and Small Water Enterprise Project.

On 7 December 2022, the Bank entered into an agreement with Proparco for a total facility of US\$ 15,000,000 and the facility was fully disbursed during the year.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

16. BORROWINGS (Cont.)

(i) Agence Francaise de Development ("AFD") and Proparco (Cont.)

The details of drawdown and related outstanding amounts are as follows:

Lender and drawdown date	Maturity date	Interest per annum	Principal	Outstanding balance
			US\$	US\$
AFD				
3 December 2014	1 March 2024	2.46%	5,000,000	1,080,361
6 April 2016	1 March 2024	1.97%	5,000,000	92,629
21 June 2017	1 March 2024	2.41%	5,000,000	92,765
Proparco				
7 December 2022	15 April 2023	7.72%	7,500,000	7,524,124
7 December 2022	15 April 2023	6.15%	7,500,000	7,519,219
			30,000,000	16,309,098

(ii) This represents the borrowings from SME Bank of Cambodia Plc., bearing the interest rate at 2% per annum and will be matured during 17 June 2024 to 1 November 2027.

(iii) The Bank paid off the LPCO during the year.

The gross movements of the borrowings are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	7,973,509	32,484,076	23,177,933	93,754,739
Additions	19,106,982	78,090,235	9,004,688	36,631,071
Interest expense (Note 25)	208,625	852,650	481,867	1,960,235
Payments during the year	(5,535,300)	(22,622,771)	(24,690,979)	(100,442,903)
Exchange difference on translation	-	756,270	-	580,934
At 31 December	21,753,816	89,560,460	7,973,509	32,484,076

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

16. BORROWINGS (Cont.)

Borrowings are analyzed by maturity as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Within 1 month	131,296	540,546	122,828	500,401
Within 1 to 3 months	562,090	2,314,125	492,590	2,006,812
Within 3 to 6 months	215,524	887,312	3,780,648	15,402,360
Within 6 to 12 months	3,451,202	14,208,599	613,606	2,499,831
Within 1 to 5 years	4,030,203	16,592,346	2,739,775	11,161,843
Over 5 years	13,363,501	55,017,532	224,062	912,829
	21,753,816	89,560,460	7,973,509	32,484,076

17. SUBORDINATED DEBTS

This represents a long-term and unsecured borrowings from shareholders based on subordinated loan agreements dated 10 April 2019, 9 August 2019 and 29 December 2022 with the following terms and conditions:

Total credit facilities	US\$ 37,793,550
Total outstanding amount	US\$ 37,800,328
Maturity	5 - 10 years starting from the date of signed of each contract
Principal repayment	At maturity date and the amount is only repaid after all other secured and unsecured creditors are repaid in full
Interest repayment	Interest will be paid every end of month and calculated on the basis of actual of days in a year of 360 days
Range of interest rate	10% - 12% per annum

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

17. SUBORDINATED DEBTS (Cont.)

Movements of the subordinated debts are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	27,184,550	110,749,857	27,184,550	109,961,505
Additions	10,609,000	43,358,983	-	-
Interest expense (Note 25)	3,314,232	13,545,266	3,307,454	13,454,723
Payments	(3,307,454)	(13,517,564)	(3,307,454)	(13,454,723)
Exchange difference on translation	-	1,487,408	-	788,352
At 31 December	37,800,328	155,623,950	27,184,550	110,749,857

The Bank obtained approvals from the NBC allowing to include subordinated debts entered before 2022, in Tier II capital for the purpose of Net Worth calculation. For the additional subordinated debts amounting to US\$ 10,609,000 during the year, the Bank has subsequently requested to the NBC to also include in Tier II capital, but it is still pending of response from the NBC as of the date of this report.

18. LEASE LIABILITIES

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Present value of lease liabilities				
Within one year	1,200,068	4,940,680	1,176,098	4,791,423
Beyond one year	6,979,740	28,735,590	6,345,862	25,853,042
	8,179,808	33,676,270	7,521,960	30,644,465
Maturity analysis – contractual undiscounted cash flows				
Within one year	1,663,653	6,849,259	1,603,373	6,532,142
One to five years	4,860,912	20,012,375	4,125,137	16,805,808
More than five years	4,715,556	19,413,944	4,908,289	19,996,369
Total undiscounted lease liabilities	11,240,121	46,275,578	10,636,799	43,334,319

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

18. LEASE LIABILITIES (Cont.)

The movements of lease liabilities during the year are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	7,521,960	30,644,465	2,585,723	10,459,250
Additions	1,066,700	4,359,603	5,951,684	24,211,451
Remeasurement (*)	810,202	3,311,296	-	-
Interest expense (Note 25)	484,458	1,979,980	274,397	1,116,246
Payments	(1,703,512)	(6,962,254)	(1,289,844)	(5,247,085)
Exchange difference on translation	-	343,180	-	104,603
At 31 December	8,179,808	33,676,270	7,521,960	30,644,465

(*) The remeasurement pertains to change in lease payment for an existing lease during the year which results to the increase in lease liabilities and right-of-use assets.

Amounts recognized in the statement of comprehensive income

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Depreciation expense of right-of-use assets (Note 13)	1,331,138	5,440,361	972,288	3,955,268
Interest expense on lease liabilities (Note 25)	484,458	1,979,980	274,397	1,116,246
Leases of short term and low-value assets (Note 30)	248,149	1,014,185	217,968	886,695
	2,063,745	8,434,526	1,464,653	5,958,209

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

19. OTHER LIABILITIES

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Accrued expenses	2,506,298	10,318,429	1,549,857	6,314,117
Bakong wallet liability	617,641	2,542,828	55,844	227,508
Tax payables	272,264	1,120,911	293,156	1,194,318
Others	418,238	1,721,886	382,459	1,558,139
	3,814,441	15,704,054	2,281,316	9,294,082

Accrued expenses pertained to accrued bonuses, utilities and other accruals to suppliers.

20. PROVISION FOR EMPLOYEE BENEFITS

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Provident fund (i)	31,174	128,343	2,574,200	10,487,291
Other post-employment benefits (ii)	391,232	1,610,703	429,628	1,750,304
	422,406	1,739,046	3,003,828	12,237,595

(i) The movements of the provident fund are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	2,574,200	10,487,291	2,384,746	9,646,298
Additions				
Staffs' contributions	202,918	829,326	228,361	928,973
Bank's contributions (Note 28)	202,918	829,326	228,361	928,973
Interest expense (Note 25)	105,149	429,744	157,743	641,698
Payments	(3,054,011)	(12,481,743)	(425,011)	(1,728,945)
Exchange difference on translation	-	34,399	-	70,294
At 31 December	31,174	128,343	2,574,200	10,487,291

On 15 July 2022, the Board of Directors approved to pay out provident fund to employees amounting to US\$ 3,054,011 or KHR'000 12,481,743 and decided to remove provident fund from employee benefit scheme.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

20. PROVISION FOR EMPLOYEE BENEFITS (Cont.)

(ii) The movements of other post-employment benefits are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	429,628	1,750,304	528,713	2,138,644
Payments	(38,396)	(156,924)	(99,085)	(403,078)
Exchange difference on translation	-	17,323	-	14,738
At 31 December	391,232	1,610,703	429,628	1,750,304

21. TAXATION

21.1 DEFERRED TAX ASSETS - NET

Deferred tax is calculated on the temporary differences under the liability method using the tax rate of 20%.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Deferred tax assets	2,998,279	12,343,914	3,543,510	14,436,260
Deferred tax liabilities	(2,409,359)	(9,919,330)	(1,431,087)	(5,830,249)
Deferred tax assets - net	588,920	2,424,584	2,112,423	8,606,011

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

21. TAXATION (Cont.)

21.1 DEFERRED TAX ASSETS - NET (Cont.)

Items give rise to deferred tax assets and liabilities are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Deferred tax assets				
Lease liabilities	1,635,962	6,735,256	1,504,392	6,128,893
Deferred income and fees	1,038,678	4,276,237	814,775	3,319,393
Employee benefits	84,481	347,808	600,766	2,447,521
Allowance for ECLs	-	-	420,260	1,712,139
Accelerated tax depreciation and amortization	239,158	984,613	203,317	828,314
	2,998,279	12,343,914	3,543,510	14,436,260
Deferred tax liabilities				
Right-of-use assets	(1,520,023)	(6,257,935)	(1,410,870)	(5,747,884)
Allowance for ECLs	(886,824)	(3,651,054)	-	-
Unrealized foreign exchange	(2,512)	(10,341)	(20,217)	(82,365)
	(2,409,359)	(9,919,330)	(1,431,087)	(5,830,249)
	588,920	2,424,584	2,112,423	8,606,011

21.2 CURRENT INCOME TAX LIABILITY

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	5,345,998	21,779,596	2,844,365	11,505,456
Income tax expense	6,620,577	27,058,298	6,476,078	26,344,685
Income tax paid	(6,606,718)	(27,001,656)	(3,974,445)	(16,168,042)
Exchange difference on translation	-	230,293	-	97,497
At 31 December	5,359,857	22,066,531	5,345,998	21,779,596

In accordance with Cambodian Law on Taxation, the Bank has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

21. TAXATION (Cont.)

21.3 INCOME TAX EXPENSE

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current tax	6,620,577	27,058,298	26,476,078	26,344,685
Deferred tax	1,523,503	6,226,557	(1,079,735)	(4,392,362)
	8,144,080	33,284,855	5,396,343	21,952,323

The reconciliations of accounting profit to income tax expense computed at the statutory tax rate of 20% disclosed in the statement of comprehensive income are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Operating profit	39,346,087	160,807,458	26,313,601	107,043,730
Tax calculated at 20%	7,869,217	32,161,490	5,262,720	21,408,745
Effect of non-deductible expenses	274,863	1,123,365	133,623	543,578
Income tax expense	8,144,080	33,284,855	5,396,343	21,952,323

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

22. SHARE CAPITAL

The registered capital of the Bank is US\$ 79,500,000 or KHR'000 318,000,000 divided into 79,500 shares with a par value of US\$ 1,000 or KHR'000 4,000 per share. All registered and authorized capital has been fully paid.

There were no changes in shareholders and shareholding structure during the year. As at reporting date, the shareholding structures are as follows:

	2022			2022		
	Number of Shares	Amount US\$	%	Number of Shares	Amount US\$	%
Oknha Mok Kimhong	26,235	26,235,000	33	26,235	26,235,000	33
Mrs. Kim Tiek	18,285	18,285,000	23	18,285	18,285,000	23
Mrs. Chhay Kimbouy	18,285	18,285,000	23	18,285	18,285,000	23
ING Holdings Company Ltd.	8,745	8,745,000	11	8,745	8,745,000	11
Ministry of Economy and Finance	7,950	7,950,000	10	7,950	7,950,000	10
	79,500	79,500,000	100	79,500	79,500,000	100

23. RESERVES

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Non-distributable reserves (i)	70,600,486	287,202,777	70,600,486	287,202,777
Regulatory reserve (ii)	16,930,095	68,722,706	11,176,899	45,209,394
General reserves (iii)				
General reserves	135,092	550,500	135,092	550,500
Reserves for banking risks	60,498	246,529	60,498	246,529
	87,726,171	356,722,512	81,972,975	333,209,200

(i) Non-distributable Reserves

The non-distributable reserve of US\$ 70,600,486 or KHR 287.20 billion was transferred from retained earnings to reserves following approval from the NBC on 5 July 2021 as requested by the Bank to comply with the NBC's Prakas No. B7-10-182 dated 15 October 2010 on Net worth and Prakas No. B7-00-46 dated 16 February 2000 on Solvency ratio. Any movement requires approval from the Board of Directors and the NBC.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

23. RESERVES (Cont.)

(ii) Regulatory Reserve

This represents the reserve transferred from retained earnings by the Bank to comply with the Article 73 of NBC's Prakas No. B7-017-344 dated 1 December 2017.

During the year, the Bank transferred from retained earnings to the regulatory reserve amounting to US\$ 5,753,196 or KHR'000 23,513,312 (2021: transfer from retained earnings to regulatory reserves amounting to US\$ 1,796,969 or KHR'000 7,310,070).

(iii) General Reserves

- The general reserves were previously allocated from profit after tax with an amount equal to 6% of net profit after tax. The use of the general reserves is at the discretion of the Board of Directors. The general reserves are set up for any overall financial risk. The Board of Directors exercises its discretion for the use and maintenance of the general reserves. The transfer from retained earnings to general reserves is subject to the approval of Board of Directors. Allocations to the general reserves are no longer allowed under the Bank's Memorandum and Articles of Association dated 23 May 2006 and the amendment on 30 May 2007. There was no transaction related to general reserves during the year.
- The reserves for banking risks was initially established based on a resolution by the Board of Directors dated 19 June 2000. This account represents a general-purpose reserve established to cover the risks for banking operations in Cambodia, in particular the general risks on loan delinquency, losses not covered by the provision for bad and doubtful loans and advances to customers and currency risk. There was no transaction related to reserves for banking risks during the year.

24. INTEREST INCOME

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Loans and advances to customers (Note 7)	107,074,087	437,611,793	98,399,041	400,287,299
Balances with other financial institutions (Note 5)	1,578,496	6,451,313	588,697	2,394,819
Balances with the NBC (Note 6)	1,576,802	6,444,390	109,261	444,474
Other investments (Note 9)	1,644,080	6,719,355	103,889	422,620
	111,873,465	457,226,851	99,200,888	403,549,212

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

25. INTEREST EXPENSE

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Time deposits	56,738,164	231,888,876	48,296,645	196,470,752
Subordinated debts (Note 17)	3,314,232	13,545,266	3,307,454	13,454,723
Savings deposits	2,675,963	10,936,661	2,746,233	11,171,676
Lease liabilities (Note 18)	484,458	1,979,980	274,397	1,116,246
Borrowings (Note 16)	208,625	852,650	481,867	1,960,235
Provident funds (Note 20)	105,149	429,744	157,743	641,699
	63,526,591	259,633,177	55,264,339	224,815,331

26. NET FEE AND COMMISSION INCOME

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Fee and commission income:				
Remittance fees	1,009,109	4,124,228	889,881	3,620,036
Commission from issuing letters of credit and guarantee	471,655	1,927,654	341,049	1,387,387
Visa fees	318,263	1,300,741	182,166	741,051
Commission fees	255,607	1,044,666	246,309	1,001,985
Fees on currency swap	74,979	306,439	-	-
Other service charges	244,341	998,622	254,363	1,034,749
Total fee and commission income	2,373,954	9,702,350	1,913,768	7,785,208
Fee and commission expense	(914,833)	(3,738,922)	(553,548)	(2,251,833)
Net fee and commission income	1,459,121	5,963,428	1,360,220	5,533,375

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

27. OTHER INCOME

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Foreign exchange gains	1,027,523	4,199,487	1,238,855	5,039,662
Rental income	263,075	1,075,188	61,500	250,182
Gains on disposal the foreclosed property (Note 10)	97,704	399,316	-	-
Gains on disposal of property and equipment	4,999	20,431	-	-
Other income	52,073	212,822	485,952	1,976,853
	1,445,374	5,907,244	1,786,307	7,266,697

28. PERSONNEL EXPENSES

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Salaries and wages	7,976,103	32,598,333	6,835,110	27,805,227
Bonuses and incentives	1,038,722	4,245,257	657,259	2,673,730
Board of directors' fee (Note 32)	213,521	872,660	185,852	756,046
Provident funds (Note 20)	202,918	829,326	228,361	928,973
Other benefits	1,593,855	6,514,085	1,164,484	4,737,120
	11,025,119	45,059,661	9,071,066	36,901,096

29. DEPRECIATION AND AMORTIZATION

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Depreciation on:				
Property and equipment (Note 12)	1,574,106	6,433,371	1,378,442	5,607,502
Right-of-use assets (Note 13)	1,331,138	5,440,361	972,288	3,955,268
Amortization on intangible assets (Note 11)	553,422	2,261,836	629,977	2,562,746
	3,458,666	14,135,568	2,980,707	12,125,516

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

30. GENERAL AND ADMINISTRATIVE EXPENSES

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Repairs and maintenances	1,233,346	5,040,685	920,015	3,742,621
Taxes	463,830	1,895,673	258,022	1,049,633
Marketing	407,705	1,666,290	208,976	850,114
Professional fees	329,974	1,348,604	1,044,717	4,249,909
Utilities	309,348	1,264,305	267,821	1,089,496
License fees	291,608	1,191,802	283,180	1,151,976
Office supplies	280,068	1,144,638	186,584	759,024
Short-term leases and leases of low-value assets (Note 18)	248,149	1,014,185	217,968	886,695
Security	206,837	845,343	200,002	813,608
Communication	187,944	768,127	174,765	710,944
Travelling	178,232	728,434	90,914	369,838
Insurance	148,603	607,340	144,956	589,681
Conferences	115,266	471,092	2,999	12,200
Others	460,284	1,881,182	331,233	1,347,455
	4,861,194	19,867,700	4,332,152	17,623,194

Others pertain to expenses on donations, entertainment and membership dues.

31. COMMITMENTS AND CONTINGENCIES

31.1 OPERATIONS

In the normal course of business, the Bank makes various commitments and incurs certain contingencies with legal recourse to its customers. These commitments consist of:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Unused portion of approved credit facilities	128,577,586	529,353,922	147,543,218	601,091,070
Letters of guarantees	26,369,569	108,563,516	12,987,648	52,911,678
Currency forward contract	5,000,000	20,585,000	-	-
Letters of credits	1,540,558	6,342,477	8,005,376	32,613,902
	161,487,713	664,844,915	168,536,242	686,616,650

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

31. COMMITMENTS AND CONTINGENCIES (Cont.)

31.1 OPERATIONS (Cont.)

Movements of allowance for ECLs on off-balance sheet items are as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	851,853	3,470,449	668,071	2,702,347
(Reversal of provision) provision for ECLs (Note 7)	(450,082)	(1,839,485)	183,782	747,625
Exchange difference on translation	-	23,127	-	20,477
At 31 December	401,771	1,654,091	851,853	3,470,449

31.2 CAPITAL AND LEASE COMMITMENTS

As at 31 December 2022, the Bank had commitment of US\$ 231,313 or KHR'000 952,316 (2021: US\$ 93,765 or KHR'000 381,999) relating to the purchases of software.

The Bank has operating lease commitments in respect of low-value assets and short-term lease as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current	65,039	267,766	61,974	252,482
Non-current	44,399	182,791	71,337	290,627
	109,438	450,557	133,311	543,109

31.3 TAXATION CONTINGENCIES

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries.

Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

32. RELATED PARTIES

32.1 IDENTITY OF RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank has related party relationships with its substantial shareholders, associates and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel include all the Directors of the Bank, and certain senior management members of the Bank.

Key managements have banking relationships with Bank entities which are entered into in the normal course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with other persons of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

32.2 BALANCES WITH RELATED PARTIES

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Deposits from related parties				
Shareholders	746,798	3,074,567	2,430,452	9,901,662
Key management personnel	48,288	198,802	136,431	555,819
	795,086	3,273,369	2,566,883	10,457,481
Subordinated debts from shareholders	37,800,328	155,623,950	27,184,550	110,749,857
Loans and advances to key management personnel	221,687	912,685	772,781	3,148,310

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

32. RELATED PARTIES (Cont.)

32.3 TRANSACTIONS WITH RELATED PARTIES

	2022		2021	
Interest income from loans and advances to key management personnel	18,496	75,593	49,313	200,605
Interest expense on deposits and subordinated debts	3,315,232	13,549,353	3,309,445	13,462,822
Compensations of directors' fees and key management:				
Directors' fees (Note 28)	213,521	872,660	185,852	756,046
Key management compensation	1,924,300	7,864,614	1,727,816	7,028,755
	2,137,821	8,737,274	1,913,668	7,784,801

33. FINANCIAL RISK MANAGEMENT

33.1 INTRODUCTION AND OVERVIEW

The Bank has exposure to the following risks from financial instruments:

- credit risk;
- market risk;
- liquidity risk; and
- operational risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk Management Functional and Governance Structure

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established Asset and Liability Management Committee ("ALCO"), which is responsible for approving and monitoring Bank's risk management policies.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.1 INTRODUCTION AND OVERVIEW (Cont.)

Risk Management Functional and Governance Structure (Cont.)

The Bank's Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Bank's Audit Committee.

33.2 CREDIT RISK

'Credit risk' is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure – e.g. individual obligor default risk, country and sector risk.

Credit risk is the potential loss of revenue and principal losses arising mainly from loans and advances and loan commitments as a result of default by the borrowers or counterparties through its lending activities.

(i) Management of Credit Risk

The Board of Directors created the Bank Credit Committee for the oversight of credit risk. A separate Bank Credit department, reporting to the Bank Credit Committee, is responsible for managing the Bank's credit risk, including the following.

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Bank Credit, the Head of Bank Credit, the Bank Credit Committee or the Board of Directors, as appropriate.
- Reviewing and assessing credit risk: Bank Credit assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(i) Management of Credit Risk (Cont.)

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Bank's risk gradings to categories exposures according to the degree of risk of default. The current risk grading framework consists of 12 grades reflecting varying degrees of risk of default. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Bank Risk.
- Developing and maintaining the Bank's processes for measuring ECLs. This includes processes for:
 - ◇ initial approval, regular validation and back-testing of the models used;
 - ◇ determining and monitoring significant increase in credit risk; and
 - ◇ incorporation of forward-looking information.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Bank Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECLs allowances.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

Each business unit is required to implement Bank credit policies and procedures, with credit approval authorities delegated from the Bank Credit Committee. Each business unit has a Chief Credit Risk Officer who reports on all credit-related matters to local management and the Bank Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Regular audits of business units and Bank Credit processes are undertaken by Internal Audit.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(i) Management of Credit Risk (Cont.)

The following table presents the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(ii) Concentration of Risk

Type of Credit Exposure

	2022				
	Maximum credit Exposure	Maximum credit exposure	Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/credit enhancement
	US\$	KHR'000 (Note 2.1)	%	%	%
Balance sheet items					
Balances with other financial institutions - gross	47,756,043	196,611,629	0%	0%	100%
Balances with the NBC	257,178,165	1,058,802,505	100%	0%	0%
Loans and advances to customers - gross	1,338,757,579	5,511,664,952	100%	0%	0%
Other assets	483,490	1,990,529	0%	0%	100%
Other investments	30,744,936	126,576,902	0%	0%	100%
	1,674,920,213	6,895,646,517			
Off-balance sheet items					
Contingent liabilities	-	-	0%	0%	0%
Commitments	161,828,464	666,247,788	86%	1%	13%
	161,828,464	666,247,788			
Total	1,836,748,677	7,561,894,305			

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(ii) Concentration of Risk (Cont.)

Type of Credit Exposure (Cont.)

2021					
	Maximum credit Exposure	Maximum credit exposure	Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/credit enhancement
	US\$	KHR'000 (Note 2.1)	%	%	%
Balance sheet items					
Balances with other financial institutions - gross	38,660,508	157,502,909	0%	0%	100%
Balances with the NBC	300,642,129	1,224,816,034	100%	0%	0%
Loans and advances to customers - gross	1,153,193,348	4,698,109,699	100%	0%	0%
Other assets	315,500	1,285,349	0%	0%	100%
Other investments	20,103,889	81,903,244	0%	0%	100%
	1,512,915,374	6,163,617,235			
Off-balance sheet items					
Contingent liabilities	208,273	857,460	0%	0%	0%
Commitments	168,763,318	687,541,758	89%	0%	11%
	168,971,591	688,399,218			
Total	1,681,886,965	6,852,016,453			

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(ii) Concentration of Risk (Cont.)

Concentration of Risk by Industrial Sectors

	2022					
	Balances with other financial institutions - Gross	Balances with the NBC	Loans and advances to customers - gross	Other assets	Other investments	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial institutions	47,756,043	257,178,165	63,181,872	-	-	368,116,080
Owner-occupied housing	-	-	301,810,966	-	-	301,810,966
Construction	-	-	257,398,937	-	-	257,398,937
Personal loans	-	-	186,666,768	-	-	186,666,768
Real estate	-	-	173,575,391	-	-	173,575,391
Wholesale trade	-	-	148,189,565	-	-	148,189,565
Agriculture	-	-	72,381,184	-	-	72,381,184
Utilities	-	-	24,532,469	-	-	24,532,469
Import/export	-	-	14,869,589	-	-	14,869,589
Others	-	-	96,150,838	483,490	30,744,936	127,379,264
Total	47,756,043	257,178,165	1,338,757,579	483,490	30,744,936	1,674,920,213
KHR'000 (Note 2.1)	196,611,629	1,058,802,505	5,511,664,952	1,990,529	126,576,902	6,895,646,517

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(ii) Concentration of Risk (Cont.)

Concentration of Risk by Industrial Sectors (Cont.)

	2021					
	Balances with other financial institutions - Gross	Balances with the NBC	Loans and advances to customers - gross	Other assets	Other investments	Total
	US\$	US\$	US\$	US\$	US\$	
Financial institutions	38,660,508	300,642,129	68,172,731	-	-	407,475,368
Owner-occupied housing	-	-	299,201,883	-	-	299,201,883
Construction	-	-	219,651,205	-	-	219,651,205
Personal loans	-	-	138,591,508	-	-	138,591,508
Real estate	-	-	140,234,395	-	-	140,234,395
Wholesale trade	-	-	117,631,460	-	-	117,631,460
Agriculture	-	-	60,565,943	-	-	60,565,943
Utilities	-	-	27,233,928	-	-	27,233,928
Import/export	-	-	1,474,595	-	-	1,474,595
Others	-	-	80,435,700	315,500	20,103,889	100,855,089
Total	38,660,508	300,642,129	1,153,193,348	315,500	20,103,889	1,512,915,374
KHR'000 (Note 2.1)	157,502,909	1,224,816,034	4,698,109,699	1,285,349	81,903,244	6,163,617,235

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(ii) Concentration of Risk (Cont.)

Concentration of risk by residency and relationship, and large-exposures for loans and advances:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
By residency:				
Residents	1,338,757,579	5,511,664,952	1,153,193,348	4,698,109,699
By relationship:				
Related parties	221,687	912,685	772,781	3,148,310
Non-related parties	1,338,535,892	5,510,752,267	1,152,420,567	4,694,961,389
	1,338,757,579	5,511,664,952	1,153,193,348	4,698,109,699
By exposure:				
Large exposures*	362,306,778	1,491,617,005	337,301,186	1,374,165,032
Non-large exposures	976,450,801	4,020,047,947	815,892,162	3,323,944,667
	1,338,757,579	5,511,664,952	1,153,193,348	4,698,109,699

* A "large exposure" is defined under the NBC's Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Bank's net worth.

The exposure is the higher of the outstanding loans or commitments and the authorized loans or commitments.

(iii) Collateral

Whilst the Bank's maximum exposure to credit risk is the carrying amount of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted or endorsed, the likely exposure may be lower due to offsetting collateral, credit guarantees and other actions taken to mitigate the Bank's exposure.

The description of collateral for each class of financial asset is set out below.

Cash and Cash Equivalents, Balances with Nbc, Balances With other Financial Institutions, and other Assets

Collateral is generally not sought for these assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(iii) Collateral (Cont.)

Loans and Advances to Customers, Contingent Liabilities and Commitments

Certain loans and advances to customers, contingent liabilities and commitments are typically collateralised to a substantial extent. In particular, residential mortgage exposures are generally fully secured by residential properties.

The table below summarises the Bank's security coverage of its financial assets:

	2022				
	Properties	Time deposits	Others	Unsecured credit exposure	Total
	US\$	US\$	US\$	US\$	US\$
Balances with other financial institutions - gross	-	-	-	47,756,043	47,756,043
Balances with the NBC	-	-	-	257,178,165	257,178,165
Loan and advances to customers - gross	1,195,257,590	130,125,042	7,962,414	5,412,533	1,338,757,579
Commitments	52,969,581	86,140,638	879,822	21,838,423	161,828,464
Other assets	-	-	-	483,490	483,490
Other investments	-	-	-	30,744,936	30,744,936
	1,248,227,171	216,265,680	8,842,236	363,413,590	1,836,748,677

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(iii) Collateral (Cont.)

Loans and Advances to Customers, Contingent Liabilities and Commitments (Cont.)

	2021				
	Properties	Time deposits	Others	Unsecured credit exposure	Total
	US\$	US\$	US\$	US\$	US\$
Balances with other financial institutions - gross	-	-	-	38,660,508	38,660,508
Balances with the NBC	-	-	-	300,642,129	300,642,129
Loan and advances to customers - gross	1,051,151,400	75,532,301	4,490,560	22,019,087	1,153,193,348
Contingent liabilities	-	-	-	208,273	208,273
Commitments	43,919,694	100,756,525	958,843	23,128,256	168,763,318
Other assets	-	-	-	315,500	315,500
Other investments	-	-	-	20,103,889	20,103,889
	1,095,071,094	176,288,826	5,449,403	405,077,642	1,681,886,965

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(iv) Credit Quality of Gross Loans and Advances to Customers

The Bank align its credit assessment following the NBC guideline Prakas B7.017-344, it has defined each credit grading according to its credit quality as follows:

Normal

Outstanding facility is repaid on timely manner and is not in doubt for the future repayment. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capability, business, cash flow and financial position of the counterparty.

Special Mention

A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that may adversely affect repayment of the counterparty at the future date, if not corrected in a timely manner, and close attention by the Institution.

Weaknesses include but are not limited to a declining trend in the business operations of the counterparty or in its financial position, and adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.

Substandard

A facility ranked in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position and repayment capacity of the counterparty. In essence, the primary source of repayment is not sufficient to service the debt, not taking into account the income from secondary sources such as the realization of the collateral.

Factors Leading to a Substandard Classification Include:

- ◇ Inability of the counterparty to meet the contractual repayments' terms,
- ◇ Unfavourable economic and market conditions that would adversely affect the business and profitability of the counterparty in the future,
- ◇ Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments,

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(iv) Credit Quality of Gross Loans and Advances to Customers (Cont.)

Substandard (Cont.)

- ◇ Difficulties experienced by the counterparty in repaying other facilities granted by the Institution or by other institutions when the information is available, and
- ◇ Breach of financial covenants by the counterparty.

Doubtful

A facility classified in this category exhibits more severe weaknesses than one classified Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.

Loss

A facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.

Restructured Loans

The NBC has issued a circular on loan restructuring during Covid-19 pandemic outbreak which requires the institutions to work constructively with affected borrowers and allows for loan restructuring for priority sectors. As a result, the Bank has provided a restructuring loan amounting to US\$ 22,699,912 or KHR'000 93,455,538 (2021: US\$ 37,406,108 or KHR'000 152,392,484) and the staging of the restructured loan should be downgraded when the borrowers' credit risk has increased significantly.

Recognition of ECLs

The Bank apply a three-stage approach based on the change in credit quality since initial recognition:

3-Stage approach	Stage 1 Performing	Stage 2 Underperforming	Stage 3 Nonperforming
Recognition of ECLs	12 months ECLs	Lifetime ECLs	Lifetime ECLs
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
Basic of calculation of profit revenue	On gross carrying amount	On gross carrying amount	On net carrying amount

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(iv) Credit Quality of Gross Loans and Advances to Customers (Cont.)

Recognition of ECLs (Cont.)

The Bank will measure ECLs by using the general approach. The general approach consists of segregating the customers into three different stages according to the staging criteria by assessing the credit risk. 12-month ECLs will be computed for stage 1, while lifetime ECLs will be computed for stage 2 and stage 3. At each reporting date, the Bank will assess credit risk of each account as compared to the risk level at origination date.

Long-term facilities (more than one year)

Stages	Credit risk status	Grades	DPD	Default indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} \leq 30$	Performing
2	Credit risk increased significantly	Special Mention	$31 \leq \text{DPD} \leq 90$	Underperforming
3	Credit impaired assets	Substandard Doubtful Loss	$91 \leq \text{DPD} < 180$ $180 \leq \text{DPD} < 360$ $\text{DPD} \geq 360$	Nonperforming

Short-term facilities (one year or less)

Stages	Credit risk status	Grades	DPD	Default indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} \leq 14$	Performing
2	Credit risk increased significantly	Special Mention	$15 \leq \text{DPD} \leq 30$	Underperforming
3	Credit impaired assets	Substandard Doubtful Loss	$31 \leq \text{DPD} \leq 60$ $61 \leq \text{DPD} \leq 90$ $\text{DPD} \geq 91$	Nonperforming

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(iv) Credit Quality of Gross Loans and Advances to Customers (Cont.)

Recognition of ECLs (Cont.)

The Bank will use the day past due (“DPD”) information and NBC’s classification for staging criteria. Also, the Bank will incorporate credit scoring or more forward-looking elements in the future when information is more readily available.

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (stage 1) or non-performing.

The table below summarises the credit quality of the Bank’s gross financing according to the above classifications.

	2022			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortized cost				
Normal	1,328,592,399	-	-	1,328,592,399
Special Mention	89,098	4,405,584	-	4,494,682
Substandard	-	-	1,518,294	1,518,294
Doubtful	-	-	1,387,463	1,387,463
Loss	-	-	2,764,741	2,764,741
	1,328,681,497	4,405,584	5,670,498	1,338,757,579
Allowance for ECLs	(1,184,925)	(108,858)	(1,392,654)	(2,686,437)
Carrying amount	1,327,496,572	4,296,726	4,277,844	1,336,071,142
KHR’000 (Note 2.1)	5,465,303,387	17,689,621	17,611,884	5,500,604,892

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(iv) Credit Quality of Gross Loans and Advances to Customers (Cont.)

Recognition of ECLs (Cont.)

	2021			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortized cost				
Normal	1,049,386,076	62,195	-	1,049,448,271
Special Mention	89,413,532	9,499,186	54,884	98,967,602
Substandard	-	-	779,353	779,353
Doubtful	188,091	-	633,520	821,611
Loss	-	-	3,176,511	3,176,511
	1,138,987,699	9,561,381	4,644,268	1,153,193,348
Allowance for ECLs	(2,776,741)	(368,213)	(1,024,133)	(4,169,087)
Carrying amount	1,136,210,958	9,193,168	3,620,135	1,149,024,261
KHR'000 (Note 2.1)	4,628,923,443	37,452,966	14,748,430	4,681,124,839

Incorporation of Forward-looking Information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECLs.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organizations such as the International Monetary Fund, and selected private-sector and academic forecasters.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments in accordance with each country and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 CREDIT RISK (Cont.)

(v) Amounts arising from ECLs

Allowance for ECLs

The following tables show reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument.

	2022			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
Balance at 1 January	2,776,741	368,213	1,024,133	4,169,087
- Transfer to Stage 1	316,078	(293,093)	(22,985)	-
- Transfer to Stage 2	(17,470)	21,390	(3,920)	-
- Transfer to Stage 3	(131,163)	(44,769)	175,932	-
Net remeasurement of loss allowance	(1,705,205)	16,357	257,124	(1,431,724)
New financial assets originated or purchased	486,123	50,830	120,999	657,952
Financial assets that been derecognized	(540,179)	(10,070)	(158,629)	(708,878)
Write-off	-	-	-	-
Balance at 31 December	1,184,925	108,858	1,392,654	2,686,437
KHR'000 (Note 2.1)	4,878,335	448,168	5,733,557	11,060,060

	2021			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
Balance at 1 January	7,425,253	947,954	4,493,256	12,866,463
- Transfer to Stage 1	951,982	(937,938)	(14,044)	-
- Transfer to Stage 2	(177)	48,091	(47,914)	-
- Transfer to Stage 3	(1,511)	(9,999)	11,510	-
Net remeasurement of loss allowance	(6,200,490)	320,122	(2,558,522)	(8,438,890)
New financial assets originated or purchased	1,558,056	-	-	1,558,056
Financial assets that been derecognized	(956,372)	(17)	(748,861)	(1,705,250)
Write-off	-	-	(111,292)	(111,292)
Balance at 31 December	2,776,741	368,213	1,024,133	4,169,087
KHR'000 (Note 2.1)	11,312,443	1,500,100	4,172,317	16,984,860

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 MARKET RISK

Market risk is the risk that changes in market prices - e.g. interest rates, foreign exchange rates and equity prices – will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest Rate Risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing and cost of funds. The potential reduction in net interest income from an unfavourable interest rate movement is regularly monitored against the risk tolerance limits set.

The table below summarises the Bank's exposure to interest rate risk. The table indicates the periods in which the financial instruments reprice or mature, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 MARKET RISK (Cont.)

(i) Interest Rate Risk (Cont.)

	2022							Total	Interest rate
	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years	Non-interest bearing		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Financial assets									
Balances with other financial institutions - gross	42,756,043	5,000,000	-	-	-	-	-	47,756,043	1.95%
Balance with the NBC	138,500,000	10,110,000	-	-	-	-	108,568,165	257,178,165	3.26%
Loans and advances to customers - gross	34,724,080	105,307,557	65,627,750	142,354,702	592,596,155	398,147,335	-	1,338,757,579	9.69%
Other assets	-	-	-	-	-	-	483,490	483,490	0%
Other investments	-	-	-	97,817	30,647,119	-	-	30,744,936	5.50%
	215,980,123	120,417,557	65,627,750	142,452,519	623,243,274	398,147,335	109,051,655	1,674,920,213	
Financial liabilities									
Deposits from customers	336,434,851	107,020,599	127,139,856	302,859,535	404,205,604	18,794,260	202,440,637	1,498,895,342	1.42%
Deposits from banks and financial institution	13,121,844	31,364,343	26,121,448	19,458,780	-	-	6,034,564	96,100,979	1.68%
Borrowings	131,296	562,090	215,524	3,451,202	4,030,203	13,363,501	-	21,753,816	2.28%
Subordinated debts	6,778	-	-	-	27,184,550	10,609,000	-	37,800,328	12.00%
Lease liabilities	-	324,873	305,792	473,097	3,153,381	3,922,665	-	8,179,808	6.32%
Other liabilities	-	-	-	-	-	-	3,542,177	3,542,177	0%
	349,694,769	139,271,905	153,782,620	326,242,614	438,573,738	46,689,426	212,017,378	1,666,272,450	
Interest sensitivity gap	(133,714,646)	(18,854,348)	(88,154,870)	(183,790,095)	184,669,536	351,457,909	(102,965,723)	8,647,763	
KHR'000 (Note 2.1)	(550,503,198)	(77,623,351)	(362,933,600)	(756,663,821)	760,284,480	1,446,952,211	(423,909,883)	35,602,840	

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 MARKET RISK (Cont.)

(i) Interest Rate Risk (Cont.)

The table below summarises the Bank's exposure to interest rate risks which includes assets and liabilities at carrying amounts.

	2021						Non-interest bearing	Total	Interest rate
	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years			
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Financial assets									
Balances with other financial institutions - gross	38,660,508	-	-	-	-	-	-	38,660,508	0.78%
Balance with the NBC	144,916,294	4,000,000	3,940,000	20,000,000	-	-	127,785,835	300,642,129	4.21%
Loans and advances to customers - gross	50,527,746	111,182,720	93,824,470	118,547,757	425,595,634	353,515,021	-	1,153,193,348	9.91%
Other assets	-	-	-	-	-	-	315,500	315,500	0%
Other investments	-	-	-	-	20,103,889	-	-	20,103,889	5.50%
	234,104,548	115,182,720	97,764,470	138,547,757	445,699,523	353,515,021	128,101,335	1,512,915,374	
Financial liabilities									
Deposits from customers	65,845,947	81,709,635	179,247,334	283,408,299	276,610,763	34,203,401	452,952,766	1,373,978,145	1.42%
Deposits from banks and financial institution	4,040,471	26,625,754	30,628,546	28,458,740	-	-	13,353,193	103,106,704	1.68%
Borrowings	48,383	492,590	3,855,093	613,606	2,739,775	224,062	-	7,973,509	2.28%
Subordinated debts	-	-	-	-	27,184,550	-	-	27,184,550	12.00%
Lease liabilities	-	2,100	-	34,664	7,485,196	-	-	7,521,960	6.32%
Other liabilities	-	-	-	-	-	-	1,988,160	1,988,160	0%
	69,934,801	108,830,079	153,782,620	312,515,309	314,020,284	34,427,463	468,294,119	1,521,753,028	
Interest sensitivity gap	164,169,747	6,352,641	(88,154,870)	(173,967,552)	131,679,239	319,087,558	(340,192,784)	(8,837,654)	
KHR'000 (Note 2.1)	668,827,549	25,880,659	(362,933,600)	(708,743,807)	536,461,220	1,299,962,711	(1,385,945,403)	(36,004,602)	

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 MARKET RISK (Cont.)

(i) Interest Rate Risk (Cont.)

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2022			
	Profit or loss		Equity	
	100 bp Increase US\$	100 bp Decrease US\$	100 bp Increase US\$	100 bp Decrease US\$
Variable rate instruments	2,924,034	(2,924,034)	2,924,034	(2,924,034)
KHR'000 (Note 2.1)	12,038,248	(12,038,248)	12,038,248	(12,038,248)

	2021			
	Profit or loss		Equity	
	100 bp Increase US\$	100 bp Decrease US\$	100 bp Increase US\$	100 bp Decrease US\$
Variable rate instruments	2,340,850	(2,340,850)	2,340,850	(2,340,850)
KHR'000 (Note 2.1)	9,536,623	(9,536,623)	9,536,623	(9,536,623)

(ii) Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank has no material exposures to foreign currency exchange risk as it transacts essentially in US\$. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 MARKET RISK (Cont.)

(ii) Foreign Currency Exchange risk (Cont.)

Concentration of Currency risk

The amounts of financial assets and liabilities, by currency denomination, are as follows:

	2022			
	Denomination US\$ equivalents			Total
	US\$	KHR	Others	
Financial assets				
Balances with other financial institutions - gross	47,529,444	4,024	222,575	47,756,043
Balances with the NBC	235,498,350	21,679,815	-	257,178,165
Loans and advances to customers – gross	1,201,724,357	137,033,222	-	1,338,757,579
Other assets	483,490	-	-	483,490
Other investments	30,647,119	97,817	-	30,744,936
	1,515,882,760	158,814,878	222,575	1,674,920,213
Financial liabilities				
Deposits from customers	1,326,412,003	172,458,777	24,562	1,498,895,342
Deposits from banks and financial institutions	94,099,329	2,001,433	217	96,100,979
Borrowings	20,395,697	1,358,119	-	21,753,816
Subordinated debts	37,800,328	-	-	37,800,328
Lease liabilities	8,179,808	-	-	8,179,808
Other liabilities	3,542,177	-	-	3,542,177
	1,490,429,342	175,818,329	24,779	1,666,272,450
Net asset (liability) position	25,453,418	(17,003,451)	197,796	8,647,763
KHR'000 (Note 2.1)	104,791,722	(70,003,208)	814,326	35,602,840

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 MARKET RISK (Cont.)

(ii) Foreign Currency Exchange Risk (Cont.)

	2021			
	Denomination US\$ equivalents			Total
	US\$	KHR	Others	
Financial assets				
Balances with other financial institutions - gross	38,184,597	58,638	417,273	38,660,508
Balances with the NBC	266,475,774	34,166,355	-	300,642,129
Loans and advances to customers – gross	1,032,746,490	120,446,858	-	1,153,193,348
Other assets	315,500	-	-	315,500
Other investments	20,103,889	-	-	20,103,889
	1,357,826,250	154,671,851	417,273	1,512,915,374
Financial liabilities				
Deposits from customers	1,212,442,464	161,281,589	254,092	1,373,978,145
Deposits from banks and financial institutions	101,223,273	1,883,190	241	103,106,704
Borrowings	3,551,184	4,422,325	-	7,973,509
Subordinated debts	27,184,550	-	-	27,184,550
Lease liabilities	7,521,960	-	-	7,521,960
Other liabilities	1,988,160	-	-	1,988,160
	1,353,911,591	167,587,104	254,333	1,521,753,028
Net asset (liability) position	3,914,659	(12,915,253)	162,940	(8,837,654)
KHR'000 (Note 2.1)	15,948,321	(52,616,741)	663,818	(36,004,602)

Sensitivity Analysis

Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Bank as at reporting date is summarised as follows (only exposures in currencies that accounts for more than 1 percent of the net open positions are shown in its specific currency in the table below. For other currencies, these exposures are grouped as 'Others'):

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 MARKET RISK (Cont.)

(ii) Foreign Currency Exchange Risk (Cont.)

	2022		2021	
	- 1% Depreciation	+ 1% Appreciation	- 1% Depreciation	+ 1% Appreciation
	US\$	US\$	US\$	US\$
US\$	254,534	(254,534)	39,147	(39,147)
KHR	(170,035)	170,035	(129,153)	129,153
Others	1,978	(1,978)	1,629	(1,629)
	86,477	(86,477)	(88,377)	88,377
KHR'000 (Note 2.1)	356,026	(356,026)	(360,048)	360,048

33.4 LIQUIDITY RISK

'Liquidity risk' is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Bank's operations and investments.

Management of Liquidity Risk

The Bank manages its liquidity through its Asset Liability Management Committee which is responsible for establishing the liquidity policy as well as monitoring liquidity on an ongoing basis. A Minimum Liquid Asset requirement has been established to ensure that the ratio of liquid assets to qualifying liabilities is subject to a minimum threshold at all times.

The table below summarizes the Bank's assets and liabilities based on remaining contractual maturities. The expected cash flows of these assets and liabilities could vary significantly from what is shown in the table. For example, deposits from customers are not all expected to be withdrawn immediately.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.4 LIQUIDITY RISK (Cont.)

	2022							
	Up to 1 Month	>1-3 months	>3-6 months	>6-12 months	>1 to 5 months	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets								
Cash on hand	36,740,739	-	-	-	-	-	-	36,740,739
Balances with other financial institutions - gross	42,756,043	5,000,000	-	-	-	-	-	47,756,043
Balances with the NBC	138,500,000	10,110,000	-	-	-	-	108,568,165	257,178,165
Loans and advances to customers - gross	34,724,080	105,307,557	65,627,750	142,354,702	592,596,155	398,147,335	-	1,338,757,579
Other assets	-	-	-	-	-	-	483,490	483,490
Other investments	-	-	-	97,817	30,647,119	-	-	30,744,936
	252,720,862	120,417,557	65,627,750	142,452,519	623,243,274	398,147,335	109,051,655	1,711,660,952
KHR'000 (Note 2.1)	1,040,451,789	495,759,082	270,189,447	586,477,021	2,565,892,559	1,639,172,578	448,965,664	7,046,908,139
Financial liabilities								
Deposits from customers	336,434,851	107,020,599	127,139,856	302,859,535	404,205,604	18,794,260	202,440,637	1,498,895,342
Deposits from banks and financial institutions	13,121,844	31,364,343	26,121,448	19,458,780	-	-	6,034,564	96,100,979
Borrowings	131,296	562,090	215,524	3,451,202	4,030,203	13,363,501	-	21,753,816
Subordinated debts	6,778	-	-	-	27,184,550	10,609,000	-	37,800,328
Lease liabilities	-	324,873	305,792	473,097	3,153,381	3,922,665	-	8,179,808
Other liabilities	-	-	-	-	-	-	3,542,177	3,542,177
	349,694,769	139,271,905	153,782,620	326,242,614	438,573,738	46,689,426	212,017,378	1,666,272,450
KHR'000 (Note 2.1)	1,439,693,364	573,382,433	633,123,047	1,343,140,842	1,805,608,079	192,220,367	872,875,545	6,860,043,677

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.4 LIQUIDITY RISK (Cont.)

	2021							
	Up to 1 Month	>1-3 months	>3-6 months	>6-12 months	>1 to 5 months	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets								
Cash on hand	41,382,860	-	-	-	-	-	-	41,382,860
Balances with other financial institutions - gross	38,660,508	-	-	-	-	-	-	38,660,508
Balances with the NBC	144,916,294	4,000,000	3,940,000	20,000,000	-	-	127,785,835	300,642,129
Loans and advances to customers - gross	50,527,746	111,182,720	93,824,470	118,547,757	425,595,634	353,515,021	-	1,153,193,348
Other assets	-	-	-	-	-	-	315,500	315,500
Other investments	-	-	-	-	20,103,889	-	-	20,103,889
	275,487,408	115,182,720	97,764,470	138,547,757	445,699,523	353,515,021	128,101,335	1,554,298,234
KHR'000 (Note 2.1)	1,122,335,700	469,254,401	398,292,451	564,443,562	1,815,779,857	1,440,220,196	521,884,838	6,332,211,005
Financial liabilities								
Deposits from customers	65,845,947	81,709,635	179,247,334	283,408,299	276,610,763	34,203,401	452,952,766	1,373,978,145
Deposits from banks and financial institutions	4,040,471	26,625,754	30,628,546	28,458,740	-	-	13,353,193	103,106,704
Borrowings	48,383	492,590	3,855,093	613,606	2,739,775	224,062	-	7,973,509
Subordinated debts	-	-	-	-	27,184,550	-	-	27,184,550
Lease liabilities	-	2,100	-	34,664	7,485,196	-	-	7,521,960
Other liabilities	-	-	-	-	-	-	1,988,160	1,988,160
	69,934,801	108,830,079	213,730,973	312,515,309	314,020,284	34,427,463	468,294,119	1,521,753,028
KHR'000 (Note 2.1)	284,914,379	443,373,742	870,739,984	1,273,187,369	1,279,318,637	140,257,484	1,907,830,241	6,199,621,836

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.5 OPERATIONAL RISK

The operational risk is the risk of losses arising from inadequate or failed internal processes, people or systems or from external factors. This risk is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and oversight provided by the senior Management. This includes legal, compliance, accounting and fraud risk.

The operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameters controls, streaming procedures and documentation ensuring compliance with regulatory and legal requirements. These are reviewed continually to address the operational risks of its banking business.

33.6 CAPITAL MANAGEMENT

(i) Regulatory Capital

The Bank's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement of financial position, are:

- To comply with the capital requirements set by the NBC;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of the business.

The Bank's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The above regulated capital is calculated in accordance with the guidance issued by the NBC which may be different in some material respects compared to generally accepted principles applied by financial institutions in other jurisdiction. The above regulated capital information is therefore not intended for users who are not informed about the guidance issued by the NBC.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

33. FINANCIAL RISK MANAGEMENT (Cont.)

(ii) Capital Allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7: Financial Instruments Disclosures which requires the fair value information to be disclosed.

The methods and assumptions used by the Bank in estimating the fair value of the financial instruments are:

- **Cash on Hand, Balances with the NBC and Other Banks**

The carrying amounts approximate the fair values due to the short-term nature of these accounts.

- **Loans and Advances**

The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

The fair values are based on the following methodologies and assumptions:

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont.)

Financing, Advances and Others

The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

- Level 1 - Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The Bank's financial assets and liability are not measured at fair value. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities, the fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values.

The table below summarizes the fair value hierarchy of financial asset and liability which are not measured at fair value in the statement of financial position but for which fair value is disclosed.

	2022		2021	
	Carrying amount	Fair value - Level 3	Carrying amount	Fair value - Level 3
	US\$	US\$	US\$	US\$
Loans and advances to customers	1,336,071,142	1,339,227,634	1,149,024,261	1,152,890,813
KHR'000 (Note 2.1)	5,500,604,892	5,513,600,168	4,681,124,839	4,696,877,172
Borrowings	21,753,816	21,753,983	7,973,509	7,973,745
KHR'000 (Note 2.1)	89,560,460	89,561,148	32,484,076	32,485,037
Subordinated debt	37,800,328	37,800,055	27,184,550	27,184,291
KHR'000 (Note 2.1)	155,623,950	155,622,826	110,749,857	110,748,802

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

35. MATURITY PROFILE OF ASSETS AND LIABILITIES

	2022			2021		
	More than one year	More than one year	Total	Less than one year	More than one year	Total
Financial assets						
Cash on hand	36,740,739	-	36,740,739	41,382,860	-	41,382,860
Balances with other financial institutions - gross	47,756,043	-	47,756,043	38,660,508	-	38,660,508
Balances with the NBC	257,178,165	-	257,178,165	172,856,294	127,785,835	300,642,129
Loans and advances to customers - gross	404,454,782	934,302,797	1,338,757,579	374,082,693	779,110,655	1,153,193,348
Other assets	483,490	-	483,490	315,500	-	315,500
Other investments	97,817	30,647,119	30,744,936	-	20,103,889	20,103,889
KHR'000 (Note 2.1)	746,711,036	964,949,916	1,711,660,952	627,297,855	927,000,379	1,554,298,234
Non-financial assets						
Balances with the NBC	-	110,770,682	110,770,682	-	104,888,167	104,888,167
Other assets	7,385,320	-	7,385,320	1,892,018	-	1,892,018
Foreclosed properties	-	31,782,378	31,782,378	-	28,690,723	28,690,723
Intangible assets	-	4,540,840	4,540,840	-	4,171,476	4,171,476
Property and equipment	-	29,641,964	29,641,964	-	27,527,160	27,527,160
Right-of-use assets	-	7,600,116	7,600,116	-	8,026,640	8,026,640
Deferred tax assets	-	588,920	588,920	-	2,112,423	2,112,423
	7,385,320	184,924,900	192,310,220	1,892,018	175,416,589	177,308,607
	754,096,356	1,149,874,816	1,903,971,172	629,189,873	1,102,416,968	1,731,606,841
Less: Allowance for ECLs			(2,733,775)			(4,170,633)
Accumulated depreciation			(16,713,378)			(15,595,081)
Total assets			1,884,524,019			1,711,841,127
KHR'000 (Note 2.1)			7,758,585,387			6,974,040,753

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

35. MATURITY PROFILE OF ASSETS AND LIABILITIES (Cont.)

	2022			2021		
	More than one year	More than one year	Total	Less than one year	More than one year	Total
Financial liabilities						
Deposits from customers	1,075,895,478	422,999,864	1,498,895,342	610,211,215	763,766,930	1,373,978,145
Deposits from other financial institutions	96,100,979	-	96,100,979	103,106,704	-	103,106,704
Borrowings	4,360,112	17,393,704	21,753,816	5,009,672	2,963,837	7,973,509
Subordinated debts	6,778	37,793,550	37,800,328	-	27,184,550	27,184,550
Lease liabilities	1,103,762	7,076,046	8,179,808	36,764	7,485,196	7,521,960
Other liabilities	617,641	2,924,536	3,542,177	55,844	1,932,316	1,988,160
	1,178,084,750	488,187,700	1,666,272,450	718,420,199	803,332,829	1,521,753,028
Non-financial liabilities						
Other liabilities	272,264	-	272,264	293,156	-	293,156
Provision for employee benefits	-	422,406	422,406	-	3,003,828	3,003,828
Provision for off-balance sheet commitments	-	401,771	401,771	-	851,853	851,853
Current income tax liability	5,359,857	-	5,359,857	5,345,998	-	5,345,998
	5,632,121	824,177	6,456,298	5,639,154	3,855,681	9,494,835
Total assets	1,183,716,871	489,011,877	1,672,728,748	724,059,353	807,188,510	1,531,247,863
KHR'000 (Note 2.1)	4,873,362,358	2,013,261,898	6,886,624,256	2,949,817,804	3,288,485,990	6,238,303,795

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

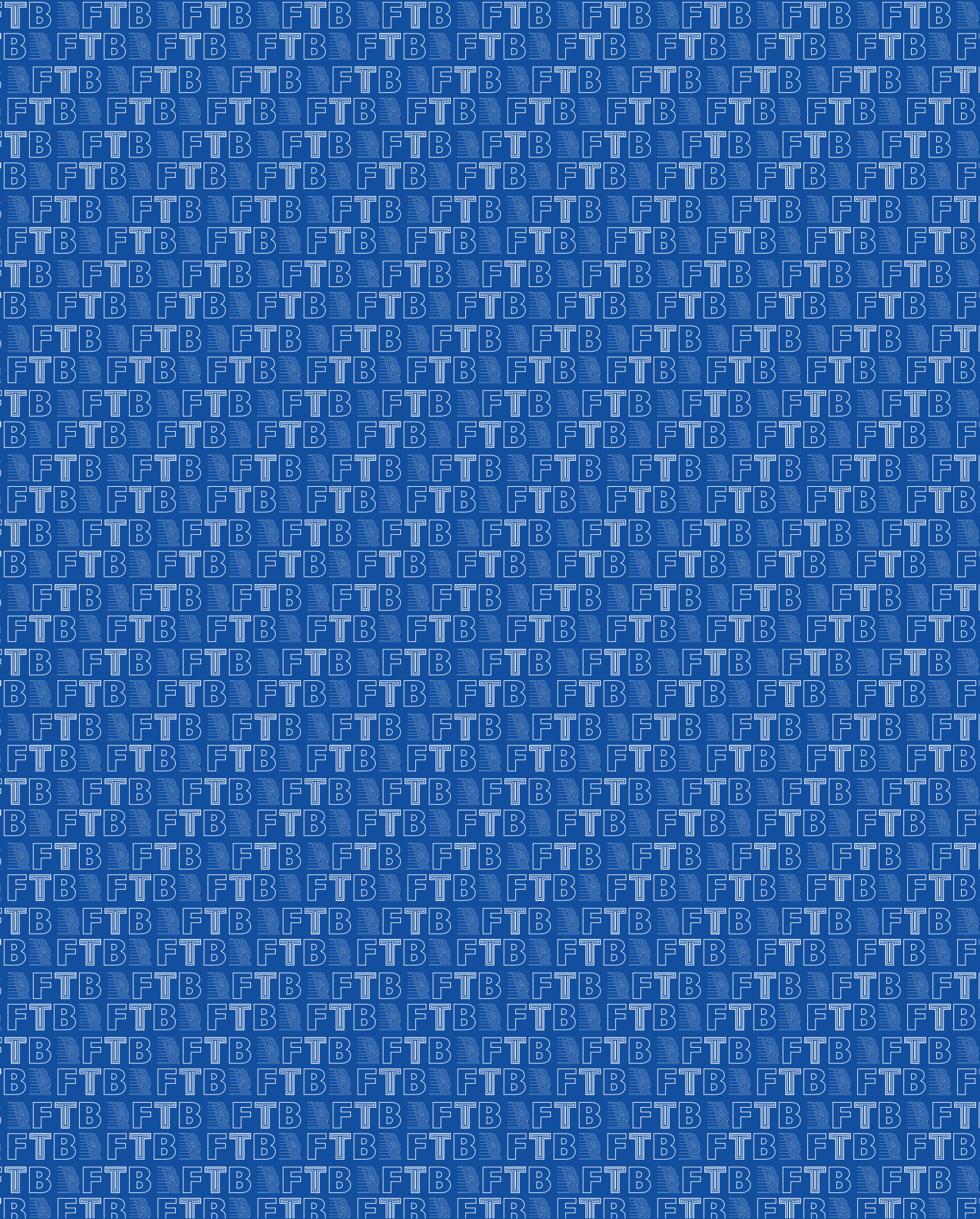
36. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there are no events which occurred subsequent to 31 December 2022 that had significant impact on the statement of financial position of the Bank as at 31 December 2022.

37. TAX CONTINGENCY

The taxation system in Cambodia has undergone numerous changes and is characterized by either often unclear, contradictory and/or different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries.

Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have different interpretations and the effects to the Bank could be significant.



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