



**CHIP MONG
BANK**

ANNUAL REPORT

2022



CHIP MONG COMMERCIAL BANK PLC.
AS PART OF CHIP MONG'S SUCCESSFUL FOOTPRINT SINCE 1982

ANNUAL REPORT 2022

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ABOUT CHIP MONG COMMERCIAL BANK PLC.

- 1.1 Vision, Mission, Core Values
- 1.2 Chairman's Message
- 1.3 President's Message



ABOUT US

As part of Chip Mong’s successful footprint since 1982,

Chip Mong Commercial Bank Plc. is a local bank that was established with a strong commitment to providing Cambodians with innovative and well-designed financial solutions. Chip Mong Bank has shown rapid growth for the past four years, gaining the trust of millions of customers and helping them grow financially.

Since its inception in 2019, Chip Mong Bank has been providing personalized banking experiences tailored to the needs of its customers, with a comprehensive understanding of the banking industry and the market. Chip Mong Bank offers an array of services for daily financial needs and businesses of all sizes, including saving accounts, term deposits, loans, mobile banking, agency services, online banking, and much more. Chip Mong Bank has worked hard to streamline these processes, making them user-friendly and efficient.

Chip Mong Bank was recognized as “the best new digital bank in Cambodia” in 2021. Thanks to its innovative design and the functionality of its mobile services, Chip Mong Bank was also awarded the “Most Innovative Mobile Banking App” in 2020 by one of the world’s leading international organizations, Global Finance.

As of 2022, the bank has expanded to 14 branches in Phnom Penh and the provinces such as Siem Reap, Battambang, and Kampong Cham:

1. Mobile Subscribers: 57K+ Users
2. Branch Network: 14 Branches
3. Agent Network: 70 Locations
4. Merchant Partners: 4,317 Locations

VISION:

As part of Chip Mong's **SUCCESSFUL FOOTPRINTS SINCE 1982**, at Chip Mong Bank we aim to be the **MOST TRUSTED BANK** in the country with innovative solutions through **TECHNOLOGY ADVANCEMENT, FAST SERVICES**, and **CLOSE TO OUR** retail and business customers.



MISSION:

1. Offering a **ONE-STOP** service and customized solutions.
2. Delivering **FAST AND EXCELLENT** services and systems.
3. Partnering for **MUTUALLY PROFITABLE** and **SUSTAINABLE** business.
4. Expanding the business into **THE LARGEST ECO-SYSTEM**.
5. Embracing employees **GROWTH AND DEVELOPMENT**.
6. Adhering to long-term, compliant, and **SOUND RISK MANAGEMENT** practices.



CORE VALUES:

1. Commitment to excellence and discipline
2. Making a difference through our eco-system
3. Collaboration and integrity
4. Being resilient and agile



12 CHAIRMAN'S MESSAGE

NEAK OKNHA LEANG MENG

CHAIRMAN OF
CHIP MONG COMMERCIAL BANK PLC.



As one of the shareholders and Chairman of the Board of Directors of Chip Mong Commercial Bank Plc., I would like to extend my congratulations for 2022's achievements and thank all our management and staff members for their relentless effort and dedication to fulfill the bank's mission with professionalism and high commitment to achieve the fruitful outcomes for the year. Although COVID-19 continued to spread in 2022 and resulted in a global economic crisis that severely affected businesses in Cambodia, these obstacles could not hinder the growth and development of Chip Mong Bank. We always have clear strategies that are flexible and responsive to the development of the market and the needs of our customers. In addition, our leaders and colleagues at all levels are highly committed and have a positive mindset to turn problems into opportunities and move towards common goals. However, 2023 is predicted to see low economic growth, which means that we must all keep doubling our efforts to stay competitive in this market. All successes can be achieved when we change our thinking to be positive, think of opportunities, innovate, strategize and apply best practices on a daily basis.

“We are not just a bank, but we are our customers’ financial partners.”

The vision of Chip Mong Bank is to become the most trusted bank in the country. The customer experience with our bank is our top priority. We try to understand customer problems and provide them with perfect financial solutions. Chip Mong Bank focuses on fulfilling the needs of our customers, increasing their trust, and building strong relationships. We achieve this partly by expanding our branches to strategic areas, delivering fast services, and offering innovative financial solutions through advanced technology that are flexible according to customer needs. Chip Mong Bank has partnered with many public and private entities and large international companies to provide customers and business partners with a rich and global user experience as well as an array of payment methods. We have also invested in modern technologies to provide world-class digital banking experience.

Even though all banks may have the same capital, purchase the same banking systems, develop the same policies and procedures, they couldn't achieve the same results due to a number of factors, including human resources, leadership styles, and different business cultures. At Chip Mong Bank, we focus on recruiting talented people and developing their capability to become future experts and leaders. Our human resources have the capacity, energy, willingness, honesty and experience to enable Chip Mong Bank to move forward more speedily to achieve its main goals.

“We are moving forward quickly and growing in a short time because we have Chip Mong’s DNA.”

Even though Chip Mong Bank is a newcomer, it has a strong foundation. Chip Mong is a local company founded by Cambodians and has a clear and long-term direction, along with high-quality businesses adhering to international standards, so we are able to build trust among local and foreign communities. Our shareholders have a wealth of experience in the business sector, while the management and staff members are committed and professional, and have strategies to navigate, and develop the bank in line with its vision to become one of the leading banks in Cambodia.

As the founder of Chip Mong, I can guarantee that Chip Mong will continue to grow according to plan and achieve new outcomes, starting with Chip Mong Tower. In the near future, Chip Mong Bank's headquarter will be relocated to Chip Mong Tower, a move that will enhance the bank's reputation and promote public confidence even stronger.

Finally, I would like to extend my sincere thanks to all the customers who have given their trust and support to Chip Mong Bank from its very first day until now. Moreover, I would like to extend my sincere thanks to the board, the management teams and staff members for their relentless effort and dedication to Chip Mong Bank's missions to become the first choice in Cambodia. I strongly hope that we will continue our effort and achieve more significant achievements that contribute to the betterment of the banking and financial sector in Cambodia.

Your sincerely,

Neak Oknha LEANG Meng

Chairman of Chip Mong Commercial Bank Plc.

JOHN CHARLES BELL

PRESIDENT OF
CHIP MONG COMMERCIAL BANK PLC.



Dear reader,

In this respect, please allow me this opportunity to share my thoughts on Chip Mong Commercial Bank Plc. - our challenges and major milestones we managed to achieve in 2022.

In 2022, Cambodia's economy continued to be buffeted by a difficult economic environment, in which the challenges accumulated in a way that we had not seen for decades.

In this kind of environment, our clients looked to us as a bank to help protect them against their risks, maintain their liquidity, and preserve their assets. At the same time, our customers sought our partnership and our advice to be able to continue investing in strategic projects for the future, despite the uncertainty. The economic uncertainty that has defined the past several years has only intensified our focus on delivering our value and guidance to our customers. At Chip Mong Bank, we strengthen our foundations through strategic investments in people, processes, technology, and products.

Our achievement

In 2022, our loans and deposits grew thanks to customers' trust, excellent services from our front line, and immense contribution from our support staff. We reached a total asset of over \$1.2 billion USD; our loan portfolio increased to over \$772 million USD while our customer's deposits reached over \$950 million USD. This has been achieved within four short years.

We continue to increase our branch footprint to be closer to customers so that our customers can access our products and services and enrich our customers' banking experience. We provide world-class products and services to our customers through our 14 branches, 38 ATMs/CRMs, 70 agents and 4,317 merchants spread across Cambodia.

Over the past years, we have transformed the way that our customers can interact with us by investing significantly in our digital products. We rolled out new services and products, and improved digital banking services to help customers manage their finances. We have launched Chip Mong QR, which has been deployed in the market to facilitate our customers' digital payment and receive money faster and more conveniently from all local banks. Swift International Transfer has been launched to ensure fast and easy money transfers across the globe for our customers via our Chip Mong Bank App. We have made payment to "Phnom Penh - Sihanoukville" Expressway available on our app following the inauguration of the expressway to better our customers' commuting experience. Furthermore, we have implemented Instant Account to enable everyone to easily open an account via Chip Mong Bank App and can start using, receiving or transferring money, and opening deposit accounts right away. Chip Mong Bank VISA Debit Platinum and Classic Card are our latest product launched in 2022, that offer smart and sophisticated payment experience for customers who enjoy banking, groceries, travel, movies, entertainment, dining, and more.

At Chip Mong Bank, we also focus on our Business to Business. Currently, we offer businesses with a wide range of payment options including the KHQR integration and POS machines so that their stores and businesses can accept payments digitally from customers of any local or international banks.

Our partners

In 2022, we focused on expanding partnerships with external stakeholders beyond our ecosystem to diversify our product portfolio and make our customer's financial way of life. We signed an MoU with the SME Bank of Cambodia on the implementation of a co-financing scheme to help SMEs as part of post-pandemic recovery efforts. We collaborated with leading real estate developers to provide special home loans to customers to enable them to obtain their family's dream home. We have started a bancassurance partnership with FWD Life Insurance Cambodia that allows the two companies to maximize the use of digital innovation and solutions to widen access to better insurance services for Cambodians.

Our communities

At Chip Mong, we believe in giving back. In 2022, Chip Mong Bank supported various programs, in which Chip Mong Bank shareholders donated to TYDA to support TYDA's humanitarian activities in the Kingdom of Cambodia, supported the Cambodian Red Cross to provide humanitarian services and alleviate the suffering of the most vulnerable in our society, and participate in blood donation to save lives.

Our team

As I look back over the past four years, I am filled with gratitude and pride in what our team of more than 500 members have accomplished together. Our present strength and success would not have been possible without their commitment and dedication to our customers. Because of our winning team, today Chip Mong Bank becomes one of the Leading Banks in Cambodia, that provides world-class banking solutions to our customers.

Delivering all of these places significant demands on the Bank as an organization. We are committed to providing a working environment that keeps our staff highly engaged to grow and thrive so that they can be at their best. This complements our ongoing effort to future-proof the organization, retain the right talent and develop our people to be well-prepared for the future.

Our shareholders

In a year marked by ongoing economic volatility, geopolitical conflict, and the lingering effects of the global pandemic, I would like to take this opportunity to sincerely thank you all and our shareholders, for your ongoing trust in the Bank's leadership team and in our strategy and our shareholders' commitment, support, and ambition for building a world-class banking organization in Cambodia. Our management team is fully committed to providing consistent financial returns to our shareholders by establishing a long-term and efficient banking business organization. Change is never easy, and the changes we have made are not only necessary to give our customers an outstanding banking experience, strengthen the foundation of the Bank, and meet rapidly shifting regulatory obligations, but were also the right decisions for our Bank and have positioned us for a very bright future.

Financial report

In a year marked by ongoing economic volatility, geopolitical conflict, and the lingering effects of the global pandemic, Chip Mong Bank's results demonstrate the enduring strength of our long-term strategy. 2022 was a remarkable milestone in the journey of our financial performance. Through a balanced mix of net interest income and non-interest income, Chip Mong Bank earned \$69 million in revenue in 2022 and achieved a net profit of \$20 million. At year-end, total client deposits grew to \$956 million, while our loan portfolio grew to \$765 million.

The credit quality of our portfolio remained healthy and strong, driven by a solid risk management framework that governs our credit portfolios. Ongoing efforts to increase operational efficiency remain a priority. We continue to improve our current processes and exercise prudent expense management.

Conclusion

In closing, let me once again express my immense gratitude to our shareholders and customers for your trust, confidence, cooperation, support, and engagement over these years. Most of all, my sincere thanks go out to our team for their tireless efforts. In communities across our footprint—despite economic downturns, natural disasters, and a global pandemic— Chip Mong Bank family has persevered through good and bad times. They have remained unwavering in their commitment to delivering for our customers and our shareholders, and it has been an enormous privilege to serve alongside this winning team.

Finally, we are committed to bringing the latest in enhanced banking services, especially the latest technology and security conditions, to provide customers with the best possible banking experience. We all look forward to a better, brighter, and more productive 2023. Together, we have truly built an enduring institution with its best days ahead.

Your sincerely,



John Charles BELL

President of Chip Mong Commercial Bank Plc.

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CAMBODIA BANKING SECTOR OVERVIEW

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CAMBODIA BANKING SECTOR OVERVIEW

13.2% ▲
INCREASE FROM 2021

67.9
2022

60.0
2021

ASSETS

in USD Billions

19.3% ▲
INCREASE FROM 2021

46.0
2022

38.56
2021

LOANS
in USD Billions

9.9% ▲
INCREASE FROM 2021

38.6
2022

35.1
2021

DEPOSITS
in USD Billions

25.0% ▲
INCREASE FROM 2021

1.5
2021

1.2
2020

LOAN ACCOUNTS
in Millions

27.2% ▲
INCREASE FROM 2021

11.7
2022

9.2
2021

DEPOSIT ACCOUNTS
in Millions

KEY POINTS

“The banking industry remains robust and resilient, and it has continued to play an active role in supporting the Kingdom’s economic recovery in the post-COVID-19 pandemic era.”

- The economy’s actual growth in 2022 was 5.2% and forecasted to be 5.5% in 2023. Growth in the economies of major trading partners will continue to support the strong momentum of Cambodia’s merchandise exports and inflows of foreign direct investment.
- Tightening international financial conditions would weigh down the external borrowing capacity of banks, financial institutions, and the private sector, leading to higher interest rates in Cambodia and the potential loss of international reserves.
- Prudential regulations are strengthening gradually to align with domestic economic recovery and the NBC’s exit strategy to safeguard financial stability and rebuild policy buffers for future needs.
- Trade, investment, and tourism is advancing through the strengthening of the interoperability between banks and financial institutions across countries in the region.
- Modernization of the banking sector has increased the efficiency of payments and settlements for both domestic and international transfers.
- At the end of 2022, there were 59 commercial banks, 9 specialized banks, and 82 microfinance institutions, with a total of 2,614 headquarters and branches as well as 3,998 automated teller machines (ATMs) throughout the country.
- 67 percent of the Kingdom’s population had access to formal financial services by 2022, an increase from 59 percent by 2021.
- Credit in the private sector, which was disbursed to various main economic sectors, increased by 21%. Meanwhile, customer deposits in the banking system rose by 11.3%.
- The loan restructuring policy was withdrawn at the end of June 2022 and the amount of restructured loans declined from 10.5% to 6.0% of total bank credit.

*Source: NBC Macroeconomic and Banking Sector Development in 2022 and Outlook for 2023
Asian Development Outlook 2022: Mobilizing Taxes for Development (April 2022)*



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3

ACHIEVEMENTS IN 2022

3.1 Financial Highlights

3.2 Continuous Improvement

3 1 FINANCIAL HIGHLIGHTS

| | 2021 | 2022 |
|---|---------|----------|
| Balance Sheet (US\$ million) | | |
| Total Deposits | 818.42 | 955.56 |
| Total Gross Loans | 525.21 | 764.87 |
| Equity | 105.86 | 156.28 |
| Total Asset | 943.08 | 1,153.28 |
| Profit & Loss (US\$ million) | | |
| Net Interest Income | 20.92 | 41.31 |
| Net Profit | 9.29 | 20.42 |
| Key Performance Indicator (%) | | |
| Return on Asset | 0.99% | 1.95% |
| Return on Equity | 8.78% | 15.58% |
| Liquidity Coverage Ratio | 148.54% | 121.97% |
| Solvency Ratio | 17.68% | 17.83% |
| General Information | | |
| Branche | 11 | 14 |
| Agent | 132 | 70 |
| ATM | 31 | 38 |
| Merchant | 1,199 | 4,317 |

3 2 CONTINUOUS IMPROVEMENT

Chip Mong Bank's Digital Payments and Services

With a mission of delivering one-stop, fast, and superior services, Chip Mong Bank has integrated NBC's standardized KHQR payment system into its Chip Mong Bank App. This allows customers to use Chip Mong Bank's services across a wider payment scope, and also allows Chip Mong Bank's merchants to accept payments from other banks/e-wallet customers. The demand for payments through the digital platform has grown significantly over the years and regular updates ensure that the Chip Mong Bank App are catering to the latest customer needs.

Integration of CSS

Chip Mong Bank recently launched CSS and it is available at Chip Mong Bank ATMs and CRMs in Phnom Penh. This CSS system launch allows other banks' customers to engage in five main transactions through Chip Mong Bank's ATMs and CRMs. These include: Cash Withdrawal in KH Riel and USD currencies, Balance Inquiry, Check Mini Statement, Pin Change, and Interbank Fund Transfers in KH Riel currency.

Branch Network

Present in the market for just over three years, Chip Mong Bank has achieved remarkable growth. It has a network of 14 branches, eleven of which are in Phnom Penh. The capital's locations include: the Bak Touk branch, Noro Mall branch, Norodom branch, Mao Tse Tung branch, Boeng Salang branch, Toul Kork branch, 271 Mega Mall branch, Psar Derm Tkov branch, Sen Sok Mall branch, 598 Mall branch, and Veng Sreng branch. Another three branches are located in Battambang, Siem Reap, and Kampong Cham. With this expansion, Chip Mong Bank has moved a step closer to clients, creating even higher levels of convenience in attending to their financial needs.

Contribution to CSR

Chip Mong Bank believes in contributing to the betterment of society in various ways that supports the local communities. Chip Mong Bank believes in contributing to the betterment of society in various ways that support local communities. For example, Chip Mong Bank participated in ASEAN Saving's Day and strongly encourages all Cambodian citizens to start saving now for a better future and to gain greater understanding of the benefits that come with it.

Chip Mong Bank was also given the privilege to sponsor Khmer Riel Day at Chip Mong Sen Sok Mall, which celebrated the 42nd Anniversary of the Reintroduction of Riel. Chip Mong Bank proudly supports the national currency, and the event helped educate the public about the importance of using our local currency.

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4

**PRODUCTS
& SERVICES**

4 PRODUCTS & SERVICES

At Chip Mong Bank, we look at every angle of our customers' needs. Our products and services, therefore, are tailored to serve corporations and individuals, who may or may not have an account with us.

Digital and Internet Banking

Chip Mong Bank App offers daily financial solutions



CHIP MONG QR

Receive money from local banks quickly and for free!



Announcement

Notification about the latest updates, special programs and benefits!



Transfer



To Any Chip Mong Bank Accounts



Bakong - Send to Local Banks



International Transfer



Pay Bills



Mobile Top-up



Utilities



Public Service



Internet & TV



Open Account



TERM DEPOSIT Account



PREMIER Account



CHUMNOUNH Account



Cardless Withdraw

Cardless withdrawal or create OTP code for others to withdraw!



Favorites

For recording sample transactions and account numbers of family members!



Create & Manage Card

Create a Card for a variety of in-store and online payments!



Chip Mong Bank Location

Find the nearest branch, ATM and agent around Cambodia!



QR Scan



With Chip Mong QR



With KHQR

VISA Debit Card

VISA Classic Debit Card



Chip Mong Bank's VISA Classic is a debit card that designed for your smart and modern lifestyle to bring you the fastest, the simplest, and most secure experiences with endless special offers anywhere you go.

VISA Platinum Debit Card



Chip Mong Bank's VISA Platinum is a premium debit card that comes with an array of enhanced of unique value-added services which offer you exclusive benefits and privileges, and usher you in to a more sophisticated and vibrant lifestyle.



Internet Banking

A great solution for corporate clients that is tailored to the needs of each partner. Chip Mong Bank offers a wide range of flexible and rich options for amount approval. This service offers the following functions:

- Bundle payment
- Bill payment
- Use of cheque
- Bank statement review
- Transfer between company's accounts
- Transfer to other accounts
- Local transfer

Retail Banking

At Chip Mong Bank, we consult with your business to explore the right loan options as needed and provide the most viable solution for your business.

- **Preferred Account**
Provide you with an exclusive banking experience with special privileges
- **Home Loan**
Enables you to purchase your dream home with ease.
- **Personal Loan**
Not only finances your emergency cash needs, but also helps you fulfil your dreams.
- **SME Loan**
Fulfills the financial needs for small and medium-sized enterprises looking to expand or diversifying their business.
- **Chum Nuonh Account**
Simplifies banking for your daily business' needs with interest earning check account.
- **Premier Account**
maximize your everyday banking and savings for your future needs.
- **Merchant Account**
Increase digital sales and high security with plenty of benefits.

Chip Mong Bank Agent Services

- Cash In
- Cash Out
- Payroll Service
- Mobile Top Up
- Pay Bills

Business Banking

At Chip Mong Bank, we consult with your business to explore the right loan options as needed and provide the most viable solutions.

- **Term Loan**
Access to your business' financial needs for your business' expansion.
- **Revolving Term Loan**
Provides a flexible financing tool for repayments and re-borrowing to meet your working capital need.
- **Overdraft**
Solves short-term and unexpected financial shortfalls for your business.
- **Quick loan with term deposit account**
Access to cash for immediate use without having to close your deposit account.
- **Business Account**
Designed to simplify everyday banking and make your financial management easier.
- **Term Deposit**
Accelerates savings with your chosen maturity options.
- **Pay Day Account**
Provide your employees with high security and many benefits.

- **Trade Finance**
- ESCROW Account
- Bank Guarantee

Service Channels

Chip Mong Bank delivers its services through an array of channels which make it easy for customers to find and use them whenever and wherever needed.

- Chip Mong Bank App (Mobile Banking)
- Internet Banking (for business)
- ATM Network
- Chip Mong Bank Agent
- Branch Network
- Call Center

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5

ORGANIZATION

5.1 Organizational Chart

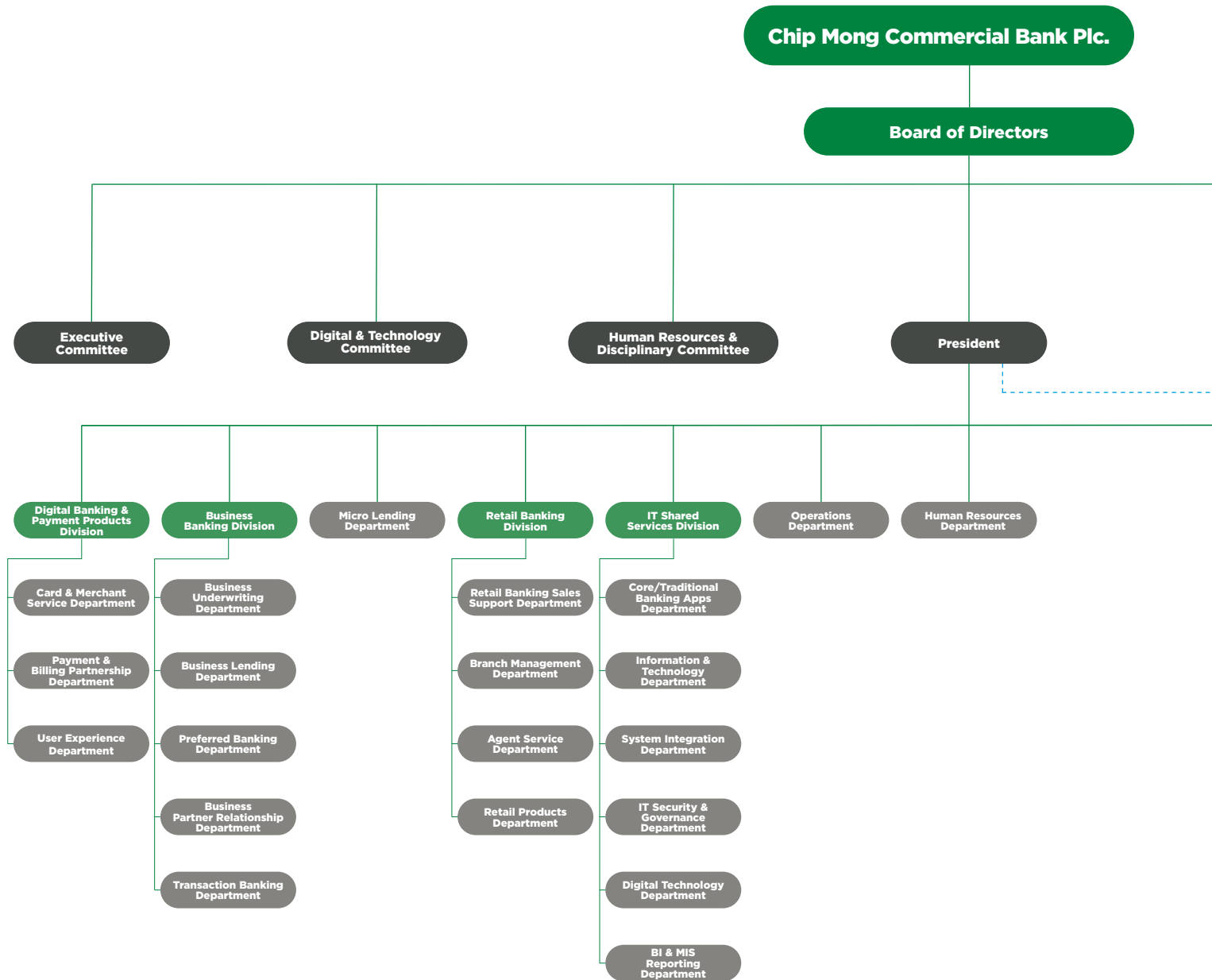
5.2 Board of Directors

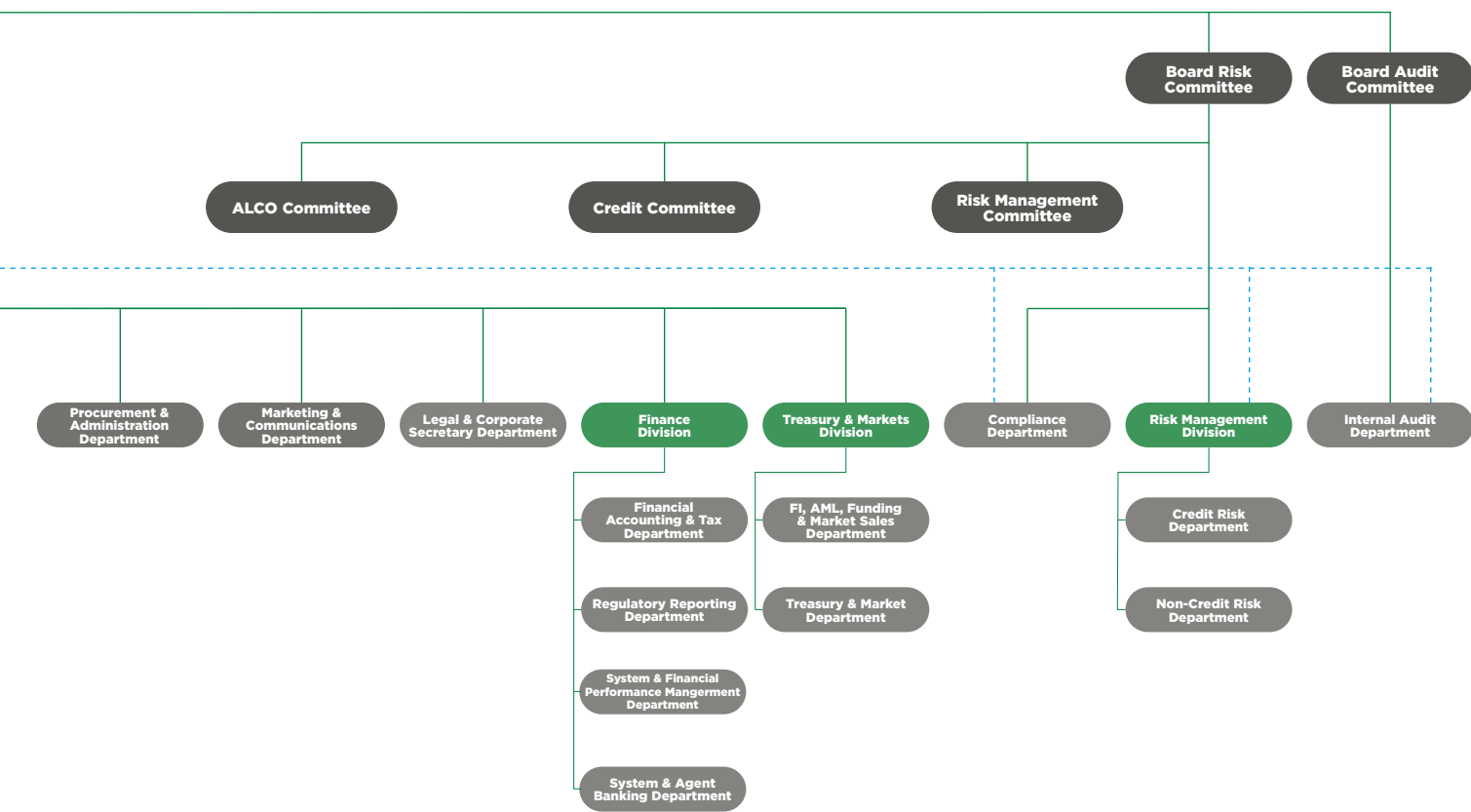
5.3 Executive Management

5.4 Human Resource Development



5 1 ORGANIZATIONAL CHART





5 2 BOARD OF DIRECTORS



NEAK OKNHA LEANG MENG Chairman

Neak Oknha Leang Meng was appointed as Chairman of the Board of Directors of Chip Mong Commercial Bank Plc. (“Chip Mong Bank”) in 2019.

He was born and raised in Cambodia and is the second son in a single-mother family. He developed his trade skills at an early age, while assisting his mother and older brother in their scrap metal business in the early 1980s. Chip Mong Business was later founded as a family business in steel, construction materials, and fast-moving consumer goods supply and distribution.

Currently, he is also the Group President of Chip Mong Group Co., Ltd. (“CMG”). In late 2022, he was appointed to lead Khmer Beverages in addition to supporting Chip Mong Retail and leading corporate functions. He is a visionary business leader who has aspired to continuously establish new businesses that respond to Cambodian market demands, create employment opportunities for locals, and gives back to society as CMG’s businesses grow. CMG expanded its business for the first time in 2007 by producing and supplying ready-mixed concrete. Since then, he has strengthened his business strategy to ensure its constant growth. As President of CMG, he has played a vital role in transforming CMG from a family-run business to a fully-fledged professional corporation in Cambodia. He has been a major driver in helping CMG become the most diversified corporation in Cambodia. Currently, CMG consists of 13 business units and 3 joint ventures.

Meanwhile, he is very keen on contributing to the development and growth of the Chip Mong Bank businesses.



OKNHA LEANG HUONG Board Director

Oknha Leang Huong was appointed as Board Director of Chip Mong Bank since 2019. Since 2016, he has held the position of the President of Chip Mong Land Co., Ltd. (“CMLD”). Prior to becoming the President of CMLD, he was a Senior Executive Vice President of CMG. He provides independent advice and counsel to the Chief Executive Officer (“CEO”) as well as keeping abreast of the activities of management and the company. In late 2022, he was appointed as Cluster President to lead Group IT Function, Chip Mong Land, Grand Royal Golf & Resorts, and Granferte Phnom Penh.

He has overseen Board of Directors discussions to ensure that the Board can achieve consensus decisions, making recommendations to Board Committees and their Chairs. Additionally, he works closely with all Committee Chairs to ensure that each Committee functions effectively and keeps the Board updated on actions taken.

He earned an Associate’s Degree in Business from the Thames Business School in Singapore in 1999.



OKNHA LEANG POV Board Director

Oknha Leang Pov was appointed as Board Director of Chip Mong Bank since 2019. He is also the President of Khmer Beverages Co., Ltd. (“KHB”). Prior to serving as President of KHB, he joined KHB in 2011 as Senior Vice President. In late 2022, he was appointed as Cluster President to undertake chairman roles for Chip Mong’s joint ventures and investment projects, including Crown Khmer Beverage Cans Limited, Chip Mong Insee Cement Corporation, Hyatt Regency Phnom Penh, Fairfield by Marriott Phnom Penh, Steel Mill, and new investment projects.

He is actively working with all Committee Chairs to ensure effective functioning and updates them on actions taken. He keeps abreast of all activities of company operations. Furthermore, he helps ensure that action items established by Board Committee are tracked as appropriate. He is also in charge of facilitating full and candid Board discussions to ensure that the Board can achieve consensus decisions.

In 2019, he attended Harvard Business School in Boston, USA, and partook in an executive program entitled the Advance Management Program (AMP). He obtained a Certified Brew Master qualification from Berlin, Germany in 2010 and earned a Bachelor’s Degree in Business Management from Fisher College, Boston, USA in 2003.



MR. JORGE BAIGORRI LOPEZ
Board Director

Mr. Jorge Baigorri Lopez was appointed as Board Director of Chip Mong Bank since 2021. Currently, he is also serving as the CEO of Chip Mong Insee Cement Corporation (“CMIC”). Prior to joining CMIC as CEO, he held top management positions at several international companies outside of Cambodia.

He possesses 30 years of experience in strategizing, managing, and leading multinational companies across the globe, particularly in the building material industry. He is involved in spearheading the development and growth of Chip Mong Bank.

He obtained a Master’s Degree in Business Administration from the IESE Business School in Barcelona, Spain in 2004 and a Bachelor’s Degree in Business Administration from the University of Oviedo, Spain in 1996.



MR. TENG KOYTRY
Board Director

Mr. Teng Koytry was appointed as Board Director of Chip Mong Bank in 2022. He currently holds the position of Associate Sale Director at CMLD. Prior to joining CMLD in 2018, he was a Learning & Development Manager at CMG.

He has more than eight years of experience in Learning & Development, Leadership, Business Strategies, Data Analytics, Operations Management, and Interpersonal Communication.

He completed a Strategy Execution Course from the Harvard Business Online School in 2021. Furthermore, he earned a Master’s Degree in Southeast Asian Studies from Ohio University, USA in 2015 and a Bachelor’s Degree in International Studies from Royal University of Phnom Penh, Cambodia in 2012.



MR. LIM HAK KHOUN
Independent Board Director

Mr. Lim Hak Khuon was appointed as Independent Board Director of Chip Mong Bank in 2020. Currently, he also serves as Chairman of Key Real Estate Co., Ltd., Chairman of Prestige Education Co., Ltd., and Board Advisor of the Cambodia Investor Club.

He brings with him over 20 years of professional experience, most of it gained in the banking sector, where he has held various middle/senior management and executive positions.

He also holds a Business Degree from York University, Canada and is fluent in Khmer, Chinese (Mandarin, Cantonese and Teochew dialects), English, French and Vietnamese.



MR. CHIM GUANGHUI
Independent Board Director

Mr. Chim Guanghui was appointed as an Independent Board Director of Chip Mong Bank in 2022. Prior to joining Chip Mong Bank, he served as the Deputy Chief Executive Officer of a recognized international bank in Cambodia. He also worked as Chief People and Business Development Officer, Chief Operations Officer, Chief Sales Officer, and Head of Consumer Financial Services.

He brings with him more than 22 years of various leadership roles and experience in lending as well as managing and coaching teams of managers to achieve financial and non-financial targets.

He earned a Certificate of Chinese Proficiency in China in 1998, a Master’s Degree in East Asian Languages and Cultures from the US in 1997. He has also studied in Australia and earned a Bachelor’s Degree of Education from the Institute of Foreign Languages (IFL) in 1994. He is fluent in Khmer, English, and Mandarin.

5 ³ EXECUTIVE MANAGEMENT



MR. John Charles BELL President

Mr. Bell has over 20 years of experience in managing retail banking businesses and leading them to become some of the highest-growth retail banks in Central and Eastern Europe regions including Citibank, ABN-AMRO, and the Royal Bank of Scotland.

He has a thorough understanding of consumer banking across functions, products, consumers, and channels, and with his long-serving expertise, he was able to lead and influence high productivity levels to achieve strategic objectives. Under his direction and his keen enthusiasm in driving innovation of delivering superior and excellent service to his customers, both Citibank and RBB won awards in Customer Service Excellence and Product Innovation.

After completing his mandate for RBS International in 2014, Mr. Bell led an initiative to launch a mono-line credit card business in Central Europe based in Bucharest, Romania which then was launched in April 2015. In the same year, Mr. Bell joined Khan Bank in Mongolia as Chief Executive Officer and successfully lead the digital and operational transformation of the bank. By 2017, Khan Bank had become the largest most profitable bank in the Mongolian market with a clear focus on digital and card payments.

Mr. Bell is a strong business leader excelling at finding and leveraging synergy across organizational functions and business lines. Skillful at talent identification, business development, and management, he challenges and empowers leaders across the organization and fosters an open, direct, performance-driven culture channeling all the visions into strategies and executions.



MRS. Rachana LAY Senior Vice President/Head of Retail Banking

Mrs. Lay Rachana currently serves as a Senior Vice President of Chip Mong Bank, overseeing branch network and retail banking. Prior to joining Chip Mong Bank, Mrs. Rachana gained many years of professional experiences in Credit, Branch Management, International Banking, trade finance, and Risk Management including ESRM. She had been serving as Chairperson of Sustainable Finance Committee at the Association of Banking in Cambodia to initiate and implement sustainable finance principles. She holds a Master's Degree in International Business from School of Management at the Asian Institute of Technology (AIT) in Thailand and a Bachelor's Degree from the Royal University of Law and Economics in Phnom Penh.



MR. Rada HONG Director/Head of Digital Banking and Payment Products

Mr. Hong Rada joined Chip Mong Bank in May 2022 and currently serving as a Director of Digital Banking and Payment Products oversee digital products development and payment services. Prior to joining Chip Mong Bank, Mr. Rada was the Director of New Verticals overseeing all new businesses establishment at foodpanda. He gained years of professional experience at the senior management level in the Technology and E-Commerce sectors. He has sharpened his knowledge further through his professional career for more than 15 years in the field of technology and business development -- specializes in start-up, business operations, project management, process improvement, organizational change, and cost & budget management.

Mr. Rada holds a Master's Degree in Systems Engineering Management from Georgetown University, Bachelor's Degrees from the University of California, Berkeley in Mechanical & Nuclear Engineering, and another Bachelor's Degree from the University of California, Santa Cruz in Business Management Economics.



MR. Naroth LON Head of Finance

Mr. Lon Naroth has been with Chip Mong Bank since November 2020 as the Manager of Finance Systems and Management Reporting. He was named Head of Finance in June 2022. He oversees the overall financial management functions of the bank, covering liquidity management, financial accounting and taxation, regulatory & performance reporting, finance systems and agent banking support. Mr. Naroth has experience working for regional banks and audit firms in various fields including financial audits, accounting, taxation, financial reporting, regulatory reporting, budgeting, and management reporting, as well as system migration projects.

He holds a Master's Degree in Finance and Banking from Cambodian Mekong University and an Advanced Diploma in Accounting and Business from the Association of Chartered Certified Accountants. As part of his continuous professional development, he has attended various workshops and short training programs locally and internationally.



MRS. Sokuntheary VONG
Head of Operations

Mrs. Vong Sokuntheary joined Chip Mong Bank in August 2022 and currently serving as the Head of Operations overseeing operations at all branches, Check Clearing, Domestic Transfer, Credit Ops, Branch Support, Assurance & Governances, International Remittance, Cash & SST Mgmt, Digital Payment Ops, Card Ops, and 24/7 Call Center. Prior to joining Chip Mong Bank, she was the Deputy Head of Centralized Operations at Prince Bank. She has spent more than 10 years of her professional career in financial sector developing a profound set of skills in finance management, portfolio management, risk management, banking, and operations. It is worth noting that Mrs. Sokuntheary was also serving as the Head of Processing & Governance (Myanmar Branch) during 2018.

Mrs. Sokuntheary hold a master's degree in Finance & Banking, and a bachelor's degree in Marketing from National University of Management (NUM).



MRS. Sopheak YEN
Head of Compliance

Mrs. Yen Sopheak is one of the pioneers in the management team of Chip Mong Bank, having joined the bank in 2018. Her main responsibilities include overseeing the Compliance Department and reporting to the Chairman of the Board Risk Committee. As the Head of the Compliance, Mrs. Sopheak is responsible for the overall management of compliance program, leading and directing the compliance team, and advising compliance-related activities within the bank. She is the primary liaison for the National Bank of Cambodia (NBC) and the Cambodia Financial Intelligent Unit (CAFIU).

Mrs. Sopheak has over nine years of working experience in the banking industry, specializing in development and continuous improvement of an enterprise-wide compliance framework for governance and internal control to prevent compliance risk as well as to build compliance culture. Mrs. Sopheak completed the Corporate Governance Master Class from the Institution of Banking and Finance (IBF) and International Finance Corporation (IFC) and earned a Regulatory Compliance Certificate from the IBF. She also earned a Bachelor's Degree in Informatics Economics from the Royal University of Law and Economics.



MR. Samrach CHEY
Director/Head of Risk Management

Mr. Chey Samrach has been with Chip Mong Bank since August 2018 as one of the pioneers of the management team. He oversees the overall risk management function of the bank, covering both credit risk and non-credit risk departments. Samrach has experience working for international banks and micro-finance deposit-taking institutions in various posts including business performance management, research and analysis, SME banking, credit underwriting and control, as well as risk management of diversified client portfolios from micro-enterprises and SMEs to large local corporates, MNCs and financial institutions.



MR. Virak PHAY
Head of Internal Audit

Mr. Phay Virak has many years of professional experience in banking industry and two international audit firms. He joined Chip Mong Bank in 2019 as Head of Internal Audit, taking charge of overall performance of Internal Audit Department and reporting to the Board Audit Committee. He was an Audit Deputy Manager at PricewaterhouseCoopers (Cambodia) and Audit Manager at Deloitte (Cambodia) Co., Ltd before moving to Chip Mong Bank. He serves various clients, mainly in insurance and banking industries.

Mr. Virak obtained his Bachelor of Business Administration in Accounting from National University of Management, Bachelor of Education in English Literature from Institute of Foreign Languages at Royal University of Phnom Penh, Certified Accounting Technician from CamEd Business School, and qualified to become a member of the Association of Chartered Certified Accountants (ACCA) from United Kingdom.

5 4 HUMAN RESOURCE DEVELOPMENT



Behind Chip Mong Bank's great financial results and growth is the constant need for capable and dynamic human resources. The bank's Human Resource Department took on the challenge by targeting several strategic areas to ensure active recruitment of external talent and the development of existing team members. Chip Mong Bank perceives its employees as the most precious asset and driver of business operations and continuous growth.

1. WE LISTEN TO EMPLOYEES

The bank's Head Resource Department recognizes the importance of proactivity when it comes to dealing with our people. In 2022 we executed monthly Morning Talks and Evening Talks meetings to bridge the communication gap between staff and our top management. Company performance and new directions were shared from leaders directly to employees.

The 2022 Annual Employee Engagement Survey which gathered close to a 90% response rate, provided another platform for employees to anonymously voice their opinions on a variety of topics such as compensation & benefits, safety, learning & development, and change management. The insights from the survey shaped engagement initiatives for the year. Moreover, the annual staff party and team building give everyone the opportunity to meet top management and establish close relationships with the shareholders and other executive management. As a result, it makes previous events memorable for employees and encourages high levels of productivity for the year ahead.

2. WE CREATE A HIGH COMMITMENT PEOPLE WITH RESULT ORIENTED

Behind any high performing organizations is a high performing and commitment team. Building a high commitment of people that drives and rewards performers is crucial to the success of Chip Mong Bank. In 2022, the Human Resource team initiated its Award Program that recognized employees who went above and beyond in their respective roles. These were the people who substantially exceeded their sales target; and led the company to exceed targets.

2022 also saw the implementation of Integrated Talent Management Initiatives at Chip Mong Bank. Through the process of talent review, succession planning and talent development, we were not only able to identify high potential employees but also place them into the succession pipeline for critical roles with clear development plans and timelines.

3. WE BUILD LEARNING OPPORTUNITY AND GROWTH

We aim to attract, develop, and retain ambitious and competent personnel, and we stand by to build their career aspiration with Chip Mong Bank. The Bank's remuneration system remains attractive in the market, and we consistently practice performance management driven by KPIs (Key Performance Indicators) aligned with the Bank's strategic goals.

The existing staff, especially our sales team, were also given numerous opportunities to improve their knowledge and skills. In 2022, over 95 courses were offered to employees with over 134 intakes. The availability and accessibility of the learning opportunities brought the average training hours per employee to just over 34 hours. Workshop: we are conducting the Sales Strategies and Credit Analysis Workshop; we have the participate join 90 that includes all BMs, DBM, Sales and RM all branches. The workshop aims to share techniques and best practices in sales and credit analysis with Retail Banking team to maximize their performance. In addition, Chip Mong Bank Academy provides the external training request based on the learner needs to reinforce the capacities and skill to fulfil their knowledge in areas of their job requirement and improve the process of work efficiency. Another major milestone is our Young Banker and Internship Program which is structured with hands-on professional banking experiences in many various fields such as sales, lending, Internal Audit, Finance Human Resources, and others. We aim to attract, develop, and retain ambitious and competent personnel, and we stand by to build their career aspiration with Chip Mong Bank. In addition, we harmoniously promote our transparency culture, as well as the safe and healthy working environment according to our Core Values.



500+

EMPLOYEES BY DECEMBER 2022

4. WE PUT EMPLOYEE SAFETY FIRST

Employees' performance and growth could not have been made possible had their safety not been safeguarded. Chip Mong Bank's HR team is fully aware of the uncertainty and worries Covid-19 brought to our employees and we believed it was our responsibility to alleviate these concerns and free our employees to perform. The 2022 Employee Engagement Survey showed that the bank's employees' perception on safety at work has increased by 15 %, the factor with the second biggest improvement. The result is a testament to the efforts of the HR team in ensuring office safety, administering Covid tests and treatment, following up on staff health, communicating situation reports and various guides, as well as taking part in creating contingency plans.

Chip Mong Bank, following the Chip Mong Group's successful footprint, believes firmly in individual potential and growth, the same belief of our founders, who turned a small scrap metal business into Chip Mong Group. It is the same belief that led John Charles Bell from being a teller to a bank President, the same belief that all Chip Mong employees can become something great.



A large, white, stylized number '6' is the central focus, set against a solid green background. The number is partially overlaid by several semi-transparent green circles of varying sizes, creating a layered, modern aesthetic. The circles are positioned around the number, with one large circle on the left and several smaller ones above and to the right.

6

**CORPORATE SOCIAL
RESPONSIBILITY**

6 CORPORATE SOCIAL RESPONSIBILITY

Adoption of Cambodia's Sustainable Finance Principles:

As a member of the Association of Banks in Cambodia, Chip Mong Bank is proud to adopt the nine Cambodian Sustainable Finance Principles, as follows:

| | | |
|---|--|---|
|  <p>Environmental Protection</p> |  <p>People Protection</p> |  <p>Culture Protection</p> |
|  <p>Financial Literacy</p> |  <p>Financial Inclusion</p> |  <p>Financial Innovation</p> |
|  <p>Environmental & Social Standard</p> |  <p>Environmental & Social Footprint</p> |  <p>Transparency & Accountability</p> |

These principles can inspire all member banks to implement the appropriate guidelines to protect the environment and society as a whole, as well as to promote innovation, E&S standards, transparency, and accountability.

CHIP MONG BANK INVESTS IN SUSTAINABILITY

Chip Mong Bank has always been committed to the protection of the environment, which is the essential driving force behind the bank's continuous investment in sustainability. These investments focus on two important goals: creating environmentally friendly products and services such as the revamped Chip Mong Bank App and the Internet Banking service, which reduces the need for travel and carbon dioxide emissions; and implementing paperless operations for every service such as ATMs and CRMs.

Requesting a loan from Chip Mong Bank will trigger the Credit Operations Department to assess and evaluate all proposed activities for their environmental or social impacts.

Chip Mong Bank also applies environmental protection at its offices, which includes air-conditioning equipped with automatic shut-off systems and meeting rooms equipped with full digital concepts for staff to take notes on laptops instead of paper. Printing and copying is also minimized and, where possible, all other banking forms are completed digitally.

Moreover, the staff room features water dispensers to encourage our team to use personal water bottles and reduce their reliance on single-use plastics. All water faucets are fitted with water saving notices. Additionally, all the bank's offices and branches take the environment seriously, with an environmental focus on sustainable landscaping and decor.

CORPORATE SOCIAL RESPONSIBILITY AND GIVING BACK TO SOCIETY

Chip Mong Commercial Bank Plc. aims to be Cambodia's most trusted bank based on the vision and core values that have guided the bank's investments back into society. These investments support the health sector as well and help improve the wellbeing of the Cambodian people during situations that create hardships for families.



In early 2022, the shareholders of Chip Mong Bank signed a Memorandum of Understanding with the Samdech Techo Volunteer Youth Doctor Association (TYDA) for an annual donation of \$200,000 for five years, amounting to \$1 million, to support humanitarian activities in the Kingdom of Cambodia.



Similarly, the shareholders of Chip Mong Bank joined the Cambodian Red Cross in celebration of the 159th Anniversary of the World Red Cross and Red Crescent Day by donating \$700,000 to contribute to providing humanitarian services and resolving challenges, promoting the resilience of the community, and alleviating the suffering of victims and the most vulnerable people.



SHAREHOLDERS OF CHIP MONG BANK



In 2022, Chip Mong Bank joined the Samdech Techo Volunteer Youth Doctor Association (TYDA) in a humanitarian mission to provide general medical treatment to impoverished people in Sangkat Kork Rokar, Khan Prek Pnov by donating drinking water, soft drink, Chip Mong Bank hats and handbags, and school materials for people and children.



As part of their responsibility for society, the shareholders of Chip Mong Bank also celebrated World Cleanup Day 2022, by bringing together all staff members from all businesses, as well as Chip Mong Scholarship students, authorities and residents of Phnom Penh Thmey. More than 100 people contributed to the cleanliness of Phnom Penh and raised public awareness of proper waste disposal and management.



Organized by Chip Mong Group and in collaboration with the National Blood Transfusion Center, Chip Mong Bank continued the third phase of their “Blood Donation to Save Lives” campaign, with the participation of many members of management and staff to help save lives of patients in need of blood and raise awareness of the importance of blood donations.

A large, white, stylized number '7' is the central focus, set against a solid green background. The number is partially overlaid by several semi-transparent green circles of varying sizes, creating a layered, modern aesthetic. The circles are positioned around the number, with one large circle on the left and another smaller one above it.

7

CORPORATE GOVERNANCE

7.1 Risk Management

7.2 Compliance

7.3 Internal Audit



CORPORATE GOVERNANCE

| No. | Board Meeting | Year | Date | Status |
|-----|------------------|------|-----------------|--------|
| 1 | Board Meeting 13 | 2022 | 21 January 2022 | Done |
| 2 | Board Meeting 14 | 2022 | 22 April 2022 | Done |
| 3 | Board Meeting 15 | 2022 | 27 July 2022 | Done |
| 4 | Board Meeting 16 | 2022 | 21 October 2022 | Done |

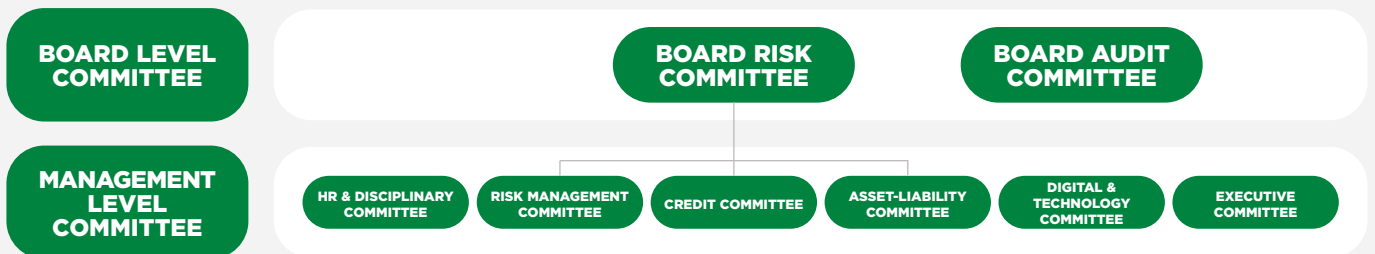
7 1 RISK MANAGEMENT

The bank’s Risk Management Framework (“RMF”) is in place to provide a coherent foundation by outlining an overarching methodology and guideline for governing the key risks that the bank faces including its risk governing structure, lines of defense, key responsibilities of each committee, functions, and frameworks, as well as policies and procedures for proper and effective risk management.

Two levels of committees have been established:

- i) Board Level Committees
- ii) Management Level Committees

COMMITTEES STRUCTURE



Board level committees focus on broad strategies and policies, while management level committees focus on action plans and procedures.

The “three lines of defense” principle is adopted, and specialized committees have been set up for an effective management of different types of risk:

| 3rd line of Defense | Audit | | | | |
|---------------------|----------------------|---|---------------------------------------|---------------------------------|---|
| 2nd line of Defense | Risks and Compliance | | | | |
| | Credit Committee | Asset-Liability Committee | Digital & Technology Committee | HR & Disciplinary Committee | Risk Management Committee & Executive Committee |
| | Credit risk | Liquidity risk, funding risk, pricing risk, capital management, market risk | Technology risk, information security | Personnel related risk, HR risk | Operational risk, Legal and compliance risk, portfolio risk, business strategic risk, reputation risk |
| 1st Line of Defense | Retail banking | Treasury and finance | Information and technology | Human resources | President |
| | Business banking | | | | Other relevant function leads |

Three independent functions have been set up including Risk Management and Compliance for the permanent control review and Internal Audit for the periodic control review.

For each type of risk, the Board has set a risk appetite and tolerance level in the form of Key Risk Indicators, which provide early warning signals when risks move in a direction that may require mitigating actions/controls.

7 2 COMPLIANCE

Chip Mong Bank aims to comply with the letter and spirit of the regulatory standards and environment in which it operates in order to ensure healthy growth, as well as safe and sound practices. The Compliance Department is led by the Head of Compliance who has been duly approved by the NBC and has a direct functional reporting line to the Chairman of the Board Risk Committee who approved the annual compliance plan. Compliance Department is governed by the Compliance Framework approved by the Board of Directors to implement compliance policies and AML-CFT policy. The Head of Compliance also acts as coordinator with the National Bank of Cambodia (NBC) and the Cambodia Financial Intelligent Unit (CAFIU).

Chip Mong Bank has dedicated more technology and human resources to Compliance Department to ensure the bank complies with relevant regulations. The bank continually maintains staff awareness of AML/CFT policy through training programs, including existing and new staff. 18 training sessions were carried out during 2022. A digital platform has been utilized, e-learning was developed to reflect the realities of the Covid-19 situation in Cambodia. Onsite visits have been carried out for six branches as well as 50% of all functions/departments were selected to test compliance effectiveness and raise awareness. A compliance self-assessment checklist for each department was developed and enforced to ensure compliance risks will be timely monitored and promptly responded. Compliance Department has also participated in a working group in developing products and services to meet customers’ needs, as well as to comply with the applicable regulations. These activities were undertaken to embrace compliance as a culture and to manage regulatory risk as well as reputational risk better.

7 3 INTERNAL AUDIT

The Internal Audit Department conducted 33 planned audit projects and seven surprise audits at the Bank’s head office and branches in 2022. The department is an independent function which reports directly to the Board Audit Committee. The Internal Audit Department runs the internal audit work based on the approved annual audit plan and in compliance with the internal audit framework, as well as internal audit policy and procedures which are approved by the Board Audit Committee.

8

AUDITED FINANCIAL STATEMENTS

- 8.1** Directors' Report
- 8.2** Independent Auditor's Report
- 8.3** Statement of financial position
- 8.4** Statement of profit or loss and other comprehensive income
- 8.5** Statement of changes in equity
- 8.6** Statement of cash flows
- 8.7** Notes to the financial statements



8 1 DIRECTORS' REPORT

The Board of Directors (the Directors) hereby submits their report together with the audited financial statements of Chip Mong Commercial Bank Plc. (the Bank) for the year ended 31 December 2022.

THE BANK

Chip Mong Commercial Bank Plc. (the Bank) was incorporated in Cambodia on 15 June 2018 under the Registration No. 00034187 issued by the Ministry of Commerce. On 17 January 2019, the Bank obtained a permanent banking license No. B-47 from the National Bank of Cambodia (the NBC).

PRINCIPAL ACTIVITIES

The principal activities of the Bank are the provision of all aspect of banking business and related financial services in Cambodia.

FINANCIAL PERFORMANCE

The financial performance of the Bank for the year is set out in the statement of profit or loss and other comprehensive income on [page 45](#).

No dividends were declared or paid during the year ended 31 December 2022.

STATUTORY CAPITAL

On 21 December 2021, the Bank requested the NBC to increase the share capital from US\$105,000,000 to US\$115,000,000. This request was approved by the NBC on 12 January 2022, and the amendment to the Bank's Memorandum and Articles of Association (M&AA) was endorsed by the Ministry of Commerce (MoC) on 23 February 2022.

On 16 May 2022, the Bank submitted another request to the NBC to increase the share capital from US\$115,000,000 to US\$135,000,000, and the approval was obtained from NBC on 8 June 2022. The amendment to the M&AA was endorsed by MoC on 8 July 2022.

BAD AND DOUBTFUL FINANCIAL FACILITIES

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and advances or making of allowance for impairment losses, and satisfied themselves that all known bad loans and advances had been written off and that adequate loss allowance has been made for bad and doubtful loans and advances.

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

ASSETS

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Bank have been written down to an amount that might be expected to be realised.

At the date of this report and to the best of their knowledge, the Directors are 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.

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 financial year 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 financial year other than in the ordinary course of banking business.

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within a period of twelve months after the end of the financial year which, in the opinion of the Directors, 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 Directors are 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 AN UNUSUAL NATURE

The results of the operations of the Bank for the financial year were not, in the opinion of the Directors, 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 financial year and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Bank for the year in which this report is made.

THE BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the year and as at the date of this report are:

| | |
|--------------------------|----------------------------|
| Neak Oknha Leang Meng | Chairman |
| Oknha Leang Huong | Board Director |
| Oknha Leang Pov | Board Director |
| Mr. Jorge Baigorri Lopez | Board Director |
| Mr. Teng Koytry | Board Director |
| Mr. Lim Hak Khoun | Independent Board Director |
| Mr. Chim Guanghui | Independent Board Director |

THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards (CIFRS).

In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest of fair presentation, these have 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 the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- effectively control and direct the Bank in all material decisions affecting its operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that the Bank has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of the Bank as at 31 December 2022 and the financial performance and cash flows of the Bank for the year then ended in accordance with CIFRS, were approved by the Board of Directors.

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



Neak Oknha Leang Meng

Chairman

Phnom Penh, Kingdom of Cambodia
30 March 2023

8 2 INDEPENDENT AUDITOR'S REPORT

To the shareholders of Chip Mong Commercial Bank Plc.

OUR OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chip Mong Commercial Bank Plc. (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 (CIFRS).

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kampuchea Institute of Certified Public Accountants and Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code) that are relevant to our audit of the financial statements in Cambodia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KICPAA Code.

OTHER INFORMATION

Management is responsible for the other information. The other information obtained at the date of this auditor's report are the directors' report and the supplementary financial information required by the National Bank of Cambodia but do not include the financial statements and our auditor's report thereon.

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 identified above 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 on the other information obtained prior to the date of this auditor's report, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS, 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 scepticism 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.
- 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.

For PricewaterhouseCoopers (Cambodia) Ltd.



By Lang Hy
Partner

Phnom Penh, Kingdom of Cambodia
30 March 2023

8 3 STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

| | Notes | 2022 | | 2021 | |
|---|-------|----------------------|----------------------|--------------------|----------------------|
| | | US\$ | KHR'000 | US\$ | KHR'000 |
| ASSETS | | | | | |
| Cash on hand | 4 | 21,457,963 | 88,342,434 | 20,885,360 | 85,086,957 |
| Deposits and placements with the central bank | 5 | 154,554,866 | 636,302,383 | 280,060,987 | 1,140,968,461 |
| Deposits and placements with other banks | 6 | 109,654,930 | 451,449,347 | 38,132,987 | 155,353,789 |
| Statutory deposits with the central bank | 7 | 76,404,242 | 314,556,264 | 61,973,041 | 252,478,169 |
| Loans and advances at amortised cost | 8 | 764,864,775 | 3,148,948,279 | 525,206,977 | 2,139,693,224 |
| Derivative financial instruments | 9 | 1,335,113 | 5,496,660 | 417,894 | 1,702,500 |
| Investment in debt security | 10 | 5,272,740 | 21,707,871 | - | - |
| Property and equipment | 11 | 5,694,267 | 23,443,297 | 5,477,204 | 22,314,129 |
| Intangible assets | 12 | 4,671,371 | 19,232,034 | 3,486,002 | 14,201,972 |
| Right-of-use assets | 13 | 4,272,443 | 17,589,648 | 4,755,991 | 19,375,907 |
| Deferred tax assets, net | 14 | 2,018,582 | 8,310,502 | 1,199,704 | 4,887,594 |
| Other assets | 15 | 3,074,519 | 12,657,795 | 1,486,896 | 6,057,614 |
| TOTAL ASSETS | | 1,153,275,811 | 4,748,036,514 | 943,083,043 | 3,842,120,316 |
| LIABILITIES AND EQUITY | | | | | |
| LIABILITIES | | | | | |
| Deposits from other banks | 16 | 138,613,808 | 570,673,048 | 85,071,818 | 346,582,587 |
| Deposits from non-bank customers | 17 | 816,947,077 | 3,363,371,116 | 733,349,952 | 2,987,667,704 |
| Borrowings | 18 | 18,416,899 | 75,822,373 | 10,976,538 | 44,718,416 |
| Lease liabilities | 13 | 4,805,434 | 19,783,972 | 5,254,653 | 21,407,456 |
| Subordinated debts | 19 | 10,142,055 | 41,754,840 | - | - |
| Current income tax liabilities | 20 | 5,339,815 | 21,984,018 | 1,040,634 | 4,239,543 |
| Other liabilities | 21 | 2,735,168 | 11,260,687 | 1,528,519 | 6,227,185 |
| TOTAL LIABILITIES | | 997,000,256 | 4,104,650,054 | 837,222,114 | 3,410,842,891 |
| EQUITY | | | | | |
| Share capital | 22 | 135,000,000 | 555,795,000 | 105,000,000 | 427,770,000 |
| Regulatory reserves | 23 | 3,054,628 | 12,575,903 | 3,274,509 | 13,340,350 |
| Retained earnings/accumulated losses | | 18,220,927 | 74,577,591 | (2,413,580) | (9,755,640) |
| Other reserves | | - | 437,966 | - | (77,285) |
| TOTAL EQUITY | | 156,275,555 | 643,386,460 | 105,860,929 | 431,277,425 |
| TOTAL LIABILITIES AND EQUITY | | 1,153,275,811 | 4,748,036,514 | 943,083,043 | 3,842,120,316 |

The accompanying notes on pages 49 to 104 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | 2022 | | 2021 | |
|--|-------|---------------------|---------------------|---------------------|---------------------|
| | | US\$ | KHR'000 | US\$ | KHR'000 |
| Interest income | | 67,497,353 | 275,861,682 | 39,287,125 | 159,820,025 |
| Interest expense | | (26,187,993) | (107,030,327) | (17,336,793) | (70,526,074) |
| Net interest income | 24 | 41,309,360 | 168,831,355 | 21,950,332 | 89,293,951 |
| Fee and commission income | | 1,915,512 | 7,828,698 | 651,887 | 2,651,876 |
| Fee and commission expense | | (266,150) | (1,087,755) | (64,257) | (261,397) |
| Net fee and commission income | 25 | 1,649,362 | 6,740,943 | 587,630 | 2,390,479 |
| Other income | | 7,767 | 31,744 | 14,549 | 59,185 |
| Other gains - net | 26 | 810,683 | 3,313,261 | 253,990 | 1,033,232 |
| Impairment losses on financial instruments | 30 | (4,126,412) | (16,864,646) | (1,809,968) | (7,362,950) |
| Net other operating losses | | (3,307,962) | (13,519,641) | (1,541,429) | (6,270,533) |
| EXPENSES | | | | | |
| Personnel expenses | 27 | (7,478,309) | (30,563,849) | (6,168,479) | (25,093,373) |
| Depreciation and amortisation charges | 28 | (3,336,727) | (13,637,203) | (2,947,999) | (11,992,460) |
| Other operating expenses | 29 | (3,160,195) | (12,915,717) | (2,536,506) | (10,318,506) |
| | | (13,975,231) | (57,116,769) | (11,652,984) | (47,404,339) |
| Profit before income tax | | 25,675,529 | 104,935,888 | 9,343,549 | 38,009,558 |
| Income tax expense | 20 | (5,260,903) | (21,501,311) | (52,488) | (213,523) |
| Profit for the year | | 20,414,626 | 83,434,577 | 9,291,061 | 37,796,035 |
| Other comprehensive income: | | | | | |
| <i>Items that will not be classified to profit or loss</i> | | | | | |
| Currency translation differences | | - | 515,251 | - | 295,435 |
| Total comprehensive income for the year | | 20,414,626 | 83,949,828 | 9,291,061 | 38,091,470 |
| Profit attributable to: | | | | | |
| Owners of the Bank | | 20,414,626 | 83,434,577 | 9,291,061 | 37,796,035 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Bank | | 20,414,626 | 83,949,828 | 9,291,061 | 38,091,470 |

The accompanying notes on pages 49 to 104 form an integral part of these financial statements.

8 5 STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

| | Attributable to owners of the Bank | | | |
|--|------------------------------------|--------------------|---------------------|-------------------|
| | Share capital | | Regulatory reserves | |
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Balance at 1 January 2021 | 75,000,000 | 303,862,446 | 2,019,576 | 8,231,998 |
| Profit for the year | - | - | - | - |
| Currency translation difference | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - |
| Transactions with owners in their capacity as owners: | | | | |
| Capital injection (note 22) | 30,000,000 | 120,000,000 | - | - |
| Transfer to regulatory reserves (note 23) | - | - | 1,254,933 | 5,105,067 |
| Currency translation differences | - | 3,907,554 | - | 3,285 |
| Total transactions with owners | 30,000,000 | 123,907,554 | 1,254,933 | 5,108,352 |
| Balance at 31 December 2021 | 105,000,000 | 427,770,000 | 3,274,509 | 13,340,350 |
| Balance at 1 January 2022 | 105,000,000 | 427,770,000 | 3,274,509 | 13,340,350 |
| Profit for the year | - | - | - | - |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - |
| Transactions with owners in their capacity as owners: | | | | |
| Capital injection (note 22) | 30,000,000 | 120,000,000 | - | - |
| Transfer to regulatory reserves (note 23) | - | - | (219,881) | (898,654) |
| Currency translation differences | - | 8,025,000 | - | 134,207 |
| Total transactions with owners | 30,000,000 | 128,025,000 | (219,881) | (764,447) |
| Balance at 31 December 2022 | 135,000,000 | 555,795,000 | 3,054,628 | 12,575,903 |

The accompanying notes on pages 49 to 104 form an integral part of these financial statements

| Retained earnings/(accumulated losses) | | Other reserves | | Total | |
|--|--------------------|----------------|-----------------|--------------------|--------------------|
| US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 |
| (10,449,708) | (42,446,608) | - | (372,720) | 66,569,868 | 269,275,116 |
| 9,291,061 | 37,796,035 | - | - | 9,291,061 | 37,796,035 |
| - | - | - | 295,435 | - | 295,435 |
| 9,291,061 | 37,796,035 | - | 295,435 | 9,291,061 | 38,091,470 |
| - | - | - | - | 30,000,000 | 120,000,000 |
| (1,254,933) | (5,105,067) | - | - | - | - |
| - | - | - | - | - | 3,910,839 |
| (1,254,933) | (5,105,067) | - | - | 30,000,000 | 123,910,839 |
| (2,413,580) | (9,755,640) | - | (77,285) | 105,860,929 | 431,277,425 |
| (2,413,580) | (9,755,640) | - | (77,285) | 105,860,929 | 431,277,425 |
| 20,414,626 | 83,434,577 | - | - | 20,414,626 | 83,434,577 |
| - | - | - | 515,251 | - | 515,251 |
| 20,414,626 | 83,434,577 | - | 515,251 | 20,414,626 | 83,949,828 |
| - | - | - | - | 30,000,000 | 120,000,000 |
| 219,881 | 898,654 | - | - | - | - |
| - | - | - | - | - | 8,159,207 |
| 219,881 | 898,654 | - | - | 30,000,000 | 128,159,207 |
| 18,220,927 | 74,577,591 | - | 437,966 | 156,275,555 | 643,386,460 |

8 6 STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

| | Notes | 2022 | | 2021 | |
|--|-----------|----------------------|----------------------|---------------------|----------------------|
| | | US\$ | KHR'000 | US\$ | KHR'000 |
| Cash flows from operating activities | | | | | |
| Cash (used in)/generated from operations | 32 | (123,656,137) | (505,382,634) | 135,957,695 | 553,075,903 |
| Interest received | | 61,140,657 | 249,881,865 | 36,740,321 | 149,459,626 |
| Interest paid | | (18,724,392) | (76,526,590) | (15,187,143) | (61,781,298) |
| Income tax paid | 20 | (1,780,600) | (7,277,312) | (404,346) | (1,644,880) |
| Net cash (used in)/generated from operating activities | | (83,020,472) | (339,304,671) | 157,106,527 | 639,109,351 |
| Cash flows from investing activities | | | | | |
| Purchases of property and equipment | 11 | (1,717,190) | (7,018,156) | (1,199,037) | (4,877,683) |
| Purchases of intangible assets | 12 | (1,782,028) | (7,283,149) | (233,872) | (951,391) |
| Statutory capital deposit | | (3,000,000) | (12,261,000) | (3,000,000) | (12,204,000) |
| Investment in debt security | 10 | (5,000,000) | (20,435,000) | - | - |
| Deposits and placements with the central bank - maturity later than three months | | (28,985,385) | (118,463,268) | (6,718,213) | (27,329,690) |
| Deposits and placements with other banks - maturity later than three months | | (32,920,769) | (134,547,183) | (24,513,998) | (99,722,944) |
| Net cash used in investing activities | | (73,405,372) | (300,007,756) | (35,665,120) | (145,085,708) |
| Cash flows from financing activities | | | | | |
| Proceeds from borrowings | 18 | 14,721,107 | 60,165,164 | 9,683,593 | 39,392,856 |
| Repayment of borrowings | 18 | (7,258,826) | (29,666,822) | (302,721) | (1,231,469) |
| Proceeds from subordinated debt | | 10,000,000 | 40,870,000 | - | - |
| Principal element of lease payments | | (1,059,639) | (4,330,745) | (713,407) | (2,902,140) |
| Capital injection | | 30,000,000 | 122,610,000 | 30,000,000 | 122,040,000 |
| Net cash generated from financing activities | | 46,402,642 | 189,647,597 | 38,667,465 | 157,299,247 |
| Net (decrease)/increase in cash and cash equivalents | | (110,023,202) | (449,664,830) | 160,108,872 | 651,322,890 |
| Cash and cash equivalents at beginning of the year | | 299,336,343 | 1,219,496,261 | 139,227,471 | 563,175,120 |
| Currency translation differences | | - | 9,570,771 | - | 4,998,251 |
| Cash and cash equivalents at the end of year | 31 | 189,313,141 | 779,402,202 | 299,336,343 | 1,219,496,261 |

The accompanying notes on pages 49 to 104 form an integral part of these financial statements

8 7 NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. BACKGROUND INFORMATION

Chip Mong Commercial Bank Plc. (the Bank) was incorporated in Cambodia on 15 June 2018 under the Registration No. 00034187 issued by the Ministry of Commerce. On 17 January 2019, the Bank obtained a permanent banking license No. B-47 from the National Bank of Cambodia (the NBC).

The principal activities of the Bank are the provision of all aspect of banking business and related financial services in Cambodia.

The original registered office of the Bank was located at No. 137B, Mao Tse Tung Blvd, Sangkat Boeng Keng Kang 3, Khan Chamkarmon, Phnom Penh, Cambodia. Subsequently, the registered office of the Bank was changed to Building No. 174 (1st, 3rd & 4th floor), Czech Republic Boulevard corner Street No.164, Sangkat Veal Vong, Khan Prampir Makara, Phnom Penh, Kingdom of Cambodia. The amendment to the Memorandum and Articles of Association (M&AA) was endorsed by the Ministry of Commerce (MoC) on 15 December 2021.

The financial statements were authorised for issue by the Board of Directors on 30 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

The financial statements are prepared in accordance with Cambodian International Financial Reporting Standards (CIFRS) which are based on all standards published by the International Accounting Standard Board including other interpretations and amendments that may occur in any circumstances to each standard.

The financial statements have been prepared under the historical cost convention.

The Bank discloses the amount for each asset and liability that is expected to be recovered or settled no more than 12-month after the reporting period as current, and more than 12-month after the reporting period as non-current.

The preparation of financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

An English version of the financial statements have been prepared from the financial statements that are in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language financial statements shall prevail.

2.2 NEW STANDARDS AND INTERPRETATION

i) New and amended standards adopted by the Bank

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to CIAS 16,
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to CIAS 37, and
- Annual Improvements to CIFRS Standards 2018-2020.

ii) New standards and interpretations not yet adopted by the Bank

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 FOREIGN CURRENCY TRANSLATION

i) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency). The functional currency is United States dollars (US\$) because of the significant influence of the US\$ on its operations. The financial statements are presented in US\$ which is the Bank's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than US\$ are recognised in profit or loss.

iii) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, the financial statements shall be expressed in Khmer Riel (KHR). The statement of profit or loss and other comprehensive income and the statement of cash flows are translated into KHR using the average exchange rates for the year. Assets and liabilities for each statement of financial position presented and shareholders' capital are translated at the closing rates as at the reporting date. Resulting exchange differences arising from the translation of shareholders' capital and reserves are recognised directly in equity; all other resulting exchange differences are recognised in the other comprehensive income.

The Bank has used the official rates of exchange published by the National Bank of Cambodia, and as at the reporting date, the average rate was US\$ 1 to KHR 4,087 (2021: US\$ 1 to KHR 4,068) and the closing rate was US\$ 1 to KHR 4,117 (2021: US\$ 1 to KHR 4,074).

2.4 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, unrestricted deposits and placements with the central bank and other banks, 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.

Deposits and placements with the central bank and other banks are carried at amortised cost in the statement of financial position. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.5 FINANCIAL ASSETS

a) Classification

The Bank classifies its financial assets as measured at amortised cost and they are cash on hand, deposits and placements with the central bank and other banks, loans and advances at amortised cost, investment in debt security and other financial assets.

The classification depends on the Bank's model for managing financial assets and the contractual terms of the financial assets cash flows.

The Bank classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

b) Recognition and derecognition

Financial assets are recognised when the Bank becomes a party to the contractual provision of the instruments. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Bank commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership. A gain or loss on derecognition of a financial asset measured at amortised cost is recognised in profit or loss when the financial asset is derecognised.

c) Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the assets and the cash flow characteristics of the assets. The Bank classifies its debt instruments as financial assets measured at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest (SPPI), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in finance income using the effective interest rate method.

For staff housing loans at an interest rate below the market rate, such loans are initially recognised at the present value of the future cash payments discounted at a market rate of interest for a similar loan. Differences between the amount of cash paid

and the present value of the future cash receipts are recognised as advanced employee benefits in other assets and amortised to employee benefit expense to profit or loss over loan period.

d) Reclassification of financial assets

The Bank reclassifies financial assets when and only when their business model for managing those assets changes.

e) Impairment

The Bank assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and with the exposure arising from credit commitments (including overdrafts and revolving facilities) and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Bank applies a three-stage approach to measuring expected credit losses for the following categories:

- Debt instruments measured at amortised cost; and
- Credit commitments (including undrawn overdrafts and revolving facilities) and financial guarantee contracts

The three-stage approach is based on the change in credit risk since initial recognition:

(a) Stage 1: 12-months ECL

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(b) Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(c) Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

f) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Derivative instruments do not qualify for hedge accounting in which changes in fair value are recognised immediately in profit or loss and are included in other gains/(losses) - net

2.6 FINANCIAL LIABILITIES

Financial liabilities are recognised when the Bank becomes a party to the contractual provision of the instruments. Financial liabilities of the Bank include deposits from banks, deposits from customers, borrowings, subordinated debts, lease liabilities and other financial liabilities.

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from banks, deposits from customers, borrowings, subordinated debts and other financial liabilities.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.7 CREDIT COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS

Credit commitments (including undrawn overdrafts and revolving facilities) provided by the Bank are measured at the amount of the loss allowance. The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For credit commitments (including undrawn overdraft and revolving facilities), the expected credit losses are recognised as provisions (presented within other liabilities). However, for contracts that include both a loan and an undrawn commitment and that the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected

credit losses are recognised as a provision.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under CIFRS 9 'Financial Instruments and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers', where appropriate.

These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in profit or loss within operating expenses.

2.8 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Construction work-in-progress is not depreciated. Depreciation on other property and equipment are depreciated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows: Depreciation on work-in-progress commences when the assets are ready for their intended use. The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

| | Years |
|---------------------------|---|
| | Shorter of lease period and its economic life |
| Leasehold improvements | |
| Office equipment | 2 - 10 |
| Computer and IT equipment | 3 - 5 |
| Motor vehicles | 5 |
| Furniture and fixtures | 5 |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.10 INTANGIBLE ASSETS

Intangible assets, which comprise acquired computer software licences and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licences are capitalised based on the cost incurred to acquire the specific software and bring it into use. These costs are amortised over three years using the straight-line method, except for the license of the core banking system which has a useful life of ten years.

Work-in-progress is not amortised. Costs associated with maintaining intangible assets are recognised as an expense when incurred.

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment losses is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

2.12 LEASES

The Bank as a lessee

At the inception of the contract, the Bank assesses whether the 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 a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis.

i) Lease liabilities

Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii) Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct cost, and
- restoration cost, if any

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses.

iii) Recognition exemptions

Payments associated with all short-term and low value leases are charged to profit or loss on a straight-line basis over the period of the lease. Short-term leases are leases with a lease term of 12 months or less.

2.13 INCOME TAX

The income tax expense is the tax payable on the current's period taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the country where the Bank operates and generates taxable income.

Deferred tax is provided in full, using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. 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 realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 PROVISION

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 REGULATORY RESERVES

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 21 December 2017, Circular No. B7-018-001 dated 16 February 2018 and Circular No. B7-021-2314 dated 28 December 2021 (implemented from 1 January 2022) on credit risk classification and provisions on impairment. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, and is non-distributable, and is not allowed to be included in the net worth calculation.

2.16 EMPLOYEE BENEFITS

i) Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

ii) Pension obligations

The Bank pays monthly contributions for the compulsory pension scheme to NSSF, a publicly administered social security scheme for pension in Cambodia. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

iii) Other employment benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six months on 30 June and 31 December (7.5 days each payment).

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Bank.

2.17 INTEREST INCOME AND EXPENSE

Interest income and expense from financial instruments at amortised cost are recognised within interest income and interest expense respectively in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the gross carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired financial assets (POCI), for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial assets.
- Financial assets that are not POCI but have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

2.18 FEE AND COMMISSION INCOME

Fees and commissions are recognised as income when all conditions precedent is fulfilled (performance obligations are satisfied and control is transferred over time or point in time).

Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

i) Expected credit loss allowance on financial assets at amortised cost

The expected credit loss allowance for financial assets measured at amortised cost 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 ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- For individual assessment management makes judgement on the future in respect of the estimation of amount and timing of cash flows from the net realisable value of the underlying collateral value

ii) Lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4. CASH ON HAND

| | 2022 | | 2021 | |
|----------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Current</i> | | | | |
| US Dollars | 17,834,907 | 73,426,312 | 18,163,026 | 73,996,168 |
| Khmer Riel. | 3,623,056 | 14,916,122 | 2,722,334 | 11,090,789 |
| | 21,457,963 | 88,342,434 | 20,885,360 | 85,086,957 |

5. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

| | 2022 | | 2021 | |
|--|--------------------|--------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Current</i> | | | | |
| Current accounts | 60,079,810 | 247,348,578 | 275,140,328 | 1,120,921,696 |
| Settlement accounts | 4,066,205 | 16,740,566 | (1,797,554) | (7,323,235) |
| Negotiable certificate of deposits (*) | 90,408,851 | 372,213,239 | 6,718,213 | 27,370,000 |
| Total current | 154,554,866 | 636,302,383 | 280,060,987 | 1,140,968,461 |

Annual interest rates on deposits and placements with the central bank are as follows:

| | 2022 | 2021 |
|---------------------------------------|---------------|---------------|
| Current accounts | 0% | 0% |
| Negotiable certificate of deposits(*) | 0.07% - 3.23% | 0.04% - 0.16% |

(*) The Bank has pledged negotiable certificate of deposits (NCD) amounting to US\$7,214,477 (31 December 2021: US\$6,718,213) with the central bank as collateral for settlement clearing facility.

6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

(a) By residency status

| | 2022 | | 2021 | |
|---|--------------------|--------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Deposits and placements with local banks | 109,298,751 | 449,982,958 | 37,006,962 | 37,006,962 |
| Deposits and placements with overseas banks | 1,457,827 | 6,001,874 | 1,810,092 | 1,810,092 |
| | 110,756,578 | 455,984,832 | 38,817,054 | 38,817,054 |
| <i>Less:</i> | | | | |
| Allowance for expected credit loss | (1,101,648) | (4,535,485) | (684,067) | (684,067) |
| | 109,654,930 | 451,449,347 | 38,132,987 | 38,132,987 |

(b) By account types

| | 2022 | | 2021 | |
|------------------------------------|--------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Fixed deposits | 105,031,639 | 432,415,258 | 33,708,845 | 137,329,835 |
| Demand deposits | 5,724,939 | 23,569,574 | 5,108,209 | 20,810,843 |
| | 110,756,578 | 455,984,832 | 38,817,054 | 158,140,678 |
| <i>Less:</i> | | | | |
| Allowance for expected credit loss | (1,101,648) | (4,535,485) | (684,067) | (2,786,889) |
| | 109,654,930 | 451,449,347 | 38,132,987 | 155,353,789 |

(c) By maturity

| | 2022 | | 2021 | |
|------------------------------------|--------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Current | 42,327,290 | 174,261,453 | 5,108,209 | 20,810,843 |
| Non-current | 68,429,288 | 281,723,379 | 33,708,845 | 137,329,835 |
| | 110,756,578 | 455,984,832 | 38,817,054 | 158,140,678 |
| <i>Less:</i> | | | | |
| Allowance for expected credit loss | (1,101,648) | (4,535,485) | (684,067) | (2,786,889) |
| | 109,654,930 | 451,449,347 | 38,132,987 | 155,353,789 |

Annual interest rates on deposits and placements with other banks are as follows:

| | 2022 | 2021 |
|------------------|---------------|---------------|
| Fixed deposits | 0.05% - 7.80% | 0.05% - 7.80% |
| Savings accounts | 2.00% - 2.50% | 2.00% - 2.50% |

7. STATUTORY DEPOSITS WITH THE CENTRAL BANK

| | 2022 | | 2021 | |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Current</i> | | | | |
| Reserve requirement (i) | 62,898,713 | 258,954,001 | 51,471,009 | 209,692,891 |
| <i>Non-current</i> | | | | |
| Capital guarantee deposit (ii) | 13,505,529 | 55,602,263 | 10,502,032 | 42,785,278 |
| | 76,404,242 | 314,556,264 | 61,973,041 | 252,478,169 |

(i) Reserve requirement

The reserve requirement represents the minimum reserve which is calculated at 7% (2021: 7%) for KHR and other currencies of the total daily average amount of deposits from customers and other financial institutions and borrowings. The reserve requirement on customers' and other financial institutions' deposits and borrowings bear no interest.

(ii) Capital guarantee deposit

Pursuant to Prakas No. B7-01-136 on bank capital guarantees, dated 15 October 2001, issued by the central bank, the Bank is required to maintain 10% of its registered capital as a statutory deposit with the central bank. The deposit, which is not available for use in the Bank's day-to-day operations, is refundable should the Bank voluntarily cease its operations in Cambodia.

Annual interest rates:

| | 2022 | 2021 |
|---------------------------|---------------|---------------|
| Capital guarantee deposit | 0.08% - 0.65% | 0.04% - 0.06% |
| Reserve requirement | Nil | Nil |

8. LOANS AND ADVANCES AT AMORTISED COST

| | 2022 | | 2021 | |
|------------------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Commercial loans</i> | | | | |
| Long-term loans | 326,008,705 | 1,342,177,838 | 231,223,875 | 942,006,067 |
| Short-term loans | 11,464,833 | 47,200,717 | 10,039,117 | 40,899,363 |
| Overdrafts | 30,104,723 | 123,941,145 | 22,621,813 | 92,161,266 |
| <i>Consumer loans</i> | | | | |
| Mortgage loans | 398,796,683 | 1,641,845,944 | 259,354,827 | 1,056,611,565 |
| Staff loans | 1,760,854 | 7,249,436 | 1,782,296 | 7,261,074 |
| Other consumer loans | 2,508,235 | 10,326,404 | 2,270,278 | 9,249,112 |
| Total gross loans | 770,644,033 | 3,172,741,484 | 527,292,206 | 2,148,188,447 |
| <i>Less:</i> | | | | |
| Allowance for expected credit loss | (5,779,258) | (23,793,205) | (2,085,229) | (8,495,223) |
| | 764,864,775 | 3,148,948,279 | 525,206,977 | 2,139,693,224 |

a) Allowance for expected credit loss

Allowance for expected credit loss by stages are as follows:

| | 2022 | | 2021 | |
|--|------------------|-------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| 12-month ECL (Stage 1) | 5,687,430 | 23,415,149 | 2,074,483 | 8,451,444 |
| Lifetime ECL - not credit impaired (Stage 2) | 34,170 | 140,678 | 189 | 770 |
| Lifetime ECL - credit impaired (Stage 3) | 57,658 | 237,378 | 10,557 | 43,009 |
| | 5,779,258 | 23,793,205 | 2,085,229 | 8,495,223 |

b) By industry

| | 2022 | | 2021 | |
|-----------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Mortgage</i> | 403,894,802 | 1,662,834,900 | 260,575,306 | 1,061,583,797 |
| Wholesale and retails | 217,000,073 | 893,389,301 | 148,497,204 | 604,977,609 |
| Financial services | 50,471,072 | 207,789,403 | 35,865,238 | 146,114,980 |
| <i>Manufacturing</i> | 32,343,038 | 133,156,287 | 11,849,296 | 48,274,032 |
| Construction | 54,919,085 | 226,101,873 | 64,784,339 | 263,931,397 |
| Logistics | 12,015,963 | 49,469,720 | 5,720,823 | 23,306,632 |
| | 770,644,033 | 3,172,741,484 | 527,292,206 | 2,148,188,447 |

c) Analysis by loan classification

| | 2022 | | 2021 | |
|------------------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Performing</i> | | | | |
| Gross amount | 768,557,525 | 3,164,151,331 | 527,241,893 | 2,147,983,472 |
| Exposure at default | 768,557,525 | 3,164,151,331 | 527,241,893 | 2,147,983,472 |
| Allowance for expected credit loss | (5,687,430) | (23,415,149) | (2,074,483) | (8,451,444) |
| <i>Under-performing</i> | | | | |
| Gross amount | 1,029,368 | 4,237,908 | 8,070 | 32,877 |
| Exposure at default | 1,029,368 | 4,237,908 | 8,070 | 32,877 |
| Allowance for expected credit loss | (34,170) | (140,678) | (189) | (770) |
| <i>Non-performing</i> | | | | |
| Gross amount | 1,057,140 | 4,352,245 | 42,243 | 172,098 |
| Exposure at default | 1,057,140 | 4,352,245 | 42,243 | 172,098 |
| Allowance for expected credit loss | (57,658) | (237,378) | (10,557) | (43,009) |
| Total | | | | |
| Gross amount | 770,644,033 | 3,172,741,484 | 527,292,206 | 2,148,188,447 |
| Exposure at default | 770,644,033 | 3,172,741,484 | 527,292,206 | 2,148,188,447 |
| Allowance for expected credit loss | (5,779,258) | (23,793,205) | (2,085,229) | (8,495,223) |

d) By maturity

| | 2022 | | 2021 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Not later than one year | 129,315,904 | 532,393,577 | 115,077,974 | 468,827,666 |
| Later than one year and no later than three years | 58,231,642 | 239,739,670 | 43,582,626 | 177,555,618 |
| Later than three years and no later than five years | 115,085,351 | 473,806,390 | 87,072,077 | 354,731,642 |
| Later than five years | 468,011,136 | 1,926,801,847 | 281,559,529 | 1,147,073,521 |
| Total gross loans | 770,644,033 | 3,172,741,484 | 527,292,206 | 2,148,188,447 |

e) By exposure

| | 2022 | | 2021 | |
|--------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Large exposure | 137,589,779 | 566,457,120 | 100,372,248 | 408,916,538 |
| Non-large exposure | 633,054,254 | 2,606,284,364 | 426,919,958 | 1,739,271,909 |
| Total gross loans | 770,644,033 | 3,172,741,484 | 527,292,206 | 2,148,188,447 |

Large exposure is defined by the central bank as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth.

f) By relationship

| | 2022 | | 2021 | |
|--------------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Related parties | 2,896,959 | 11,926,780 | 996,601 | 4,060,152 |
| Non-related parties | 767,747,074 | 3,160,814,704 | 526,295,605 | 2,144,128,295 |
| Total gross loans | 770,644,033 | 3,172,741,484 | 527,292,206 | 2,148,188,447 |

g) By residency

| | 2022 | | 2021 | |
|-----------|-------------|---------------|-------------|---------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Residents | 770,644,033 | 3,172,741,484 | 527,292,206 | 2,148,188,447 |

h) By interest rate

| | 2022 | | 2021 | |
|-------------------------|------|-----------------|------|-----------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Commercial loans</i> | | | | |
| Long-term loans | | 7.30% - 10.00% | | 6.00% - 9.00% |
| Short-term loans | | 7.70% - 9.00% | | 7.50% - 8.50% |
| Overdrafts | | 8.50% - 10.50% | | 8.50% - 10.50% |
| <i>Consumer loans</i> | | | | |
| Mortgage loans | | 6.50% - 10.00% | | 7.99% - 10.00% |
| Staff loans | | 3.50% | | 3.50% |
| Other consumer loans | | 12.00% - 18.00% | | 12.00% - 18.00% |

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank entered into a cross currency swap agreement with local commercial banks and other financial institutions.

The full fair value of the derivative financial instruments are classified as current assets because maturity of the instruments are within 12 months.

Valuation techniques used to determine fair values

If one or more of the significant inputs is not based on observable market data, the instrument is included in level three; this is the case for cross currency swaps in Khmer Riel.

The Bank performs valuation of fair value of the derivative financial instruments by comparing closing rate published by the National Bank of Cambodia (NBC) with the forward rate of each contract.

| | 2022 | | 2021 | |
|---|------------------------|--------------------------------|------------------------|--------------------------------|
| | Amount to be paid US\$ | Amount to be collected KHR'000 | Amount to be paid US\$ | Amount to be collected KHR'000 |
| <i>Derivatives at fair value through profit or loss</i> | | | | |
| | Maturity 2023 | | Maturity 2022 | |
| Cross currency swaps | 62,000,000 | 260,723,508 | 20,000,000 | 82,211,770 |

The movement of derivatives financial instruments are as follows:

| | 2022 | | 2021 | |
|----------------------------------|-----------|-----------|---------|-----------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| At 1 January | 417,894 | 1,702,500 | - | - |
| Unrealised gain during the year | 917,219 | 3,748,674 | 417,894 | 1,699,993 |
| Currency translation differences | - | 45,486 | - | 2,507 |
| At 31 December | 1,335,113 | 5,496,660 | 417,894 | 1,702,500 |

10. INVESTMENT IN DEBT SECURITY

On 4 January 2022, the Bank subscribed to a guaranteed bond for a total amount of US\$5,000,000 (five million United States Dollar) issued by Cambodia Airport Investment Co., Ltd. with a coupon rate of 5.50% per annum (net), with a maturity due on 3 January 2025. The Bank is not allowed to redeem (early redemption) the guaranteed bond before the maturity date.

| | 2022 | | 2021 | |
|-----------------------------|-----------|------------|------|---------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Non-current</i> | | | | |
| Investment in debt security | 5,272,740 | 21,707,871 | - | - |

The movements of investment in debt security is as follows:

| | 2022 | | 2021 | |
|----------------------------------|-----------|------------|------|---------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| At 1 January | - | - | - | - |
| Addition during the year | 5,000,000 | 20,435,000 | - | - |
| Interest income | 272,740 | 1,114,688 | - | - |
| Currency translation differences | - | 158,183 | - | - |
| | 5,272,740 | 21,707,871 | - | - |

11. PROPERTY AND EQUIPMENT

| Non-current | Leasehold improvements US\$ | Office equipment US\$ | Computer equipment US\$ | Motor vehicles US\$ | Furniture and fixtures US\$ | Work in progress US\$ | Total US |
|--|--------------------------------|--------------------------|----------------------------|------------------------|--------------------------------|--------------------------|-------------------|
| For the year ended 31 December 2021 | | | | | | | |
| Opening net book value | 3,121,983 | 1,219,669 | 1,076,802 | 271,984 | 87,465 | 174,069 | 5,951,972 |
| Additions (*) | 47,777 | 30,501 | 59,948 | - | 13,185 | 813,754 | 965,165 |
| Transfers | 436,636 | - | - | - | - | (436,636) | - |
| Reclassification to intangible assets | - | - | - | - | - | (48,620) | (48,620) |
| Write-off, net | (1,127) | (2,674) | (206) | - | - | - | (4,007) |
| Depreciation charge | (405,179) | (431,084) | (443,968) | (82,100) | (24,975) | - | (1,387,306) |
| Closing net book value | 3,200,090 | 816,412 | 692,576 | 189,884 | 75,675 | 502,567 | 5,477,204 |
| As at 31 December 2021 | | | | | | | |
| Cost | 4,103,800 | 1,787,154 | 1,799,567 | 410,500 | 112,400 | 502,567 | 8,715,988 |
| Accumulated depreciation | (903,710) | (970,742) | (1,106,991) | (220,616) | (36,725) | - | (3,238,784) |
| Net book value | 3,200,090 | 816,412 | 692,576 | 189,884 | 75,675 | 502,567 | 5,477,204 |
| In KHR'000 equivalents | 13,037,167 | 3,326,062 | 2,821,555 | 773,587 | 308,300 | 2,047,458 | 22,314,129 |
| For the year ended 31 December 2022 | | | | | | | |
| Opening net book value | 3,200,090 | 816,412 | 692,576 | 189,884 | 75,675 | 502,567 | 5,477,204 |
| Additions (*) | - | 628,465 | 865,801 | - | 327,480 | - | 1,821,746 |
| Transfers | 407,607 | - | - | - | - | (407,607) | - |
| Depreciation charge | (523,792) | (459,573) | (451,759) | (84,548) | (85,011) | - | (1,604,683) |
| Closing net book value | 3,083,905 | 985,304 | 1,106,618 | 105,336 | 318,144 | 94,960 | 5,694,267 |
| As at 31 December 2022 | | | | | | | |
| Cost | 4,358,441 | 2,415,619 | 2,665,368 | 410,500 | 592,846 | 94,960 | 10,537,734 |
| Accumulated depreciation | (1,427,502) | (1,430,315) | (1,558,750) | (305,164) | (121,736) | - | (4,843,467) |
| Net book value | 2,930,939 | 985,304 | 1,106,618 | 105,336 | 471,110 | 94,960 | 5,694,267 |
| In KHR'000 equivalents | 12,066,676 | 4,056,497 | 4,555,946 | 433,668 | 1,939,560 | 390,950 | 23,443,297 |

(*) Below table provide details of cash used for the purchases of property and equipment:

| | 2022 | | 2021 | |
|---|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Additions | 1,821,746 | 7,445,476 | 965,165 | 3,926,291 |
| (Increase)/decrease in account payables | (104,556) | (427,320) | 233,872 | 951,392 |
| | 1,717,190 | 7,018,156 | 1,199,037 | 4,877,683 |

12. INTANGIBLE ASSETS

| Non-current | Computer software US\$ | Work in progress US\$ | Total US\$ |
|--|---------------------------|--------------------------|-------------------|
| For the year ended 31 December 2021 | | | |
| Opening net book value | 3,629,684 | 168,247 | 3,797,931 |
| Additions | 180,117 | 53,755 | 233,872 |
| Transfers | 240,262 | (240,262) | - |
| Reclassification from property and equipment | - | 48,620 | 48,620 |
| Amortisation charge | (594,421) | - | (594,421) |
| Closing net book value | 3,455,642 | 30,360 | 3,486,002 |
| As at 31 December 2021 | | | |
| Cost | 4,887,163 | 30,360 | 4,917,523 |
| Accumulated amortisation | (1,431,521) | - | (1,431,521) |
| Closing net book value | 3,455,642 | 30,360 | 3,486,002 |
| In KHR'000 equivalent | 14,078,285 | 123,687 | 14,201,972 |
| For the year ended 31 December 2022 | | | |
| Opening net book value | 3,455,642 | 30,360 | 3,486,002 |
| Additions (*) | 1,349,372 | 531,417 | 1,880,789 |
| Transfers | 407,101 | (407,101) | - |
| Amortisation charge | (695,420) | - | (695,420) |
| Closing net book value | 4,516,695 | 154,676 | 4,671,371 |
| As at 31 December 2022 | | | |
| Cost | 6,643,636 | 154,676 | 6,798,312 |
| Accumulated amortisation | (2,126,941) | - | (2,126,941) |
| Closing net book value | 4,516,695 | 154,676 | 4,671,371 |
| In KHR'000 equivalents | 18,595,233 | 636,801 | 19,232,034 |

(*) Below table provide details of cash used for the purchases of intangible assets:

| | 2022 | | 2021 | |
|---|------------------|------------------|----------------|----------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Additions | 1,880,789 | 7,686,785 | 233,872 | 951,391 |
| (Increase)/decrease in account payables | (98,761) | (403,636) | - | - |
| | 1,782,028 | 7,283,149 | 233,872 | 951,391 |

13. LEASES

This note provides information for leases where the Bank is a lessee.

The Bank leases various buildings for its head office and branch operation. Rental contracts are typically made for fixed periods of two years to ten years. The lease has varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

a) Amounts recognised in the statement of financial position

| | 2022 | | 2021 | |
|--|------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Rights-of-use assets - non-current:</i> | | | | |
| Office space | 4,198,153 | 17,283,796 | 4,708,650 | 19,183,040 |
| ATM locations | 74,290 | 305,852 | 47,341 | 192,867 |
| | 4,272,443 | 17,589,648 | 4,755,991 | 19,375,907 |
| <i>Lease liabilities:</i> | | | | |
| Current | 1,150,606 | 4,737,045 | 1,323,576 | 5,392,249 |
| Non-current | 3,654,828 | 15,046,927 | 3,931,077 | 16,015,207 |
| | 4,805,434 | 19,783,972 | 5,254,653 | 21,407,456 |

Additions to the right-of-use assets during the year were US\$553,076 (2021: US\$2,582,353).

b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

| | 2022 | | 2021 | |
|---|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Depreciation – right-of-use assets (note 28) | 1,036,624 | 4,236,682 | 966,272 | 3,930,794 |
| Interest expense on lease liabilities (note 24) | 370,621 | 1,514,728 | 364,330 | 1,482,094 |
| Expenses related to short-term and low value leases (note 29) | 348,639 | 1,424,888 | 134,047 | 545,303 |
| | 1,755,884 | 7,176,298 | 1,464,649 | 5,958,191 |

c) Amounts recognised in the statement of cash flows

| | 2022 | | 2021 | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Total cash outflows for leases | 1,433,717 | 5,859,602 | 1,074,585 | 4,371,412 |

14. DEFERRED TAX ASSETS, NET

| | 2022 | | 2021 | |
|--------------------------|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Non-current | | | | |
| Deferred tax assets | 2,583,568 | 10,636,549 | 1,588,891 | 6,473,142 |
| Deferred tax liabilities | (564,986) | (2,326,047) | (389,187) | (1,585,548) |
| Deferred tax assets, net | 2,018,582 | 8,310,502 | 1,199,704 | 4,887,594 |

The movement of net deferred tax assets during the year are as follows:

| | 2022 | | 2021 | |
|--|------------------|------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| At 1 January | 1,199,704 | 4,887,594 | (192,788) | (779,827) |
| Credited to profit or loss (note 20.b) | 818,878 | 3,346,754 | 1,392,492 | 5,664,657 |
| Currency translation differences | - | 76,154 | - | 2,764 |
| At 31 December | 2,018,582 | 8,310,502 | 1,199,704 | 4,887,594 |

a) Movement of deferred tax assets

| | Allowance for expected credit loss US\$ | Leases US\$ | Unamortised loan fee US\$ | Total US\$ |
|----------------------------|--|----------------|------------------------------|-------------------|
| 2021 | | | | |
| At 1 January 2021 | 167,460 | 49,431 | 26,890 | 243,781 |
| Credited to profit or loss | 389,183 | 50,302 | 905,625 | 1,345,110 |
| At 31 December 2021 | 556,643 | 99,733 | 932,515 | 1,588,891 |
| In KHR'000 equivalent | 2,267,764 | 406,312 | 3,799,066 | 6,473,142 |
| 2022 | | | | |
| At 1 January 2022 | 556,643 | 99,733 | 932,515 | 1,588,891 |
| Credited to profit or loss | 825,282 | (99,733) | 269,128 | 994,677 |
| At 31 December 2022 | 1,381,925 | - | 1,201,643 | 2,583,568 |
| In KHR'000 equivalent | 5,689,385 | - | 4,947,164 | 10,636,549 |

b) Movement of deferred tax liabilities

| | Depreciation and amortisation US\$ | Derivative financial instruments US\$ | Leases US\$ | Total US\$ |
|--------------------------------------|---------------------------------------|--|------------------|--------------------|
| 2021 | | | | |
| At 1 January 2021 | (436,569) | - | - | (436,569) |
| Credited/(charged) to profit or loss | 130,961 | (83,579) | - | 47,382 |
| At 31 December 2021 | (305,608) | (83,579) | - | (389,187) |
| In KHR'000 equivalent | (1,245,047) | (340,501) | - | (1,585,548) |
| 2022 | | | | |
| At 1 January 2022 | (305,608) | (83,579) | - | (389,187) |
| Credited/(charged) to profit or loss | 204,110 | (267,023) | (112,886) | (175,799) |
| At 31 December 2022 | (101,498) | (350,602) | (112,886) | (564,986) |
| In KHR'000 equivalent | (417,868) | (1,443,428) | (464,751) | (2,326,047) |

15. OTHER ASSETS

| | 2022 | | 2021 | |
|---------------------------|------------------|-------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Prepaid to E-wallets | 1,403,178 | 5,776,884 | 6,575 | 26,787 |
| Rental and other deposits | 598,906 | 2,465,696 | 368,712 | 1,502,133 |
| Prepaid employee benefits | 512,582 | 2,110,300 | 564,168 | 2,298,420 |
| Prepaid licence fees | 302,009 | 1,243,371 | 445,856 | 1,816,417 |
| Other prepaid expenses | 257,844 | 1,061,544 | 101,585 | 413,857 |
| | 3,074,519 | 12,657,795 | 1,486,896 | 6,057,614 |

| | 2022 | | 2021 | |
|-------------|------------------|-------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Current | 2,001,853 | 8,241,629 | 589,450 | 2,401,419 |
| Non-current | 1,072,666 | 4,416,166 | 897,446 | 3,656,195 |
| | 3,074,519 | 12,657,795 | 1,486,896 | 6,057,614 |

16. DEPOSITS FROM OTHER BANKS

| | 2022 | | 2021 | |
|-----------------|--------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Fixed deposits | 136,384,287 | 561,494,110 | 84,807,699 | 345,506,566 |
| Demand deposits | 2,229,521 | 9,178,938 | 264,119 | 1,076,021 |
| | 138,613,808 | 570,673,048 | 85,071,818 | 346,582,587 |

a) By maturity

| | 2022 | | 2021 | |
|-------------|--------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Current | 91,613,808 | 377,174,048 | 80,071,818 | 326,212,587 |
| Non-current | 47,000,000 | 193,499,000 | 5,000,000 | 20,370,000 |
| | 138,613,808 | 570,673,048 | 85,071,818 | 346,582,587 |

b) By residency status

| | 2022 | | 2021 | |
|--------------------------|--------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Deposit from local banks | 138,613,808 | 570,673,048 | 85,071,818 | 346,582,587 |

c) By relationship

| | 2022 | | 2021 | |
|---------------------|--------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Non-related parties | 138,613,808 | 570,673,048 | 85,071,818 | 346,582,587 |

d) By interest rates

| | 2022 | | 2021 | |
|-----------------|------|---------------|------|---------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Fixed deposits | | 2.50% - 7.00% | | 2.20% - 7.00% |
| Demand deposits | | 0.25% - 2.50% | | 0.25% - 2.50% |

17. DEPOSITS FROM NON-BANK CUSTOMERS

| | 2022 | | 2021 | |
|-----------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Demand deposits | 518,791,678 | 2,135,865,338 | 485,481,608 | 1,977,852,071 |
| Fixed deposits | 297,366,224 | 1,224,256,744 | 247,781,616 | 1,009,462,304 |
| Margin deposits | 789,175 | 3,249,034 | 86,728 | 353,329 |
| | 816,947,077 | 3,363,371,116 | 733,349,952 | 2,987,667,704 |

a) By maturity

| | 2022 | | 2021 | |
|-------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Current | 744,358,125 | 3,064,522,401 | 712,775,970 | 2,903,849,301 |
| Non-current | 72,588,952 | 298,848,715 | 20,573,982 | 83,818,403 |
| | 816,947,077 | 3,363,371,116 | 733,349,952 | 2,987,667,704 |

b) By residency status

| | 2022 | | 2021 | |
|----------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Resident | 816,947,077 | 3,363,371,116 | 733,349,952 | 2,987,667,704 |

c) By relationship

| | 2022 | | 2021 | |
|---------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Related parties | 34,530,103 | 142,160,434 | 58,650,878 | 238,943,677 |
| Non-related parties | 782,416,974 | 3,221,210,682 | 674,699,074 | 2,748,724,027 |
| | 816,947,077 | 3,363,371,116 | 733,349,952 | 2,987,667,704 |

d) By interest rates

| | 2022 | | 2021 | |
|-----------------|------|---------------|------|---------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Demand deposits | | 0.25% - 2.50% | | 0.25% - 2.50% |
| Fixed deposits | | 2.50% - 7.00% | | 2.20% - 7.00% |
| Margin deposits | | Nil | | Nil |

18. BORROWINGS

| | 2022 | | 2021 | |
|-------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Current | 2,348,647 | 9,669,380 | 5,028,356 | 20,485,522 |
| Non-current | 16,068,252 | 66,152,993 | 5,948,182 | 24,232,894 |
| | 18,416,899 | 75,822,373 | 10,976,538 | 44,718,416 |

On 31 March 2020, the Bank entered into an agreement of small and medium-sized enterprises co-financing scheme (SCFS) with Small and Medium Enterprise Bank of Cambodia Plc. (SME Bank). The borrowing bears interest rate at 2% per annum and it is payable for a period of seven years with a monthly repayment for both interest and principal.

On 16 June 2022, the Bank entered into another agreement of tourism recovery co-financing scheme (TRCS) with SME Bank. The borrowing bears interest rate at 2.5% per annum.

| | 2022 | | 2021 | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Principal amount | 18,403,214 | 75,766,032 | 10,940,933 | 44,573,361 |
| Interest payables | 13,685 | 56,341 | 35,605 | 145,055 |
| | 18,416,899 | 75,822,373 | 10,976,538 | 44,718,416 |

Changes in liabilities arising from financing activities - borrowings

| | 2022 | | 2021 | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Principal amount</i> | | | | |
| At 1 January | 10,940,933 | 44,573,361 | 1,560,061 | 6,310,447 |
| Additions | 14,721,107 | 60,165,164 | 9,683,593 | 39,392,856 |
| Payments | (7,258,826) | (29,666,822) | (302,721) | (1,231,469) |
| Currency translation differences | - | 694,329 | - | 101,527 |
| | | | | |
| At 31 December | 18,403,214 | 75,766,032 | 10,940,933 | 44,573,361 |

| | 2022 | | 2021 | |
|----------------------------------|---------------|---------------|---------------|----------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Interest payables</i> | | | | |
| At 1 January | 35,605 | 145,055 | 2,532 | 10,323 |
| Interest expense charges | 544,262 | 2,224,399 | 75,600 | 307,540 |
| Interest payments | (566,182) | (2,313,986) | (42,527) | (173,000) |
| Currency translation differences | - | 873 | - | 192 |
| | | | | |
| At 31 December | 13,685 | 56,341 | 35,605 | 145,055 |

19. SUBORDINATED DEBT

On 3 August 2022, the Bank entered into a subordinated debt agreement with its shareholders amounting to US\$10,000,000 with interest rate 5% per annum and matured on 31 August 2027. The principal and interest will be paid annually, starting from 31 August from 2023 to maturity. The subordinated debts were approved by National Bank of Cambodia for the purpose of Tier 2 capital computation.

| | 2022 | | 2021 | |
|-------------------|-------------------|-------------------|----------|----------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Principal amount | 2,142,055 | 8,818,840 | - | - |
| Interest payables | 8,000,000 | 32,936,000 | - | - |
| | 10,142,055 | 41,754,840 | - | - |

20. INCOME TAXES

a) Current income tax liabilities

The movement of the Bank's income tax liabilities are as follows:

| | 2022 | | 2021 | |
|----------------------------------|------------------|-------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| At 1 January | 1,040,634 | 4,239,543 | - | - |
| Income tax expense | 6,079,781 | 24,848,065 | 1,444,980 | 5,878,180 |
| Income tax paid | (1,780,600) | (7,277,312) | (404,346) | (1,644,880) |
| Currency translation differences | - | 173,722 | - | 6,243 |
| At 31 December | 5,339,815 | 21,984,018 | 1,040,634 | 4,239,543 |

b) Income tax expense

| | 2022 | | 2021 | |
|------------------------|------------------|-------------------|---------------|----------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Current income tax | 6,079,781 | 24,848,065 | 1,444,980 | 5,878,180 |
| Deferred tax (note 14) | (818,878) | (3,346,754) | (1,392,492) | (5,664,657) |
| Income tax expense | 5,260,903 | 21,501,311 | 52,488 | 213,523 |

c) Reconciliation of income tax expense and accounting profit

| | 2022 | | 2021 | |
|---|------------------|-------------------|---------------|----------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Profit before income tax | 25,675,529 | 104,935,888 | 9,343,549 | 38,009,558 |
| Income tax at 20% | 5,135,106 | 20,987,178 | 1,868,710 | 7,601,912 |
| Tax effects in respect of: | | | | |
| Expenses not deductible for tax purposes | 125,797 | 514,133 | (423,730) | (1,723,734) |
| Recognition of previously unrecognised deferred tax | - | - | (1,392,492) | (5,664,655) |
| Income tax expense | 5,260,903 | 21,501,311 | 52,488 | 213,523 |

d) Other matter

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates positions 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.

21. OTHER LIABILITIES

| | 2022 | | 2021 | |
|---|------------------|-------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Current:</i> | | | - | - |
| Accrued salaries and bonuses | 1,306,586 | 5,379,215 | 1,031,486 | 4,202,274 |
| Payables to suppliers | 511,800 | 2,107,081 | 358,242 | 1,459,478 |
| Unearned commission income | 206,436 | 849,896 | 23,761 | 96,802 |
| Withholding tax payables | 296,334 | 1,220,007 | 31,418 | 127,997 |
| Expected credit losses on off-balance sheet items | 24,388 | 100,405 | 13,920 | 56,710 |
| Other payables | 31,291 | 128,825 | 69,692 | 283,924 |
| | 2,376,835 | 9,785,429 | 1,528,519 | 6,227,185 |
| <i>Non-current:</i> | | | | |
| Unearned commission income | 358,333 | 1,475,258 | - | - |
| | 358,333 | 1,475,258 | - | - |
| | 2,735,168 | 11,260,687 | 1,528,519 | 6,227,185 |

22. SHARE CAPITAL

On 21 December 2021, the Bank requested to NBC to increase the share capital from US\$105,000,000 to US\$115,000,000. This request was approved by the NBC on 12 January 2022, and the amendment to the Bank's Memorandum and Articles of Association (M&AA) was endorsed by the Ministry of Commerce (MoC) on 23 February 2022.

On 16 May 2022, the Bank submitted another request to the NBC to increase the share capital from US\$115,000,000 to US\$135,000,000, and the approval was obtained from NBC on 8 June 2022. The amendment to the M&AA was endorsed by MoC on 8 July 2022.

As at 31 December 2022, the registered capital of the Bank is 1.35 million shares (31 December 2021: 1.05 million shares) at a par value of US\$100 per share. All authorised shares are fully paid.

| | 2022 | | | 2021 | | |
|------------------------------------|----------------|------------------|--------------------|----------------|------------------|--------------------|
| | % of ownership | Number of shares | Amount US\$ | % of ownership | Number of shares | Amount US\$ |
| Lok Chumteav Neak Oknha Pheap Heak | 39% | 526,500 | 52,650,000 | 39% | 409,500 | 40,950,000 |
| Neak Oknha Leang Khun | 38% | 513,000 | 51,300,000 | 38% | 399,000 | 39,900,000 |
| Neak Oknha Leang Meng | 23% | 310,500 | 31,050,000 | 23% | 241,500 | 24,150,000 |
| | | | | | | |
| At 31 December | 100% | 1,350,000 | 135,000,000 | 100% | 1,050,000 | 105,000,000 |

The movement of share capital is as below:

| | 2022 | | 2021 | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| At 1 January | 105,000,000 | 427,770,000 | 75,000,000 | 303,862,446 |
| Capital injection | 30,000,000 | 120,000,000 | 30,000,000 | 120,000,000 |
| Currency translation differences | - | 8,025,000 | - | 3,907,554 |
| | | | | |
| At 31 December | 135,000,000 | 555,795,000 | 105,000,000 | 427,770,000 |

23. REGULATORY RESERVES

Regulatory reserves represented the variance of expected credit loss (ECL) on financial instruments in accordance with CIFRS and regulatory provision in accordance with National Bank of Cambodia (NBC).

As at 31 December 2022, the Bank transferred to retained earnings from regulatory reserves of US\$219,881 (2021: transfer from retained earnings to regulatory reserves US\$1,254,933).

As in note 2.15, the accumulated regulatory provision based on NBC's guidelines is higher than the accumulated impairment based on CIFRS 9, the 'topping up' is transferred from retained earnings to regulatory reserves presented under equity.

| | 2022 | | 2021 | |
|--|------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Regulatory provision based on NBC's guidelines | 9,935,534 | 40,904,593 | 6,043,805 | 24,622,462 |
| Expected credit losses based on CIFRS 9 | (6,880,906) | (28,328,690) | (2,769,296) | (11,282,112) |
| Regulatory reserves transferred from retained earnings | 3,054,628 | 12,575,903 | 3,274,509 | 13,340,350 |

The movement on regulatory reserves are as follows:

| | 2022 | | 2021 | |
|---|------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| At 1 January | 3,274,509 | 13,340,350 | 2,019,576 | 8,231,998 |
| Additional transfer (from)/to regulatory reserves during the year | (219,881) | (898,654) | 1,254,933 | 5,105,067 |
| Currency translation differences | - | 134,207 | - | 3,285 |
| At 31 December | 3,054,628 | 12,575,903 | 3,274,509 | 13,340,350 |

24. NET INTEREST INCOME

| | 2022 | | 2021 | |
|---|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Interest income from financial assets at amortised cost:</i> | | | | |
| Loans and advances to customers | 61,061,922 | 249,560,075 | 37,934,122 | 154,316,008 |
| Deposits and placements with the other banks | 5,056,958 | 20,667,787 | 1,124,582 | 4,574,800 |
| Deposits and placements with the central bank | 1,107,610 | 4,526,802 | 228,421 | 929,217 |
| Investment in debt security | 270,863 | 1,107,018 | - | - |
| | 67,497,353 | 275,861,682 | 39,287,125 | 159,820,025 |
| <i>Interest expense on financial liabilities at amortised cost:</i> | | | | |
| Deposits from customers | 20,427,694 | 83,487,985 | 14,788,439 | 60,159,370 |
| Deposits from non-bank customers | 4,678,028 | 19,119,100 | 2,108,424 | 8,577,069 |
| Lease liabilities | 370,621 | 1,514,728 | 364,330 | 1,482,094 |
| Borrowings | 544,262 | 2,224,399 | 75,600 | 307,541 |
| Subordinated debts | 167,388 | 684,115 | - | - |
| | 26,187,993 | 107,030,327 | 17,336,793 | 70,526,074 |
| | 41,309,360 | 168,831,355 | 21,950,332 | 89,293,951 |

25. NET FEE AND COMMISSION INCOME

| | 2022 | | 2021 | |
|--|------------------|--------------------|-----------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Penalty on loans and advances | 799,118 | 3,265,995 | 503,069 | 2,046,485 |
| Realised gain from foreign currency exchange | 567,474 | 2,319,266 | 59,386 | 241,582 |
| Fees income from bank guarantee | 211,283 | 863,514 | 3,173 | 12,908 |
| Remittance fees | 213,532 | 872,705 | 40,969 | 166,662 |
| Fees from mobile application | 105,036 | 429,282 | 38,907 | 158,274 |
| Other fees and commission income | 19,069 | 77,936 | 6,383 | 25,965 |
| | 1,915,512 | 7,828,698 | 651,887 | 2,651,876 |
| Fee and commission expense | (266,150) | (1,087,755) | (64,257) | (261,397) |
| | (266,150) | (1,087,755) | (64,257) | (261,397) |
| | 1,649,362 | 6,740,943 | 587,630 | 2,390,479 |

26. OTHER GAINS - NET

| | 2022 | | 2021 | |
|---|----------------|------------------|----------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Gains on cross currency swap | 921,584 | 3,766,514 | 417,894 | 1,699,993 |
| Unrealised net losses on foreign exchange | (112,230) | (458,684) | (163,904) | (666,761) |
| Gains on disposal | 1,329 | 5,431 | - | - |
| | 810,683 | 3,313,261 | 253,990 | 1,033,232 |

27. PERSONNEL EXPENSES

| | 2022 | | 2021 | |
|------------------------------------|------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Salaries and wages | 7,321,246 | 29,921,932 | 6,058,306 | 24,645,189 |
| Staff loan benefits | 38,822 | 158,666 | 35,434 | 144,146 |
| Pension fund expenses | 14,265 | 58,301 | - | - |
| Training and work-related expenses | 48,889 | 199,809 | 9,518 | 38,719 |
| Other employee's benefits | 55,087 | 225,141 | 65,221 | 265,319 |
| | 7,478,309 | 30,563,849 | 6,168,479 | 25,093,373 |

28. DEPRECIATION AND AMORTISATION CHARGES

| | 2022 | | 2021 | |
|---|------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Depreciation - property and equipment (note 11) | 1,604,683 | 6,558,339 | 1,387,306 | 5,643,561 |
| Depreciation - right-of-use assets (note 13.b) | 1,036,624 | 4,236,682 | 966,272 | 3,930,794 |
| Amortisation - intangible assets (note 12) | 695,420 | 2,842,182 | 594,421 | 2,418,105 |
| | 3,336,727 | 13,637,203 | 2,947,999 | 11,992,460 |

29. OTHER OPERATING EXPENSES

| | 2022 | | 2021 | |
|---|------------------|-------------------|------------------|-------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| IT consultation and support | 610,185 | 2,493,826 | 566,595 | 2,304,908 |
| Marketing expenses | 558,673 | 2,283,297 | 507,376 | 2,064,006 |
| Expenses related to short-term leases (note 13.b) | 348,639 | 1,424,888 | 134,047 | 545,303 |
| Licence fees | 268,037 | 1,095,467 | 243,101 | 988,935 |
| Travelling and entertainment | 257,731 | 1,053,347 | 112,606 | 458,081 |
| Communication | 203,818 | 833,004 | 181,267 | 737,394 |
| Professional fees | 246,044 | 1,005,582 | 172,626 | 702,243 |
| Security expense | 185,771 | 759,246 | 180,055 | 732,464 |
| Utilities expenses | 130,179 | 532,042 | 112,987 | 459,631 |
| Office supplies | 103,935 | 424,782 | 83,094 | 338,026 |
| Repairs and maintenance | 39,139 | 159,961 | 18,417 | 74,920 |
| Insurance expense | 34,931 | 142,763 | 45,293 | 184,252 |
| Agent banking | 23,396 | 95,619 | 22,145 | 90,086 |
| Other tax expenses | 87,997 | 359,644 | 52,998 | 215,596 |
| Other expenses | 61,720 | 252,249 | 103,899 | 422,661 |
| | 3,160,195 | 12,915,717 | 2,536,506 | 10,318,506 |

30. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

| | 2022 | | 2021 | |
|--|------------------|-------------------|------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Loans and advances to customers | 3,698,365 | 15,115,218 | 1,462,012 | 5,947,465 |
| Deposits and placements with other banks | 417,580 | 1,706,649 | 342,712 | 1,394,152 |
| Commitments | 10,467 | 42,779 | 5,244 | 21,333 |
| | 4,126,412 | 16,864,646 | 1,809,968 | 7,362,950 |

31. CASH AND CASH EQUIVALENTS

| | 2022 | | 2021 | |
|---|--------------------|--------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Cash on hand | 21,457,963 | 88,342,434 | 20,885,360 | 85,086,957 |
| Deposits and placements with the central bank | 125,527,888 | 516,798,315 | 273,342,774 | 1,113,598,461 |
| Deposits and placements with other banks | 42,327,290 | 174,261,453 | 5,108,209 | 20,810,843 |
| | 189,313,141 | 779,402,202 | 299,336,343 | 1,219,496,261 |

32. CASH FLOW FROM OPERATING ACTIVITIES

a) Cash flow from operation

| | 2022 | | 2021 | |
|--|--------------------|---------------------|--------------------|---------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Profit before income tax | 25,675,529 | 104,935,888 | 9,343,549 | 38,009,558 |
| Adjustments for: | | | | |
| Depreciation and amortisation charges(note 28) | 3,336,727 | 13,637,203 | 2,947,999 | 11,992,460 |
| Impairment losses on financial instruments (note 30) | 4,126,412 | 16,864,646 | 1,809,968 | 7,362,950 |
| Net interest income | (41,309,360) | (168,831,355) | (21,950,332) | (89,293,951) |
| Gains from derivative financial instruments | (917,219) | (3,748,674) | (417,894) | (1,699,993) |
| (Gains)/write off property and equipment | (1,329) | (5,432) | 4,007 | 16,300 |
| | (9,089,240) | (37,147,724) | (8,262,703) | (33,612,676) |
| <i>Change in working capital:</i> | | | | |
| Reserve requirement deposits | (11,427,704) | (46,705,026) | (26,601,316) | (108,214,153) |
| Loans and advances to customers | (242,262,512) | (990,126,887) | (250,578,850) | (1,019,354,762) |
| Other assets | (1,618,839) | (6,616,195) | 233,897 | 951,493 |
| Deposits from financial institutions | 54,165,212 | 221,373,221 | 45,024,751 | 183,160,687 |
| Deposits from non-bank customers | 85,756,289 | 350,485,953 | 376,432,395 | 1,531,326,983 |
| Other liabilities | 820,657 | 3,354,024 | (290,479) | (1,181,669) |
| | | | | |
| Cash (used in)/generated from operations | (123,656,137) | (505,382,634) | 135,957,695 | 553,075,903 |

b) Non-cash financing activities

Non-cash investing activities on the purchase of property and equipment in note 11 and note 12.

c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year presented

| Net Debt | 2022 | | 2021 | |
|-----------------------------------|--------------------|--------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Cash and cash equivalents | 189,313,141 | 779,402,202 | 299,336,343 | 1,219,496,261 |
| Borrowings | (18,416,899) | (75,822,373) | (10,976,538) | (44,718,416) |
| Lease liabilities | (4,805,434) | (19,783,972) | (5,254,653) | (21,407,456) |
| Subordinated debt | (10,142,055) | (41,754,840) | - | - |
| | 155,948,753 | 642,041,017 | 283,105,152 | 1,153,370,389 |
| | | | | |
| Cash and liquid investments | 189,313,141 | 779,402,202 | 299,336,343 | 1,219,496,261 |
| Gross debt - fixed interest rates | (33,364,388) | (137,361,185) | (16,231,191) | (66,125,872) |
| | | | | |
| Net debt | 155,948,753 | 642,041,017 | 283,105,152 | 1,153,370,389 |

| | Liabilities from financing activities | | | | Other assets | Total US\$ |
|---|---------------------------------------|---------------------|------------------------|----------------------|--------------------------------|----------------------|
| | Subordinated debts US\$ | Borrowings US\$ | Lease liabilities US\$ | Sub-total US\$ | Cash and cash equivalents US\$ | |
| Net debt as at 1 January 2021 | - | (1,595,666) | (5,968,060) | (7,563,726) | 139,227,471 | 131,663,745 |
| Cash flows | - | (9,380,872) | 713,407 | (8,667,465) | 160,108,872 | 151,441,407 |
| New leases | - | - | (3,152) | (3,152) | - | (3,152) |
| Other changes (i) | | | | | | |
| Interest expense | - | (75,600) | 364,330 | 288,730 | - | 288,730 |
| Interest payments (presented as operating cash flows) | - | 75,600 | (361,178) | (285,578) | - | (285,578) |
| Net debt as at 31 December 2021 | - | (10,976,538) | (5,254,653) | (16,231,191) | 299,336,343 | 283,105,152 |
| In KHR'000 equivalent | - | (44,718,416) | (21,407,456) | (66,125,872) | 1,219,496,261 | 1,153,370,389 |
| Net debt as at 1 January 2022 | - | (10,976,538) | (5,254,653) | (16,231,191) | 299,336,343 | 283,105,152 |
| Cash flows | (10,000,000) | (7,462,281) | 1,059,639 | (16,402,642) | (110,023,202) | (126,425,844) |
| New leases | - | - | (553,076) | (553,076) | - | (553,076) |
| Other changes (i) | | | | | | |
| Interest expense | (142,055) | (544,262) | 370,621 | (315,696) | - | (315,696) |
| Interest payments (presented as operating cash flows) | - | 566,182 | (427,965) | 138,217 | - | 138,217 |
| Net debt as at 31 December 2022 | (10,142,055) | (18,416,899) | (4,805,434) | (33,364,388) | 189,313,141 | 155,948,753 |
| In KHR'000 equivalent | (41,754,840) | (75,822,373) | (19,783,972) | (137,361,185) | 779,402,200 | 642,041,015 |

(i) Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

33. COMMITMENTS AND CONTINGENCIES

a) Loan commitments, guarantees and other financial commitments

The Bank had the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers as follows:

| | 2022 | | 2021 | |
|---|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| <i>Instruments measured at amortised cost</i> | | | | |
| Unused portion of overdrafts | 12,105,791 | 49,839,542 | 9,575,197 | 39,009,353 |
| Performance guarantees | 8,855,984 | 36,460,086 | 3,253,345 | 13,254,128 |
| Unused portion of loans and advances to customers | 1,599,223 | 6,584,001 | 3,520,543 | 14,342,692 |
| Less: | | | | |
| Allowance for expected credit loss | (24,388) | (100,405) | (13,920) | (56,710) |
| | 22,536,610 | 92,783,224 | 16,335,165 | 66,549,463 |
| <i>Instruments measured at FVPL</i> | | | | |
| Foreign currency related contracts | 63,330,255 | 260,730,660 | 22,417,894 | 91,330,500 |
| | 63,330,255 | 260,730,660 | 22,417,894 | 91,330,500 |
| Net exposure | 85,866,865 | 353,513,884 | 38,753,059 | 157,879,963 |

b) Operating lease commitments

The Bank recognised right-of-use assets and lease liabilities for lease contracts where the Bank is a lessee, except for short-term leases, see note 2.12 and note 13 for further information. The lease commitments of short-term leases are insignificant.

c) Capital commitments

The Bank has capital commitments in respect of construction and work-in-progress as follows:

| | 2022 | | 2021 | |
|-------------------------|------|---------|--------|---------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Approved and contracted | - | - | 51,067 | 51,067 |

34. RELATED-PARTY DISCLOSURES

a) Related parties and relationships

The Bank is owned by individual local shareholders and has related party relationships with its substantial shareholders, companies in common control and key management personnel.

| Related party | Relationship |
|--------------------------------------|---|
| Entities under the same shareholders | Related companies |
| Key management personnel | Key management personnel of the Bank are all directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members). |

b) Loan and advances at amortised cost

| | 2022 | | 2021 | |
|---------------------------------------|------------------|-------------------|----------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Key management personnel | 1,227,111 | 5,052,016 | 638,393 | 2,600,813 |
| Companies under the same shareholders | 1,669,848 | 6,874,764 | 358,208 | 1,459,339 |
| | 2,896,959 | 11,926,780 | 996,601 | 4,060,152 |
| Interest income | 120,957 | 494,351 | 24,601 | 100,076 |

c) Deposit and placements with related parties

| | 2022 | | 2021 | |
|-------------------------------------|-------------------|--------------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Shareholders | 1,193,090 | 4,911,952 | 544,569 | 2,218,574 |
| Key management personnel | 1,091,907 | 4,495,381 | 351,645 | 1,432,602 |
| Company under the same shareholders | 32,245,106 | 132,753,101 | 57,754,664 | 235,292,501 |
| | 34,530,103 | 142,160,434 | 58,650,878 | 238,943,677 |
| Interest expense on deposits | 237,174 | 969,330 | 402,850 | 1,638,795 |

d) Subordinated debts

| | 2022 | | 2021 | |
|------------------|----------------|----------------|------|---------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Shareholders | 10,142,055 | 41,754,840 | - | - |
| Interest expense | 142,055 | 580,579 | - | - |

e) Terms and conditions

Transactions with related parties were made on normal commercial terms and conditions and at market rate.

f) Key management personnel compensation

| | 2022 | | 2021 | |
|--------------------------|------------------|------------------|----------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Short-term benefits | 421,011 | 1,720,672 | 502,105 | 2,047,364 |
| Other long-term benefits | 909,196 | 3,715,884 | 48,920 | 199,447 |
| | 1,330,207 | 5,436,556 | 551,025 | 2,246,811 |

35. PRIOR YEAR RECLASSIFICATION

The statement of financial position of prior year has been reclassified to provide information that is more relevant to its nature and consistent with current year's presentation. This reclassification does not have a material affect on the information in the statement of financial position. Therefore, the statement of financial position as at the beginning of the comparative period is not presented.

| | 31 December 2021 | | Reclassification | | 31 December 2021 | |
|--|-----------------------|-----------------------|------------------|-----------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Previously reported) | (Previously reported) | | | (Reclassified) | (Reclassified) |
| Statement of financial position (extract) | | | | | | |
| Cash and cash equivalents | 299,276,932 | 1,219,254,221 | (299,276,932) | (1,219,254,221) | - | - |
| Cash on hand | - | - | 20,885,360 | 85,086,957 | 20,885,360 | 85,086,957 |
| Deposits and placements with the central bank | - | - | 280,060,987 | 1,140,968,461 | 280,060,987 | 1,140,968,461 |
| Deposits and placements with other banks | - | - | 38,132,987 | 155,353,789 | 38,132,987 | 155,353,789 |
| Statutory deposits with the central bank | 61,971,009 | 252,469,891 | 2,032 | 8,278 | 61,973,041 | 252,478,169 |
| Term deposits, net | 39,804,434 | 162,163,264 | (39,804,434) | (162,163,264) | - | - |
| | 401,052,375 | 1,633,887,376 | - | - | 401,052,375 | 1,633,887,376 |

The statement of profit or loss and other comprehensive income of the prior year have been reclassified to provide information that is more relevant to its nature and consistent with current year's presentation.

| | 31 December 2021 | | Reclassification | | 31 December 2021 | |
|---|-----------------------|-----------------------|------------------|-------------|-------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 | US\$ | KHR'000 |
| | (Previously reported) | (Previously reported) | | | (Reclassified) | (Reclassified) |
| Statement of profit or loss and other comprehensive income (extract) | | | | | | |
| Interest income | 38,261,163 | 155,646,412 | 1,025,962 | 4,173,613 | 39,287,125 | 159,820,025 |
| Fee and commission income | 1,677,849 | 6,825,489 | (1,025,962) | (4,173,613) | 651,887 | 2,651,876 |
| Other gain/(loss) | 417,894 | 1,699,994 | (163,904) | (666,762) | 253,990 | 1,033,232 |
| Other operating expenses | (2,700,410) | (10,985,268) | 163,904 | 666,762 | (2,536,506) | (10,318,506) |
| | 37,656,496 | 153,186,627 | - | - | 37,656,496 | 153,186,627 |

36. FINANCIAL RISK MANAGEMENT

The Bank embraces risk management as an integral part of the Bank's business, operations and decision-making process. In ensuring that the Bank achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Bank's risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders' value through a sound risk management framework.

| | 2022 | | 2021 | |
|---|----------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Financial assets | | | | |
| Financial assets at amortised costs | | | | |
| Cash on hand | 21,457,963 | 88,342,434 | 20,885,360 | 85,086,957 |
| Deposits and placements with the central bank | 154,554,866 | 636,302,383 | 280,060,987 | 1,140,968,461 |
| Deposits and placements with other banks | 109,654,930 | 451,449,347 | 38,132,987 | 155,353,789 |
| Loans and advances at amortised cost | 764,864,775 | 3,148,948,279 | 525,206,977 | 2,139,693,224 |
| Investment in debt security | 5,272,740 | 21,707,871 | - | - |
| Other financial assets | 2,002,084 | 8,242,580 | 375,287 | 1,528,920 |
| | 1,057,807,358 | 4,354,992,894 | 864,661,598 | 3,522,631,351 |
| Financial assets at FVPL | | | | |
| Derivatives held for risk management | 1,335,113 | 5,496,660 | 417,894 | 1,702,500 |
| | 1,335,113 | 5,496,660 | 417,894 | 1,702,500 |
| Total financial assets | 1,059,142,471 | 4,360,489,554 | 865,079,492 | 3,524,333,851 |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | | | | |
| Deposits from banks | 138,613,808 | 570,673,048 | 85,071,818 | 346,582,587 |
| Deposits from non-bank customers | 816,947,077 | 3,363,371,116 | 733,349,952 | 2,987,667,704 |
| Borrowings | 18,416,899 | 75,822,373 | 10,976,538 | 44,718,416 |
| Subordinated debts | 10,142,055 | 41,754,840 | - | - |
| Lease liabilities | 4,805,434 | 19,783,972 | 5,254,653 | 21,407,456 |
| Other financial liabilities | 31,291 | 128,825 | 69,692 | 283,924 |
| Total financial liabilities | 988,956,564 | 4,071,534,174 | 834,722,653 | 3,400,660,087 |
| Net financial assets | 70,185,907 | 288,955,380 | 30,356,839 | 123,673,764 |

36.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises from deposits and placements with the central bank and other banks, loans and advances, investment in debt security, derivatives financial instrument, other financial assets, and credit commitments and financial guarantee contracts. Credit exposure arises principally in lending activities.

(a) Credit risk measurement

Credit risk is managed on a group basis.

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for the purposes of measuring Expected Credit Loss (ECL) under CIFRS 9.

Deposits and placements with the central bank and other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows a three-stage approach in note 36.1 (c).

Central banks have no historical loss, and with strong capacity to meet obligations in near term, expected credit loss for deposits and placements with central banks are nil.

(b) Risk limit control and mitigation policies

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages, limits and controls the concentration of credit risk whenever it is identified.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collaterals for loans and advances to customers, which is common practice. The Bank implements guidelines on

the acceptability of specific classes of collaterals or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Cash in the form of fixed deposits or margin deposits, if any.

(c) Impairment (expected credit loss) policies

The measurement of expected credit loss allowance under the CIFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Past due 30 days for short-term facilities on its contractual payment; and
- Past due 90 days for long-term facilities on its contractual payment.

(ii) Definition of default and credit impaired

The Bank defines a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

- Where the principal or interest or both of any of the credit facilities is past due for more than 90 consecutive days or more and/or in actual default. In the case of revolving facilities (e.g. overdraft facilities), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months for the purpose of ascertaining the period in arrears.
- When an obligor/counterparty has multiple loans with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- Write-off/charged-off accounts.

(iii) Measuring (ECL - inputs, assumptions and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on a collective basis and individual basis.

For collective assessment, the ECL allowance is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrowers.

Probability of Default (PD)

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instruments, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

The PD is derived using historical default rates adjusted for forward-looking information and reflecting current portfolio composition and market data.

For portfolios without sufficient default data, the Bank used market default data. Market default data for the Bank refers to the default percentage of customers issued by Credit Bureau Cambodia.

Exposure at Default (EAD)

EAD is the total amount that the Bank is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products, the exposure at default is the higher of outstanding balance or applicable limit multiplied with credit conversion factor.

Loss Given Default (LGD)

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

For portfolios without sufficient default data, Proxy LGD is used.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(iv) Forward-looking information incorporated into the ECL models

The calculation of ECL incorporates forward-looking information. The Bank has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables are sourced from external research house.

To consider the effect of COVID-19 pandemic on the Bank's loans and advances, the management continuously refreshes the macroeconomic variables yearly to reflect the current economic condition in its forward-looking model. For the year ended 31 December 2022, the management has refreshed the latest macroeconomics variables available which were up to 31 December 2022. The management believes that the adjustment reflects the most recent economic condition. The longevity of COVID-19 pandemic has also led to an uncertain economic environment which may result in higher credit impairment expenses. As a result, the management has adjusted the Bank's probability weighted percentage in the probability weighted forward looking Probability of Default (PD) to give a heavier weight to the worst case scenario and a lighter weight to the best case scenario using reasonable and supportable information.

The Bank applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

- Base case: This represents the 'most likely outcome' of future economic conditions which is aligned with information used by the Bank for other purposes such as budgeting and stress testing.
- Best and Worst case: This represents the 'upside' and 'downside' outcome of future economic conditions which are determined by a combination of statistical analysis and expert credit judgement.

Macroeconomic variable assumptions stop

The weightings assigned to each economic scenario as at 31 December 2022 and 31 December 2021 are as follows:

| | Base | Best | Worst |
|--------------------------------|------|------|-------|
| As at 31 December 2022 | % | % | % |
| Scenario probability weighting | 68% | 16% | 16% |

| | Base | Best | Worst |
|--------------------------------|------|------|-------|
| As at 31 December 2021 | % | % | % |
| Scenario probability weighting | 68% | 16% | 16% |

As with any economic forecasts, the projections and likelihoods of occurrence are subject to high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

Sensitivity analysis

The Bank has also identified the key economic variables and carried out a sensitivity assessment of ECL for loans, advances and financing in relation to the changes in these key economic variables whilst keeping other variables unchanged. The sensitivity factors used are derived based on expected standard deviation determined for each key economic variable to assess the impact on the ECL of the Bank.

The Bank has performed ECL sensitivity assessment on loans and advances based on the changes in key macroeconomic variables. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the ECL of the Bank.

The analysis is based on the 3-year moving average of consumer price index from 2020 to 2022 in which it resulted in changes of 5.2%.

The table below outlines the effect of ECL on the changes in key variables used while other variables remain constant:

| Changes | | | | |
|--|-----------|-----------|---------|-----------|
| Consumer price index | +/-5.2% | | | |
| | 2022 | | 2021 | |
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Total decrease in ECL on the positive changes in key variables | 1,043,904 | 4,266,436 | 412,669 | 1,678,737 |
| | 2022 | | 2021 | |
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Total increase in ECL on the negative changes in key variables | 906,164 | 3,703,492 | 358,218 | 1,457,231 |

(v) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk.

(vi) Write off policy

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

(vii) Modification of loans and advances

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Bank monitors the subsequent performance of modified assets.

The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

(viii) Off-balance sheet exposures

Off-balance sheet exposures are exposures such as trade facilities and undrawn commitments. The Bank applied internal Cash Conversion Factor (CCF) to estimate the EAD of off-balance sheet items. For operational simplification, the Bank assumes CCF for the off-balance sheet exposures as follows:

- 40% CCF is assumed for unused portion of loans and advances to customers
- 50% CCF is assumed for unused portion of overdrafts; and
- 100% CCF is assumed for undrawn trust receipts and financial guarantees

(d) Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. 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. The table below shows the maximum exposure to credit risk for the Bank on financial instruments subject to impairment.

| | 2022 | | 2021 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Credit risk exposure relating to on-balance sheet assets: | | | | |
| Deposits and placements with other banks | 109,654,930 | 451,449,347 | 38,132,987 | 155,353,789 |
| Loans and advances at amortised cost | 764,864,775 | 3,148,948,279 | 525,206,977 | 2,139,693,224 |
| Investment in debt security | 5,272,740 | 21,707,871 | - | - |
| Derivative financial instruments | 1,335,113 | 5,496,660 | 417,894 | 1,702,500 |
| Other financial assets | 2,002,084 | 8,242,580 | 375,287 | 1,528,920 |
| | 883,129,642 | 3,635,844,737 | 564,133,145 | 2,298,278,433 |
| Credit risk exposure relating to off-balance sheet items: | | | | |
| Unused portion of overdrafts | 12,105,791 | 49,839,542 | 9,575,197 | 39,009,353 |
| Performance guarantees | 8,855,984 | 36,460,086 | 3,253,345 | 13,254,128 |
| Unused portion of loans and advances to customers | 1,599,223 | 6,584,001 | 3,520,543 | 14,342,692 |
| | 22,560,998 | 92,883,629 | 16,349,085 | 66,606,173 |
| Total maximum credit risk exposure that are subject to impairment | 905,690,640 | 3,728,728,366 | 580,482,230 | 2,364,884,606 |
| Allowance for impairment losses on loans and advances | (5,779,258) | (23,793,205) | (2,085,229) | (8,495,223) |
| Allowance for impairment losses on deposits and placements with other banks | (1,101,648) | (4,535,485) | (684,067) | (2,786,889) |
| Allowance for impairment losses on commitments | (24,388) | (100,405) | (13,920) | (56,710) |
| | (6,905,294) | (28,429,095) | (2,783,216) | (11,338,822) |
| Total net credit exposure | 898,785,346 | 3,700,299,271 | 577,699,014 | 2,353,545,784 |

The above table represents a worst-case scenario of credit risk exposure to the Bank, since collateral held and/or other credit enhancement attached were not taken into account. For on-balance sheet assets, the exposures set out above are based on gross carrying amounts. As shown above, 86% (2021: 98%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Bank's loans and advances due to the followings:

- Almost all loans and advances are collateralised and loan to collateral value is 80%.
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.

(e) Credit quality of financial assets

The Bank assesses credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. The Bank uses assumptions of days past due (DPD) as staging criteria.

Credit quality description is summarised as follows:

| Credit quality | Description |
|-------------------------|---|
| Standard monitoring | Obligors in this category exhibit strong capacity to meet financial commitments. The Bank monitors obligors in this category by delinquency status. Obligors included in standard monitoring are: <ul style="list-style-type: none"> • those less than 15 days past due on its contractual payments for short-term facilities • those less than 30 days past due on its contractual payments for long-term facilities |
| Special monitoring | Obligors in this category have a fairly acceptable capacity to meet financial commitments. The Bank monitors obligors in this category by delinquency status. Obligors included in special monitoring are: <ul style="list-style-type: none"> • those that are from 15 days to 30 days past due on its contractual payments for short-term facilities • those that are from 30 days to 89 days past due on its contractual payments for long-term facilities |
| Default/Credit impaired | Obligors assessed to be impaired. |

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

| Credit quality | Description |
|----------------------|--|
| Sovereign | Refers to financial assets issued by the central bank/government or guarantee by the central bank/government. |
| Investment grade | Refers to the credit quality of the financial assets that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default. |
| Non-investment grade | Refers to low credit quality of the financial assets that are highly exposed to default risk. |
| No rating | Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models. |
| Credit impaired | Refers to the financial assets that are being impaired. |

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

| | 2022 | | |
|---|----------------------|---|---|
| contact | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ |
| Deposits and placements with other banks | | | |
| Investment grade | 1,457,827 | - | - |
| Non-investment grade | - | - | - |
| No rating | 109,298,751 | - | - |
| Gross carrying amount | 110,756,578 | - | - |
| Less: Expected credit loss | (1,101,648) | - | - |
| Net carrying amount | 109,654,930 | - | - |
| In KHR'000 equivalents | 451,449,347 | - | - |

| | 2022 | | |
|---|----------------------|---|---|
| | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ |
| Loans and advances at amortised cost | | | |
| Standard monitoring | 768,557,525 | - | - |
| Special monitoring | - | 1,029,368 | - |
| Default | - | - | 1,057,140 |
| Gross carrying amount | 768,557,525 | 1,029,368 | 1,057,140 |
| Less: Expected credit loss | (5,687,430) | (34,170) | (57,658) |
| Net carrying amount | 762,870,095 | 995,198 | 999,482 |
| In KHR'000 equivalents | 3,140,736,181 | 4,097,230 | 4,114,867 |

| | 2022 | | |
|--------------------------------|----------------------|---|---|
| | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ |
| Off-balance sheet items | | | |
| Standard monitoring | 22,560,998 | - | - |
| Special monitoring | - | - | - |
| Default | - | - | - |
| Gross carrying amount | 22,560,998 | - | - |
| Less: Expected credit loss | (24,388) | - | - |
| Net carrying amount | 22,536,610 | - | - |
| In KHR'000 equivalents | 92,783,223 | - | - |

| 2021 | | | | | |
|--------------------|--------------------|---------------------------------------|-----------------------------------|--------------------|--|
| Total US\$ | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ | |
| 1,457,827 | 1,810,092 | - | - | 1,810,092 | |
| - | - | - | - | - | |
| 109,298,751 | 37,006,962 | - | - | 37,006,962 | |
| 110,756,578 | 38,817,054 | - | - | 38,817,054 | |
| (1,101,648) | (684,067) | - | - | (684,067) | |
| 109,654,930 | 38,132,987 | - | - | 38,132,987 | |
| 451,449,347 | 155,353,789 | - | - | 155,353,789 | |

| 2021 | | | | | |
|----------------------|----------------------|---------------------------------------|-----------------------------------|----------------------|--|
| Total US\$ | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ | |
| 768,557,525 | 527,241,893 | - | - | 527,241,893 | |
| 1,029,368 | - | 8,070 | - | 8,070 | |
| 1,057,140 | - | - | 42,243 | 42,243 | |
| 770,644,033 | 527,241,893 | 8,070 | 42,243 | 527,292,206 | |
| (5,779,258) | (2,074,483) | (189) | (10,557) | (2,085,229) | |
| 764,864,775 | 525,167,410 | 7,881 | 31,686 | 525,206,977 | |
| 3,148,948,278 | 2,139,532,028 | 32,107 | 129,089 | 2,139,693,224 | |

| 2021 | | | | | |
|-------------------|-------------------|---------------------------------------|-----------------------------------|-------------------|--|
| Total US\$ | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ | |
| 22,560,998 | 16,349,085 | - | - | 16,349,085 | |
| - | - | - | - | - | |
| - | - | - | - | - | |
| 22,560,998 | 16,349,085 | - | - | 16,349,085 | |
| (24,388) | (13,920) | - | - | (13,920) | |
| 22,536,610 | 16,335,165 | - | - | 16,335,165 | |
| 92,783,223 | 66,549,463 | - | - | 66,549,463 | |

(f) Loss allowance**(i) Expected credit loss reconciliation – loans and advances at amortised cost**

| | Stage 1 | Stage 2 | Stage 3 | Total US\$ |
|---|-------------------|---------------------------------------|-----------------------------------|-------------------|
| | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | |
| Expected credit losses | | | | |
| Loss allowance as at 1 January 2022 | 2,074,483 | 189 | 10,557 | 2,085,229 |
| <i>Changes due to financial instruments recognised as at 1 January:</i> | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (32,228) | 32,228 | - | - |
| Transfer to stage 3 | (55,559) | (121) | 55,680 | - |
| New financial assets originated or purchased | 3,700,734 | 1,874 | - | 3,702,608 |
| Write-offs | - | - | (8,579) | (8,579) |
| | 3,612,947 | 33,981 | 47,101 | 3,694,029 |
| Loss allowance as at 31 December 2022 | 5,687,430 | 34,170 | 57,658 | 5,779,258 |
| In KHR'000 equivalent | 23,415,149 | 140,678 | 237,378 | 23,793,205 |

| | Stage 1 | Stage 2 | Stage 3 | Total US\$ |
|---|----------------------|---------------------------------------|-----------------------------------|----------------------|
| | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | |
| Gross carrying amount | | | | |
| Gross carrying amount as at 1 January 2022 | 527,241,893 | 8,070 | 42,243 | 527,292,206 |
| <i>Changes due to financial instruments recognised as at 1 January:</i> | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (2,061,437) | 2,061,437 | - | - |
| Transfer to stage 3 | - | (1,040,669) | 1,040,669 | - |
| New financial assets originated or purchased | 243,377,069 | 530 | - | 243,377,599 |
| Write-offs | - | - | (25,772) | (25,772) |
| | 241,315,632 | 1,021,298 | 1,014,897 | 243,351,827 |
| Gross carrying amount as at 31 December 2022 | 768,557,525 | 1,029,368 | 1,057,140 | 770,644,033 |
| In KHR'000 equivalent | 3,164,151,330 | 4,237,908 | 4,352,245 | 3,172,741,483 |

| | Stage 1 | Stage 2 | Stage 3 | Total US\$ |
|---|-------------------|---------------------------------------|-----------------------------------|------------------|
| | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | |
| Expected credit losses | | | | |
| Loss allowance as at 1 January 2021 | 623,163 | 54 | - | 623,217 |
| <i>Changes due to financial instruments recognised as at 1 January:</i> | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (62) | 62 | - | - |
| Transfer to stage 3 | (10,557) | - | 10,557 | - |
| Net remeasurement of loss allowance (*) | 240,230 | - | - | 240,230 |
| New financial assets originated or purchased | 1,221,709 | 73 | - | 1,221,782 |
| | 1,451,320 | 135 | 10,557 | 1,462,012 |
| Loss allowance as at 31 December 2021 | 2,074,483 | 189 | 10,557 | 2,085,229 |
| In KHR'000 equivalent | 8,451,444 | 770 | 43,009 | 8,495,223 |

(*) Impact of the measurement of ECL due to changes in EAD and PD during the year arising from regular refreshing of inputs to models.

| | Stage 1 | Stage 2 | Stage 3 | Total US\$ |
|---|-------------------|---------------------------------------|-----------------------------------|---------------|
| | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | |
| Gross carrying amount | | | | |
| Gross carrying amount as at 1 January 2021 | 274,306,939 | 3,830 | - | 274,310,769 |
| <i>Changes due to financial instruments recognised as at 1 January:</i> | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (8,070) | 8,070 | - | - |
| Transfer to stage 3 | (38,413) | (3,830) | 42,243 | - |
| New financial assets originated | 252,981,437 | - | - | 252,981,437 |
| | 252,934,954 | 4,240 | 42,243 | 252,981,437 |
| Gross carrying amount as at 31 December 2021 | 527,241,893 | 8,070 | 42,243 | 527,292,206 |
| In KHR'000 equivalent | 2,147,983,472 | 32,877 | 172,098 | 2,148,188,447 |

(ii) Expected credit loss reconciliation – deposits and placements with other banks

| | Stage 1 | Stage 2 | Stage 3 | Total US\$ |
|---|-------------------|---------------------------------------|-----------------------------------|------------|
| | 12-month ECL US\$ | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | |
| Expected credit losses | | | | |
| Loss allowance as at 1 January 2022 | 684,067 | - | - | 684,067 |
| <i>Changes due to exposure as at 1 January:</i> | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| New exposure | 417,581 | - | - | 417,581 |
| | 417,581 | - | - | 417,581 |
| Loss allowance as at 31 December 2022 | 1,101,648 | - | - | 1,101,648 |
| In KHR'000 equivalent | 4,535,485 | - | - | 4,535,485 |

| | Stage 1 | Stage 2 | Stage 3 | |
|--|--------------------|---|---|--------------------|
| | 12-month ECL | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ |
| Gross carrying amount | | | | |
| Exposure amount as at 1 January 2022 | 38,817,054 | - | - | 38,817,054 |
| Changes due to exposure as at 1 January: | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| New exposure | 71,939,524 | - | - | 71,939,524 |
| | 71,939,524 | - | - | 71,939,524 |
| Gross carrying amount as at 31 December 2022 | 110,756,578 | - | - | 110,756,578 |
| In KHR'000 equivalent | 455,984,832 | - | - | 455,984,832 |

| | Stage 1 | Stage 2 | Stage 3 | |
|--|------------------|---|---|------------------|
| | 12-month ECL | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ |
| Expected credit losses | | | | |
| Loss allowance as at 1 January 2021 | 341,355 | - | - | 341,355 |
| Changes due to exposure as at 1 January: | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| New exposure | 342,712 | - | - | 342,712 |
| | 342,712 | - | - | 342,712 |
| Loss allowance as at 31 December 2021 | 684,067 | - | - | 684,067 |
| In KHR'000 equivalent | 2,786,889 | - | - | 2,786,889 |

| | Stage 1 | Stage 2 | Stage 3 | |
|--|---------------------|---|---|---------------------|
| | 12-month ECL | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ |
| Gross carrying amount | | | | |
| Exposure amount as at 1 January 2021 | 128,504,875 | - | - | 128,504,875 |
| Changes due to exposure as at 1 January: | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Exposure derecognised or expired | (89,687,821) | - | - | (89,687,821) |
| | (89,687,821) | - | - | (89,687,821) |
| Gross carrying amount as at 31 December 2021 | 38,817,054 | - | - | 38,817,054 |
| In KHR'000 equivalent | 158,140,678 | - | - | 158,140,678 |

(iii) Expected credit loss reconciliation – credit commitments and financial guarantee contracts

| | Stage 1 | Stage 2 | Stage 3 | |
|--|----------------|---|---|----------------|
| | 12-month ECL | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ |
| Expected credit losses | | | | |
| Loss allowance as at 1 January 2022 | 13,920 | - | - | 13,920 |
| Changes due to exposure as at 1 January: | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| New exposure | 10,468 | - | - | 10,468 |
| | 10,468 | - | - | 10,468 |
| Loss allowance as at 31 December 2022 | 24,388 | - | - | 24,388 |
| In KHR'000 equivalent | 100,405 | - | - | 100,405 |

| | Stage 1 | Stage 2 | Stage 3 | |
|--|-------------------|---|---|-------------------|
| | 12-month ECL | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ |
| Exposure amount | | | | |
| Exposure amount as at 1 January 2022 | 16,349,085 | - | - | 16,349,085 |
| Changes due to exposure as at 1 January: | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| New exposure | 6,211,913 | - | - | 6,211,913 |
| | 6,211,913 | - | - | 6,211,913 |
| Gross carrying amount as at 31 December 2022 | 22,560,998 | - | - | 22,560,998 |
| In KHR'000 equivalent | 92,883,629 | - | - | 92,883,629 |

| | Stage 1 | Stage 2 | Stage 3 | |
|--|---------------|---|---|---------------|
| | 12-month ECL | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ |
| Expected credit losses | | | | |
| Loss allowance as at 1 January 2021 | 8,676 | - | - | 8,676 |
| Changes due to exposure as at 1 January: | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| New exposure | 5,244 | - | - | 5,244 |
| | 5,244 | - | - | 5,244 |
| Loss allowance as at 31 December 2021 | 13,920 | - | - | 13,920 |
| In KHR'000 equivalent | 56,710 | - | - | 56,710 |

| | Stage 1 | Stage 2 | Stage 3 | |
|--|---------------------|---|---|---------------------|
| | 12-month ECL | Lifetime ECL not Credit-Impaired US\$ | Lifetime ECL Credit-Impaired US\$ | Total US\$ |
| Exposure amount | | | | |
| Exposure amount as at 1 January 2021 | 31,411,429 | - | - | 31,411,429 |
| Changes due to exposure as at 1 January: | | | | |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Exposure derecognised or expired | (15,062,344) | - | - | (15,062,344) |
| | (15,062,344) | - | - | (15,062,344) |
| Gross carrying amount as at 31 December 2021 | 16,349,085 | - | - | 16,349,085 |
| In KHR'000 equivalent | 66,606,173 | - | - | 66,606,173 |

g) Concentration of financial assets with credit risk exposure

(i) Geographical sector

The following table breaks down the Bank's main credit exposure at their gross carrying amount, as categorised by geographical region as at 31 December 2022. For this table, the Bank has allocated exposure to countries based on the country of domicile of its counterparties.

| | Cambodia US\$ | Thailand US\$ | Total US\$ |
|--|----------------------|------------------|----------------------|
| At 31 December 2022 | | | |
| Deposits and placements with other banks | 109,298,751 | 1,457,827 | 110,756,578 |
| Loans and advances at amortised cost | 770,644,033 | - | 770,644,033 |
| Investment in debt security | 5,272,740 | - | 5,272,740 |
| Derivatives held for risk management | 1,335,113 | - | 1,335,113 |
| Other financial assets | 2,002,084 | - | 2,002,084 |
| Unused portion of overdrafts | 12,105,791 | - | 12,105,791 |
| Performance guarantees | 8,855,984 | - | 8,855,984 |
| Unused portion of loans and advances | 1,599,223 | - | 1,599,223 |
| Gross carrying amount | 911,113,719 | 1,457,827 | 912,571,546 |
| Less: Allowance for expected credit loss | (6,904,577) | (717) | (6,905,294) |
| Net carrying amount | 904,209,142 | 1,457,110 | 905,666,252 |
| In KHR'000 equivalents | 3,722,629,038 | 5,998,921 | 3,728,627,959 |
| At 31 December 2021 | | | |
| Deposits and placements with other banks | 37,006,962 | 1,810,092 | 38,817,054 |
| Loans and advances at amortised cost | 527,292,206 | - | 527,292,206 |
| Derivative financial instruments | 417,894 | - | 417,894 |
| Other financial assets | 375,287 | - | 375,287 |
| Unused portion of overdrafts | 9,575,197 | - | 9,575,197 |
| Performance guarantees | 3,253,345 | - | 3,253,345 |
| Unused portion of loans and advances | 3,520,543 | - | 3,520,543 |
| Gross carrying amount | 581,441,434 | 1,810,092 | 583,251,526 |
| Less: Allowance for expected credit loss | (2,782,398) | (818) | (2,783,216) |
| Net carrying amount | 578,659,036 | 1,809,274 | 580,468,310 |
| In KHR'000 equivalents | 2,382,339,251 | 7,448,781 | 2,389,788,032 |

(ii) Industry sector

The following table breaks down the Bank's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sectors of its counterparties.

| | 2022 | | | | | |
|------------------------------------|---|--------------------------------------|-------------------|------------------------------------|---|------------------------------------|
| | Deposits and placements with other banks US\$ | Loans and advances to customers US\$ | Other assets US\$ | Investment in debt securities US\$ | Derivatives held for risk management US\$ | Commitments and contingencies US\$ |
| Mortgage loans | - | 403,894,802 | - | - | - | - |
| Wholesale and retails | - | 217,000,073 | 598,906 | - | - | 12,105,791 |
| Financial services | 110,756,578 | 50,471,072 | 1,403,178 | - | 1,335,113 | - |
| Manufacturing | - | 32,343,038 | - | - | - | 1,599,223 |
| Construction | - | 54,919,085 | - | - | - | 8,855,984 |
| Logistics | - | 12,015,963 | - | - | - | - |
| Others | - | - | - | 5,272,740 | - | - |
| Gross carrying amount | 110,756,578 | 770,644,033 | 2,002,084 | 5,272,740 | 1,335,113 | 22,560,998 |
| Less: | | | | | | |
| Allowance for expected credit loss | (1,101,648) | (5,779,258) | - | - | - | (24,388) |
| Net carrying amount | 109,654,930 | 764,864,775 | 2,002,084 | 5,272,740 | 1,335,113 | 22,536,610 |
| In KHR'000 equivalents | 451,449,347 | 3,148,948,279 | 8,242,580 | 21,707,871 | 5,496,660 | 92,783,223 |

h) Repossessed collateral

The following table breaks down the Bank's main credit exposure at their gross carrying amount, as categorised by geographical. Repossessed collaterals are sold as soon as practicable. The Bank does not utilise the repossessed collaterals for its business use.

The Bank did not obtain assets by taking possession of collateral held as security as at 31 December 2022 (31 December 2021: nil).

| 2021 | | | | | | |
|----------------------|---|--------------------------------------|-------------------|---|------------------------------------|----------------------|
| Total US\$ | Deposits and placements with other banks US\$ | Loans and advances to customers US\$ | Other assets US\$ | Derivatives held for risk management US\$ | Commitments and contingencies US\$ | Total US\$ |
| 403,894,802 | - | 260,575,306 | - | - | - | 260,575,306 |
| 229,704,770 | - | 148,497,204 | 375,287 | - | 9,575,197 | 158,447,688 |
| 163,965,941 | 38,817,054 | 35,865,238 | - | 417,894 | - | 75,100,186 |
| 33,942,261 | - | 11,849,296 | - | - | 3,520,543 | 15,369,839 |
| 63,775,069 | - | 64,784,339 | - | - | 3,253,345 | 68,037,684 |
| 12,015,963 | - | 5,720,823 | - | - | - | 5,720,823 |
| 5,272,740 | - | - | - | - | - | - |
| 912,571,546 | 38,817,054 | 527,292,206 | 375,287 | 417,894 | 16,349,085 | 583,251,526 |
| (6,905,294) | (684,067) | (2,085,229) | - | - | (13,920) | (2,783,216) |
| 905,666,252 | 38,132,987 | 525,206,977 | 375,287 | 417,894 | 16,335,165 | 580,468,310 |
| 3,728,627,960 | 155,353,789 | 2,139,693,224 | 1,528,919 | 1,702,500 | 66,549,462 | 2,364,827,894 |

36.2 MARKET RISK

The Bank takes exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

(i) Foreign exchange risk

The Bank operates in Cambodia and transacts in a few currencies, and is exposed to currency risks, mainly with respect to Khmer Riel.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Bank's functional currency.

Management monitors foreign exchange risk against the Bank's functional currency. However, the Bank does not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Bank's exposure to foreign currency exchange rate risk. Included in the table are the Bank's financial instruments at their gross carrying amounts by currency in US\$ equivalent.

| | In US\$ equivalent | | | Total |
|---|--------------------|----------------------|----------------|----------------------|
| | US\$ | KHR | THB | |
| As at 31 December 2022 | | | | |
| Financial assets | | | | |
| Cash on hand | 17,834,908 | 3,623,055 | - | 21,457,963 |
| Deposits and placements with the central bank | 74,919,445 | 79,635,421 | - | 154,554,866 |
| Deposits and placements with other banks | 22,185,975 | 87,394,318 | 74,637 | 109,654,930 |
| Loans and advances to customers | 687,471,188 | 77,393,587 | - | 764,864,775 |
| Derivative financial instruments | - | 1,335,113 | - | 1,335,113 |
| Investment in debt securities | 5,272,740 | - | - | 5,272,740 |
| Other assets | 2,002,084 | - | - | 2,002,084 |
| Total financial assets | 809,686,340 | 249,381,494 | 74,637 | 1,059,142,471 |
| Financial liabilities | | | | |
| Deposits from other banks | 133,110,048 | 5,503,760 | - | 138,613,808 |
| Deposits from non-bank customers | 514,749,134 | 302,197,943 | - | 816,947,077 |
| Borrowings | 17,917,456 | 499,443 | - | 18,416,899 |
| Subordinated debt | 10,142,055 | - | - | 10,142,055 |
| Lease liabilities | 4,805,434 | - | - | 4,805,434 |
| Other liabilities | 31,291 | - | - | 31,291 |
| Total financial liabilities | 680,755,418 | 308,201,146 | - | 988,956,564 |
| Net on-balance sheet position | 128,930,922 | (58,819,652) | 74,637 | 70,185,907 |
| In KHR'000 equivalents | 530,808,606 | (242,160,507) | 307,281 | 288,955,380 |
| Off-balance sheet items | | | | |
| Unused portion of overdrafts | 12,105,791 | - | - | 12,105,791 |
| Performance guarantees | 8,269,711 | 586,273 | - | 8,855,984 |
| Unused portion of loans and advances to customers | 1,599,223 | - | - | 1,599,223 |
| | 21,974,725 | 586,273 | - | 22,560,998 |
| In KHR'000 equivalents | 90,469,943 | 2,413,686 | - | 92,883,629 |

| | In US\$ equivalent | | | Total |
|---|--------------------|----------------------|----------------|--------------------|
| | US\$ | KHR | THB | |
| As at 31 December 2021 | | | | |
| Financial assets | | | | |
| Cash on hand | 18,163,027 | 2,722,333 | - | 20,885,360 |
| Deposits and placements with the central bank | 242,192,106 | 37,868,881 | - | 280,060,987 |
| Deposits and placements with other banks | 8,244,275 | 29,839,159 | 49,553 | 38,132,987 |
| Loans and advances to customers | 470,664,142 | 54,542,835 | - | 525,206,977 |
| Derivative financial instruments | - | 417,894 | - | 417,894 |
| Other assets | 375,287 | - | - | 375,287 |
| Total financial assets | 739,638,837 | 125,391,102 | 49,553 | 865,079,492 |
| Financial liabilities | | | | |
| Deposits from other banks | 79,991,426 | 5,080,392 | - | 85,071,818 |
| Deposits from non-bank customers | 503,275,580 | 230,074,372 | - | 733,349,952 |
| Borrowings | 10,796,684 | 179,854 | - | 10,976,538 |
| Lease liabilities | 5,254,653 | - | - | 5,254,653 |
| Other liabilities | 69,692 | - | - | 69,692 |
| Total financial liabilities | 599,388,035 | 235,334,618 | - | 834,722,653 |
| Net on-balance sheet position | 140,250,802 | (109,943,516) | 49,553 | 30,356,839 |
| In KHR'000 equivalents | 571,381,767 | (447,909,884) | 201,879 | 123,673,762 |
| Off-balance sheet items | | | | |
| Unused portion of overdrafts | 9,575,197 | - | - | 9,575,197 |
| Performance guarantees | 3,253,345 | - | - | 3,253,345 |
| Unused portion of loans and advances to customers | 3,520,543 | - | - | 3,520,543 |
| | 16,349,085 | - | - | 16,349,085 |
| In KHR'000 equivalents | 66,606,172 | - | - | 66,606,172 |

Sensitivity analysis

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on their financial position and cash flows. The table below sets out the principal structure of foreign exchange exposures of the Bank:

| | 2022 | 2021 |
|--------------------------|----------------------|----------------------|
| | KHR'000 | KHR'000 |
| Asset/(Liability) | | |
| Khmer Riel (KHR) | (58,819,652) | (109,943,516) |
| Thai Baht (THB) | 74,637 | 49,553 |
| | (58,745,015) | (109,893,963) |
| In KHR'000 equivalent | (241,853,227) | (447,708,005) |

As shown in the table above, the Bank is primarily exposed to changes in US\$/KHR exchange rates. The sensitivity of profit or loss to changes in exchange rates arises mainly from KHR denominated financial instruments.

The analysis below is based on the assumption that the KHR exchange rate has increased or decreased by 1% which is based on the 3-year moving average of the exchange rate from 2020 to 2022.

An analysis of the exposures to assess the impact of 1% change in the foreign currency exchange rates to the profit after tax are as follows:

| | 2022 | | 2021 | |
|---------------------|------------------|--------------------|------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Decrease -1% | | | | |
| Khmer Riel (KHR) | (627,449) | (2,564,384) | (793,915) | (3,229,646) |
| Thai Baht (THB) | 796 | 3,253 | 358 | 1,456 |
| | (626,653) | (2,561,131) | (793,557) | (3,228,190) |

| | 2022 | | 2021 | |
|---------------------|----------------|------------------|----------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Increase +1% | | | | |
| Khmer Riel (KHR) | 614,342 | 2,510,816 | 782,612 | 3,183,666 |
| Thai Baht (THB) | (780) | (3,188) | (353) | (1,436) |
| | 613,562 | 2,507,628 | 782,259 | 3,182,230 |

(ii) Price risk

The Bank is not exposed to a securities price risk because it does not have any investment held and classified on the statement of financial position at fair value.

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Bank's main interest rate risk arises from borrowings and subordinated debt which are at fixed rates. The Bank does not have fair value interest rate risk as the interest rates of financial instruments measured at amortised cost are similar to prevailing market rates.

The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch. In addition, the management regularly analyses and foresees the expected changes in the interest rates and manages cash flow interest rate risk by assessing its impacts and developing actions to respond to the interest rate risk.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

| | Up to 1 month US\$ | 1 to 3 months US\$ |
|---|------------------------|-----------------------|
| As at 31 December 2022 | | |
| Financial assets | | |
| Cash on hand | - | - |
| Deposits and placements with the central bank | 68,596,350 | - |
| Deposits and placements with other banks | - | - |
| Loans and advances at amortised cost | 2,213,436 | 2,034,899 |
| Investment in debt securities | - | - |
| Derivatives held for risk management | - | - |
| Other financial assets | - | - |
| Total financial assets | 70,809,786 | 2,034,899 |
| Financial liabilities | | |
| Deposits from banks | 10,770,394 | 23,000,000 |
| Deposits from customers | 523,806,968 | 42,690,299 |
| Borrowings | - | - |
| Subordinated debts | - | - |
| Lease liabilities | 87,346 | 174,769 |
| Other financial liabilities | - | - |
| | 534,664,708 | 65,865,068 |
| Total interest rate repricing gap | (463,854,922) | (63,830,169) |
| In KHR'000 equivalents | (1,909,690,714) | (262,788,806) |
| Off-balance sheet items | | |
| Unused portion of overdrafts | 12,105,791 | - |
| Performance guarantees | - | - |
| Unused portion of loans and advances to customers | 1,599,223 | - |
| | 13,705,014 | - |
| In KHR'000 equivalents | 56,423,543 | - |

| | 3 to 12 months US\$ | 1 to 5 years US\$ | Over 5 years US\$ | Non-interest rate sensitive US\$ | Total US\$ |
|--|------------------------|----------------------|----------------------|--|----------------------|
| | - | - | - | 21,457,963 | 21,457,963 |
| | 21,812,501 | - | - | 64,146,015 | 154,554,866 |
| | 70,065,825 | - | - | 39,589,105 | 109,654,930 |
| | 103,302,041 | 172,278,500 | 485,035,899 | - | 764,864,775 |
| | - | 5,272,740 | - | - | 5,272,740 |
| | 1,335,113 | - | - | - | 1,335,113 |
| | - | - | - | 2,002,084 | 2,002,084 |
| | 196,515,480 | 177,551,240 | 485,035,899 | 127,195,167 | 1,059,142,471 |
| | 103,329,933 | - | - | 1,513,481 | 138,613,808 |
| | 117,178,730 | 78,204,993 | 4,075,000 | 50,991,087 | 816,947,077 |
| | - | 2,064,539 | 16,196,621 | 155,739 | 18,416,899 |
| | - | - | 10,142,055 | - | 10,142,055 |
| | 792,662 | 2,798,858 | 951,799 | - | 4,805,434 |
| | - | - | - | 31,291 | 31,291 |
| | 221,301,325 | 83,068,390 | 31,365,475 | 52,691,598 | 988,956,564 |
| | (24,785,845) | 94,482,850 | 453,670,424 | 74,503,569 | 70,185,907 |
| | (102,043,324) | 388,985,893 | 1,867,761,136 | 306,731,194 | 288,955,379 |
| | - | - | - | - | 12,105,791 |
| | - | - | - | 8,855,984 | 8,855,984 |
| | - | - | - | - | 1,599,223 |
| | - | - | - | 8,855,984 | 22,560,998 |
| | - | - | - | 36,460,086 | 92,883,629 |

| | Up to 1 month | 1 to 3 months US\$ |
|---|------------------------|-----------------------|
| As at 31 December 2021 | | |
| Financial assets | | |
| Cash on hand | - | - |
| Deposits and placements with the central bank | - | 80,381,373 |
| Deposits and placements with other banks | 1,488,696 | - |
| Loans and advances at amortised cost | 30,325,708 | 26,525,670 |
| Derivatives held for risk management | - | - |
| Other financial assets | - | - |
| Total financial assets | 31,814,404 | 106,907,043 |
| Financial liabilities | | |
| Deposits from banks | - | - |
| Deposits from customers | 502,408,705 | 27,984,524 |
| Borrowings | - | - |
| Subordinated debts | - | - |
| Lease liabilities | - | - |
| Other financial liabilities | 502,408,705 | 27,984,524 |
| Total interest rate repricing gap | (470,594,301) | 78,922,519 |
| In KHR'000 equivalents | (1,917,201,182) | 321,530,342 |
| Off-balance sheet items | | |
| Unused portion of overdrafts | 9,575,197 | - |
| Performance guarantees | - | - |
| Unused portion of loans and advances to customers | 3,520,543 | - |
| | 13,095,740 | - |
| In KHR'000 equivalents | 53,352,045 | - |

Sensitivity analysis

The interest rate sensitivity shows the impact on profit after tax and equity of financial assets and financial liabilities bearing floating interest rates and fixed rate financial assets and financial liabilities carried at fair value.

The Bank's interest-bearing financial assets and financial liabilities are contracted under the fixed interest rate. Therefore, the Bank has no exposure to the risk of changes in interest rate in the future.

| | 3 to 12 months US\$ | 1 to 5 years US\$ | Over 5 years US\$ | Non-interest rate sensitive US\$ | Total US\$ |
|--|------------------------|----------------------|----------------------|--|--------------------|
| | - | - | - | 20,885,360 | 20,885,360 |
| | - | - | 10,500,000 | 189,179,614 | 280,060,987 |
| | 32,904,711 | - | - | 3,739,580 | 38,132,987 |
| | 61,909,446 | 129,682,788 | 276,763,365 | - | 525,206,977 |
| | 417,894 | - | - | - | 417,894 |
| | - | - | - | 375,287 | 375,287 |
| | 95,232,051 | 129,682,788 | 287,263,365 | 214,179,841 | 865,079,492 |
| | | | | | |
| | 73,581,171 | - | 10,976,353 | 514,294 | 85,071,818 |
| | 151,527,517 | 51,241,264 | 187,942 | - | 733,349,952 |
| | 5,028,356 | 5,948,182 | - | - | 10,976,538 |
| | 113,517 | 2,658,056 | 2,483,080 | - | 5,254,653 |
| | - | - | - | 69,692 | 69,692 |
| | 230,250,561 | 59,847,502 | 13,647,375 | 583,986 | 834,722,653 |
| | (135,018,510) | 69,835,286 | 273,615,990 | 213,595,855 | 30,356,839 |
| | | | | | |
| | (550,065,410) | 284,508,955 | 1,114,711,543 | 870,189,513 | 123,673,761 |
| | | | | | |
| | - | - | - | - | 9,575,197 |
| | - | - | - | 3,253,345 | 3,253,345 |
| | - | - | - | - | 3,520,543 |
| | - | - | - | 3,253,345 | 16,349,085 |
| | - | - | - | 13,254,128 | 66,606,173 |

36.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

(a) Liquidity risk management process

The Bank's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

| | Up to 1 month | 1 to 3 months US\$ |
|---|------------------------|-----------------------|
| As at 31 December 2022 | | |
| Financial assets | | |
| Cash on hand | 21,457,963 | - |
| Deposits and placements with the central bank | 132,742,767 | 401 |
| Deposits and placements with other banks | 30,677,083 | 11,650,207 |
| Loans and advances to customers | 29,960,870 | 26,934,412 |
| Investment in debt security | - | - |
| Derivative financial instrument | - | - |
| Other assets | 2,002,084 | - |
| Total financial assets | 216,840,767 | 38,585,020 |
| Financial liabilities | | |
| Deposits from other banks | 12,283,875 | 23,000,000 |
| Deposits from non-bank customers | 562,429,686 | 34,748,891 |
| Borrowings | - | - |
| Subordinated debts | - | - |
| Lease liabilities | 328 | 421 |
| Other financial liabilities | 302,920 | 7,171,632 |
| Total financial liabilities | 575,016,809 | 64,920,944 |
| Net financial (liabilities)/assets | (358,176,042) | (26,335,924) |
| In KHR'000 equivalents | (1,474,610,765) | (108,424,999) |
| Off-balance sheet items | | |
| Unused portion of overdrafts | 12,105,791 | - |
| Performance guarantees | 123,370 | - |
| Unused portion of loans and advances to customers | 1,599,223 | - |
| | 13,828,384 | - |
| In KHR'000 equivalents | 56,931,457 | - |

(b) Funding approach

The Bank's main sources of liquidities arise from shareholder's paid-up capital, borrowings, subordinated debts and deposits from banks and customers. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

(c) Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities based on remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

| | 3 to 12 months US\$ | 1 to 5 years US\$ | Over 5 years US\$ | Total US\$ |
|--|------------------------|----------------------|----------------------|----------------------|
| | - | - | - | 21,457,963 |
| | 21,788,597 | - | - | 154,531,765 |
| | 3,911,540 | 64,517,748 | - | 110,756,578 |
| | 308,088,532 | 351,118,017 | 77,126,276 | 793,228,107 |
| | 275,000 | 5,550,000 | - | 5,825,000 |
| | 1,332,129 | - | - | 1,332,129 |
| | - | - | - | 2,002,084 |
| | 335,395,798 | 421,185,765 | 77,126,276 | 1,089,133,626 |
| | 89,857,906 | - | - | 125,141,781 |
| | 151,551,722 | 77,603,986 | 4,087,198 | 830,421,483 |
| | 142,055 | 2,206,592 | 16,210,306 | 18,558,953 |
| | 2,500,000 | 6,900,000 | 2,100,000 | 11,500,000 |
| | 96,721 | 2,151,194 | 2,552,146 | 4,800,810 |
| | - | 564,769 | - | 8,039,321 |
| | 244,148,404 | 89,426,541 | 24,949,650 | 998,462,348 |
| | 91,247,394 | 331,759,224 | 52,176,626 | 90,671,278 |
| | 375,665,521 | 1,365,852,725 | 214,811,169 | 373,293,651 |
| | - | - | - | 12,105,791 |
| | 3,940,025 | 4,803,100 | - | 8,866,495 |
| | - | - | - | 1,599,223 |
| | 3,940,025 | 4,803,100 | - | 22,571,509 |
| | 16,221,083 | 19,774,363 | - | 92,926,903 |

| | Up to 1 month | 1 to 3 months US\$ |
|---|----------------------|-----------------------|
| As at 31 December 2021 | | |
| Financial assets | | |
| Cash on hand | 20,885,360 | - |
| Deposits and placements with the central bank | 275,140,328 | 6,718,213 |
| Deposits and placements with other banks | 5,108,209 | - |
| Loans and advances to customers | 35,325,355 | 16,145,407 |
| Derivative financial instruments | - | - |
| Other assets | 391,888 | - |
| Total financial assets | 336,851,140 | 22,863,620 |
| Financial liabilities | | |
| Deposits from other banks | 11,688,666 | 3,001,644 |
| Deposits from non-bank customers | 537,768,306 | 36,201,920 |
| Borrowings | - | - |
| Lease liabilities | - | - |
| Other financial liabilities | 1,483,181 | - |
| Total financial liabilities | 550,940,153 | 39,203,564 |
| Net financial (liabilities)/assets | (214,089,013) | (16,339,944) |
| In KHR'000 equivalents | (872,198,639) | (66,568,932) |
| Off-balance sheet items | | |
| Unused portion of overdrafts | 9,575,197 | - |
| Performance guarantees | - | - |
| Unused portion of loans and advances to customers | - | 3,520,543 |
| | 9,575,197 | 3,520,543 |
| In KHR'000 equivalents | 39,009,353 | 14,342,692 |

36.4 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

The Bank did not have financial instruments measured at fair value.

(b) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Bank approximate their carrying amounts.

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

i. Deposits and placements with the central bank and other banks

The carrying amounts of deposits and placements with the central bank and other banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

ii. Loans and advances to customers

For fixed rate loans with a remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loans and advances to customers might approximate their carrying value as at reporting date.

| | 3 to 12 months US\$ | 1 to 5 years US\$ | Over 5 years US\$ | Total US\$ |
|--|------------------------|----------------------|----------------------|------------------------|
| | - | - | - | 20,885,360 |
| | - | - | - | 281,858,541 |
| | 6,718,213 | 26,990,632 | | 38,817,054 |
| | 10,115,218 | 51,406,765 | 130,654,703 | 243,647,448 |
| | 497,698 | - | - | 497,698 |
| | - | - | - | 391,888 |
| | 17,331,129 | 78,397,397 | 130,654,703 | 586,097,989 |
| | - | 70,381,508 | - | 85,071,818 |
| | 23,565,025 | 77,704,618 | 58,110,083 | 733,349,952 |
| | 5,028,356 | - | 5,948,182 | 10,976,538 |
| | 113,517 | 2,658,056 | 2,483,080 | 5,254,653 |
| | - | - | - | 1,483,181 |
| | 28,706,898 | 150,744,182 | 66,541,345 | 836,136,142 |
| | (11,375,769) | (72,346,785) | 64,113,358 | (250,038,153) |
| | (46,344,883) | (294,740,802) | 261,197,820 | (1,018,655,436) |
| | - | - | - | 9,575,197 |
| | - | - | 3,253,345 | 3,253,345 |
| | - | - | - | 3,520,543 |
| | - | - | 3,253,345 | 16,349,085 |
| | - | - | 13,254,128 | 66,606,173 |

iii. Deposits from banks and customers

The fair value of deposits from banks and customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from banks and customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Bank offering similar interest rate of the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

iv. Other financial assets and other financial liabilities

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

v. Borrowings and subordinated debts

Borrowings and subordinated debts are not quoted in the active market and their fair value approximates their carrying amount.

vi. Investment in debt security

The estimated fair value of debt securities is generally based on quoted and observable market prices at the date of statements of financial position. They are not actively traded. The estimated fair values of debt securities approximate their carrying values based on estimated future cash flows using prevailing market rates.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

36.5 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' shown on the balance sheet, are:

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

The central bank requires all commercial banks to i) hold the minimum capital requirement, ii) maintain the Bank's net worth at least equal to the minimum capital and iii) comply with solvency and liquidity ratios.

The table below summarises the composition of regulatory capital:

| | 2022 | | 2021 | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| Tier 1 capital | | | | |
| Share capital | 135,000,000 | 555,795,000 | 105,000,000 | 427,770,000 |
| Retained earnings | 18,220,927 | 74,577,591 | (2,413,580) | (9,755,640) |
| Less: Intangible assets | (4,671,371) | (19,232,034) | (3,486,002) | (14,201,972) |
| Less: Loans to related parties | (2,896,959) | (4,086,003) | (638,393) | (2,600,813) |
| | 145,652,597 | 607,054,554 | 98,462,025 | 401,211,575 |
| Tier 2 complementary capital | | | | |
| General provision | 9,681,095 | 40,904,593 | 6,043,805 | 24,622,462 |
| Subordinated debts | 10,000,000 | 41,754,840 | - | - |
| | 19,681,095 | 82,659,433 | 6,043,805 | 24,622,462 |
| | 165,333,692 | 689,713,987 | 104,505,830 | 425,834,037 |

CHIP MONG COMMERCIAL BANK PLC.
AS PART OF CHIP MONG'S SUCCESSFUL FOOTPRINT SINCE 1982



CONNECT WITH CHIP MONG BANK



CHIP MONG COMMERCIAL BANK PLC.

LOCATION



HEAD OFFICE

Chip Mong Bak Touk Center building 1st-3rd-4th floors,
Czech Republic Blvd (St. 169) Corner St. 167,
Sangkat Veal Vong, Khan 7 Makara,
Phnom Penh, Cambodia

093 355 311 / 068 355 311



SENSOK MALL BRANCH

Street No 1928, Phum Bayab, Sangkat Phnom Penh
Thmel, Khan Saensokh, Phnom Penh

067 783 222



TOUL KORK BRANCH

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Phnom Penh, Cambodia

070 211 233 / 068 211 233



PSA DERM TKOV BRANCH

#37 St. 271 Sangkat Boeung Tumpun 1,
Khan Meanchey, Phnom Penh, Cambodia

069 877 811 / 068 877 811



MAO TSE TUNG BRANCH

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Kang 3, Khan Chamkarmon, Phnom Penh, Cambodia

098 311 322 / 068 311 322



598 MALL BRANCH

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Chamreh Til Pir, Khan Russey Keo, Phnom Penh

067 765 222



NORODOM BRANCH

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VENG SRENG BRANCH

Veng Sreng Blvd, Sangkat Stueng Mean Chey 3,
Khan Mean Chey, Phnom Penh

081 811 911



BOEUNG SALANG BRANCH

TOMS. 27 Sanakat Boeung Salans, Khan Toul Kork,
Phnom Penh, Cambodia

070 833 811 / 068 833 811



KAMPONG CHAM BRANCH

National Road No 7, Phnum Bong Snay, Sangkat
Sambuor Meas, Krong Kampong Cham,
Kampong Cham Province

070 599 511 / 090 599 511



NORO MALL BRANCH

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093 322 311 / 068 322 311



SIEM REAP BRANCH

National Road No 6A, Phum Banteay Chas,
Sangkat Sla Kram, Krong Siem Reap,
Siem Reap Province

010 966 911 / 090 966 911



271 MEGA MALL BRANCH

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Phnom Penh, Cambodia

068 366 311 / 098 366 311



BATTAMBANG BRANCH

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