



ធនាគារពាណិជ្ជកម្មក្រៅប្រទេស នៃកម្ពុជា
Foreign Trade Bank of Cambodia



2023

ANNUAL REPORT

INVESTING IN THE FUTURE



CONTENT

CORPORATE PROFILE **03**

SHAREHOLDERS **04**

VISION, MISSION AND CORE VALUES **05**

A BRIEF HISTORY OF FTB'S PROGRESS **07**

ORGANIZATIONAL CHART **08**

FINANCIAL HIGHLIGHTS **09**

PRODUCTS AND SERVICES **11**

CORRESPONDENT BANKS **14**

First Commercial Bank in Cambodia, a Truly Local Bank Trusted Since 1979.

CHAIRMAN'S MESSAGE	15
CEO'S MESSAGE	17
CORPORATE GOVERNANCE	19
SIGNIFICANT ACHIEVEMENTS	22
AWARDS AND RECOGNITIONS 2023	28
SUSTAINABILITY STATEMENT	29
CORPORATE SOCIAL RESPONSIBILITY	32
AUDITED FINANCIAL STATEMENTS	37



CORPORATE PROFILE

Status:

Commercial Bank

Ownership Structure:

State 10%, Private enterprise and Individual 90%.

Registered Capital:

- **38.5** million on 10 Jun 2011
- **75.0** million on 13 Jan 2017
- **79.5** Million on 07 Feb 2019

Commercial Registration:

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

Bank's Licenses:

- No. 16 dated 04 Jan 2001
- No. B 11 dated 05 Oct 2015
- No. C.B.11 dated 07 Dec 2023



1979

Foreign Trade Bank of Cambodia Establishment

Operated as a department under National Bank of Cambodia.



1999

Autonomous Business Operations

FTB was authorized to conduct autonomous business operations with equal status to other Commercial Bank.



2000

State - Owned Commercial Bank

FTB has changed legal status to state-owned Commercial Bank.



2002

Shareholder Transferring

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



2005

Privatization

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



2009

Canadia Bank Plc Reduced Share

Canadia Bank Plc. sold **30.78%** share to individual shareholders.



2011

Canadia Bank Plc. Sold Final Share

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



2015

Reduced Share of ING Holding

ING Holding sold **33%** to individual shareholder.



2023

Reduced Share of ING Holding

ING Holding sold **1.65%** to individual shareholder.



SHAREHOLDERS



Lok Oknha MAK Kim Hong

Number of Shares 26,235
Amount in USD 26,235,000



Mrs. CHHAY Kimbuoy

Number of Shares 19,597
Amount in USD 19,597,000



Mrs. KIM Tiek

Number of Shares 18,285
Amount in USD 18,285,000



Ministry of Economy & Finance

Number of Shares 7,950
Amount in USD 7,950,000



Total

Number of Shares
79,500
Amount in USD
79,500,000



ING Holding Co., Ltd

Number of Shares 7,433
Amount in USD 7,433,000





VISION, MISSION AND CORE VALUES

ABOUT FOREIGN TRADE BANK OF CAMBODIA (FTB)

As the first commercial bank in Cambodia, a truly local bank trusted since 1979, FTB has played crucial roles in helping to promote and develop the local market and economy through relentlessly providing wide ranges of banking products and services to local customers.



1979

Establishment of Foreign Trade Bank of Cambodia, 44 years of sustainable growth



750

Total Employees



20

Total Branches



Confidentiality

We conduct business professionally and protect our customer information.



Result Oriented

We focus on the outcome and deliver results and add value to our customers and stakeholders.



Team Work

We collaborate, respect, and work together to succeed.

VISION, MISSION AND CORE VALUES



- To be the preferred commercial bank in Cambodia.



- To provide innovative banking products and services.
- To deliver timely and convenient solutions which are responsive to our customers' needs in order to grow together.
- To operate in a socially and environmentally responsible manner.



- Foreign Trade Bank of Cambodia's values are the operating philosophies and principles that guide our staff's internal conduct and relationship with our customers, partners and other stakeholders. Our values are the guiding principles of our decision making.



Reliability

We concentrate on consistency in the quality of every task. We take ownership and responsibility of what we do.



Integrity

We display highest personal and ethical standard at all levels.



Trust

We are trustworthy and committed to quality, competence, truth and fair dealing.



A BRIEF HISTORY OF FTB'S PROGRESS

Establishment of Foreign Trade Bank of Cambodia under the supervision of National Bank of Cambodia.

1979

Opened Samdech Pan Branch, first branch in Phnom Penh.

2009

Opened Sihanoukville Port Branch, first provincial branch and opened Olympic Market Branch.

2010

Expanded branch network through opening Phnom Penh Port Branch.

2011

Opened two more branches:
• Siem Reap Branch and
• Preah Sihanouk Provincial Branch.

2012

Opened two more branches in Phnom Penh such as Tuol Kuok Branch and Phsar Thom Thmey Branch and one Battambang Provincial Branch.

2014

Relocation of Head Office to Bak Touk and opened Kramuon Sar Branch and expand branch network to Kompong Cham Provincial Branch.

2015

Opened two more branches
• Takhmao Branch, Kandal Province and
• Orkide-2004 Branch, Phnom Penh.

2019

Even Cambodia was in uncertainty during the Covid-19 pandemic, we have opened Heng Ly Market Branch in response to the need of our customers.

2020

Opened Royal University of Phnom Penh Branch and Relocate and Rename of Olympic Market Branch to Mao Tse Tong Branch.

2021

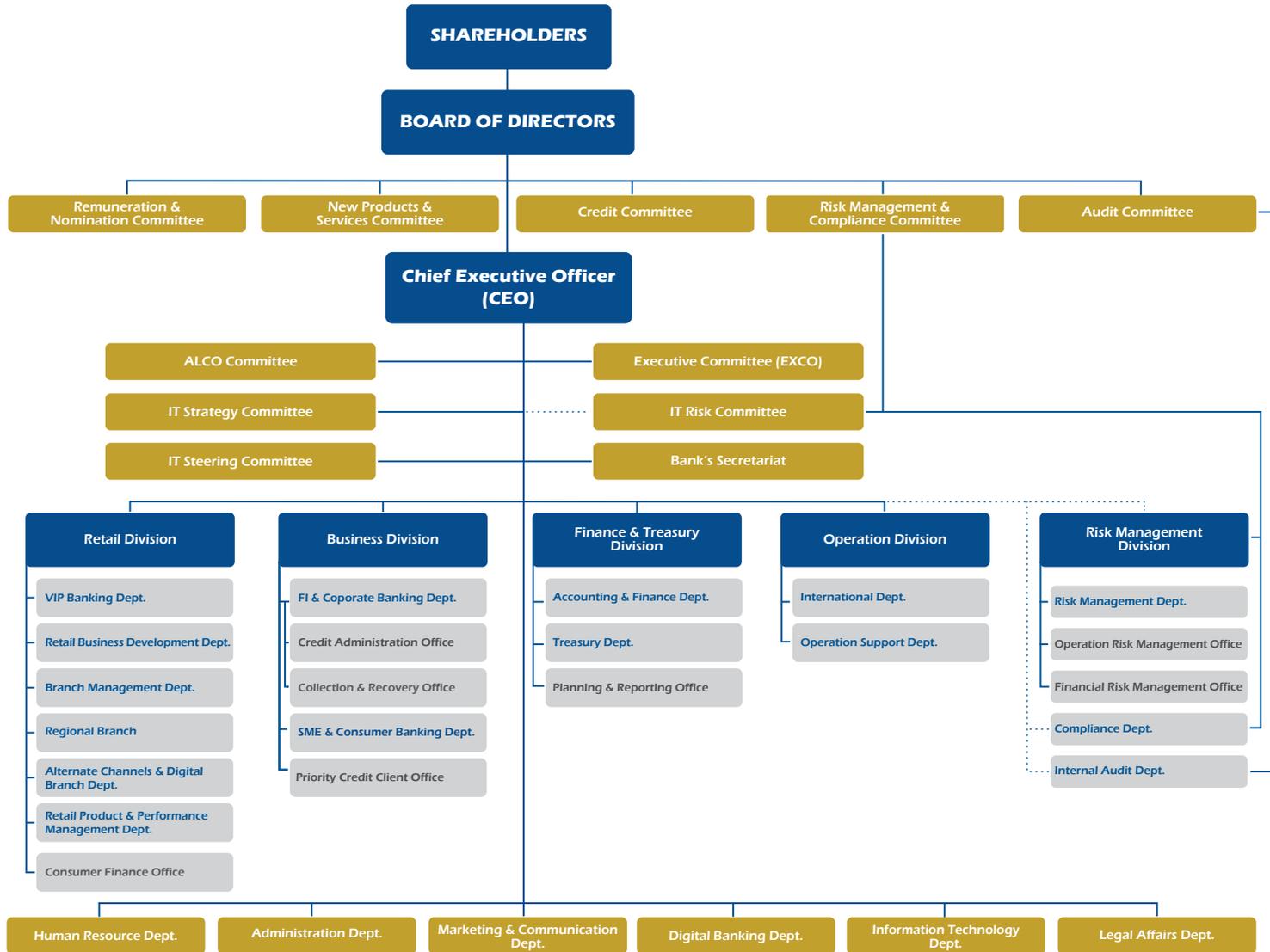
Opened Chbar Ampov Branch and Relocate Preah Sihanouk Provincial Branch.

2022

Opened 3 more branches in Phnom Penh:

- Sensok Branch
- AEON Mall Mean Chey Branch
- Khan Chraoy Chongvar-Sangkat Preaek Lieb Branch.

2023



Note
Dept. = Department



FINANCIAL HIGHLIGHTS

Summary of the Balance Sheet (US Dollar)

Total assets	2,021,930,388	1,884,524,019
Loans and advances to customers - net	1,311,358,780	1,336,071,142
Other assets	710,571,608	548,452,877
Total liabilities	1,789,542,233	1,672,728,748
Total deposits	1,687,469,329	1,594,996,321
Other liabilities	102,072,904	77,732,427
Total shareholders' equity	232,388,155	211,795,271
Share capital	79,500,000	79,500,000
Reserved and retained earnings	152,888,155	132,295,271

Summary of the Income Statement (US Dollar)

Interest income	124,470,553	111,873,465
Interest expense	(75,543,222)	(63,526,591)
Net interest income	48,927,331	48,346,874
Fee and commission income and other incomes	3,342,473	2,904,495
Other operating expenses	(21,382,923)	(19,344,979)
(Reversals)/impairment losses on financial instruments	(5,060,400)	7,439,697
Profit before income tax	25,826,481	39,346,087
Net profit for the year	20,592,884	31,202,007

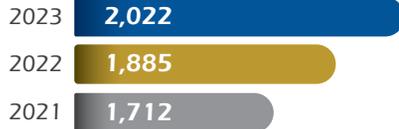
Key Ratios

Return on capital	25.90%	39.25%
Return on assets	1.02%	1.66%
Return on shareholders' equity	8.86%	14.73%
Solvency ratio	19.71%	18.05%
Liquidity coverage ratio	210.60%	132.34%
Interest income to total assets	6.16%	5.94%
Total loans (gross) to total deposits	80.65%	85.10%
Non-performing loans ratio	1.83%	0.34%
Growth in interest income	11.26%	12.77%
Growth in total deposits	5.80%	7.98%
Growth in total loans (gross)	-1.46%	16.09%
Growth in shareholders' equity	9.72%	17.28%
Growth in total assets	7.29%	10.09%

FINANCIAL HIGHLIGHT 2023

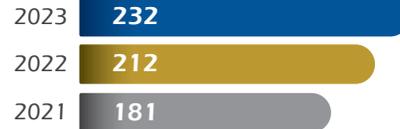
ASSET
IN MILLION

7.3% ▲
Increase from 2022



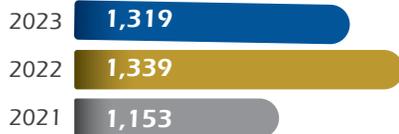
EQUITY
IN MILLION

9.7% ▲
Increase from 2022



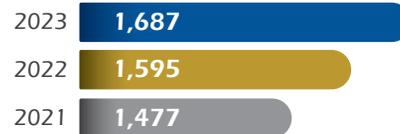
LOAN
IN MILLION

1.5% ▼
Decrease from 2022



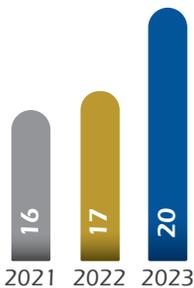
DEPOSIT
IN MILLION

5.8% ▲
Increase from 2022



PHYSICAL EXPANSION 2023

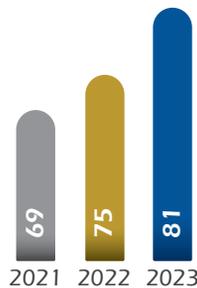
BRANCH



3

Increase from 2022

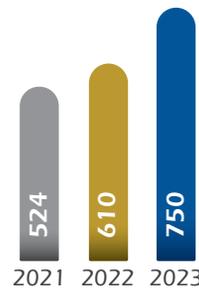
ATM



6

Increase from 2022

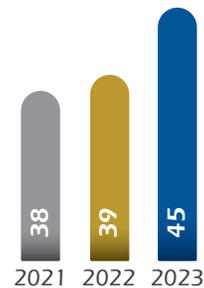
STAFF



140

Increase from 2022

NUMBER OF CARDS
IN THOUSAND

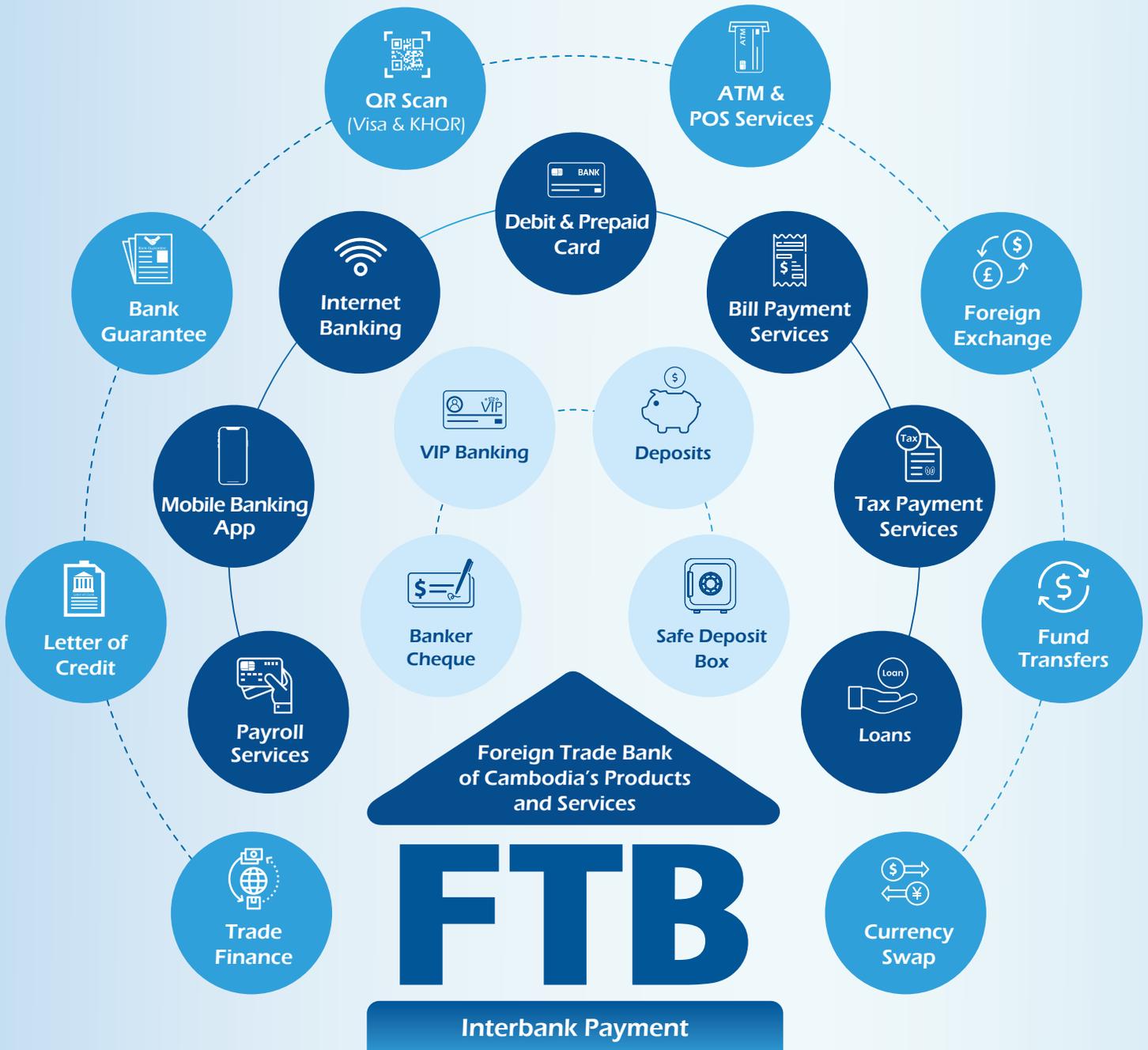


6

Increase from 2022



PRODUCTS AND SERVICES



Easy Cash



FAST Payment



Bakong App



Retail Pay



Cambodia Share Switch (CSS)



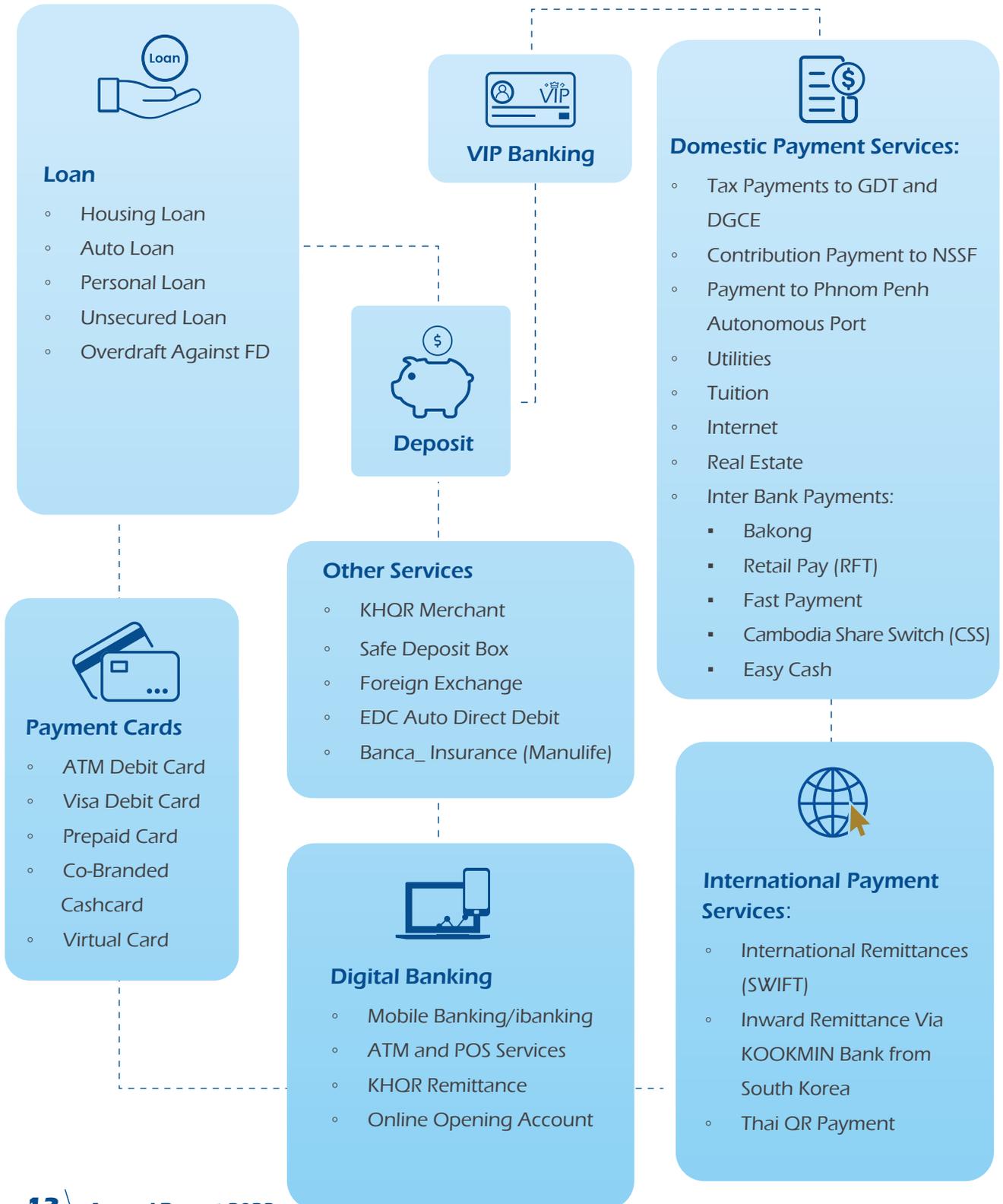
QR Cross Border Payment (Thailand)

CORPORATE BANKING PRODUCTS AND SERVICES

FTB aims to provide better financial solutions to corporate businesses in Cambodia. We have dedicated and experienced relationship managers to support and satisfy customer expectations. Corporate Banking consists of 4 key areas such as deposit, loan, trade finance & transaction banking, and FI & Multinational Business. We are providing financial products as below.



FTB RETAIL PRODUCTS AND SERVICES





CORRESPONDENT BANKS

**TRANSFER FUNDS
TO OVERSEA**

via FTB



Country of Correspondent Bank	Correspondent Bank	SWIFT Code	Currency
 China	BANK OF CHINA SHANGHAI	Swift Code: BKCHCNBJ500 A/C NO. 433861149292	CNY
 United Kingdom	STANDARD CHARTERED BANK LONDON	Swift Code: SCBLGB2L A/C NO. 01702216601	GBP
 France	NATIXIS PARIS	Swift Code: NATXFRPP A/C NO. 300079999906126068000	USD
	NATIXIS PARIS	Swift Code: NATXFRPP A/C NO. 300079999906126068000	EUR
 Republic of Korea	KOOKMIN BANK SEOUL	Swift Code: CZNBKRSE A/C NO. 8368USD010	USD
	KEB HANA BANK SEOUL	Swift Code: KOEXKRSE A/C NO. 0963THR051230019	USD
	WOORI BANK SEOUL	Swift Code: HVBKKRSE A/C NO. W1055001US	USD
 Singapore	STANDARD CHARTERED BANK SINGAPORE	Swift Code: SCBLSG22 A/C NO. 7700017752	USD
	OVERSEA-CHINESE BANKING CORPORATION LIMITED SINGAPORE	Swift Code: OCBCSGSG A/C NO. 503575243301	USD
	OVERSEA-CHINESE BANKING CORPORATION LIMITED SINGAPORE	Swift Code: OCBCSGSG A/C NO. 515587020001	SGD
 Thailand	BANGKOK BANK PUBLIC COMPANY LIMITED BANGKOK	Swift Code: BKKBTHBK A/C NO. 5552930080	USD
	KASIKORN BANK PUBLIC COMPANY LIMITED BANGKOK	Swift Code: KASITHBK A/C NO. 0999229735	USD
	SIAM COMMERCIAL BANK PCL. BANGKOK	Swift Code: SICOTHBK A/C NO. 1113002311	THB
	KASIKORN BANK PUBLIC COMPANY LIMITED BANGKOK	Swift Code: KASITHBK A/C NO. 1461782856	THB
 USA	STANDARD CHARTERED BANK NEW YORK	Swift Code: SCBLUS33 A/C NO. 3582062596001	USD
 Vietnam	BIDV HANOI	Swift Code: BIDVVNVX A/C NO. 9900000199	USD
	JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM HANOI	Swift Code: BFTVVNVX A/C NO. 0681370007155	USD



CHAIRMAN'S MESSAGE



H.E. GUI Anvanith
Chairman

I am pleased to present further progress and performance of the Foreign Trade Bank of Cambodia's (FTB) in our 2023 Annual Report. The year of 2023 marks another significant milestone for our bank as we took steps to solidify the corporate governance and to uplift the operational efficiency to drive our strategic priorities and vision forward. Despite of the tougher than expected global and regional market conditions, having the undesirable spill-over impact on our domestic market such as rising rates on deposit, FTB has still managed to achieve further progress with solid operating results over the past 12 months.

The continuous strengthening of FTB's corporate governance with the aim to build business resilience and sustainable foundation is evident through additional steps to improve the specialized committees at the Board Level namely compliance, risk manage-

ment, and internal audit, the smooth transition of the Board of Directors, along with the priorities to fostering an agile and anti-bureaucratic working culture aimed at rising the competitive advantages over the coming years. To increase our market presence, we have established relationship with new regional and global correspondent banks to expand our international payment network and capabilities to support our customers. Simultaneously, the further development of digital capabilities, the branch network expansion, and continuous upgrade of staff competencies are being undertaken in order to provide the quality services and values to all our customers and business partners.

The collaborative effort from all employees diligently executing the Bank's operating plan, and the trust bestowed upon us by our valued customers and

business partners, have propelled FTB to achieve further milestones in 2023, with the Bank's total assets surpassing US\$2Billion. The Bank's capital base has continued to increase through solid profitability while maintaining strict compliance with the regulator's required prudent ratios, especially liquidity coverage ratio and solvency ratio. These factors demonstrate that FTB will continue to be operating with strength in the coming year 2024.

We are confident in our market's potential, and hopeful that key sectors will make gradual recovery offering exciting growth opportunities for FTB. As always, we are well prepared to deliver high-quality and reliable financial services and solutions to help all of customers and business partners to grow, progress, and succeed further.

As the first local bank with leading position, we have lived up to our commitment with respect to Corporate Social Responsibility (CSR). In that regard, we have undertaken a range of CSR initiatives and project that benefit the community, such as volunteering programs, charitable activities, environmentally friendly practices, adherence to sustainable financial principles, cultural promotion, and the strive to improve social well-being. Over the years, we have been also taking part in promoting Khmer Riel and financial access inclusion along with other projects as implemented by the National Bank of Cambodia (NBC).

I would like to extend my sincere gratitude to the Shareholders and Board members for their continued support and cooperation. Additionally, I would like to acknowledge the tireless efforts and dedication of our management and staff in striving to improve the quality of our products and services, and in upholding

the highest standard of professionalism, which is a testament to the FTB's excellence.

I would like to express my deepest gratitude to the National Bank of Cambodia under strong leadership of H.E. Dr. Chea Serey, Governor and its management for their support and guidance.

Finally, I would like to thank all of our customers and business partners for their continued support and trust in FTB.

Yours sincerely,

(SIGNED)

GUI Anvanith

Chairman



Mr. DITH Sochal
Chief Executive Officer and
Board Member

2023 has brought about confidence and renewed hope amid adapting to the new normal for most businesses and the market after going through a prolonged period of uncertainty and challenges caused by the Covid-19 Health Crisis in early 2020. As a result of monetary tightening measures adopted by major central banks in the world to increase the interest rate, the operating environment in 2023 has turned out to be deviating from that of earlier expected by most businesses, and has new uncertainties emerging on the back of fresh opportunities for businesses and markets to navigate and thrive.

Based on our operating model with strong focus on stability, resilience and long-term sustainability, Foreign Trade Bank of Cambodia (FTB) has managed to achieve growth and continued to expand business base in accordance with the strategic plan set for

2023 despite of some emerging new challenges, such as the rise in interest rates on deposits and the remaining aftermath of the Covid-19 crisis.

The strategic direction and business priorities set by the Board having deep market insights along with disciplined execution and sound engagement from all employees operating with commitment and professionalism, and especially, the continued trust from customers as well as all business partners, have helped enable FTB to attain quality operation and resilient performance, promote and support the achievement of high quality and resilient business results, as well as achieving growth on a number of key indicators including the growth of the bank's total assets to a new level of US\$2Billion, growing client base of nearly 30%, and the increased of customer deposits.

In the pursuit of seizing the potential opportunities

presented in the market, continuing to build the trust from the customers and business partners, as well as additional effort to improve the service quality and to extend a wider product range in 2023, FTB has successfully implemented key business priorities and projects as follows:

- Continuing to grow the distribution channels by launching new branches, the implementation of the new headquarter construction projects, and the development and enhancement of IT/digital applications.
- Promoting sustainable finance and developing new products and services. Also continuing to expand and capture key market segments such as retail and corporate.
- Continuing to implement key projects such as:
1)- the Phase 2 Financing Project with Proparco for rural water and electricity supply operators;
2)- financial services for public institutions such as tax payment service, customs payment services, and contribution payment service to NSSF etc.;
3)- the participation in the co-financing scheme for small and medium enterprises with SME Bank; and 4)- the participation in the Business Recovery Guarantee Scheme provided by the Credit Guarantee Corporation of Cambodia (CGCC) of the Ministry of Economy and Finance.
- Strengthening employees' competencies and engagements to support long-term growth by focusing on talent, productivity, quality and competency.
- Participating in the projects of the National Bank of Cambodia, such as KHOR, financial inclusion, and strengthening the AML and compliance system.
- At the same time, the Bank continues to actively participate in social responsibility activities in various

sectors including education, health, culture, arts and humanitarian programs. Such activities helped make positive impact on our community.

Being the first commercial bank, truly local trusted since 1979, and based on the strength of the business foundation, the Bank will pursue, in the coming periods, its long-term strategic direction and the vision set through sharpening focus on the quality of customer service, strengthening human resource capacity with rigorous training program, adopting prudent risk management and compliance, continuing to further invest in digitalization in order to diversify the business foundation and to bring customers' trust and confidence in FTB to the next level.

As we are setting ourselves for further growth in an improved outlook, I would like to thank all the customers, business partners, the National Bank of Cambodia (NBC) and all relevant stakeholders who support and trust in FTB. I would like to express my gratitude to the shareholders and the board of directors for their continued encouragement, support and strategic guidance that have helped our management team and staff to actively participate with a strong sense of responsibility in managing growth with quality and sustainability. Finally, I would like to express my appreciation to all the management and staff who have worked collaboratively in performing their duties diligently and professionally to achieve solid team performance in 2023.

Thank you,

(SIGNED)

Dith Sochal

Chief Executive Officer and Board Member



CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

FTB is led by the Board of Directors who are appointed by the shareholders to act on their behalf. The Board of Directors are responsible for the supervision and management of business, affairs and situation of the bank on behalf of the shareholders in compliance with the Articles of Association and the Law on Commercial Enterprises. The Board of Directors consists of seven members as at 31st December 2023:



H.E GUI Anvanith
Chairman



Mrs. SOK Chan Sona
Independent Vice-Chairwoman



Mr. DITH Sochal
Chief Executive Officer and
Board Member



Oknha. LIM Bunsour
Board Member



H.E. CHOU Vannak
Board Member



Mr. DY Ratha
Independent Board Member



Mr. LY Tayseng
Independent Board Member

COMMITTEES UNDER BOARD LEVEL

CREDIT COMMITTEE

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

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION AND NOMINATION COMMITTEE

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

NEW PRODUCTS AND SERVICES COMMITTEE

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

COMMITTEES UNDER EXECUTIVE LEVEL

EXECUTIVE COMMITTEE (EXCO)

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

ASSETS & LIABILITIES COMMITTEE (ALCO)

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

IT GOVERNANCE RISK MANAGEMENT COMMITTEES

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

COMPLIANCE

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



SIGNIFICANT ACHIEVEMENTS

CREDIT

The sustainability has been the hot topic for not only the locals, but also the whole world, as the climate change has affected much to the environment (rise of the global temperature 1.1°C above the pre-industrial level leading the higher sea level from the glacier melting). Indirectly, this implies to the social issue (the increase of the poverty, education, inequality, health), and the impact will continue to cause harm to all living in the globe, and so we all are responsible for maintaining our world in a sustainable way.

By the end of 2023, FTB's loan portfolio to this sector was more than US \$50 million, largely in purposes of green building/office and solar installation. Some new proposals, such as biogas project, were in our pipeline and expected to deliver in 2024.

INTERNATIONAL REMITTANCE AND FINANCIAL INSTITUTIONS

International remittance carries a high risk to money laundering and terrorism purposes. We have successfully implemented a new system called 'Coral' to screen overseas remittance transactions. Coral is integrated with core banking application in order to assess applicants, beneficiaries, and intermediary banks overseas.

BUSINESS RELATIONSHIPS WORLDWIDE

As a long-standing bank, we intend to expand our network by reconnected contact with our current and new intermediary banks. We also enter a partnership with Trade and Supply Chain Finance Program (TSCFP), ADB's program with a view to increase our trade finance transactions and gain recognition from other international institutes.

We are working on developing our products and services with more convenient and satisfying features. Our goal is to introduce new products, such as Foreign Currency accounts and new feature in corporate internet banking, in order to enhance our customer experience and to fulfill their expectations.

BRANCH EXPANSION

In 2023, the bank continues to expand its branch network to get closer to the customers, FTB officially launched three new branches in Phnom Penh on December 11, 2023 to serve our existing and potential customers. The three new branches are

Sensok Branch



N° A07, Phum Bayab, Sangkat Phnom Penh Thmei, Khan Saensokh, Phnom Penh.

Khan Chraoy Chongvar-Sangkat Preaek Lieb Branch



N° 103, 105, 107, and 109, National Road N° 6A, Phum Preaek Lieb, Sangkat Preaek Lieb, Khan Chraoy Chongvar, Phnom Penh.

Aeon Mall Meanchey Branch,



Unit No F028, 1st Floor, Samdech Akka Moha Sena Padai Techo Hun Sen Blvd, Phum Preaek Ta Long III, Sangkat Chak Angrae Kraom, Khan Mean Chey, Phnom Penh.

Aiming to provide convenient access with variety ranges of products & services.

AEON Mall Meanchey is one of the 3 weekend branches (7 days/week) extending its operating hours from 9:00am to 7:30pm.



The Grand Opening Ceremony was held at Sensok Branch, attended by Board of Directors of FTB and executive management team. The inauguration event also featured a ribbon-cutting ceremony to mark the official opening of the three branches.

ATM NETWORK EXPANSION



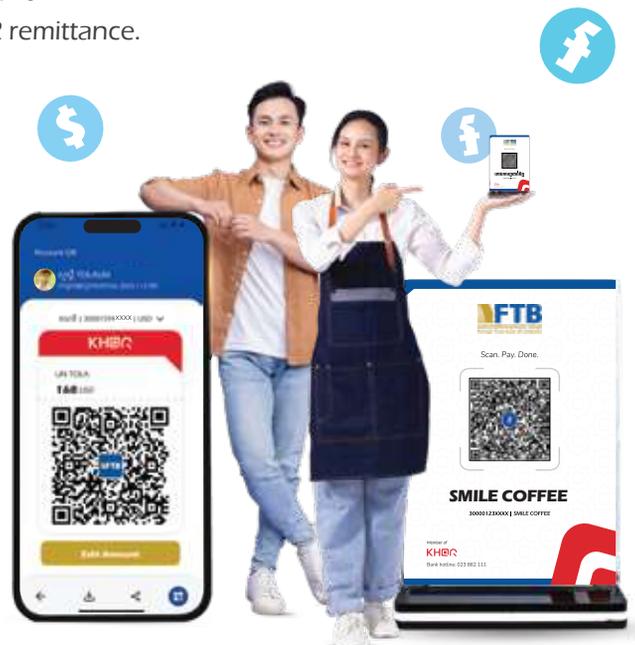
We view ATM as a branch with limited functions through which the customers can access their funds and perform other functions in addition to cash withdrawals. ATM network is meant for brand exposure, establishing strategic partnership, and alternative banking channel that would help up extend our banking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

There are total 81 ATM locations including all branches and off-sites.

KHOR REMITTANCE

In 2023, FTB has officially launched another new received payment service on FTB Mobile for other domestic banks, customers scan to pay through FTB KHQR remittance.

Being one of the founding members of the Bakong Project initiated and led by NBC, FTB rolled out this new service to help promote wider usage of digital channels and provide new convenient banking experience for customers. The KHQR Remittance to be made by customers through FTB Mobile to receive instant cashless and accept payment from other domestic banks, just present KHQR via FTB Mobile with zero balance or set amount, so that the payer can enter instantly payment amount by him/herself.



MAKE PAYMENT IN THAILAND

Easy via **FTB Mobile**



THAI QR PAYMENT:

In 2023, digital evolution has proved to enhance our customer experience via Mobile and cashless payment. FTB offers new cutting-edged cashless digital payment to customers who live in or travels to Thailand can enjoy the Cashless Payment via QR Code Scan with FTB Mobile at the merchants in Thailand by simply looking out for QR scan labels of our partner banks such as Siam Commercial Bank, Krungthai Bank, Krungsri Bank, Bangkok Bank, and Kasikorn Bank.

VIP BANKING (PLAZA PREMIUM LOUNGE)

As the first commercial bank in Cambodia, a trusted local bank since 1979, we deeply understand our customers' needs. That's why we are constantly innovating to offer new products and technologies that meet their banking requirements. At the end of 2016, we took a major step forward by creating exclusive VIP banking services for our top-tier customers. This service is meticulously designed as a One-point Service to provide our VIP customers with a confidential and flexible banking experience that meets and exceeds their expectations. We ensure our customers have an exceptional banking experience by offering a comfortable private lounge at all four branches of the Foreign Trade Bank of Cambodia (FTB) in Phnom Penh. We recognize that our VIP customers have unique needs and busy schedules, and our service is tailored specifically to accommodate these needs, offering unparalleled flexibility and understanding.

In July 2023, we launched a new service for VIP customers at the PLAZA PREMIUM LOUNGE, a testament to our commitment to providing the utmost convenience to our esteemed customers. This service allows them to access services in over 100 airport lounges in 30 countries worldwide when traveling abroad on various flights. VIP customers will enjoy luxury and comfort while waiting for their flights, including food and beverage, workspace, and other benefits. This new service focuses on meeting the needs of VIP customers of the Foreign Trade Bank of Cambodia.



VIP customer has privilege to access
AIRPORT LOUNGE with more than **100** airports
around the world



CARD FINANCIAL TRANSACTION FUNCTIONS

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



ONLINE SAVINGS ACCOUNT

In the 4th quarter of 2023, FTB is honored to bring another convenient digital banking service to public. With FTB Online Savings Account, customer can easily create another account on top of their existing savings account with zero initial opening and minimum ongoing balance through FTB Mobile/Internet Banking anywhere and anytime. We will continue to make sure to always provide customer a comfortable banking experience to its fullest, with our unstoppable growth and movement to match with the competitive market.

**OPEN ADDITIONAL
SAVING ACCOUNT
via FTB Mobile**



EMPLOYER OF CHOICE

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

BENEFITS OFFERING

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

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



COMPETENT STAFF MANAGEMENT AND RETENTION

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

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

DIVERSITY AND INCLUSION

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

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

WELL-BEING WORKPLACE

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

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



AWARDS AND RECOGNITIONS 2023



“ LEADERSHIP IN TRANSACTION PER ACTIVE TERMINAL 2023 ”

BY VISA CAMBODIA

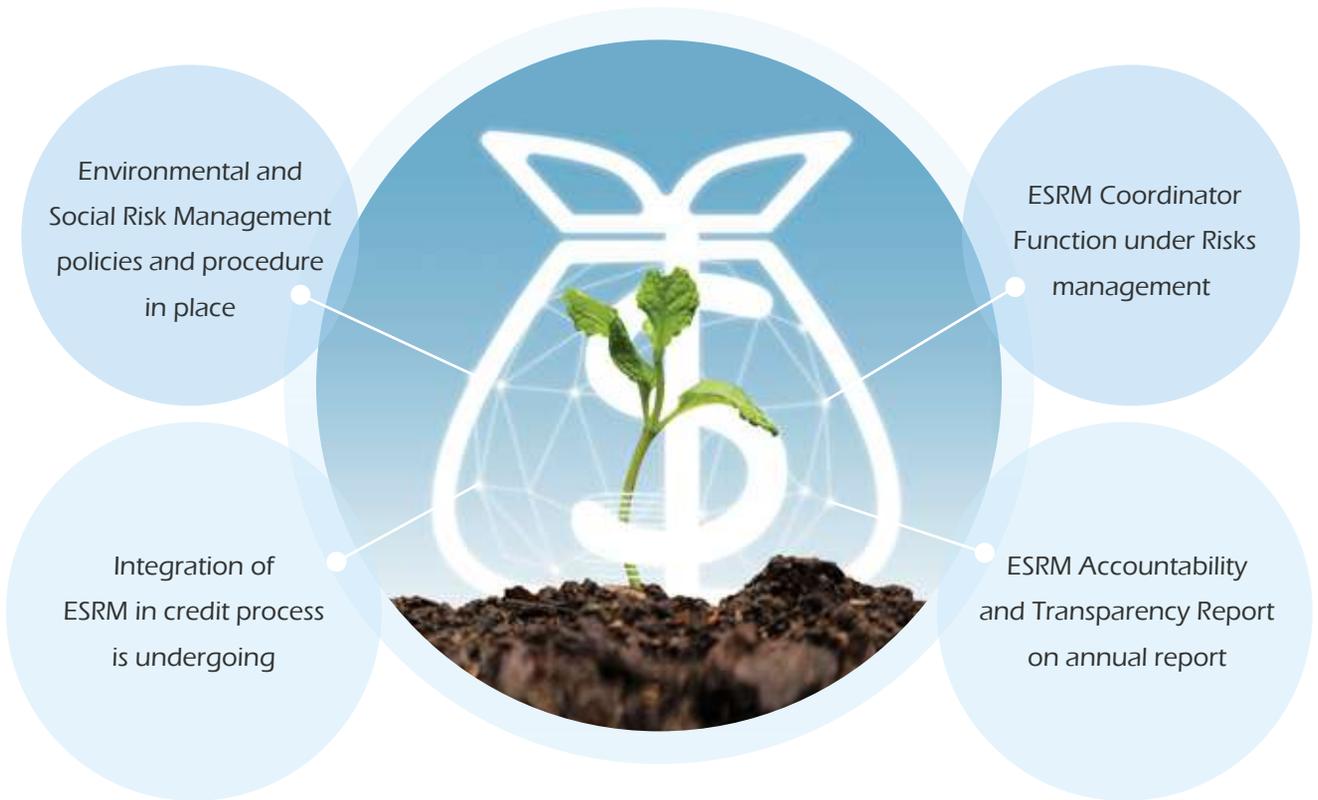




SUSTAINABILITY STATEMENT

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

ESMS - ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM



ADOPTION OF CAMBODIAN SUSTAINABLE FINANCE PRINCIPLES

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



Environment Protection

ENVIRONMENT PROTECTION

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



People Protection

PEOPLE PROTECTION

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



Culture Protection

CULTURE PROTECTION

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



Financial Literacy

FINANCIAL LITERACY

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



Financial Innovation

FINANCIAL INNOVATION

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



Financial Inclusion

FINANCIAL INCLUSION

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



Environment & Social Standards

ENVIRONMENTAL & SOCIAL STANDARDS

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



Environment & Social Footprints

ENVIRONMENTAL & SOCIAL FOOTPRINTS

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



Transparency Accountability

TRANSPARENCY & ACCOUNTABILITY

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

RESOURCE EFFICIENCY

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

CARBON EMISSION

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

E&S FOOTPRINT REPORT



750

Total Employees



61 H

Average Hours
of Training Per
Employee/Year



55% 45%

Gender Balance



Leaders

SUPPLIERS AND CONTRACTORS

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



CORPORATE SOCIAL RESPONSIBILITY

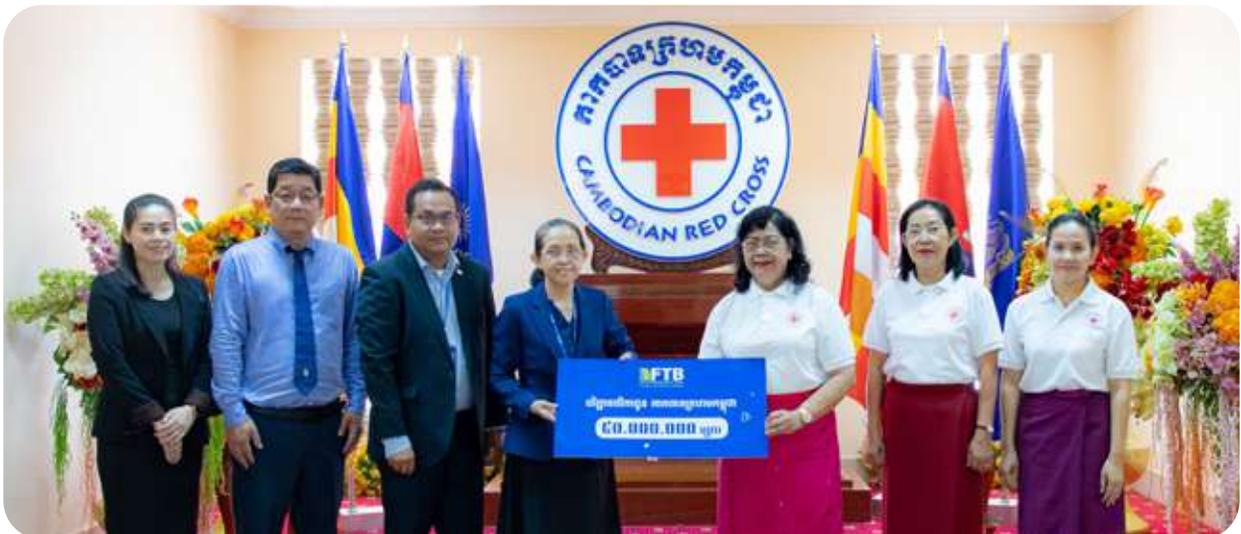
Foreign Trade Bank of Cambodia (FTB) has continuously been taking part in various corporate social responsibility activities (CSR) in its 44 years of banking operation. As the truly local bank and the first commercial bank in Cambodia since 1979, FTB has implemented various CSR initiatives that have contributed to the sustainable development of the country and had a positive impact on our wider community and society at large. Over the long and proud journey of 44 years, FTB's consistent effort to drive key CSR activities covers several key aspects which include charitable giving, volunteering hours in the community, and adopting sustainable financing principles and socially responsible business practices. These have been embedded into one of the Bank's missions which are to operate in a socially and environmentally responsible manner.

In line with one of FTB's missions, more CSR activities and initiatives are being and will be undertaken, and with that, FTB will continue playing a crucial role as the truly local bank and active contributor to sustainable development of the country and make positive impact to our community. As part of implementing its CSR activities, FTB has annually sponsored and donated funds, both in cash and in-kind, to support various programs and entities across the country including:

CHARITY EVENTS

DONATION IN CASH TO CAMBODIA RED CROSS

As an active contribution, FTB has donated 50 million Riels in cash to Cambodian Red Cross on the occasion of 160th Anniversary of World Red Cross and Red Crescent Day on 8th May 2023 under the theme "UNITE with the Cambodian Red Cross for Social Inclusion". This donation aiming to help the affected and the most vulnerable people.



VOLUNTARY BLOOD DONATION

On 21st December 2023, Foreign Trade of Cambodia (FTB) has organized “Voluntary Blood Donation of FTB Staff” event to the National Blood Transfusion Center aiming to save the lives of victims who are in need of blood.



INTERNATIONAL HALF MARATHON

As always, FTB in 2023, has participated and sponsored to International Half Marathon in 03 different events such as:

- The 8th International Half Marathon in Sihanoukville on Sunday April 2nd, 2023, under the theme “Run for protecting the nature, saving our globe and the well-being of mankind!”.
- The Phnom Penh International Half Marathon Day, a major annual sports tourism event in the heart of Phnom Penh. This event held on June 11th, 2023.
- The Angkor Remembrance Event is organized to commemorate the Cambodian kings and all the ancestors who helped to build the temples and the city of Angkor.



PROMOTING BUDDHISM

KAN BEN

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



EDUCATION SUPPORT

ESSAY COMPETITION SUPPORT

Foreign Trade Bank of Cambodia (FTB) was proud to be a Diamond Sponsor of two writing competitions:

- FTB has an honor to be a Diamond Sponsor in the writing competition “2nd Lifelong Learning Award 2023” at the Royal University of Phnom Penh organized by the Faculty of Education’s Department of Lifelong Learning. FTB supports and participates in this event with the aim of providing opportunities to Cambodian youth to showcase their talent, creativity and participating in promotion of composition through this contest. This event was held on March 24th, 2023.
- The first philosophy essay competition under the theme of Individuals and Society: “The Philosophy of Buddhism.” This support and participation aim to celebrate the World Philosophy Day, the official launch of the Khmer Philosophy Foundation, and provide an opportunity to build a network of student-alumni contacts, held on May 31st, 2023.



DONATION IN CASH TO RAKSA KOMA ORGANIZATION

On 5th of March 2023, FTB has donated to Raksa Koma Organization on the 6th Cambodia Hearing day under the theme “Ear and hearing care for all. Let’s make it a reality”. The initiative aims to raise awareness, promote the importance of ear care to prevent hearing impairments, and highlight the education of deaf children in Cambodia in access to education as a right of every child.



EXCLUSIVE SPONSOR TO THE 12TH CHARITY DAY AND 63RD ANNIVERSARY OF ITS FOUNDING ROYAL UNIVERSITY OF PHNOM PENH

FTB is honored to be an exclusive sponsor to the 12th Charity Day and the 63rd Anniversary of the founding of Royal University of Phnom Penh. This event held on 13th to 15th January 2023 aims to raise donation and engaging humanitarian activities to support the students who are in need of financial support for their study.



SPONSOR IN THE PROGRAM “TECHNO PRE-INCUBATION”

On Saturday 17th June, 2023, FTB is thrilled to announce our sponsorship of the Techno Pre-incubation program. This incredible initiative is designed promote students' innovation and to develop entrepreneurship culture and practice among students by commercializing innovative ideas and promoting University-Industry Linkage through product and service.

FTB aims to invest in our community's future by nurturing young visionaries and promoting a culture of innovation. We believe that supporting their growth will lead to a brighter and more prosperous future for everyone.



AUDITED FINANCIAL STATEMENTS







REPORT OF THE BOARD OF DIRECTORS

as at 31 december 2023

The Board of Directors (“BOD”) of Foreign Trade Bank of Cambodia (“the Bank”) submit its report together with the Bank’s financial statements as at 31 December 2023 and for the year then ended.

THE BANK

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

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

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

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

FINANCIAL RESULTS

The Bank’s financial performance for the year ended 31 December 2023 are set out in the statement of comprehensive income.

DIVIDENDS

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

SHARE CAPITAL

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

RESERVES AND PROVISIONS

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

EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

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

as at 31 december 2023

EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS (Cont.)

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

ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

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

CHANGE OF CIRCUMSTANCES

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

as at 31 december 2023

ITEMS OF UNUSUAL NATURE

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

EVENTS AFTER THE REPORTING PERIOD

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

THE BOARD OF DIRECTORS

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

Board of Directors

Mr. Roth Savuth	Chairman, Independent and Non-Executive Director (Resigned on 13 September 2023)
Mr. Gui Anvanith	Chairman, Non-Executive and Non-Independent Director (Appointed on 13 September 2023)
Ms. Sok Chansona	Vice Chairman, Independent Director (Appointed on 13 September 2023)
Mr. Dy Ratha	Independent Director (Appointed on 13 September 2023)
H.E. Chou Vannak	Non-Executive Director
Oknha Lim Bunsour	Non-Executive Director
Mr. Dith Sochal	Executive Director
Mr. Ly Tayseng	Independent Director

Executive Management

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

as at 31 december 2023

DIRECTORS' INTERESTS

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

DIRECTORS' BENEFITS

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

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

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

The BOD is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for the year ended 31 December 2023 in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

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

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

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

REPORT OF THE BOARD OF DIRECTORS

(Cont.)

as at 31 december 2023

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

We, on behalf of the Board of Directors, do hereby confirm that the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs.

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

(SIGNED)

(SIGNED)

Dith Sochal

Executive Director and Chief Executive Officer

Ok Seiha

Chief Finance Officer

Phnom Penh, Kingdom of Cambodia

28 March 2024



INDEPENDENT AUDITOR'S REPORT

as at 31 december 2023

TO: THE SHAREHOLDERS OF FOREIGN TRADE BANK OF CAMBODIA

OPINION

We have audited the financial statements of Foreign Trade Bank of Cambodia ("the Bank"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

BASIS FOR OPINION

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

OTHER INFORMATION

The other information obtained at the date of the auditor's report comprises the Bank information and the Report of the Board of Directors as set out in pages 39 to 43. Management is responsible for the other information.

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

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

as at 31 december 2023

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

as at 31 december 2023

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

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

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

(SIGNED)

Hong Khav

Partner

Ernst & Young (Cambodia) Ltd.

Certified Public Accountants

Registered Auditors

Phnom Penh, Kingdom of Cambodia

28 March 2024



STATEMENT OF FINANCIAL POSITION

as at 31 december 2023

	NOTES	2023		2022	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
ASSETS					
Cash on hand	4	38,223,023	156,141,049	36,740,739	151,261,622
Balances with other financial institutions	5	121,735,742	497,290,506	47,708,705	196,416,738
Balances with the National Bank of Cambodia ("NBC")	6	446,229,186	1,822,846,225	367,948,847	1,514,845,403
Loans and advances to customers	7	1,311,358,780	5,356,900,616	1,336,071,142	5,500,604,892
Other assets	8	3,716,375	15,181,392	7,868,810	32,395,891
Other investments	9	30,649,306	125,202,415	30,744,936	126,576,902
Foreclosed properties	10	31,783,945	129,837,415	31,782,378	130,848,050
Intangible assets	11	1,146,378	4,682,954	1,103,946	4,544,946
Property and equipment	12	27,195,370	111,093,086	16,365,480	67,376,681
Right-of-use assets	13	9,892,283	40,409,976	7,600,116	31,289,678
Deferred tax assets	21.1	-	-	588,920	2,424,584
TOTAL ASSETS		2,021,930,388	8,259,585,634	1,884,524,019	7,758,585,387
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	14	1,565,063,487	6,393,284,344	1,498,895,342	6,170,952,123
Deposits from other financial institutions	15	122,405,842	500,027,865	96,100,979	395,647,731
Borrowings	16	44,651,605	182,401,806	21,753,816	89,560,460
Subordinated debts	17	37,793,550	154,386,652	37,800,328	155,623,950
Lease liabilities	18	10,730,591	43,834,464	8,179,808	33,676,270
Other liabilities	19	4,640,117	18,954,878	3,814,441	15,704,054
Provision for employee benefits	20	351,931	1,437,638	422,406	1,739,046
Provision for off-balance sheet commitments	31	379,568	1,550,535	401,771	1,654,091
Income tax payable	21.2	2,364,921	9,660,702	5,359,857	22,066,531
Deferred tax liabilities	21.1	1,160,621	4,741,137	-	-
TOTAL LIABILITIES		1,789,542,233	7,310,280,021	1,672,728,748	6,886,624,256
EQUITY					
Share capital	22	79,500,000	318,000,000	79,500,000	318,000,000
Reserves	23	94,837,653	385,950,703	87,726,171	356,722,512
Retained earnings		58,050,502	236,217,535	44,569,100	180,808,971
Cumulative exchange differences on translation		-	9,137,375	-	16,429,648
TOTAL EQUITY		232,388,155	949,305,613	211,795,271	871,961,131
TOTAL LIABILITIES AND EQUITY		2,021,930,388	8,259,585,634	1,884,524,019	7,758,585,387

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



STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	NOTES	2023		2022	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Operating income					
Interest income	24	124,470,553	511,573,973	111,873,465	457,226,851
Interest expense	25	(75,543,222)	(310,482,642)	(63,526,591)	(259,633,177)
Net interest income		48,927,331	201,091,331	48,346,874	197,593,674
Net fee and commission income	26	1,621,742	6,665,360	1,459,121	5,963,428
Other income	27	1,720,731	7,072,204	1,445,374	5,907,244
Total operating profit		52,269,804	214,828,895	51,251,369	209,464,346
Personnel expenses	28	(12,730,000)	(52,320,300)	(11,025,119)	(45,059,661)
Depreciation and amortization	29	(4,040,440)	(16,606,207)	(3,458,666)	(14,135,568)
General and administrative expenses	30	(4,612,483)	(18,957,305)	(4,861,194)	(19,867,700)
Total operating expenses		(21,382,923)	(87,883,812)	(19,344,979)	(79,062,929)
Operating profit before impairment		30,886,881	126,945,083	31,906,390	130,401,417
(Provision) recoveries/reversal of provision for expected credit losses	7(ii)	(5,060,400)	(20,798,244)	7,439,697	30,406,041
Profit before income tax		25,826,481	106,146,839	39,346,087	160,807,458
Income tax expense	21.3	(5,233,597)	(21,510,084)	(8,144,080)	(33,284,855)
Net profit for the year		20,592,884	84,636,755	31,202,007	127,522,603
Other comprehensive income item:					
Exchange difference on translation		-	(7,292,273)	-	8,701,570
Total comprehensive income for the year		20,592,884	77,344,482	31,202,007	136,224,173

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



STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share Capital		Non-Distributable Reserves		General Reserves		Regulatory Reserves		Retained Earnings		Cumulative Translation Differences	Total	
	US\$ (Note 22)	KHR'000 (Note 2.1)	US\$ (Note 23)	KHR'000 (Note 2.1)	US\$ (Note 23)	KHR'000 (Note 2.1)	US\$ (Note 23)	KHR'000 (Note 2.1)	US\$ (Note 2.1)	KHR'000 (Note 2.1)	KHR'000 (Note 2.1)	US\$ (Note 2.1)	KHR'000 (Note 2.1)
As at 1 January 2023	79,500,000	318,000,000	70,600,486	287,202,777	195,590	797,029	16,930,095	68,722,706	44,569,100	180,808,971	16,429,648	211,795,271	871,961,131
Net profit for the year	-	-	-	-	-	-	-	-	20,592,884	84,636,755	-	20,592,884	84,636,755
Exchange difference on translation	-	-	-	-	-	-	-	-	-	-	(7,292,273)	-	(7,292,273)
Total comprehensive income	-	-	-	-	-	-	-	-	20,592,884	84,636,755	(7,292,273)	20,592,884	77,344,482
Transfers to regulatory reserves (Note 23)	-	-	-	-	-	-	7,111,482	29,228,191	(7,111,482)	(29,228,191)	-	-	-
As at 31 December 2023	79,500,000	318,000,000	70,600,486	287,202,777	195,590	797,029	24,041,577	97,950,897	58,050,502	236,217,535	9,137,375	232,388,155	949,305,613
As at 1 January 2022	79,500,000	318,000,000	70,600,486	287,202,777	195,590	797,029	11,176,899	45,209,394	19,120,289	76,799,680	7,728,078	180,593,264	735,736,958
Net profit for the year	-	-	-	-	-	-	-	-	31,202,007	127,522,603	-	31,202,007	127,522,603
Exchange difference on translation	-	-	-	-	-	-	-	-	-	-	8,701,570	-	8,701,570
Total comprehensive income	-	-	-	-	-	-	-	-	31,202,007	127,522,603	8,701,570	31,202,007	136,224,173
Transfers to regulatory reserves (Note 23)	-	-	-	-	-	-	5,753,196	23,513,312	(5,753,196)	(23,513,312)	-	-	-
As at 31 December 2022	79,500,000	318,000,000	70,600,486	287,202,777	195,590	797,029	16,930,095	68,722,706	44,569,100	180,808,971	16,429,648	211,795,271	871,961,131

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



STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	NOTES	2023		2022	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
OPERATING ACTIVITIES					
Profit before income tax		25,826,481	106,146,839	39,346,087	160,807,458
Non-cash items included in profit or loss:					
Depreciation and amortization	29	4,040,440	16,606,207	3,458,666	14,135,568
Provision (recoveries/reversals of provision) for expected credit losses	5, 7, 31	5,060,400	20,798,244	(7,439,697)	(30,406,041)
Loss on property and equipment written off	12	31,589	129,831	128,055	523,361
Gain on disposal of property and equipment	27	(29,146)	(119,790)	(5,000)	(20,435)
Interest income from other investments	9	(1,653,484)	(6,795,819)	(1,644,080)	(6,719,355)
Gain on disposal of foreclosed properties	10	-	-	(97,703)	(399,312)
		33,276,280	136,765,512	33,746,328	137,921,244
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Balances with other financial institutions		82,468,102	338,943,899	(94,678,391)	(386,950,584)
Balances with the National Bank of Cambodia ("NBC")		(3,283,012)	(13,493,179)	(5,882,515)	(24,041,839)
Loans and advances to customers		19,608,449	80,590,725	(185,564,231)	(758,401,012)
Other assets		10,882,264	44,726,106	(2,138,435)	(8,739,784)
Increase (decrease) in:					
Deposits from customers		66,168,145	271,951,076	124,917,197	510,536,584
Deposits from other financial institutions		26,304,863	108,112,987	(7,005,725)	(28,632,398)
Other liabilities		825,676	3,393,528	433,930	1,773,473
Provision for employee benefits		(70,475)	(289,652)	(2,581,422)	(10,550,272)
Cash provided by (used in) operations		236,180,292	970,701,002	(138,753,264)	(567,084,588)
Income tax paid	21.2	(6,478,992)	(26,628,657)	(6,606,718)	(27,001,656)
Net cash provided by (used in) operating activities		229,701,300	944,072,345	(145,359,982)	(594,086,244)

STATEMENT OF CASH FLOWS

(Cont.)

for the year ended 31 December 2023

	NOTES	2023		2022	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Cash flows from investing activities					
Acquisitions of:					
Other investments	9	-	-	(10,097,158)	(41,267,085)
Property and equipment	12	(12,797,209)	(52,596,529)	(2,279,802)	(9,317,551)
Intangible assets	11	(496,272)	(2,039,678)	(369,364)	(1,509,591)
Proceeds from:					
Principal repayment from other investments	9	97,158	399,319	-	-
Interest received from other investments	9	1,651,956	6,789,539	1,100,191	4,496,481
Disposals of foreclosed properties	10	-	-	3,658,000	14,950,246
Disposals of property and equipment		32,766	134,668	5,000	20,435
Net cash used in investing activities		(11,511,601)	(47,312,681)	(7,983,133)	(32,627,065)
Cash flows from financing activities					
Repayments of:					
Borrowings	16	(22,886,040)	(94,061,624)	(5,535,300)	(22,622,771)
Subordinated debts	17	(4,388,928)	(18,038,494)	(3,307,454)	(13,517,564)
Lease liabilities		(1,394,584)	(5,731,740)	(1,219,054)	(4,982,274)
Proceeds from:					
Borrowings	16	43,433,293	178,510,834	19,106,982	78,090,235
Subordinated debts	17	-	-	10,609,000	43,358,983
Net cash provided by financing activities		14,763,741	60,678,976	19,654,174	80,326,609
Net increase (decrease) in cash and cash equivalents		232,953,440	957,438,640	(133,688,941)	(546,386,700)
Cash and cash equivalents at beginning of year					
		223,049,962	918,296,693	356,738,903	1,453,354,291
Exchange difference on translation					
		-	(12,961,435)	-	11,329,102
Cash and cash equivalents at end of year	4	456,003,402	1,862,773,898	223,049,962	918,296,693
Additional information on operational cash flows from interest and dividend are as follows:					
Interest received		121,291,922	498,509,799	110,695,193	452,411,254
Interest paid		69,294,031	284,798,467	60,268,186	246,316,076
Dividend received		67,361	276,854	19,575	80,003

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



NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023 and for the year then ended

1. REPORTING ENTITY

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

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

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

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

As at 31 December 2023, the Bank had 750 employees (2022: 610 employees).

The financial statements were authorized for issue by the Board of Directors on 28 March 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of Preparation

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

Statement of Compliance

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

Fiscal Year

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

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

Presentation of Financial Statements

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

Functional and Presentation Currency

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

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

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

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

	2023	2022
Closing rate	4,085	4,117
Average rate	4,110	4,087

2.2 NEW STANDARDS AND AMENDMENTS

2.2.1 Standards Issued but not yet Effective

New and amended standards and interpretations that are issued but not yet effective will not have a material impact on the Bank’s financial statements.

2.2.2 New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new accounting pronouncements starting 1 January 2023.

(i) Definition of Accounting Estimates – Amendments to CIAS 8

The amendments to CIAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Bank’s financial statements.

(ii) Disclosure of Accounting Policies – Amendments to CIAS 1 and CIFRS Practice Statement 2

The amendments to CIAS 1 and CIFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.2 NEW STANDARDS AND AMENDMENTS (Cont.)

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

(ii) Disclosure of Accounting Policies – Amendments to CIAS 1 and CIFRS Practice Statement 2 (Cont.)

The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Bank's financial statements.

(iii) Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction – Amendments to CIAS 12

The amendments to CIAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Bank's financial statements.

(iv) International Tax Reform – Pillar Two Model Rules – Amendments to CIAS 12

On 23 May 2023, the amendments, which is effective immediately, give entities temporary relief from recognizing and disclosing accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform – Pillar Two income taxes; and introduces disclosure requirements to help investors for better understand an entity's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The amendments had no impact on the Bank's financial statements.

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2.3.1 Recognition and Initial Measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification

(i) Financial Assets

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

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

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

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

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

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

All other financial assets are classified as measured at FVTPL

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

(ii) Business Model Assessment

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

The information considered includes:

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(ii) Business Model Assessment (Cont.)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

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

In making the assessment, the Bank considers:

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

(iv) Non-Recourse Loans

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

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

(v) Reclassifications

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(vi) Derecognition

Financial Assets

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

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

Financial Liabilities

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

(vii) Modifications of Financial Assets and Financial Liabilities

Financial Assets

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

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

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in profit and loss as part of the gain or loss on derecognition

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

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

Financial Assets (Cont.)

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

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

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

Financial Liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in the statement of comprehensive income. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

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

Financial Liabilities (Cont.)

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

(viii) Offsetting

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

(ix) Fair Value Measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(ix) Fair Value Measurement (Cont.)

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

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

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

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

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

(x) Impairment

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

- Financial assets that are debt instruments; and
- Loan commitments issued.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

No impairment loss is recognized on equity investments.

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

Determining whether credit risk has increased significantly

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

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

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

Definition of default

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

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

Measurement of ECLs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.

Inputs, assumptions and techniques used for estimating impairment

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

Restructured financial assets

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

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

Credit-impaired financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont.)

2.3.2 Classification (Cont.)

(x) Impairment (Cont.)

Credit-impaired financial assets (Cont.)

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

Recoveries of loans previously written off are credited provision for ECLs in the statement of comprehensive income.

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

2.4 CASH AND CASH EQUIVALENTS

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.4 CASH AND CASH EQUIVALENTS (Cont.)

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

2.5 STATUTORY DEPOSITS

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

2.6 LOANS AND ADVANCES TO CUSTOMERS

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

2.7 OTHER ASSETS

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

2.8 OTHER INVESTMENTS

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

2.9 FORECLOSED PROPERTIES

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

2.10 INTANGIBLE ASSETS

Intangible assets comprise acquired computer software licenses and related costs for the core banking system and other systems. They are stated at cost less accumulated amortization and impairment loss. Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire the specific software and bring it into use. These costs are amortised over their estimated useful lives of three to five years using the straight-line method.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.11 PROPERTY AND EQUIPMENT

2.11.1 Recognition and Measurement

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

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

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

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

2.11.2 Subsequent Costs

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

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized to profit or loss. The costs of the day-to-day servicing of property and equipment are recognized in the statement of comprehensive income as incurred.

2.11.3 Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.11 PROPERTY AND EQUIPMENT (Cont.)

2.11.3 Depreciation (Cont.)

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

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

The estimated useful lives are as follows:

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

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

2.12 LEASES

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.12 LEASES (Cont.)

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

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

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

Leases in Which the Bank is a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.12 LEASES (Cont.)

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

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

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

The estimated useful lives are as follows:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.12 LEASES (Cont.)

Leases in Which the Bank is a Lessee (Cont.)

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

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

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

Short-Term Leases and Leases of Low-Value Assets

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

Leases in Which the Bank is a Lessor

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

2.13 INCOME TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.13 INCOME TAX (Cont.)

Current Tax

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

Deferred Tax

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

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

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

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

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

2.14 BORROWINGS

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

2.15 SUBORDINATED DEBTS

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.16 EMPLOYEE BENEFITS

2.16.1 Short-term Employee Benefits

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

2.16.2 Other Long-Term Employee Benefits

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

2.16.3 Provident Funds

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

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

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

2.17 PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.18 SHARE CAPITAL

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

2.19 RESERVES

General Reserve

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

Non-Distributable Reserve

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

Regulatory Reserve

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.19 RESERVES (Cont.)

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

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

2.20 INTEREST

2.20.1 Effective Interest Rate

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

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

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

The calculation of the effective interest rate includes transaction costs and fees and points paid or received.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.20 INTEREST (Cont.)

2.20.1 Effective Interest Rate (Cont.)

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

2.20.2 Amortized Cost and Gross Carrying Amount

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

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

2.20.3 Calculation of interest income and expense

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

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

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

2.20.4 Presentation

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.20 INTEREST (Cont.)

2.20.4 Presentation (Cont.)

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

2.21 FEE AND COMMISSION

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

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

2.22 Impairment of Non-Financial Assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont.)

2.22 Impairment of Non-Financial Assets (Cont.)

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

2.23 Contingent Liabilities

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

2.24 Contingent Assets

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

(i) Measurement of Allowance for ECLs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

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

(i) Measurement of Allowance for ECLs (Cont.)

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

(ii) Determination of Functional Currency

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

(iii) Classification of Financial Assets

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

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

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

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

(v) Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

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

(v) Recognition of Deferred Tax Assets (Cont.)

required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

4. CASH ON HAND

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
US\$	28,458,916	116,254,672	28,878,948	118,894,628
KHR	9,764,107	39,886,377	7,861,791	32,366,994
	38,223,023	156,141,049	36,740,739	151,261,622

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Cash on hand	38,223,023	156,141,049	36,740,739	151,261,622
Balances with other financial institutions – gross (Note 5)	121,761,770	497,396,831	47,756,043	196,611,629
Balances with the NBC (Note 6)	296,018,609	1,209,236,018	138,553,180	570,423,442
	456,003,402	1,862,773,898	223,049,962	918,296,693

5. BALANCES WITH OTHER FINANCIAL INSTITUTIONS

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current accounts	48,830,313	199,471,829	42,756,043	176,026,629
Time deposits with original maturity of three months	72,931,457	297,925,002	5,000,000	20,585,000
	121,761,770	497,396,831	47,756,043	196,611,629
Allowance for ECLs	(26,028)	(106,325)	(47,338)	(194,891)
	121,735,742	497,290,506	47,708,705	196,416,738

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

5. BALANCES WITH OTHER FINANCIAL INSTITUTIONS (Cont.)

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	47,338	194,891	1,546	6,298
(Reversal of provision) provision for ECLs (Note 7.ii)	(21,310)	(87,584)	45,792	187,152
Exchange difference on translation	-	(982)	-	1,441
At 31 December	26,028	106,325	47,338	194,891

Gross carrying amount of Balances with other financial institutions by currency are as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
US\$	111,146,875	454,034,984	47,529,444	195,678,721
KHR	9,981,956	40,776,290	4,024	16,567
Others	632,939	2,585,557	222,575	916,341
	121,761,770	497,396,831	47,756,043	196,611,629

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

	2023	2022
Current accounts	Nil	Nil
Time deposits	4.95% - 6.50%	2.00% - 5.00%

6. BALANCES WITH THE NBC

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current accounts	296,018,609	1,209,236,018	138,553,180	570,423,442
Time deposits with original maturities of more than three months	36,156,883	147,700,867	118,624,985	488,379,063
Capital guarantee (i)	8,003,302	32,693,489	7,976,050	32,837,398
Reserve requirement deposit (ii)	106,050,392	433,215,851	102,794,632	423,205,500
	446,229,186	1,822,846,225	367,948,847	1,514,845,403

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

6. BALANCES WITH THE NBC (Cont.)

(i) Capital Guarantee

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

(ii) Reserve Requirement Deposit

Under NBC Prakas No. B7-023.005 dated 9 January 2023, commercial banks are required to maintain certain cash reserves with the NBC, computed at 7.0% of customer deposits and borrowings in KHR. Reserve requirement for customer deposits and borrowings in foreign currencies are in accordance with dates and rates as follows:

- From 1 January 2023 to 31 December 2023, reserve requirement shall be at the rate of 9%
- From 1 January 2024 onward, reserve requirement shall be at the rate of 12.5%

On 23 November 2023, the NBC responded a letter to the Association of Banks in Cambodia allowing commercial banks to maintain reserve requirement in foreign currencies at rate of 7% until 31 December 2024.

(iii) Ranges of Interest Rate (per annum):

	2023	2022
Current accounts	Nil	Nil
Time deposits	0.42% - 3.63%	0.02% - 3.34%
Capital guarantee	1.19% - 1.33%	0.08% - 0.65%
Reserve requirement	Nil	Nil

(iv) By Currency:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
US\$	395,999,246	1,617,656,920	334,974,400	1,379,089,605
KHR	50,229,940	205,189,305	32,974,447	135,755,798
	446,229,186	1,822,846,225	367,948,847	1,514,845,403

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

7. LOANS AND ADVANCES TO CUSTOMERS

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Commercial loans:				
Long-term loans	654,080,803	2,671,920,080	640,601,688	2,637,357,149
Overdrafts	286,361,445	1,169,786,503	282,167,754	1,161,684,643
Loans to other banks and micro-finance institutions	56,881,886	232,362,504	63,181,872	260,119,767
Short-term loans	60,658,141	247,788,506	49,781,707	204,951,288
	1,057,982,275	4,321,857,593	1,035,733,021	4,264,112,847
Consumer loans:				
Housing loans	251,844,819	1,028,786,086	296,134,311	1,219,184,958
Staff loans	9,322,036	38,080,517	6,890,247	28,367,147
	261,166,855	1,066,866,603	303,024,558	1,247,552,105
Carrying amount- gross	1,319,149,130	5,388,724,196	1,338,757,579	5,511,664,952
Allowance for ECLs	(7,790,350)	(31,823,580)	(2,686,437)	(11,060,060)
Carrying amount – net	1,311,358,780	5,356,900,616	1,336,071,142	5,500,604,892

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	2,686,437	11,060,060	4,169,087	16,984,860
Provision (reversal of provision) for ECLs	5,103,913	20,977,082	(1,482,650)	(6,059,591)
Exchange difference on translation	-	(213,562)	-	134,791
At 31 December	7,790,350	31,823,580	2,686,437	11,060,060

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

7. LOANS AND ADVANCES TO CUSTOMERS (Cont.)

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Provisions for (reversals of) ECLs on:				
Loans and advances to customers	5,103,913	20,977,082	(1,482,650)	(6,059,591)
Balances with other financial institutions (Note 5)	(21,310)	(87,584)	45,792	187,152
Off- balance sheet commitments (Note 31)	(22,203)	(91,254)	(450,082)	(1,839,485)
Recoveries of loan previously written off	-	-	(5,552,757)	(22,694,117)
	5,060,400	20,798,244	(7,439,697)	(30,406,041)

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
A. By maturity:				
Within 1 month	55,388,724	226,262,938	34,724,080	142,959,037
Within 1 to 3 months	129,540,963	529,174,834	105,307,557	433,551,212
Within 3 to 12 months	254,780,426	1,040,778,040	207,982,452	856,263,755
Within 1 to 5 years	564,893,012	2,307,587,954	592,596,155	2,439,718,370
More than 5 years	314,546,005	1,284,920,430	398,147,335	1,639,172,578
	1,319,149,130	5,388,724,196	1,338,757,579	5,511,664,952
B. By relationship:				
Staff loans	9,117,416	37,244,644	6,668,560	27,454,462
Related parties	204,620	835,873	221,687	912,685
Non-related parties	1,309,827,094	5,350,643,679	1,331,867,332	5,483,297,805
	1,319,149,130	5,388,724,196	1,338,757,579	5,511,664,952
C. By currency:				
US\$	1,174,914,408	4,799,525,357	1,201,724,357	4,947,499,177
KHR	144,234,722	589,198,839	137,033,222	564,165,775
	1,319,149,130	5,388,724,196	1,338,757,579	5,511,664,952

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

7. LOANS AND ADVANCES TO CUSTOMERS (Cont.)

For changes in gross carrying amount of loans and advances and corresponding allowance for ECLs by stage for loans and advances measured at amortised cost, see Note 33.2 (iv).

Ranges of interest rate (per annum):

	2023	2022
US\$	6% - 18%	6% - 15%
KHR	6% - 18%	6% - 18%

8. OTHER ASSETS

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Advances and prepayments (*)	3,476,460	14,201,339	7,385,320	30,405,362
Investment in Credit Bureau Holding (Cambodia) Ltd	25,000	102,125	25,000	102,925
Others	214,915	877,928	458,490	1,887,604
	3,716,375	15,181,392	7,868,810	32,395,891

(*) The Bank entered into a Sale and Purchase agreement dated 12 December 2022 to buy a plot of land in Sangkat Russey Keo with a value of US\$ 8,435,000 or KHR'000 34,726,895. The Bank paid a deposit of US\$5,409,000 (KHR'000 22,268,853) to the seller and recorded in Advances and prepayments in 2022. The title deed for the land was transferred to the Bank, and the remaining balance was fully settled in 2023. The land was recognized as Property and Equipment for its operational use (Note 12).

9. OTHER INVESTMENTS

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

	2023	2022
	US\$	US\$
Cambodia Airport Investment Co., Ltd	30,649,306	30,647,119
Ministry of Economy and Finance	-	97,817
Total	30,649,306	30,744,936
KHR'000 (Note 2.1)	125,202,415	126,576,902

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

9. OTHER INVESTMENTS (Cont.)

Movements of other investments are as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	30,744,936	126,576,902	20,103,889	81,903,244
Additions	-	-	10,097,158	41,267,085
Interest income (Note 24)	1,653,484	6,795,819	1,644,080	6,719,355
Principal received	(97,158)	(399,319)	-	-
Interest received	(1,651,956)	(6,789,539)	(1,100,191)	(4,496,481)
Exchange difference on translation	-	(981,448)	-	1,183,699
At 31 December	30,649,306	125,202,415	30,744,936	126,576,902

Maturity analysis of other investments is included in Note 35.

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

	NOTES	2023	2022
Cambodia Airport Investment Co., Ltd	3 years	5.5%	5.5%
Ministry of Economy and Finance	1 year	NA	2.2%

10. FORECLOSED PROPERTIES

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

These assets are not held for operational purposes and have to be disposed of in order to recover the outstanding amount within the maximum allowable period of twelve months as per Prakas No. B7-01-186 Prokor issued by the NBC dated 8 November 2001.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

10. FORECLOSED PROPERTIES (Cont.)

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	31,782,378	130,848,050	28,690,723	116,886,006
Addition	1,567	6,440	6,651,952	27,186,528
Disposal	-	-	(3,560,297)	(14,550,934)
Exchange difference on translation	-	(1,017,075)	-	1,326,450
At 31 December	31,783,945	129,837,415	31,782,378	130,848,050

In 2022, the Bank foreclosed a property pledged as a collateral by a borrower to settle outstanding loan balance and related fees amounting to US\$ 6,651,952 or KHR'000 27,186,528. The arrangement was approved by the Bank's Credit Committee and through debt settle agreement with the borrower dated 25 May 2022. The transfer of the property's title is still in progress and expect to receive a complete transfer in 2024.

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

The foreclosed properties were valued by a valuation company accredited by the Securities and Exchange Regulator of Cambodia. The Bank obtained independent valuations for its foreclosed properties as at 01 March 2024; and management believes that there is no significant change on valuation from the reporting date.

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Fair value	74,981,800	306,300,653	60,377,904	248,575,831

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

11. INTANGIBLE ASSETS

	Software	Work in progress	Total
	US\$	US\$	US\$
2023			
Cost			
At 1 January	4,444,364	96,476	4,540,840
Additions	55,140	441,132	496,272
Transfers	278,029	(278,029)	-
At 31 December	4,777,533	259,579	5,037,112
Less: Accumulated amortization			
At 1 January	3,436,894	-	3,436,894
Amortization (Note 29)	453,840	-	453,840
At 31 December	3,890,734	-	3,890,734
Net book value			
At 31 December	886,799	259,579	1,146,378
KHR'000 (Note 2.1)	3,622,574	1,060,380	4,682,954

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

12. PROPERTY AND EQUIPMENT

	Land	Booths (*)	Buildings	Leasehold improvement	Computer equipment	Furniture and office equipment	Motor vehicles	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost									
At 1 January 2023	8,543,459	1,527,000	3,008,037	2,292,742	4,529,739	7,242,962	2,001,278	496,747	29,641,964
Additions (**)	10,272,655	-	35,026	-	1,119,008	181,355	149,700	1,039,465	12,797,209
Transfers	-	-	-	584,716	-	156,078	-	(740,794)	-
Disposal	-	-	-	-	(125,813)	(242,255)	(378,180)	-	(746,248)
Write-off	-	-	-	(114,437)	-	(770)	-	(31,589)	(146,796)
Exchange difference on translation	-	-	-	-	1,187	708	-	-	1,895
At 31 December 2023	18,816,114	1,527,000	3,043,063	2,763,021	5,524,121	7,338,078	1,772,798	763,829	41,548,024
Less: Accumulated depreciation									
At 1 January 2023	-	-	1,229,001	1,082,408	3,397,303	5,932,614	1,635,158	-	13,276,484
Depreciation (Note 29)	-	-	165,590	272,934	764,720	536,821	193,335	-	1,933,400
Disposal	-	-	-	-	(123,667)	(240,781)	(378,180)	-	(742,628)
Written off	-	-	-	(114,437)	-	(770)	-	-	(115,207)
Exchange difference on translation	-	-	-	-	(1,102)	1,707	-	-	605
At 31 December 2023	-	-	1,394,591	1,240,905	4,037,254	6,229,591	1,450,313	-	14,352,654
Net book value									
At 31 December 2023	18,816,114	1,527,000	1,648,472	1,522,116	1,486,867	1,108,487	322,485	763,829	27,195,370
KHR'000 (Note 2.1)	76,863,826	6,237,795	6,734,008	6,217,844	6,073,852	4,528,169	1,317,351	3,120,241	111,093,086

(*) Booths represented the ownership of number of land space at a market.

(**) Additions on land during the year pertain to the following:

- Acquisition plot of land located in Sangkat Russey Keo (Note 8)
- Acquisition of remaining right over an existing co-owned property. As at the date of this report, the Bank is compiling several title certificates

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

12. PROPERTY AND EQUIPMENT (Cont.)

under the co-owned property after acquiring from previous owners, and the Bank is processing for a hard title.

The cost of fully depreciated assets still in use amounted to US\$11,649,261 or KHR'000 46,851,931 (2022: US\$9,738,131 or KHR'000 40,091,885).

	Land	Booths (*)	Buildings	Leasehold improvement	Computer equipment	Furniture and office equipment	Motor vehicles	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost									
At 1 January 2022	8,548,504	1,527,000	3,024,627	1,813,068	3,888,823	6,461,918	1,906,641	741,260	27,911,841
Reclassification (Note 11)	-	-	-	-	-	-	-	(384,681)	(384,681)
Additions	-	-	-	16,307	642,517	232,052	123,987	1,264,939	2,279,802
Transfers	-	-	-	463,367	-	549,946	-	(1,013,313)	-
Disposal	-	-	-	-	-	-	(29,350)	-	(29,350)
Write-off	(5,045)	-	(16,590)	-	-	-	-	(111,458)	(133,093)
Exchange difference on translation	-	-	-	-	(1,601)	(954)	-	-	(2,555)
At 31 December 2022	8,543,459	1,527,000	3,008,037	2,292,742	4,529,739	7,242,962	2,001,278	496,747	29,641,964
Less: Accumulated depreciation									
At 1 January 2022	-	-	1,086,953	890,490	2,820,887	5,468,527	1,472,464	-	11,739,321
Depreciation (Note 29)	-	-	147,086	191,918	578,017	465,041	192,044	-	1,574,106
Disposal	-	-	-	-	-	-	(29,350)	-	(29,350)
Write-off	-	-	(5,038)	-	-	-	-	-	(5,038)
Exchange difference on translation	-	-	-	-	(1,601)	(954)	-	-	(2,555)
At 31 December 2022	-	-	1,229,001	1,082,408	3,397,303	5,932,614	1,635,158	-	13,276,484
Net book value									
At 31 December 2022	8,543,459	1,527,000	1,779,036	1,210,334	1,132,436	1,310,348	366,120	496,747	16,365,480
KHR'000 (Note 2.1)	35,173,421	6,286,659	7,324,291	4,982,945	4,662,239	5,394,703	1,507,316	2,045,107	67,376,681

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

13. RIGHT-OF-USE ASSETS

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

	Office space	ATM space	Total
	US\$	US\$	US\$
At 1 January 2023	7,599,427	689	7,600,116
Additions (Note 18)	2,750,627	-	2,750,627
Remeasurement (Note 18)	1,194,740	-	1,194,740
Depreciation (Note 29)	(1,652,511)	(689)	(1,653,200)
At 31 December 2023	9,892,283	-	9,892,283
KHR'000 (Note 2.1)	40,409,976	-	40,409,976
At 1 January 2022	7,050,907	3,445	7,054,352
Additions (Note 18)	1,066,700	-	1,066,700
Remeasurement (Note 18)	810,202	-	810,202
Depreciation (Note 29)	(1,328,382)	(2,756)	(1,331,138)
At 31 December 2022	7,599,427	689	7,600,116
KHR'000 (Note 2.1)	31,286,841	2,837	31,289,678

14. DEPOSITS FROM CUSTOMERS

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Time deposits	1,100,110,709	4,493,952,246	1,030,374,433	4,242,051,541
Savings accounts	286,519,501	1,170,432,162	266,080,272	1,095,452,480
Current accounts	176,235,761	719,923,084	199,638,782	821,912,865
Margin deposits	2,186,300	8,931,036	613,208	2,524,577
Other deposits	11,216	45,816	2,188,647	9,010,660
	1,565,063,487	6,393,284,344	1,498,895,342	6,170,952,123

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

14. DEPOSITS FROM CUSTOMERS (Cont.)

Deposits from customers are analyzed as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
By maturity:				
Within 1 month	1,116,564,655	4,561,166,615	538,875,488	2,218,550,384
Within 1 to 3 months	61,034,654	249,326,562	107,020,599	440,603,806
Within 3 to 6 months	64,370,884	262,955,061	127,139,856	523,434,787
Within 6 to 12 months	115,583,816	472,159,888	302,859,535	1,246,872,706
Within 1 to 5 years	206,453,572	843,362,842	404,205,604	1,664,114,472
Over 5 years	1,055,906	4,313,376	18,794,260	77,375,968
	1,565,063,487	6,393,284,344	1,498,895,342	6,170,952,123
By customer type:				
Individuals	995,080,147	4,064,902,400	1,006,247,230	4,142,719,846
Domestic corporations	564,175,942	2,304,658,723	480,839,350	1,979,615,604
Foreign corporations	5,807,398	23,723,221	11,808,762	48,616,673
	1,565,063,487	6,393,284,344	1,498,895,342	6,170,952,123
By residency:				
Residents	1,557,444,425	6,362,160,476	1,484,196,472	6,110,436,875
Non-residents	7,619,062	31,123,868	14,698,870	60,515,248
	1,565,063,487	6,393,284,344	1,498,895,342	6,170,952,123
By relationship:				
Non-related parties	1,565,022,878	6,393,118,456	1,498,845,412	6,170,746,561
Related parties	40,609	165,888	49,930	205,562
	1,565,063,487	6,393,284,344	1,498,895,342	6,170,952,123
By currency:				
US\$	1,381,335,463	5,642,755,366	1,326,412,003	5,460,838,216
KHR	183,707,880	750,446,690	172,458,777	710,012,785
Others	20,144	82,288	24,562	101,122
	1,565,063,487	6,393,284,344	1,498,895,342	6,170,952,123

	2023	2022
Ranges of interest rate (per annum):		
Current accounts	0.00% - 0.75%	0% - 0.50%
Savings accounts	0.00% - 7.31%	0% - 7.31%
Time deposits	0.50% - 8.00%	3% - 8.00%

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

15. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Time deposits	118,830,215	485,421,429	90,066,415	370,803,431
Current accounts	3,487,790	14,247,622	5,746,058	23,656,521
Savings accounts	87,837	358,814	288,506	1,187,779
	122,405,842	500,027,865	96,100,979	395,647,731

Deposits from other financial institutions are analyzed as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
By maturity:				
Within 1 month	97,161,044	396,902,865	19,156,408	78,866,932
Within 1 to 3 months	-	-	31,364,343	129,127,000
Within 3 to 6 months	10,244,798	41,850,000	26,121,448	107,542,001
Within 6 to 12 months	15,000,000	61,275,000	19,458,780	80,111,798
	122,405,842	500,027,865	96,100,979	395,647,731
By customer type:				
Domestic corporations	122,405,842	500,027,865	96,100,979	395,647,731
By residency:				
Residents	122,405,842	500,027,865	96,100,979	395,647,731
By currency:				
US\$	119,917,499	489,862,984	94,099,330	387,406,942
KHR	2,488,115	10,163,950	2,001,433	8,239,900
Other	228	931	216	889
	122,405,842	500,027,865	96,100,979	395,647,731

	2023	2022
Ranges of interest rate (per annum):		
Current accounts	0% - 0.15%	0% - 0.15%
Savings accounts	0% - 0.15%	0% - 0.15%
Time deposits	2.50% - 7.50%	2% - 6.85%

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

16. BORROWINGS

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Agence Francaise de Development ("AFD") and Proparco (i)	15,651,790	63,937,562	16,309,098	67,144,556
SME Bank of Cambodia Plc. (ii)	3,941,056	16,099,213	5,444,718	22,415,904
Liquidity Providing Collateralised Operation ("LPCO") (iii)	9,774,384	39,928,359	-	-
ICBC Bank (iv)	15,284,375	62,436,672	-	-
	44,651,605	182,401,806	21,753,816	89,560,460

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

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

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

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

Lender and drawdown date	Maturity date	Principal	Outstanding balance
		US\$	US\$
AFD			
3 December 2014	1 March 2024	5,000,000	298,777
6 April 2016	1 March 2024	5,000,000	61,548
21 June 2017	1 March 2024	5,000,000	61,593
Proparco			
7 December 2022	15-Apr-2033	7,500,000	7,632,497
7 December 2022	15-Apr-2033	7,500,000	7,597,375
		30,000,000	15,651,790

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

16. BORROWINGS (Cont.)

(ii) This represents the borrowings from SME Bank of Cambodia Plc., which will be matured during 16 October 2024 to 28 October 2030.

(iii) LPCO represents short-term borrowings from the National Bank of Cambodia (“NBC”) in which the Negotiable Certificates of Deposit (“NCD”) were collateralized.

During the year, the Bank made additional drawdown of LPCO amounting to US\$ 29,241,109 or KHR’000 120,180,956 and made payment amounting to US\$ 19,466,725 or KHR’000 79,560,503.

(iv) This represents the borrowings from ICBC Branch Limited., which the bank entered into an agreement for a total facility of US\$ 15,000,000.

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

Lender and drawdown date	Maturity date	Principal	Outstanding balance
		US\$	US\$
ICBC			
25 August 2023	23 August 2024	5,000,000	5,115,556
15 September 2023	13 September 2024	5,000,000	5,096,597
12 October 2023	11 October 2024	5,000,000	5,072,222
		15,000,000	15,284,375

The gross movements of the borrowings are as follows:

	2023		2022	
	US\$	KHR’000 (Note 2.1)	US\$	KHR’000 (Note 2.1)
At 1 January	21,753,816	89,560,460	7,973,509	32,484,076
Additions	43,433,293	178,510,834	19,106,982	78,090,235
Interest expense (Note 25)	2,350,536	9,660,703	208,625	852,650
Payments during the year	(22,886,040)	(94,061,624)	(5,535,300)	(22,622,771)
Exchange difference on translation	-	(1,268,567)	-	756,270
At 31 December	44,651,605	182,401,806	21,753,816	89,560,460

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

16. BORROWINGS (Cont.)

Borrowings are analyzed by maturity as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Within 1 month	8,421,570	34,402,113	131,296	540,546
Within 1 to 3 months	571,340	2,333,924	562,090	2,314,125
Within 3 to 6 months	2,194,737	8,965,501	215,524	887,312
Within 6 to 12 months	15,473,821	63,210,559	3,451,202	14,208,599
Within 1 to 5 years	7,446,413	30,418,597	4,030,203	16,592,346
Over 5 years	10,543,724	43,071,112	13,363,501	55,017,532
	44,651,605	182,401,806	21,753,816	89,560,460

Ranges of interest rate (per annum) applicable to borrowing are as follows:

	2023	2022
US\$	1.97% - 6.50%	1.97% - 6.15%
KHR	2.00% - 6.85%	2.00% - 3.00%

17. SUBORDINATED DEBTS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

17. SUBORDINATED DEBTS (Cont.)

Movements of the subordinated debts are as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	37,800,328	155,623,950	27,184,550	110,749,857
Additions	-	-	10,609,000	43,358,983
Interest expense (Note 25)	4,382,150	18,010,637	3,314,232	13,545,266
Payments	(4,388,928)	(18,038,494)	(3,307,454)	(13,517,564)
Exchange difference on translation	-	(1,209,441)	-	1,487,408
At 31 December	37,793,550	154,386,652	37,800,328	155,623,950

The Bank obtained approvals from the NBC allowing to include subordinated debts in Tier II capital for the purpose of Net Worth calculation.

18. LEASE LIABILITIES

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Present value of lease liabilities				
Within one year	1,522,056	6,217,599	1,200,068	4,940,680
Beyond one year	9,208,535	37,616,865	6,979,740	28,735,590
	10,730,591	43,834,464	8,179,808	33,676,270
Maturity analysis – contractual undiscounted cash flows				
Within one year	2,163,335	8,837,223	1,663,653	6,849,259
One to five years	5,540,912	22,634,626	4,860,912	20,012,375
More than five years	6,895,139	28,166,643	4,715,556	19,413,944
Total undiscounted lease liabilities	14,599,386	59,638,492	11,240,121	46,275,578

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	8,179,808	33,676,270	7,521,960	30,644,465
Additions (Note 13)	2,750,627	11,305,077	1,066,700	4,359,603
Remeasurement (*) (Note 13)	1,194,740	4,910,381	810,202	3,311,296
Interest expense (Note 25)	637,213	2,618,945	484,458	1,979,980
Payments	(2,031,797)	(8,350,686)	(1,703,512)	(6,962,254)
Exchange difference on translation	-	(325,523)	-	343,180
At 31 December	10,730,591	43,834,464	8,179,808	33,676,270

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

18. LEASE LIABILITIES (Cont.)

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

Amounts in relation to leases recognized in the statement of comprehensive income are as follows:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Depreciation expense of right-of-use assets (Note 13)	1,653,200	6,794,652	1,331,138	5,440,361
Interest expense on lease liabilities (Note 25)	637,213	2,618,945	484,458	1,979,980
Leases of short term and low-value assets (Note 30)	268,066	1,101,751	248,149	1,014,185
	2,558,479	10,515,348	2,063,745	8,434,526

19. OTHER LIABILITIES

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Accrued expenses (*)	1,993,902	8,145,090	2,506,298	10,318,429
Fund transfer (**)	1,423,772	5,816,109	617,641	2,542,828
Tax payables	241,649	987,136	272,264	1,120,911
Others	980,794	4,006,543	418,238	1,721,886
	4,640,117	18,954,878	3,814,441	15,704,054

(*) Accrued expenses pertain to accrued bonuses, utilities and other accruals to suppliers.

(**) Fund transfer pertain to amount deposited by the customers in Bakong wallet accounts, and outstanding amount from Bakong transferring transactions, which are not yet settled as of the reporting date.

20. PROVISION FOR EMPLOYEE BENEFITS

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Provident fund (i)	32,497	132,750	31,174	128,343
Other post-employment benefits (ii)	319,434	1,304,888	391,232	1,610,703
	351,931	1,437,638	422,406	1,739,046

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

20. PROVISION FOR EMPLOYEE BENEFITS (Cont.)

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	31,174	128,343	2,574,200	10,487,291
Additions				
Staffs' contributions	46,117	189,541	202,918	829,326
Bank's contributions (Note 28)	46,117	189,541	202,918	829,326
Interest expense (Note 25)	-	-	105,149	429,744
Payments	(90,911)	(373,644)	(3,054,011)	(12,481,743)
Exchange difference on translation	-	(1,031)	-	34,399
At 31 December	32,497	132,750	31,174	128,343

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	391,232	1,610,703	429,628	1,750,304
Payments	(71,798)	(295,090)	(38,396)	(156,924)
Exchange difference on translation	-	(10,725)	-	17,323
At 31 December	319,434	1,304,888	391,232	1,610,703

21. TAXATION

21.1 Deferred Tax Assets – Net

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

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Deferred tax assets	2,810,354	11,480,296	2,998,279	12,343,914
Deferred tax liabilities	(3,970,975)	(16,221,433)	(2,409,359)	(9,919,330)
Deferred tax (liabilities) assets – net	(1,160,621)	(4,741,137)	588,920	2,424,584

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

21. TAXATION (Cont.)

21.1 Deferred Tax Assets – Net (Cont.)

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Deferred tax assets				
Lease liabilities	2,146,118	8,766,892	1,635,962	6,735,256
Deferred income and fees	307,296	1,255,304	1,038,678	4,276,237
Employee benefits	70,386	287,527	84,481	347,808
Accelerated tax depreciation and amortization	286,554	1,170,573	239,158	984,613
	2,810,354	11,480,296	2,998,279	12,343,914
Deferred tax liabilities				
Right-of-use assets	(1,978,457)	(8,081,997)	(1,520,023)	(6,257,935)
Allowance for ECLs	(1,968,914)	(8,043,014)	(886,824)	(3,651,054)
Unrealized foreign exchange	(23,604)	(96,422)	(2,512)	(10,341)
	(3,970,975)	(16,221,433)	(2,409,359)	(9,919,330)
	(1,160,621)	(4,741,137)	588,920	2,424,584

21.2 Current Income Tax Liability

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	5,359,857	22,066,531	5,345,998	21,779,596
Income tax expense	3,484,056	14,319,470	6,620,577	27,058,298
Income tax paid	(6,478,992)	(26,628,657)	(6,606,718)	(27,001,656)
Exchange difference on translation	-	(96,642)	-	230,293
At 31 December	2,364,921	9,660,702	5,359,857	22,066,531

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

21. TAXATION (Cont.)

21.3 Income Tax Expense

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current tax	3,484,056	14,319,470	6,620,577	27,058,298
Deferred tax	1,749,541	7,190,614	1,523,503	6,226,557
	5,233,597	21,510,084	8,144,080	33,284,855

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Operating profit	25,826,481	106,146,839	39,346,087	160,807,458
Tax calculated at 20%	5,165,296	21,229,367	7,869,217	32,161,490
Effect of non-deductible expenses	68,301	280,717	274,863	1,123,365
Income tax expense	5,233,597	21,510,084	8,144,080	33,284,855

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

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

22. SHARE CAPITAL

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

22. SHARE CAPITAL (Cont.)

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

	2023			2022		
	Number of shares	Amount US\$	%	Number of shares	Amount US\$	%
Oknha Mok Kimhong	26,235	26,235,000	33.00	26,235	26,235,000	33.00
Mrs. Chhay Kimbouy	19,597	19,597,000	24.65	18,285	18,285,000	23.00
Mrs. Kim Tiek	18,285	18,285,000	23.00	18,285	18,285,000	23.00
Ministry of Economy and Finance	7,950	7,950,000	10.00	7,950	7,950,000	10.00
ING Holdings Co., Ltd.	7,433	7,433,000	9.35	8,745	8,745,000	11.00
Total	79,500	79,500,000	100.00	79,500	79,500,000	100.00

During the year, there was a share transfer transaction from ING Holdings Co., Ltd. to Mrs. Chhay Kimbouy amounting to US\$ 1,312,000 equivalent to 1,312 shares and the transfer was approved by National Bank of Cambodia and Ministry of Commerce on 26 May 2023 and 12 June 2023, respectively.

23. RESERVES

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Non-distributable reserves (i)	70,600,486	287,202,777	70,600,486	287,202,777
Regulatory reserve (ii)	24,041,577	97,950,897	16,930,095	68,722,706
General reserves (iii)				
General reserves	135,092	550,500	135,092	550,500
Reserves for banking risks	60,498	246,529	60,498	246,529
	94,837,653	385,950,703	87,726,171	356,722,512

(i) Non-Distributable Reserves

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

23. RESERVES (Cont.)

(ii) Regulatory Reserve

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

Comparison of regulatory and CIFRS 9 provisioning, and required regulatory reserve are as follows:

	2023	2022
	US\$	US\$
Regulatory allowance (A)	32,237,523	20,065,641
Allowance per CIFRS 9 (B)	8,195,946	3,135,546
Comparison of (A) and (B)	(A) > (B)	(A) > (B)
Regulatory reserve	24,041,577	16,930,095
KHR'000 (Note 2.1)	97,950,897	68,722,706

(iii) General Reserves

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

24. INTEREST INCOME

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Loans and advances to customers	117,138,824	481,440,567	107,074,087	437,611,793
Balances with other financial institutions	4,038,797	16,599,456	1,578,496	6,451,313
Other investments (Note 9)	1,653,484	6,795,819	1,644,080	6,719,355
Balances with the NBC	1,639,448	6,738,131	1,576,802	6,444,390
	124,470,553	511,573,973	111,873,465	457,226,851

25. INTEREST EXPENSE

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Time deposits	65,451,342	269,005,015	56,738,164	231,888,876
Subordinated debts (Note 17)	4,382,150	18,010,637	3,314,232	13,545,266
Savings deposits	2,721,981	11,187,342	2,675,963	10,936,661
Borrowings (Note 16)	2,350,536	9,660,703	208,625	852,650
Lease liabilities (Note 18)	637,213	2,618,945	484,458	1,979,980
Provident funds (Note 20)	-	-	105,149	429,744
	75,543,222	310,482,642	63,526,591	259,633,177

26. NET FEE AND COMMISSION INCOME

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Fee and commission income:				
Remittance fees	736,311	3,026,238	1,009,109	4,124,228
Loan servicing fees	723,511	2,973,630	-	-
Commission from issuing letters of credit and guarantee	343,369	1,411,247	471,655	1,927,654
Visa fees	265,439	1,090,954	318,263	1,300,741
Commission fees	216,673	890,526	255,607	1,044,666
Fees on currency swap	13,240	54,416	74,979	306,439
Other service charges	232,209	954,380	244,341	998,622
Total fee and commission income	2,530,752	10,401,391	2,373,954	9,702,350
Fee and commission expense	(909,010)	(3,736,031)	(914,833)	(3,738,922)
Net fee and commission income	1,621,742	6,665,360	1,459,121	5,963,428

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

27. OTHER INCOME

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Foreign exchange gains	1,267,066	5,207,641	1,007,948	4,119,484
Rental income	298,013	1,224,833	263,075	1,075,188
Gains on disposal of property and equipment	29,146	119,790	5,000	20,435
Gains on disposal the foreclosed property (Note 10)	-	-	97,703	399,312
Other income	126,506	519,940	71,648	292,825
	1,720,731	7,072,204	1,445,374	5,907,244

28. PERSONNEL EXPENSES

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Salaries and wages	9,880,883	40,610,429	7,976,103	32,598,333
Bonuses and incentives	813,648	3,344,093	1,038,722	4,245,257
Board of directors' fee (Note 32)	220,443	906,021	213,521	872,660
Provident funds (Note 20)	46,117	189,541	202,918	829,326
Other employee benefits	1,768,909	7,270,216	1,593,855	6,514,085
	12,730,000	52,320,300	11,025,119	45,059,661

Other employee benefits include seniority payments, allowances, uniform, training and other employee related costs.

29. DEPRECIATION AND AMORTIZATION

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Depreciation and amortization on:				
Property and equipment (Note 12)	1,933,400	7,946,273	1,574,106	6,433,371
Right-of-use assets (Note 13)	1,653,200	6,794,652	1,331,138	5,440,361
Intangible assets (Note 11)	453,840	1,865,282	553,422	2,261,836
	4,040,440	16,606,207	3,458,666	14,135,568

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

30. GENERAL AND ADMINISTRATIVE EXPENSES

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Repairs and maintenances	1,265,328	5,200,498	1,233,346	5,040,685
Marketing	350,070	1,438,788	407,705	1,666,290
Utilities	346,239	1,423,042	309,348	1,264,305
License fees	306,575	1,260,023	291,608	1,191,802
Professional fees (*)	305,150	1,254,167	329,974	1,348,604
Office supplies	298,751	1,227,867	280,068	1,144,638
Short-term leases and leases of low-value assets (Note 18)	268,066	1,101,751	248,149	1,014,185
Communication	229,324	942,522	187,944	768,127
Security	216,636	890,374	206,837	845,343
Taxes	199,858	821,416	463,830	1,895,673
Travelling	186,735	767,481	178,232	728,434
Insurance	106,844	439,129	148,603	607,340
Conferences	2,545	10,460	115,266	471,092
Others	530,362	2,179,787	460,284	1,881,182
	4,612,483	18,957,305	4,861,194	19,867,700

Others pertain to expenses on donations, entertainment, membership fee and other miscellaneous operating expenses.

* Set out below is audit and its related fees (exclusive of value added tax) included in the above professional fees:

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Audit service fee	65,000	267,150	65,000	265,655
Non-audit services	Nil	Nil	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

31. COMMITMENTS AND CONTINGENCIES

31.1 Operations

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Unused portion of approved credit facilities	145,734,796	595,326,642	128,577,586	529,353,922
Letters of guarantees	20,511,471	83,789,359	26,369,569	108,563,516
Currency forward contract	-	-	5,000,000	20,585,000
Letters of credits	11,925,665	48,716,342	1,540,558	6,342,477
	178,171,932	727,832,343	161,487,713	664,844,915

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At 1 January	401,771	1,654,091	851,853	3,470,449
Reversal of provision for ECLs (Note 7)	(22,203)	(91,254)	(450,082)	(1,839,485)
Exchange difference on translation	-	(12,302)	-	23,127
At 31 December	379,568	1,550,535	401,771	1,654,091

31.2 Capital and Lease Commitments

As at 31 December 2023, the Bank had commitment of US\$ 483,909 or KHR'000 1,976,768 (2022: US\$ 231,313 or KHR'000 952,316) relating to the purchases of software.

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current	182,332	744,826	65,039	267,766
Non-current	208,678	852,450	44,399	182,791
	391,010	1,597,276	109,438	450,557

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

31. COMMITMENTS AND CONTINGENCIES (Cont.)

31.3 Taxation Contingencies

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

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

32. RELATED PARTY DISCLOSURES

32.1 Identity of Related Parties

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

32. RELATED PARTY DISCLOSURES (Cont.)

32.2 Balances with Related Parties

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Deposits from related parties				
Shareholders	1,928	7,876	1,642	6,760
Key management personnel	38,681	158,012	48,288	198,802
	40,609	165,888	49,930	205,562
Subordinated debts from shareholders (Note 17)	37,793,550	154,386,652	37,800,328	155,623,950
Loans and advances to key management personnel	204,620	835,873	221,687	912,685

32.3 Transactions with Related Parties

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Interest income from loans and advances to key management personnel	12,893	52,990	18,496	75,593
Interest expense on deposits and subordinated debts	4,382,546	18,012,264	3,315,232	13,549,353
Compensations of directors' fees and key management:				
Board of directors' fees (Note 28)	220,443	906,021	213,521	872,660
Key management compensation	2,252,195	9,256,521	1,924,300	7,864,614
	2,472,638	10,162,542	2,137,821	8,737,274

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT

33.1 Introduction and Overview

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

- Credit risk;
- Market risk;
- Liquidity risk; and
- Operational risk

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

Risk Management Functional and Governance Structure

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

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

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

33.2 Credit Risk

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

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

(i) Management of Credit Risk

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

- **Formulating credit policies** in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- **Establishing the authorization structure** for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Bank Credit, the Head of Bank Credit, the Bank Credit Committee or the Board of Directors, as appropriate.
- **Reviewing and assessing credit risk:** Bank Credit assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- **Limiting concentrations of exposure** to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- **Developing and maintaining the Bank's risk gradings** to categories exposures according to the degree of risk of default. The current risk grading framework consists of 12 grades reflecting varying degrees of risk of default. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Bank Risk.
- **Developing and maintaining the Bank's processes for measuring ECLs.** This includes processes for:
 - initial approval, regular validation and back-testing of the models used;
 - determining and monitoring significant increase in credit risk; and
 - incorporation of forward-looking information.
- **Reviewing compliance** of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Bank Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECLs allowances.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(i) Management of Credit Risk (Cont.)

- **Providing advice**, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(ii) Concentration of Risk

Type of credit exposure

	2023				
	Maximum credit exposure		Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/credit enhancement
	US\$	KHR'000 (Note 2.1)	%	%	%
Balance sheet items					
Balances with other financial institutions – gross	121,761,770	497,396,831	0%	0%	100%
Balances with the NBC	332,175,492	1,356,936,885	0%	0%	100%
Loans and advances to customers – gross	1,319,149,130	5,388,724,196	99%	0%	1%
Other assets	239,915	980,053	0%	0%	100%
Other investments	30,649,306	125,202,415	0%	0%	100%
	1,803,975,613	7,369,240,380			
Off-balance sheet items					
Commitments	178,171,932	727,832,343	90%	0%	10%
	178,171,932	727,832,343			
Total	1,982,147,545	8,097,072,723			

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(ii) Concentration of Risk (Cont.)

Type of credit exposure (Cont.)

	2022				
	Maximum credit exposure		Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/credit enhancement
	US\$	KHR'000 (Note 2.1)	%	%	%
Balance sheet items					
Balances with other financial institutions – gross	47,756,043	196,611,629	0%	0%	100%
Balances with the NBC	257,178,165	1,058,802,505	0%	0%	100%
Loans and advances to customers – gross	1,338,757,579	5,511,664,952	100%	0%	0%
Other assets	483,490	1,990,529	0%	0%	100%
Other investments	30,744,936	126,576,902	0%	0%	100%
	1,674,920,213	6,895,646,517			
Off-balance sheet items					
Commitments	161,487,713	664,844,915	86%	1%	13%
	161,487,713	664,844,915			
Total	1,836,407,926	7,560,491,432			

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(ii) Concentration of Risk (Cont.)

Concentration of risk by industrial sectors

	2023					
	Balances with other financial institutions – Gross	Balances with the NBC	Loans and advances to customers – gross	Other assets	Other investments	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial institutions	121,761,770	332,175,492	56,881,886	-	-	510,819,148
Owner-occupied housing	-	-	259,625,445	-	-	259,625,445
Construction	-	-	268,577,280	-	-	268,577,280
Personal loans	-	-	217,876,448	-	-	217,876,448
Real estate	-	-	141,432,940	-	-	141,432,940
Wholesale trade	-	-	149,766,525	-	-	149,766,525
Agriculture	-	-	64,221,549	-	-	64,221,549
Utilities	-	-	22,003,339	-	-	22,003,339
Import/export	-	-	14,603,833	-	-	14,603,833
Others	-	-	124,159,885	239,915	30,649,306	155,049,106
Total	121,761,770	332,175,492	1,319,149,130	239,915	30,649,306	1,803,975,613
KHR'000 (Note 2.1)	497,396,831	1,356,936,885	5,388,724,196	980,053	125,202,415	7,369,240,380

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(ii) Concentration of Risk (Cont.)

Concentration of risk by industrial sectors (Cont.)

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(ii) Concentration of Risk (Cont.)

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

	2023		2022	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
By residency:				
Residents	1,319,149,130	5,388,724,196	1,338,757,579	5,511,664,952
By relationship:				
Related parties	204,620	835,873	221,687	912,685
Non-related parties	1,318,944,510	5,387,888,323	1,338,535,892	5,510,752,267
	1,319,149,130	5,388,724,196	1,338,757,579	5,511,664,952
By exposure:				
Large exposures*	356,197,472	1,455,066,673	362,306,778	1,491,617,005
Non-large exposures	962,951,658	3,933,657,523	976,450,801	4,020,047,947
	1,319,149,130	5,388,724,196	1,338,757,579	5,511,664,952

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

(iii) Collateral

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(iii) Collateral (Cont.)

Cash and cash equivalents, balances with NBC, balances with other financial institutions, and other assets

Collateral is generally not sought for these assets.

Loans and advances to customers, contingent liabilities and commitments

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

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

	2023				
	Properties	Time deposits	Others	Unsecured credit exposure	Total
	US\$	US\$	US\$	US\$	US\$
Balances with other financial institutions – gross	-	-	-	121,761,770	121,761,770
Balances with the NBC	-	-	-	332,175,492	332,175,492
Loan and advances to customers – gross	1,170,764,341	135,886,199	5,160,405	7,338,185	1,319,149,130
Commitments	59,539,618	97,460,680	2,782,972	18,388,662	178,171,932
Other assets	-	-	-	239,915	239,915
Other investments	-	-	-	30,649,306	30,649,306
Total US\$	1,230,303,959	233,346,879	7,943,377	510,553,330	1,982,147,545
Total KHR'000 (Note 2.1)	5,025,791,673	953,222,001	32,448,695	2,085,610,353	8,097,072,721

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(iii) Collateral (Cont.)

Loans and advances to customers, contingent liabilities and commitments (Cont.)

	2022				Total US\$
	Properties US\$	Time deposits US\$	Others US\$	Unsecured credit exposure US\$	
Balances with other financial institutions – gross	-	-	-	47,756,043	47,756,043
Balances with the NBC	-	-	-	257,178,165	257,178,165
Loan and advances to customers – gross	1,195,257,590	130,125,042	7,962,414	5,412,533	1,338,757,579
Commitments	52,969,581	86,140,638	879,822	21,497,672	161,487,713
Other assets	-	-	-	483,490	483,490
Other investments	-	-	-	30,744,936	30,744,936
Total US\$	1,248,227,171	216,265,680	8,842,236	363,072,839	1,836,407,926
Total KHR'000 (Note 2.1)	5,138,951,263	890,365,805	36,403,486	1,494,770,878	7,560,491,431

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

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

Normal

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

Special Mention

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

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

Substandard

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

Factors leading to a substandard classification include:

- Inability of the counterparty to meet the contractual repayments' terms,
- Unfavourable economic and market conditions that would adversely affect the business and profitability of the counterparty in the future,
- Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments,
- Difficulties experienced by the counterparty in repaying other facilities granted by the Institution or by other institutions when the information is available, and
- Breach of financial covenants by the counterparty.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

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

Doubtful

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

Loss

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

Restructured Loans

A "restructure loan" is a loan that original contractual terms have been modified to provide for concessions for the borrowers for reasons related to real temporary financial difficulties.

Recognition of ECLs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

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

Recognition of ECLs (Cont.)

Long-term facilities (more than one year)

Stages	Credit risk status	Grades	DPD	Default indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} \leq 29$	Performing
2	Credit risk increased significantly	Special Mention	$30 \leq \text{DPD} \leq 89$	Underperforming
3	Credit impaired assets	Substandard	$90 \leq \text{DPD} \leq 179$	Nonperforming
		Doubtful	$180 \leq \text{DPD} \leq 359$	
		Loss	$\text{DPD} \geq 360$	

Short-term facilities (one year or less)

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

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

Recognition of ECLs (Cont.)

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

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

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

	2023			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortized cost				
Normal	1,262,086,074	-	-	1,262,086,074
Special Mention	-	29,214,573	-	29,214,573
Substandard	-	-	5,033,655	5,033,655
Doubtful	-	-	4,629,700	4,629,700
Loss	-	-	18,185,128	18,185,128
	1,262,086,074	29,214,573	27,848,483	1,319,149,130
Allowance for ECLs	(3,111,353)	(1,429,305)	(3,249,692)	(7,790,350)
Carrying amount	1,258,974,721	27,785,268	24,598,791	1,311,358,780
KHR’000 (Note 2.1)	5,142,911,735	113,502,820	100,486,061	5,356,900,616

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

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

Recognition of ECLs (Cont.)

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

Incorporation of Forward-Looking Information

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

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

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

(v) Amounts Arising From ECLs

Allowance for ECLs

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.2 Credit Risk (Cont.)

(v) Amounts Arising From ECLs (Cont.)

Allowance for ECLs (Cont.)

	2023			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
At 1 January	1,184,925	108,858	1,392,654	2,686,437
- Transfer to Stage 1	142,891	(27,617)	(115,274)	-
- Transfer to Stage 2	(9,787)	49,327	(39,540)	-
- Transfer to Stage 3	(8,581)	(20,307)	28,888	-
Net remeasurement of loss allowance	1,380,285	1,350,661	2,030,244	4,761,190
New financial assets originated or purchased	653,838	18,224	128,989	801,051
Financial assets that been derecognized	(232,218)	(49,841)	(176,269)	(458,328)
At 31 December	3,111,353	1,429,305	3,249,692	7,790,350
KHR'000 (Note 2.1)	12,709,877	5,838,711	13,274,992	31,823,580

	2022			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
At 1 January	2,776,741	368,213	1,024,133	4,169,087
- Transfer to Stage 1	316,078	(293,093)	(22,985)	-
- Transfer to Stage 2	(17,470)	21,390	(3,920)	-
- Transfer to Stage 3	(131,163)	(44,769)	175,932	-
Net remeasurement of loss allowance	(1,705,205)	16,357	257,124	(1,431,724)
New financial assets originated or purchased	486,123	50,830	120,999	657,952
Financial assets that been derecognized	(540,179)	(10,070)	(158,629)	(708,878)
At 31 December	1,184,925	108,858	1,392,654	2,686,437
KHR'000 (Note 2.1)	4,878,336	448,168	5,733,557	11,060,060

33.3 Market Risk

Market risk is the risk that changes in market prices - e.g. interest rates, foreign exchange rates and equity prices - will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 Market Risk (Cont.)

management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest Rate Risk

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

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

	2023							Total	Interest rate
	Up to	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years	Non-interest bearing		
	1 month								
	US\$	US\$	%						
Financial assets									
Balances with other financial institutions - gross	29,995,616	43,232,973	-	-	-	-	48,533,181	121,761,770	5.62%
Balance with the NBC	52,322,170	10,187,904	19,202,701	-	-	-	250,462,717	332,175,492	1.15%
Loans and advances to customers - gross	55,388,724	129,540,963	109,934,513	144,845,913	564,893,012	314,546,005	-	1,319,149,130	10.06%
Other assets	-	-	-	-	-	-	239,915	239,915	0.00%
Other investments	-	-	-	20,105,416	10,543,890	-	-	30,649,306	5.50%
	137,706,510	182,961,840	129,137,214	164,951,329	575,436,902	314,546,005	299,235,813	1,803,975,613	

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 Market Risk (Cont.)

(i) Interest Rate Risk (Cont.)

	2023						Non-interest bearing	Total	Interest rate
	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years			
	US\$	US\$	US\$	US\$	US\$	US\$			
Financial liabilities									
Deposits from customers									
Deposits from banks and financial institution	938,131,378	61,034,654	64,370,884	115,583,816	206,453,572	1,055,906	178,433,277	1,565,063,487	0.86%
Borrowings	93,673,254	-	10,244,798	15,000,000	-	-	3,487,790	122,405,842	1.51%
Subordinated debts	8,421,570	571,340	2,194,737	15,473,821	7,446,413	10,543,724	-	44,651,605	4.25%
Lease liabilities	-	-	10,130,300	17,054,250	-	10,609,000	-	37,793,550	12.00%
Other liabilities	131,882	265,788	405,811	718,575	3,850,317	5,358,218	-	10,730,591	6.32%
	-	-	-	-	-	-	4,398,468	4,398,468	0.00%
	1,040,358,084	61,871,782	87,346,530	163,830,462	217,750,302	27,566,848	186,319,535	1,785,043,543	
Interest sensitivity gap	(902,651,574)	121,090,058	41,790,684	1,120,867	357,686,600	286,979,157	112,916,278	18,932,070	
KHR'000									
(Note 2.1)	(3,687,331,680)	494,652,887	170,714,944	4,578,742	1,461,149,761	1,172,309,856	461,262,996	77,337,506	

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 Market Risk (Cont.)

(i) Interest Rate Risk (Cont.)

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

	2022						Non-interest bearing	Total	Interest rate
	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years			
	US\$	US\$	US\$	US\$	US\$	US\$			
Financial assets									
Balances with other financial institutions - gross	42,756,043	5,000,000	-	-	-	-	-	47,756,043	1.95%
Balance with the NBC	138,500,000	10,110,000	-	-	-	-	108,568,165	257,178,165	3.26%
Loans and advances to customers - gross	34,724,080	105,307,557	65,627,750	142,354,702	592,596,155	398,147,335	-	1,338,757,579	9.69%
Other assets	-	-	-	-	-	-	483,490	483,490	0%
Other investments	-	-	-	97,817	30,647,119	-	-	30,744,936	5.50%
	215,980,123	120,417,557	65,627,750	142,452,519	623,243,274	398,147,335	109,051,655	1,674,920,213	

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 Market Risk (Cont.)

(i) Interest Rate Risk (Cont.)

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

	2022						Non-interest bearing	Total	Interest rate
	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years			
	US\$	US\$	US\$	US\$	US\$	US\$			
Financial liabilities									
Deposits from customers	336,434,851	107,020,599	127,139,856	302,859,535	404,205,604	18,794,260	202,440,637	1,498,895,342	1.42%
Deposits from banks and financial institution	13,121,844	31,364,343	26,121,448	19,458,780	-	-	6,034,564	96,100,979	1.68%
Borrowings	131,296	562,090	215,524	3,451,202	4,030,203	13,363,501	-	21,753,816	2.28%
Subordinated debts	6,778	-	-	-	27,184,550	10,609,000	-	37,800,328	12.00%
Lease liabilities	110,498	316,801	203,368	569,401	3,090,105	3,889,635	-	8,179,808	6.32%
Other liabilities	-	-	-	-	-	-	3,542,177	3,542,177	0%
	349,805,267	139,263,833	153,680,196	326,338,918	438,510,462	46,656,396	212,017,378	1,666,272,450	
Interest sensitivity gap	(133,825,144)	(18,846,276)	(88,052,446)	(183,886,399)	184,732,812	351,490,939	(102,965,723)	8,647,763	
KHR'000 (Note 2.1)	(550,958,118)	(77,590,118)	(362,511,920)	(757,060,305)	760,544,987	1,447,088,196	(423,909,882)	35,602,840	

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 Market Risk (Cont.)

(i) Interest Rate Risk (Cont.)

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

	2023			
	Profit or loss		Equity	
	100 bp Increase US\$	100 bp Decrease US\$	100 bp Increase US\$	100 bp Decrease US\$
Variable rate instruments	6,217,335	(6,217,335)	6,217,335	(6,217,335)
KHR'000 (Note 2.1)	25,397,813	(25,397,813)	25,397,813	(25,397,813)

	2022			
	Profit or loss		Equity	
	100 bp Increase US\$	100 bp Decrease US\$	100 bp Increase US\$	100 bp Decrease US\$
Variable rate instruments	2,924,475	(2,924,475)	2,924,475	(2,924,475)
KHR'000 (Note 2.1)	12,040,064	(12,040,064)	12,040,064	(12,040,064)

(ii) Foreign Currency Exchange Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 Market Risk (Cont.)

(ii) Foreign Currency Exchange Risk (Cont.)

Concentration of currency risk

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

	2023			
	Denomination US\$ equivalents			
	US\$	KHR	Other	Total
Financial assets				
Balances with other financial institutions - gross	111,146,875	9,981,956	632,939	121,761,770
Balances with the NBC	293,666,028	38,509,464	-	332,175,492
Loans and advances to customers – gross	1,174,914,408	144,234,722	-	1,319,149,130
Other assets	239,915	-	-	239,915
Other investments	30,649,306	-	-	30,649,306
	1,610,616,532	192,726,142	632,939	1,803,975,613
Financial liabilities				
Deposits from customers	1,381,335,462	183,707,881	20,144	1,565,063,487
Deposits from banks and financial institutions	119,917,498	2,488,116	228	122,405,842
Borrowings	34,072,268	10,579,337	-	44,651,605
Subordinated debts	37,793,550	-	-	37,793,550
Lease liabilities	10,693,137	37,454	-	10,730,591
Other liabilities	4,398,468	-	-	4,398,468
	1,588,210,383	196,812,788	20,372	1,785,043,543
Net asset (liability) position	22,406,149	(4,086,646)	612,567	18,932,070
KHR'000 (Note 2.1)	91,529,119	(16,693,949)	2,502,336	77,337,506

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 Market Risk (Cont.)

(ii) Foreign Currency Exchange Risk (Cont.)

Concentration of currency risk (Cont.)

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

Sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.3 Market Risk (Cont.)

(ii) Foreign Currency Exchange Risk (Cont.)

Sensitivity analysis (Cont.)

	2023		2022	
	- 1% Depreciation US\$	+ 1% Appreciation US\$	- 1% Depreciation US\$	1% Appreciation US\$
US\$	224,061	(224,061)	254,534	(254,534)
KHR	(40,866)	40,866	(170,035)	170,035
Others	6,126	(6,126)	1,978	(1,978)
	189,321	(189,321)	86,477	(86,477)
KHR'000 (Note 2.1)	773,376	(773,376)	356,026	(356,026)

33.4 Liquidity Risk

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

Management of liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.4 Liquidity Risk (Cont.)

	2023							Total
	Up to 1 Month	>1-3 months	>3-6 months	>6-12 months	>1 to 5 years	Over 5 years	Non-interest bearing	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets								
Cash on hand	38,223,023	-	-	-	-	-	-	38,223,023
Balances with other financial institutions - gross	29,995,616	43,232,973	-	-	-	-	48,533,181	121,761,770
Balances with the NBC	52,322,170	10,187,904	19,202,701	-	-	-	250,462,717	332,175,492
Loans and advances to customers - gross	55,388,724	129,540,963	109,934,513	144,845,913	564,893,012	314,546,005	-	1,319,149,130
Other assets	-	-	-	-	-	-	239,915	239,915
Other investments	-	-	-	20,105,416	10,543,890	-	-	30,649,306
	175,929,533	182,961,840	129,137,214	164,951,329	575,436,902	314,546,005	299,235,813	1,842,198,636
KHR'000 (Note 2.1)	718,672,142	747,399,116	527,525,519	673,826,179	2,350,659,745	1,284,920,430	1,222,378,296	7,525,381,428
Financial liabilities								
Deposits from customers	938,131,378	61,034,654	64,370,884	115,583,816	206,453,572	1,055,906	178,433,277	1,565,063,487
Deposits from banks and financial institutions	93,673,254	-	10,244,798	15,000,000	-	-	3,487,790	122,405,842
Borrowings	8,421,570	571,340	2,194,737	15,473,821	7,446,413	10,543,724	-	44,651,605
Subordinated debts	-	-	10,130,300	17,054,250	-	10,609,000	-	37,793,550
Lease liabilities	131,882	265,788	405,811	718,575	3,850,317	5,358,218	-	10,730,591
Other liabilities	-	-	-	-	-	-	4,398,468	4,398,468
	1,040,358,084	61,871,782	87,346,530	163,830,462	217,750,302	27,566,848	186,319,535	1,785,043,543
KHR'000 (Note 2.1)	4,249,862,773	252,746,229	356,810,575	669,247,437	889,509,984	112,610,574	761,115,300	7,291,902,873

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.4 Liquidity Risk (Cont.)

	2022							
	Up to 1 Month	>1-3 months	>3-6 months	>6-12 months	>1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets								
Cash on hand	36,740,739	-	-	-	-	-	-	36,740,739
Balances with other financial institutions - gross	42,756,043	5,000,000	-	-	-	-	-	47,756,043
Balances with the NBC	138,500,000	10,110,000	-	-	-	-	108,568,165	257,178,165
Loans and advances to customers - gross	34,724,080	105,307,557	65,627,750	142,354,702	592,596,155	398,147,335	-	1,338,757,579
Other assets	-	-	-	-	-	-	483,490	483,490
Other investment	-	-	-	97,817	30,647,119	-	-	30,744,936
	252,720,862	120,417,557	65,627,750	142,452,519	623,243,274	398,147,335	109,051,655	1,711,660,952
KHR'000 (Note 2.1)	1,040,451,789	495,759,082	270,189,447	586,477,021	2,565,892,559	1,639,172,578	448,965,664	7,046,908,139
Financial liabilities								
Deposits from customers	336,434,851	107,020,599	127,139,856	302,859,535	404,205,604	18,794,260	202,440,637	1,498,895,342
Deposits from banks and financial institutions	13,121,844	31,364,343	26,121,448	19,458,780	-	-	6,034,564	96,100,979
Borrowings	131,296	562,090	215,524	3,451,202	4,030,203	13,363,501	-	21,753,816
Subordinated debts	6,778	-	-	-	27,184,550	10,609,000	-	37,800,328
Lease liabilities	110,498	316,801	203,368	569,401	3,090,105	3,889,635	-	8,179,808
Other liabilities	-	-	-	-	-	-	3,542,177	3,542,177
	349,805,267	139,263,833	153,680,196	326,338,918	438,510,462	46,656,396	212,017,378	1,666,272,450
KHR'000 (Note 2.1)	1,440,148,284	573,349,200	632,701,367	1,343,537,325	1,805,347,572	192,084,382	872,875,545	6,860,043,677

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.5 Operational Risk

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

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

33.6 Capital Management

(i) Regulatory Capital

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

33. FINANCIAL RISK MANAGEMENT (Cont.)

33.6 Capital Management (Cont.)

(ii) Capital Allocation

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

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

- **Cash on hand, Balances with the NBC and other banks**

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

- **Loans and advances**

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

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

- **Deposits from customers, Deposit from other financial institutions, Borrowing and Subordinated debts**

The estimated fair value of demand with no state maturity, which include the non-interest-bearing deposit, is the amount repayable on demand. The estimated fair value of long term-fixed deposits and other borrowing without quoted market price is based on discount cash flows using interests rate for new debts with similar remaining maturity. The carrying amount approximate for fair values of these accounts.

- **Other assets and liabilities**

Due to their short duration, the carrying amounts of other liabilities in the statement of financial position are considered to be reasonable approximation of their fair values.

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

Financing, Advances and Others

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

Fair Value Hierarchy

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

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

Fair Value Hierarchy (Cont.)

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

	2023		2022	
	Carrying amount	Fair value - Level 3	Carrying amount	Fair value - Level 3
	US\$	US\$	US\$	US\$
Loans and advances to customers	1,311,358,780	1,315,329,741	1,336,071,142	1,339,227,634
KHR'000 (Note 2.1)	5,356,900,616	5,373,121,992	5,500,604,892	5,513,600,168
Borrowings	44,651,605	44,655,558	21,753,816	21,753,983
KHR'000 (Note 2.1)	182,401,806	182,417,954	89,560,460	89,561,148
Subordinated debt	37,793,550	37,793,252	37,800,328	37,800,055
KHR'000 (Note 2.1)	154,386,652	154,385,434	155,623,950	155,622,826

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

35. MATURITY PROFILE OF ASSETS AND LIABILITIES

	2023			2022		
	Less than one year	More than one year	Total	Less than one year	More than one year	Total
Financial assets						
Cash on hand	38,223,023	-	38,223,023	36,740,739	-	36,740,739
Balances with other financial institutions - gross	121,761,770	-	121,761,770	47,756,043	-	47,756,043
Balances with the NBC	332,175,492	-	332,175,492	257,178,165	-	257,178,165
Loans and advances to customers - gross	439,710,113	879,439,017	1,319,149,130	404,454,782	934,302,797	1,338,757,579
Other assets	239,915	-	239,915	483,490	-	483,490
Other investments	20,105,416	10,543,890	30,649,306	97,817	30,647,119	30,744,936
	952,215,729	889,982,907	1,842,198,636	746,711,036	964,949,916	1,711,660,952
Non-financial assets						
Balances with the NBC	-	114,053,694	114,053,694	-	110,770,682	110,770,682
Other assets	3,476,460	-	3,476,460	7,385,320	-	7,385,320
Foreclosed properties	-	31,783,945	31,783,945	-	31,782,378	31,782,378
Intangible assets	-	5,037,112	5,037,112	-	4,540,840	4,540,840
Property and equipment	-	41,548,024	41,548,024	-	29,641,964	29,641,964
Right-of-use assets	-	11,545,483	11,545,483	-	8,931,254	8,931,254
Deferred tax assets	-	-	-	-	588,920	588,920
	3,476,460	203,968,258	207,444,718	7,385,320	186,256,038	193,641,358
	955,692,189	1,093,951,165	2,049,643,354	754,096,356	1,151,205,954	1,905,302,310
Less: Allowance for ECLs	-	(7,816,378)	(7,816,378)	-	(2,733,775)	(2,733,775)
Accumulated depreciation	-	(19,896,588)	(19,896,588)	-	(18,044,516)	(18,044,516)
Total assets	955,692,189	1,066,238,199	2,021,930,388	754,096,356	1,130,427,663	1,884,524,019
KHR'000 (Note 2.1)	3,904,002,592	4,355,583,043	8,259,585,634	3,104,614,698	4,653,970,689	7,758,585,387

NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

as at 31 December 2023 and for the year then ended

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

	2023			2022		
	Less than one year	More than one year	Total	Less than one year	More than one year	Total
Financial liabilities						
Deposits from customers	1,357,554,009	207,509,478	1,565,063,487	1,075,895,478	422,999,864	1,498,895,342
Deposits from other financial institutions	122,405,842	-	122,405,842	96,100,979	-	96,100,979
Borrowings	26,661,468	17,990,137	44,651,605	4,360,112	17,393,704	21,753,816
Subordinated debts	27,184,550	10,609,000	37,793,550	6,778	37,793,550	37,800,328
Lease liabilities	1,522,056	9,208,535	10,730,591	1,200,068	6,979,740	8,179,808
Other liabilities	1,423,772	2,974,696	4,398,468	617,641	2,924,536	3,542,177
	1,536,751,697	248,291,846	1,785,043,543	1,178,181,056	488,091,394	1,666,272,450
Non-financial liabilities						
Other liabilities	241,649	-	241,649	272,264	-	272,264
Provision for employee benefits	-	351,931	351,931	-	422,406	422,406
Provision for off-balance sheet commitments	-	379,568	379,568	-	401,771	401,771
Current income tax liability	2,364,921	-	2,364,921	5,359,857	-	5,359,857
Deferred tax liabilities	-	1,160,621	1,160,621	-	-	-
	2,606,570	1,892,120	4,498,690	5,632,121	824,177	6,456,298
Total liabilities	1,539,358,267	250,183,966	1,789,542,233	1,183,813,177	488,915,571	1,672,728,748
KHR'000 (Note 2.1)	6,288,278,521	1,022,001,501	7,310,280,021	4,873,758,850	2,012,865,406	6,886,624,256

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

as at 31 December 2023 and for the year then ended

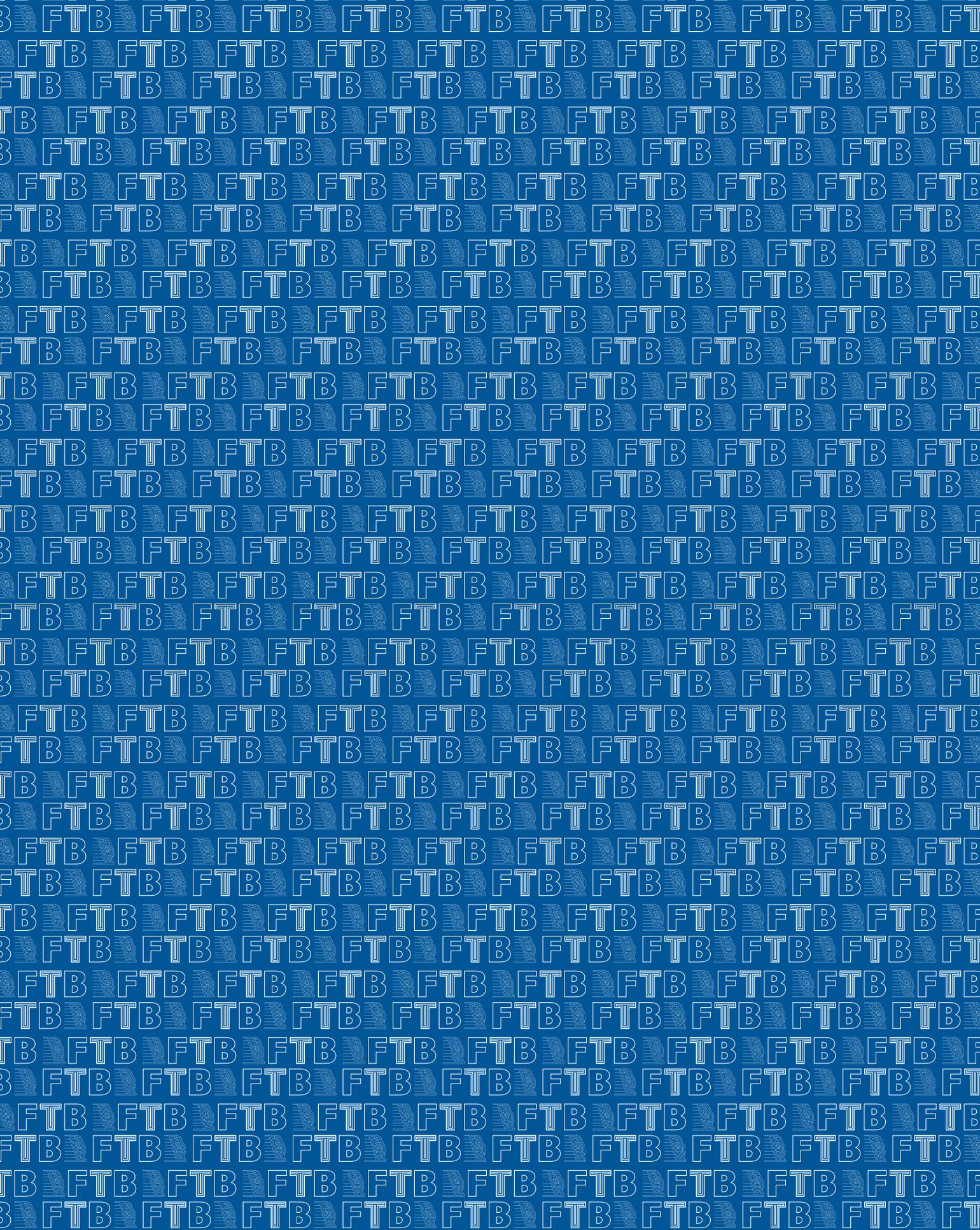
36. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there are no events which occurred subsequent to 31 December 2023 that had significant impact on the statement of financial position of the Bank as at 31 December 2023.

37. TAX CONTINGENCY

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

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



CUSTOMER CARE



PLEASE VISIT OUR NEAREST BRANCH FOR MORE INFORMATION!

 1800 200 111

 info@ftb.com.kh

 www.ftb.com.kh

 [ftbcambodia](https://www.facebook.com/ftbcambodia)

 Building 33C-D, Street 169, Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh, Kingdom of Cambodia