

# ANNUAL REPORT 2024





INVESTING IN THE FUTURE  
**និយោគ**  
**ដើម្បីអនាគត**



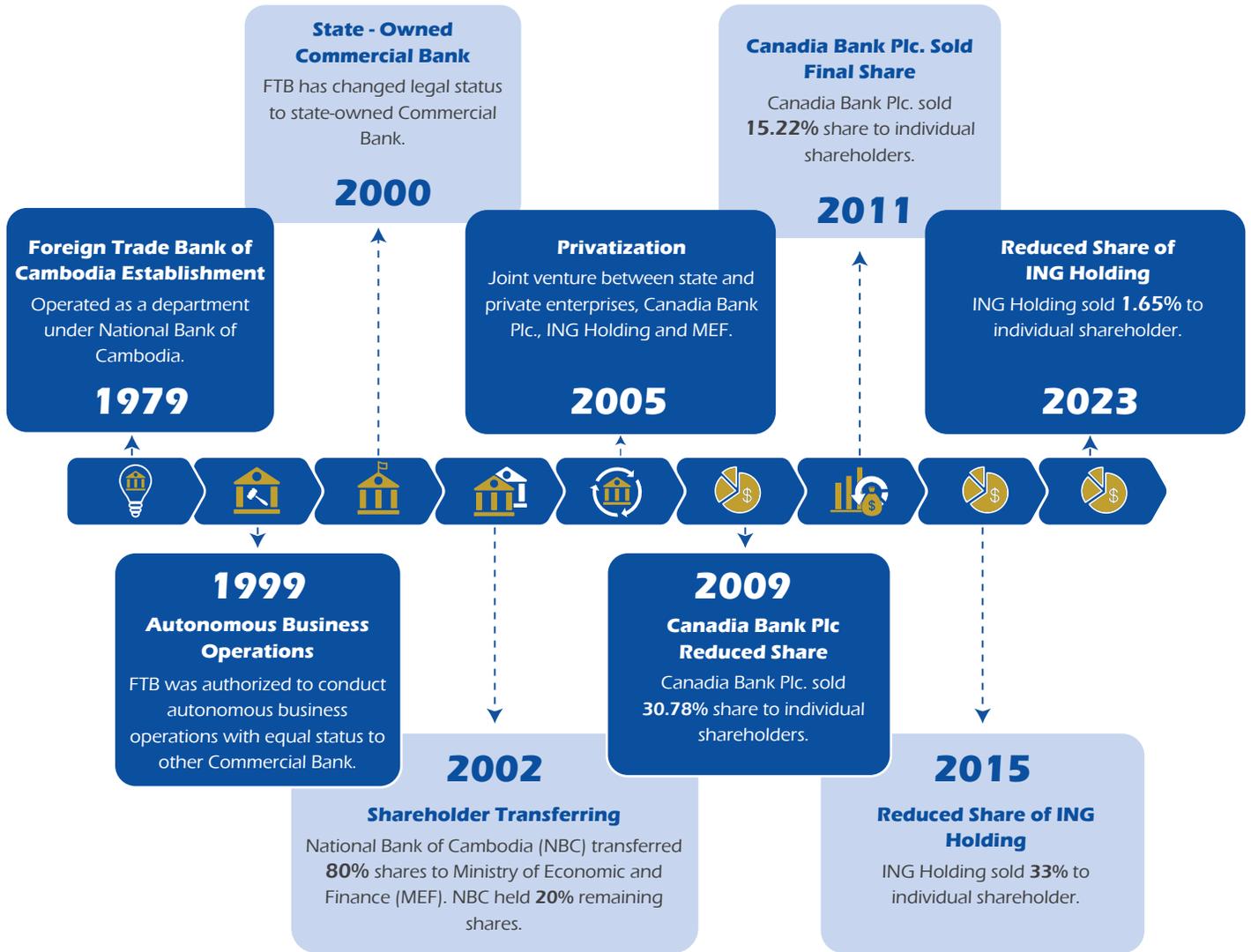
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# CORPORATE PROFILE



## Status:

Commercial Bank

## Ownership Structure:

State 10%, Private Enterprise and Individual 90%.

## Commercial Registration:

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

## Registered Capital:

- USD **38.50** million on 10 Jun 2011
- USD **75.00** million on 13 Jan 2017
- USD **79.50** Million on 07 Feb 2019

## Bank's Licenses:

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



# SHAREHOLDERS



## Total

Number of Shares

**79,500**

Amount in USD

**79,500,000**

**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**

**ING Holding Co., Ltd**



Number of Shares  
**7,433**

Amount in USD  
**7,433,000**



## 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, 45 years of sustainable growth



**765**

Total Employees



**23**

Total Branches



### VISION

- To be the preferred commercial bank in Cambodia.



### MISSION

- 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.



## CORE VALUES

- 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.



### 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.



### 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.

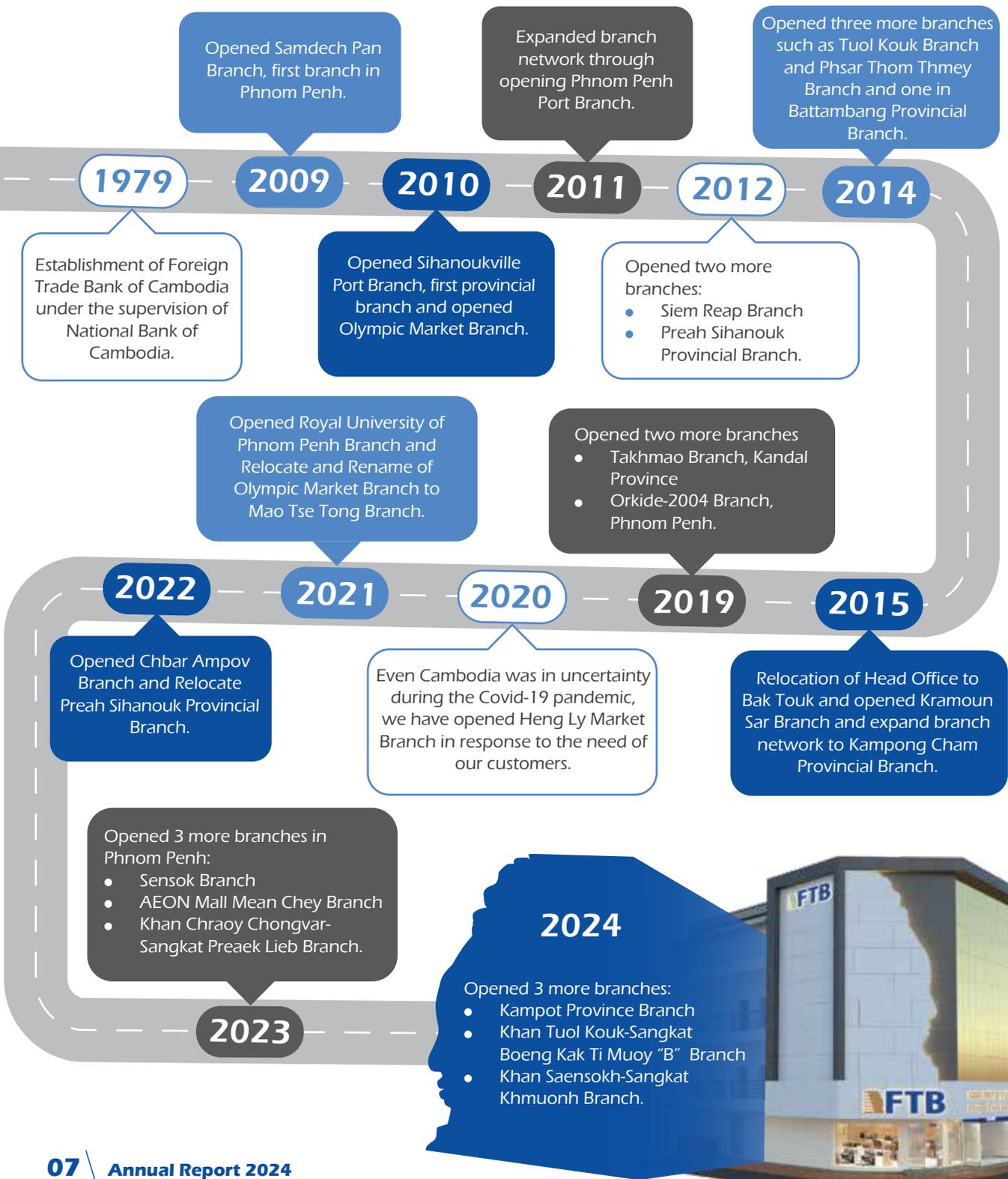


### Trust

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

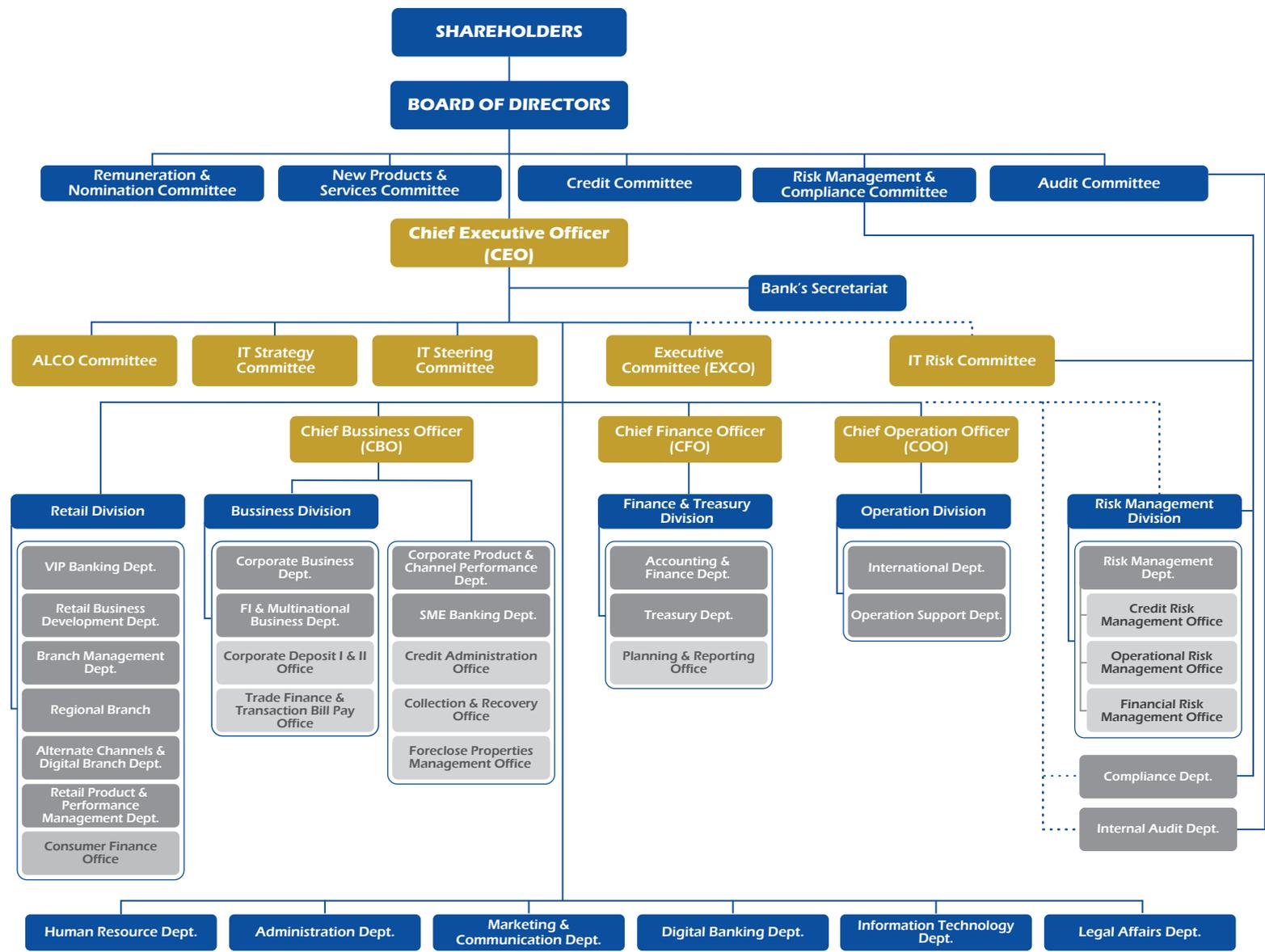


# A BRIEF HISTORY OF FTB'S PROGRESS





# ORGANIZATIONAL CHART



**Note**  
Dept. = Department

# FINANCIAL HIGHLIGHTS

2024

2023

## Summary of the Balance Sheet (US Dollar)

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Total assets                          | 2,281,474,014 | 2,021,930,388 |
| Loans and advances to customers - net | 1,316,366,053 | 1,311,358,780 |
| Other assets                          | 965,107,961   | 710,571,608   |
| Total liabilities                     | 2,037,337,262 | 1,789,542,233 |
| Total deposits                        | 1,933,609,303 | 1,687,469,329 |
| Other liabilities                     | 103,727,959   | 102,072,904   |
| Total shareholders' equity            | 244,136,752   | 232,388,155   |
| Share capital                         | 79,500,000    | 79,500,000    |
| Reserved and retained earnings        | 164,636,752   | 152,888,155   |

## Summary of the Income Statement (US Dollar)

|   |              |              |
|---|--------------|--------------|
| Interest income                             | 132,872,631  | 124,470,553  |
| Interest expense                            | (81,254,858) | (75,543,222) |
| Net interest income                         | 51,617,773   | 48,927,331   |
| Fee and commission income and other incomes | 3,681,327    | 3,342,473    |
| Other operating expenses                    | (24,383,634) | (21,382,923) |
| Impairment losses on financial instruments  | (14,008,070) | (5,060,400)  |
| Profit before income tax                    | 16,907,396   | 25,826,481   |
| Net profit for the year                     | 11,748,597   | 20,592,884   |

## Key Ratios

|                                       |         |         |
|---------------------------------------|---------|---------|
| Return on capital                     | 14.78%  | 25.90%  |
| Return on assets                      | 0.51%   | 1.02%   |
| Return on shareholders' equity        | 4.81%   | 8.86%   |
| Solvency ratio                        | 20.32%  | 19.71%  |
| Liquidity coverage ratio              | 351.60% | 210.60% |
| Interest income to total assets       | 5.82%   | 6.16%   |
| Total loans (gross) to total deposits | 69.25%  | 80.65%  |
| Non-performing loans ratio            | 4.20%   | 1.83%   |
| Growth in interest income             | 6.75%   | 11.26%  |
| Growth in total deposits              | 14.59%  | 5.80%   |
| Growth in total loans (gross)         | 1.51%   | -1.46%  |
| Growth in shareholders' equity        | 5.06%   | 9.72%   |
| Growth in total assets                | 12.84%  | 7.29%   |

## FINANCIAL HIGHLIGHT 2024

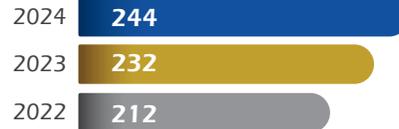
**ASSET**  
IN MILLION USD

**12.8%**  
Increase from 2023



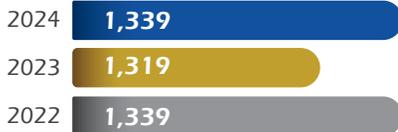
**EQUITY**  
IN MILLION USD

**5.1%**  
Increase from 2023



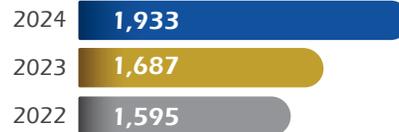
**LOAN (GROSS)**  
IN MILLION USD

**1.5%**  
Increase from 2023



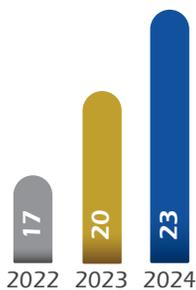
**DEPOSIT**  
IN MILLION USD

**14.6%**  
Increase from 2023



## PHYSICAL EXPANSION 2024

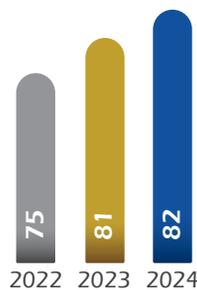
**BRANCH**



**03**

Increase from 2023

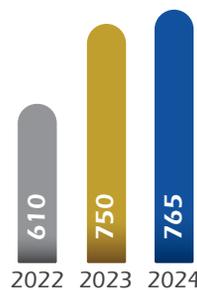
**ATM**



**01**

Increase from 2023

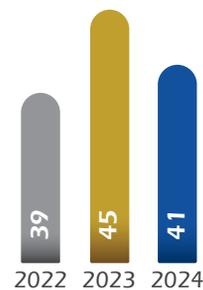
**STAFF**



**15**

Increase from 2023

**NUMBER OF CARDS**  
IN THOUSAND



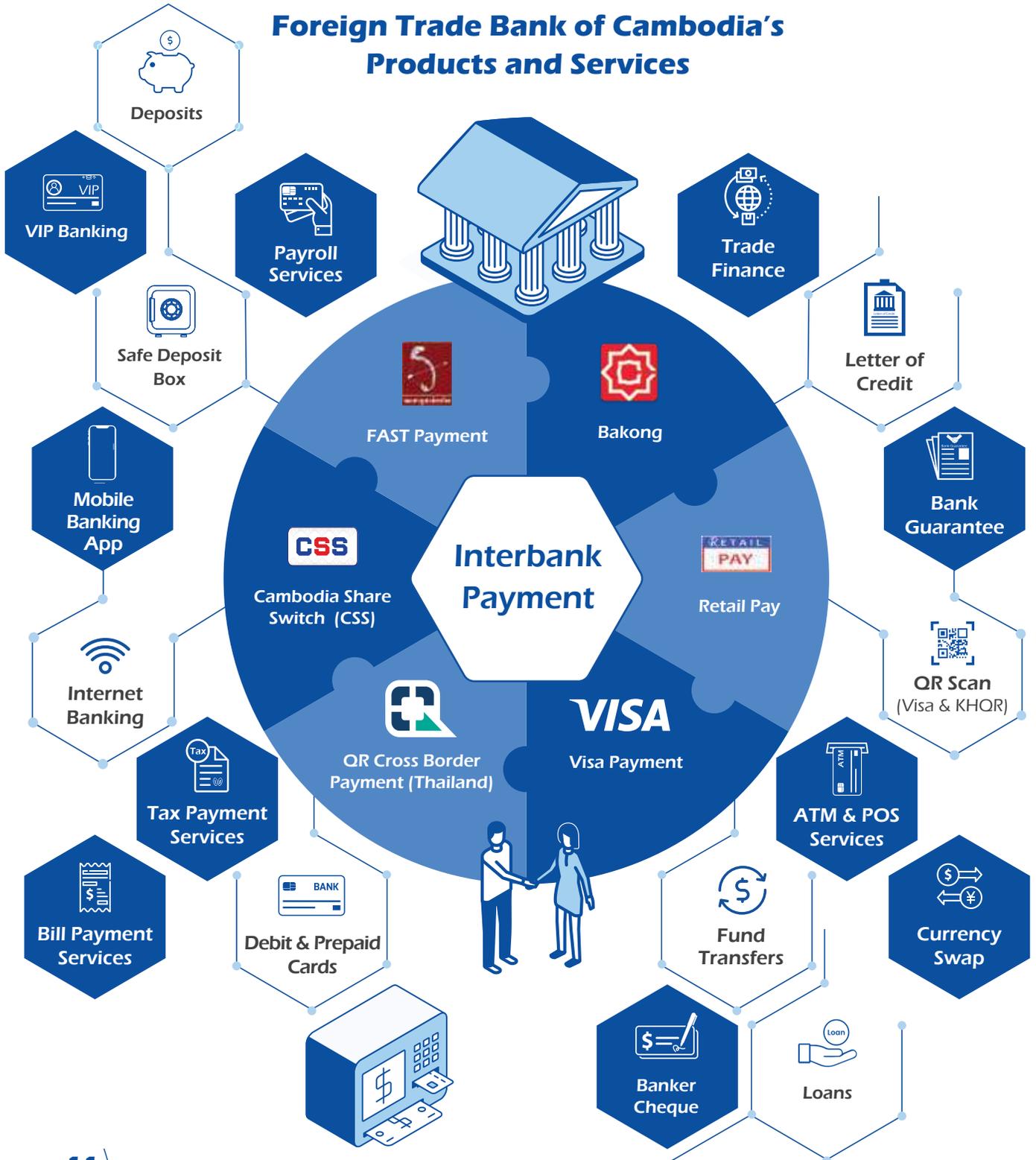
**04**

Decrease from 2023



# PRODUCTS AND SERVICES

## Foreign Trade Bank of Cambodia's Products and Services



## 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 5 key areas such as Deposit, Loan, Trade Finance, Transaction Banking, and Foreign Exchange. We are providing financial products as below:



### Transaction Banking

- International Transfer
- Local Transfer
- Bill Payment
- Payroll Services
- Corporate Internet Banking



### Trade Finance

- Bank Guarantee
- Letter of Credit
- Standby Letter of Credit
- Documentary Collection
- ESCROW



### Foreign Exchange

- Foreign Exchange
- Currency Swap



### Loan

- Term Loan
- Overdraft Facility
- Revolving Credit Facility
- Trade Finance Facilities



### Corporate Deposit

- Corporate Savings Account
- Corporate Current Account
- Corporate Fixed Deposit



## FTB RETAIL PRODUCTS AND SERVICES



### Loan

- Housing Loan
- Auto Loan
- Personal Loan
- Unsecured Loan
- Overdraft Against FD



### VIP Banking

### Other Services

- Safe Deposit Box
- Foreign Exchange
- EDC Auto Direct Debit
- Bancassurance (Manulife)



### Digital Banking

- Mobile Banking/ibanking
- ATM and POS Services
- KHQR Remittance
- Online Opening Account



### Deposit



### Domestic Payment Services:

- Tax Payments to GDT and GDCE
- Contribution Payment to NSSF
- Payment to Phnom Penh Autonomous Port
- Utilities
- Tuition
- Internet
- Local Transfer to:
  - NCS
  - Bakong



### Payment Cards

- ATM Debit Card
- Visa Debit Card
- Prepaid Card
- Co-Branded CashCard
- Virtual CashCard



### International Payment Services:

- International Remittances (SWIFT)
- Inward Remittance Via KOOKMIN Bank from South Korea
- Thai QR Payment



# CORRESPONDENT BANKS



C\$

Currencies

¥

A\$

F

# 11

€

£

HKS

S\$

NZ\$

| Country of Correspondent Bank   | Correspondent Bank   | SWIFT Code  | Currency |
|---|--|---|----------|
|  China             | BANK OF CHINA<br>SHANGHAI  | Swift Code: BKCHCNBJ500<br>A/C NO. 433861149292       | CNY      |
|  United Kingdom    | STANDARD CHARTERED BANK<br>LONDON                                    | Swift Code: SCBLGB2L<br>A/C NO. 01702216601           | GBP      |
|  France            | NATIXIS<br>PARIS   | Swift Code: NATXFRPP<br>A/C NO. 300079999906126068000 | USD      |
|   | NATIXIS<br>PARIS   | Swift Code: NATXFRPP<br>A/C NO. 300079999906126068000 | EUR      |
|  Republic of Korea | KOOKMIN BANK<br>SEOUL  | Swift Code: CZNBKRSE<br>A/C NO. 8368USD010            | USD      |
|   | KEB HANA BANK<br>SEOUL   | Swift Code: KOEXKRSE<br>A/C NO. 0963THR051230019      | USD      |
|   | WOORI BANK<br>SEOUL  | Swift Code: HVBKKRSE<br>A/C NO. W1055001US            | USD      |
|  Thailand        | BANGKOK BANK PUBLIC COMPANY LIMITED<br>BANGKOK                       | Swift Code: BKKBTHBK<br>A/C NO. 5552930080            | USD      |
|   | KASIKORN BANK PUBLIC COMPANY LIMITED<br>BANGKOK                      | Swift Code: KASITHBK<br>A/C NO. 0999229735            | USD      |
|   | SIAM COMMERCIAL BANK PCL.<br>BANGKOK                                 | Swift Code: SICOTHBK<br>A/C NO. 1113002311            | THB      |
|   | KASIKORN BANK PUBLIC COMPANY LIMITED<br>BANGKOK                      | Swift Code: KASITHBK<br>A/C NO. 1461782856            | THB      |
|  USA             | STANDARD CHARTERED BANK<br>NEW YORK                                  | Swift Code: SCBLUS33<br>A/C NO. 3582062596001         | USD      |
|  Vietnam         | BIDV<br>HANOI  | Swift Code: BIDVNVX<br>A/C NO. 9900000199             | USD      |
|   | JOINT STOCK COMMERCIAL BANK FOR FOREIGN<br>TRADE OF VIETNAM<br>HANOI | Swift Code: BFTVNVX<br>A/C NO. 0681370007155          | USD      |
|  Singapore       | STANDARD CHARTERED BANK<br>SINGAPORE                                 | Swift Code: SCBLSG22<br>A/C NO. 7700017752            | USD      |
|   | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>SINGAPORE             | Swift Code: OCBCSGSG<br>A/C NO. 503575243301          | USD      |
|   | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>SINGAPORE             | Swift Code: OCBCSGSG<br>A/C NO. 515587020001          | SGD      |
|   | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>AUSTRALIA             | Swift Code: OCBCSGSG<br>A/C NO. 712043314201          | AUD      |
|   | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>JAPAN                 | Swift Code: OCBCSGSG<br>A/C NO. 712043355201          | JPY      |
|   | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>HONG KONG             | Swift Code: OCBCSGSG<br>A/C NO. 712043355201          | HKD      |



## CHAIRMAN'S MESSAGE



**H.E. GUI Anvanith**  
Chairman

In 2024, the recovery of the global economy remains uncertain, reflecting the challenges seen in the previous year. These challenges include political and geopolitical tensions, the ongoing Russia-Ukraine conflict, persistent inflationary pressures, the lingering impacts of the COVID-19 pandemic, and the tightening monetary policy of the U.S. Federal Reserve, which have impacted supply chains and domestic demand.

The year 2024 exemplifies the resilience and strength of the Foreign Trade Bank of Cambodia, despite prevailing circumstances. As of December 31, 2024, our bank's total assets have risen to over USD 2,281 million, representing an increase of approximately 12.8% compared to 2023. This remarkable achievement highlights the bank's robust business performance.

Simultaneously, the advancement of digital technology systems, the enhancement and expansion of our distribution networks, and the ongoing upskilling of our employees remain our highest priorities. In 2024, we achieved significant milestones, including

the opening of three new branches, two of them are situated in Phnom Penh's central business district and another new one situated in Kampot Province, to offer a comprehensive range of financial services tailored to meet our customers' needs.

The construction of the "FTB Tower" headquarter, which ground-breaking took place on April 22, 2022, continues to receive unwavering attention and is being carried out in strict compliance with Grade A commercial building standards, emphasizing superior quality, and prestige. In partnership with MSNH Investment Co., Ltd. (MSNH), the tower is strategically positioned in a prime commercial area in the heart of Phnom Penh. It is taking shape as a modern and leading commercial building in the Kingdom of Cambodia, with official operations expected to commence by the end of the second quarter of 2026. The FTB Tower is designed to deliver highly reliable financial service experience while supporting the bank's ongoing growth. This iconic project embodies the resilience and sustainability of FTB, the first local commercial bank in Cambodia, a

truly local bank trusted since 1979, committed to serving the interests of its customers and ensuring high levels of customer satisfaction.

Aligned with our commitment to achieving sustainable growth and guided by our vision to become the preferred commercial bank in Cambodia, the Board of Directors and Management of FTB are dedicated to steering the Bank with exemplary governance. We have meticulously developed strategic plans, policies, and governance practices to ensure that the Bank operates responsibly and fully comply with all regulatory requirements. Building on a solid business foundation and a reputation as a leading local partner bank, we have gained market share by forming new business relationships with key regional and international banks, enabling us to further expand our international payment services to a broader range of customers.

Foreign Trade Bank of Cambodia is committed to sustainable financing and socially responsible business practices. Additionally, the Bank actively promotes the use of the Khmer Riel and fosters financial inclusion, in alignment with the strategic objectives set forth by the National Bank of Cambodia. These efforts contribute significantly to building a prosperous, resilient, and inclusive community. Furthermore, the Bank prioritizes its employees by cultivating a transparent organizational culture, enhancing staff development, and fostering a shared vision, creating a workplace where knowledge, values, and connections contribute to future growth.

As the first and leading commercial bank in Cambodia, the Foreign Trade Bank of Cambodia is ready and

dedicated to delivering high-quality, reliable financial services to customers and business partners as well as with the innovation and advanced financial technology, providing convenient and modern solutions that align with the evolving financial market landscape and effectively address customer needs in 2025.

I would like to extend my heartfelt gratitude to our esteemed shareholders for their unwavering support. I am equally grateful to the members of the Board of Directors for their outstanding cooperation and guidance. My sincerest appreciation for the Executive Committee and all employees for their relentless hard work, dedication, and commitment to excellence. Your continuous efforts to enhance the quality of our products and services have yielded remarkable and sustained results. The knowledge, skills, and exceptional contributions of our staff are indeed a source of great pride for the Foreign Trade Bank of Cambodia.

I would also 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.

Last but not least, I would like to extend my profound thanks to all our valued customers and business partners for their continued support and trust in FTB.

Yours sincerely,

(SIGNED)

**GUI Anvanith**  
Chairman





## CEO'S MESSAGE



**Mr. DITH Sochal**  
Chief Executive Officer and  
Board Member

After U.S. dollar interest rates peaked in late 2023 and remained elevated until the first cut in September 2024, the global, regional, and domestic markets began to show signs of recovery throughout 2024. Initial optimism about the economic outlook following the rate reduction gained traction, but this sentiment had also been tempered by emerging challenges. These include changing trade war and restrictions, inflationary pressures, the ongoing Russia-Ukraine conflict, as well as the instability across parts of the Middle East—all of which pose risks to the domestic market.

Amid ongoing economic uncertainties, the Foreign Trade Bank of Cambodia (FTB) has shown strong resilience and reinforced its solid business fundamentals. In 2024, the Bank achieved notable financial milestones, with total assets rising to over USD 2,281 million, an increase of approximately 12.8% compared to 2023. Total deposits grew to USD 1,933 million, reflecting a substantial 14.6% increase, while total loans reached approximately USD 1,339 million, marking a steady growth of 1.5% year-on-year.

FTB remains committed to providing a comprehensive range of banking services, with a continued focus

on enhancing digital offerings and expanding its branch network to better serve customers. In 2024, three new branches were added: Khan Saensokh-Sangkat Khmuonh, Khan Tuol Kouk-Sangkat Boeng Kak Ti Muoy “B” and Kampot Branch. The Bank remains firmly committed to promoting socially and environmentally responsible business practices by financing projects in partnership with PROPARCO, particularly in the water and rural electrification sectors. It has also collaborated with the Asian Development Bank (ADB) to support Micro, Small, and Medium Enterprises (MSMEs) through the Trade and Supply Chain Finance Program (TSCFP), thereby enhancing Cambodia’s economic resilience. In alignment with the Royal Government’s strategic goals, the Bank actively supports MSME financing initiatives, including participation in the SME Bank’s Co-Financing Program and the Business Recovery Guarantee Scheme, implemented by the Credit Guarantee Corporation of Cambodia (CGCC) under the Ministry of Economy and Finance.

We remain dedicated to delivering innovative financial solutions through our mobile and online banking platforms, offering seamless payment services

for various public institutions. A key feature is the National Social Security Fund (NSSF) payment service, which allows both enterprises and self-employed individuals to conveniently make their contributions. Additionally, the official launch of the EDC bill payment service has introduced a nationwide scan barcode to pay feature, improving efficiency and accessibility for users across Cambodia. To further enhance customer experience, we have expanded transaction capabilities within our cross-institution fund transfer and payment system, enabling high-demand remittances and payments through Bakong Retail, Bakong Large Value, and the National Clearing System (NCS). These services are now accessible anytime, anywhere via the FTB Mobile App, supporting transactions with all Bakong and NCS member banks.

We continue to enhance and modernize our corporate banking services through the launch of an upgraded FTB Corporate Internet Banking platform. This platform empowers corporate clients with streamlined financial management, supporting efficient business operations and delivering significant time savings. Key features include employee payroll processing, transaction scheduling, bill payments, fund transfers, and comprehensive financial reporting—all accessible remotely, eliminating the need for in-person visits.

As part of our ongoing commitment to operational excellence and sustainable growth, FTB actively engages in corporate social responsibility initiatives across vital sectors such as education, sports, culture, the arts, and humanitarian efforts. These initiatives have played a meaningful role in improving the well-being of citizens, empowering communities, and contributing to national development. In 2024, we prioritized programs aligned with the strategic objec-

tives of the National Bank of Cambodia, focusing on the promotion of the Khmer Riel, financial inclusion, and financial literacy. Notable campaigns included “Me and Money” and “Exchange Old, Torn, or Damaged Riel Banknotes,” both of which supported broader community development goals.

As Cambodia’s first local commercial bank, established in 1979, FTB has built a strong legacy of financial excellence. We remain committed to enhancing customer service quality and pursuing long-term, sustainable growth. Our strategic priorities include strengthening human resource capacity, advancing risk management and compliance frameworks, and investing in cutting-edge technology and digital systems. These efforts are designed to expand our business base and reinforce the trust of our customers and partners, in alignment with the Board of Directors’ vision for high-quality, sustainable outcomes.

I would like to take this opportunity to extend my heartfelt appreciation to our valued customers, esteemed business partners, the National Bank of Cambodia, and all relevant institutions for their continued trust and support. I also express my sincere gratitude to our shareholders and the Board of Directors for their strategic guidance and unwavering encouragement, which have empowered our leadership team and staff to contribute with dedication and responsibility. Lastly, my deepest thanks go to our committed employees, whose professionalism, collaboration, and hard work have been vital in delivering exceptional results and driving sustainable business growth.

Yours sincerely,

(SIGNED)

**DITH Sochal**

Chief Executive Officer and Board Member





# CORPORATE GOVERNANCE

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

## BOARD OF DIRECTORS

FTB is led by the Board of Directors who are appointed by the shareholders to act on their behalf. The Board of Directors are responsible for the supervision and management of business, affairs and situation of the Bank on behalf of the shareholders in compliance with the Articles of Association and the Law on Commercial Enterprises. The Board of Directors consists of six members as at 31<sup>st</sup> December 2024:



**H.E GUI Anvanith**  
Chairman



**Mrs. SOK Chan Sona**  
Independent Vice-  
Chairwoman



**Mr. DITH Sochal**  
Chief Executive Officer  
and Board  
Member



**H.E. CHOU Vannak**  
Board Member



**Oknha. LIM Bunsour**  
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 placed 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 missions, 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 COMMITTEE

The principal roles of the Committee are to ensure that the 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

## GREEN AND SUSTAINABLE INITIATIVES

Climate change has continued to become a pressing global challenge. Key trends of climate changes include rising global temperature, extreme weather events, ocean warming, rising sea levels, etc. Most nations have made commitments under Paris Agreement to limit global warming to below 2°C and are increasingly committed to net zero emission goals by 2050. Based on the International Energy Agency (IEA), achieving the net zero emission by 2050 requires annual global investment in energy transition of around USD 4 trillion, compared to USD 1.8 trillion in 2023.

For our country, there are certain actions and targets to achieve net zero by 2050 including:

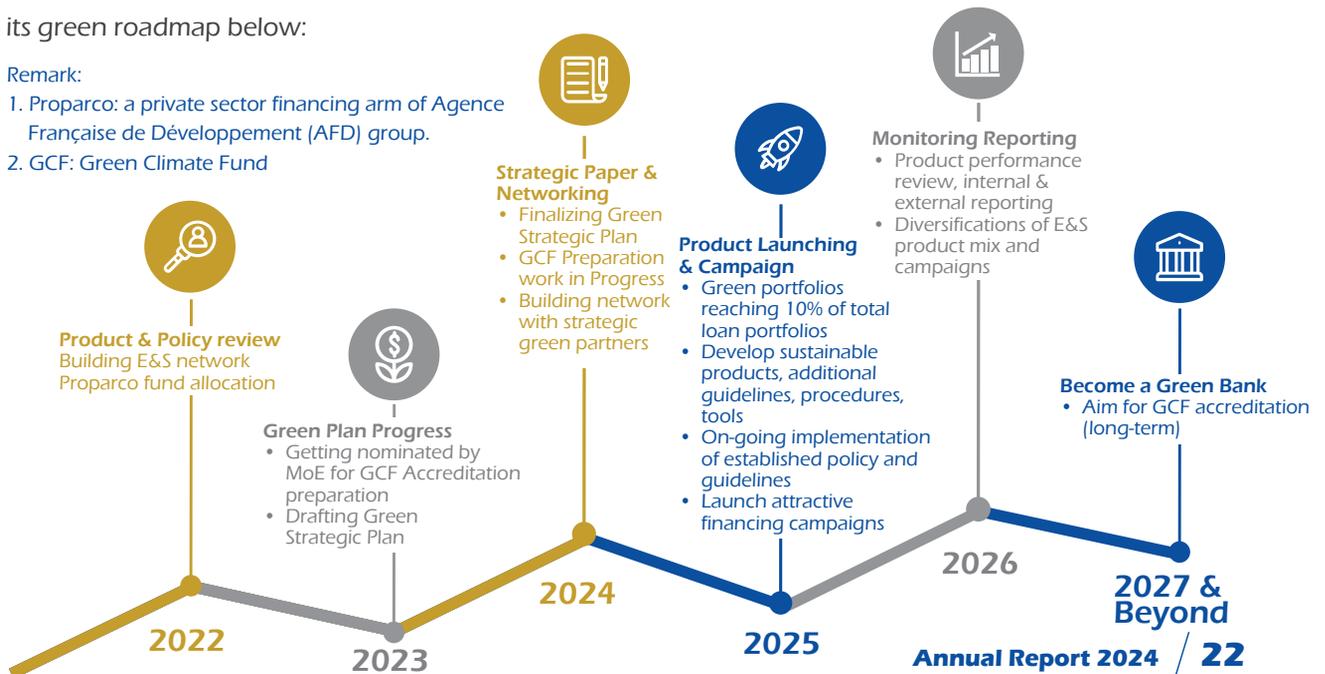
- Reducing CO<sub>2</sub> Emission by 40% by 2030
- No new coal power plant
- Increase power renewable sources to 70%
- Promoting favorable policy for electric vehicles.

Based on the UNDP’s Climate Country Report for Cambodia and to achieve the 2050 net zero commitment, total financing needs for the country is estimated to be at least USD 37 billion, which requires from both public and private sectors.

FTB, particularly, in December 2017 with technical assistance from the AFD Financing Program, our ESRM Policy was formulated and then approved by the BoD. Since then, one of the Bank’s missions is to operate in an environmentally and socially responsible manner. We set our goal to be among “the Leading Green Banks” in Cambodia by 2027, creating sustainability matter into workable projects. The Bank has developed its green roadmap below:

Remark:

1. Proparco: a private sector financing arm of Agence Française de Développement (AFD) group.
2. GCF: Green Climate Fund



At the end of 2024, FTB has outstanding loan portfolios more than USD 80 million in green projects including Solar PV farm, Solar panel installations, green buildings, and EV. The Bank will continue to diversify products and services catering to green and social financing such as woman loan and MSME loans. We have been continuing to participate and to promote green agenda at national and international level including:

- Energy Efficient Financing Study,
- Green Climate Fund (GCF) Accreditation Preparations,
- Cambodia Sustainable Finance Roadmap,
- Capacity building and workshop participations on Green related matters.

## **INTERNATIONAL TRADE**

International trade made a significant contribution to the growth of Cambodia's economy in 2024, driven by an increase in both import and export activities. A recovery in global demand led to strong growth in apparel and agricultural exports, resulting in a rise of raw material imports beginning in late 2023.

FTB played a crucial role by offering financial instruments such as Letters of Credit, Documentary Collections, and Standby Letters of Credit to facilitate these international trade activities. This also included advance payments and open account transactions involved in both inward and outward remittances.

In 2024, FTB achieved non-interest income according to the 2024 budget plan from international trade services with compliance to regulatory standards including Know Your Customer (KYC) requirements, to prevent money laundering and fraud in international trade transactions. One of our main activities during the year was to support Cambodia's rice exports through collaboration with the Cambodia Rice Federation to provide a full range of trade financing products and signing Memorandum of Understanding (MOU) with the Credit Guarantee Corporation of Cambodia (CGCC) under the Rice Export Guarantee Scheme (REGS) to offer working capital loans to rice exporters/rice millers who have no sufficient collateral.

## **BUSINESS RELATIONSHIPS WORLDWIDE**

As a long-standing bank, we intend to expand our network by reconnected contact with our current and new RMA 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 continue to add prominent international correspondent banks serving various currency settlements into our correspondent bank list to facilitate an efficient cross-border payment of our customers. In addition, we keep engaging closely with overseas partner banks for trade connections including re-activating existing swift connectivity (RMA) and adding new names.

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.

## **THE PROGRESS OF FTB TOWER**

Since the construction of new Head Office, namely “FTB Tower” on April 22<sup>nd</sup>, 2022 this tower has been constructed carefully and mainly focused on quality, luxury, and modernity of the Grade A Office Building. In collaboration with MSNH Investment CO., LTD, FTB Tower, located at the heart of Phnom Penh business center, is gradually taking shape and will be marked as one of the iconic building when scheduled launching in the second quarter of 2026.

The construction of FTB Tower aims to provide confidential and reliable financial service experience and to support the bank’s continued growth which is a testament to indicate FTB’s strength and longevity as the first local commercial bank in Cambodia established since 1979 and continues to strive for the benefits and satisfaction of our customers.



**“ Construction of FTB Tower”**



## **BRANCH EXPANSION**

In 2024, the Bank continues to expand its branch network to get closer to the customers. FTB has officially launched three new branches in Phnom Penh and Kampot Province to serve our existing and potential customers. The three new branches are:



### Khan Saensokh - Sangkat Khmuonh Branch

Located at NSSF Building, Ground Floor, Unit N° NSSF - G02, Sangkat Khmuonh, Khan Saen Sokh, Phnom Penh.



### Khan Tuol Kouk - Sangkat Boeng Kak Ti Muoy "B" Branch

Located at Building N° 345, Street N° 289, Phum 13, Sangkat Beoung Kak Ti Muoy, Khan Tuol Kouk, Phnom Penh.



### Kampot Province Branch

Located at Land N° 466, Street N° 712 1712, Phum Kampong Bay Khang Cheung, Sangkat Kampong Bay, Krung Kampot, Kampot Province.



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

## ATM NETWORK EXPANSION

ATM has still playing an important role as a branch with limited functions through which the customer can access their funds and perform other functions in additional to cash withdrawal. ATM network is a useful mean for brand exposure, establishing strategic partnership, and alternative banking channel that would help extend our banking beyond official business days and hours. We are working towards equipping our ATM network with more capacities such as cash deposit and withdrawal without the need to visit the branch and continue installing more ATM terminals every year to expand the network itself.



In 2024, FTB has deployed ATM network in a total of 82 locations, including all branches and off-sites.

## NSSF CONTRIBUTION PAYMENT VIA MOBILE BANKING AND INTERNET BANKING

In February 2024, Foreign Trade Bank of Cambodia has collaborated with the National Social Security Fund (NSSF) and introduced another payment option on top of the existing services which allow customers to pay NSSF contributions for enterprises and self-employed conveniently through the FTB Mobile App and Internet Banking, without the need to come to the branch.



## EDC ONLINE BILL PAYMENT:

In June 2024, FTB has presented EDC Online Bill Payment to the public to help ease the customer hectic schedule, by offering a bill payment method through FTB Mobile App and Internet Banking. Customer can pay their electricity bill payment by just entering their EDC Customer ID or scan Barcode number and amount will automatically show on screen and the transaction will be processed in real-time.



## CROSS INSTITUTE FUND TRANSFER AND PAYMENT

In October 2024, FTB officially launched additional transaction functions on its existing cross institute fund transfer and payment system to facilitate customers with high demand on remittance and payment, to make transaction through Bakong Retail, Bakong Large Value and National Clearing System (NCS) to all Bakong or NCS member banks anytime and anywhere via FTB Mobile App.



## 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's 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 as 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 believe, are 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.





# 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 the 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 August 27<sup>th</sup>, 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



## 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.



# AWARDS AND RECOGNITIONS 2024



FTB is truly proud to earned prestigious appreciations from multitude of esteemed institutions.



# CORPORATE SOCIAL RESPONSIBILITY

Foreign Trade Bank of Cambodia has continuously been taking part in various corporate social responsibility activities (CSR) in partnership with many institutions in operations over the past 45 years. 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 as a whole. Over the past 45 years, through unwavering dedication to promoting social activities, we take immense pride in our substantial contributions to society. These includes charitable giving in the community, adherence to sustainable financing principles, and socially and environmentally responsible business practices.

In line with one of FTB’s missions, FTB remains committed to support and contribute to the community. Each year, we actively provide funding and material donations, encompassing the following initiatives:

## PROMOTING FINANCIAL INCLUSION TO SUPPORT ECONOMIC GROWTH

FTB is dedicated to fostering economic growth by offering financing solutions to micro, small, and medium-sized enterprises (MSMEs), and promoting the use of the national currency.

### 1. PARTICIPATE IN SUPPORTING THE DEVELOPMENT OF NATIONAL INFRASTRUCTURE ←



FTB has contributed USD 100,000 to the Border Infrastructure Fund to support the construction of infrastructure along the border, with a particular focus on the development of the border ring road, initiative underscores our commitment to advancing national development and enhancing security.

### → 2. EXPAND ACCESS TO TRADE FINANCE FOR MSMEs THROUGH PARTNERSHIP WITH ADB

FTB partnered with the Asian Development Bank (ADB) in Trade and Supply Chain Finance Program (TSCFP) on February 6<sup>th</sup>, 2024. The partnership would enable FTB to provide easier access to trade finance to Cambodian MSMEs, boosting their participation in international trade.



### 3. STRENGTHENING THE RICE SECTOR THROUGH FINANCIAL COOPERATION ◀



FTB signed a Memorandum of Understanding (MoU) with the Credit Guarantee Corporation of Cambodia (CGCC) and other financial institutions on May 10<sup>th</sup>, 2024. The collaboration establishes a special credit scheme to support rice exports, benefiting farmers, millers, and exporters.

## COMMUNITY INTEGRATION AND HUMANITARIAN EFFORTS

### ▶ 1. PROMOTING HUMANITARIAN AID THROUGH THE CAMBODIAN RED CROSS

FTB donated 50 million riels on the occasion of the 161<sup>st</sup> anniversary of the World Red Cross and Red Crescent Day May 8<sup>th</sup> 2024, under the theme 'Together with the Cambodian Red Cross for a Healthy Community and Climate Resilience'.



### 2. VOLUNTARY BLOOD DONATION ◀



FTB successfully organized a blood donation program in partnership with the National Blood Transfusion Center Cambodia on December 18<sup>th</sup>, 2024, under the theme "Give Blood, Give Hope", 56 employees actively participated in this noble initiative, voluntarily donating blood to support victims and individuals in urgent need.

### ▶ 3. INTERNATIONAL HALF MARATHON

In 2024, FTB supports the promotion of tourism, communities (such as people with disabilities and underprivileged children), strengthens employee bonds, and promotes sports. The Bank sponsored and participated in major half marathon events, including:



- The 9<sup>th</sup> Angkor Empire International Marathon Day in Siem Reap Province.



- The 9<sup>th</sup> Half Marathon Day in Preah Sihanouk Province.



- The 12<sup>th</sup> Phnom Penh International Half Marathon Day in Phnom Penh.

### 4. PROMOTING BUDDHISM ◀



On the occasion of the Pchum Ben Festival, FTB organized and delivered offerings to the monks residing at Wat Tuol Russiki Borey Vong, located in Prek Khnach Village, Loek Dek Commune, Koh Thom District, Kandal Province, on September 24<sup>th</sup>, 2024. This initiative reflects the bank's commitment to supporting Buddhism, the state religion, and preserving cultural traditions.

## ADVANCING EDUCATION AND STRENGTHENING CAPACITY BUILDING

### 1. PROMOTING INNOVATION AND ENTREPRENEURSHIP IN STEM EDUCATION

FTB demonstrated commitment to nurturing talent and advancing the national economy by sponsoring the 'Techno Pre-incubation Program 2024' at the Institute of Technology of Cambodia (ITC) and the 'KE Summit' program of Khmer Enterprise. These initiatives aim to equip young entrepreneurs in STEM (Science, Technology, Engineering, and Mathematics) with essential skills, encourage innovation, drive business development, and support entrepreneurship for sustainable economic growth.



- Techno Pre-Incubation Program 2024

- KE Summit Program

### 2. PROMOTING FINANCIAL LITERACY TO STUDENTS

FTB proudly sponsored the 'Implementation of Financial Literacy in the School Curriculum' program from 2024–2026, launched by the National Bank of Cambodia in collaboration with the Ministry of Education, Youth and Sports on February 1<sup>st</sup>, 2024.



### 3. SUPPORTING EDUCATION AND INFRASTRUCTURE

FTB has contributed funds, educational materials and infrastructure repairs to schools and universities, including:



- Collaborating with 14 partners to raise USD50,000 for the renovation of the Royal University of Phnom Penh (RUPP) Multi-Purpose Hall.
- Sponsoring the Royal University of Phnom Penh's Charity and Sangkran Day 2024.
- Providing essential educational materials to students at Angkor Chey Primary School and Saththaram Primary School.

► 4. ENCOURAGING CRITICAL THINKING AND CULTURAL ENGAGEMENT THROUGH A PHILOSOPHY ESSAY COMPETITION



- Supporting the 1<sup>st</sup> National Writers' Day program to foster education, literature, and cultural appreciation.



- Sponsoring the 3<sup>rd</sup> Royal University of Phnom Penh Lifetime Achievement Award Program 2024.



- Sponsoring the 3<sup>rd</sup> Philosophy Essay Competition with the theme "Violence and Tolerance in Society," aimed at inspiring young individuals to think critically and share their perspectives on significant social issues.



## KEY EVENTS AND INITIATIVES



1. Sponsoring the '8<sup>th</sup> River Festival,' emphasizing the vital role of Cambodia's rivers in fostering peace, unity, and sustainable development.



2. Sponsoring the '11<sup>th</sup> Sea Festival' to actively support Cambodia's coastal tourism potential and enhance domestic tourism initiatives.



3. Actively participating in the National Bank of Cambodia's (NBC) nationwide campaign to promote the use of the riel, KHOR payments, and enhance financial literacy among Cambodian citizens.



4. Contributing funds to the 'ASEAN Savings Day' promotion program to raise public awareness about the importance of saving and to instill financial literacy among the population.



5. Providing Gold Sponsorship for the 'Celebrating Riel Day,' the 44<sup>th</sup> Anniversary of the re-introduction of the Riel.



6. Sponsoring the 'Skills and Careers' program organized by the Vocational Training and Career Development Organization, aimed at empowering individuals with essential skills.



# YEARLY EVENT

## ANNUAL FTB'S FAMILY PARTY

FTB hosted an annual party, bringing together all employees to foster communication, strengthen bonds, and celebrate their collective efforts in achieving the organization's business objectives. This event highlighted the contributions of employees at every level and recognized the attainment of new milestones for the year. Additionally, FTB held a special event to honor retiring employees who have worked for FTB until retirement with a remarkable achievement.



## WOMEN'S EMPOWERMENT AND SOCIAL EQUALITY

FTB always promotes rights, equality, and empowers women in society, providing equal rights in society, providing opportunities for women to realize their full potential, inspire confidence and drive innovative, sustainable, and prosperous transformation within our community.



ឧបលើកទី១១៣

# 8 អបអរសាទរ ទិវាអន្តរជាតិនារី

As part of our dedication, FTB celebrates International Women's Day annually by presenting a souvenir "Khmer Silk" gift to all female employees. This initiative honors the hard work, dedication, and exceptional contributions of women in the workplace, recognizing their continuous efforts to excel, uphold quality, and achieve outstanding results.



# AUDITED FINANCIAL STATEMENTS





# REPORT OF THE BOARD OF DIRECTORS

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## DIRECTORS' REPORT

The Board of Directors (the directors) hereby submit their report and the audited financial statements of Foreign Trade Bank of Cambodia (the Bank) for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The Bank is principally engaged in a broad range of commercial banking activities in Cambodia.

## RESULTS OF OPERATION AND DIVIDEND

The results of financial performance for the year ended 31 December 2024 are set out in the statement of profit or loss and other comprehensive income on page 8.

There were no dividends declared or paid during the year.

## SHARE CAPITAL

There were no changes in the share capital of the Bank during the year.

## BAD AND DOUBTFUL LOANS AND ADVANCES

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

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

## ASSETS

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

At the date of this report and based on the best of knowledge, the directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Bank misleading in any material respect.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF UNUSUAL NATURE

The financial performance of the Bank for the financial year was not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature. There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the financial performance of the Bank for the current financial year in which this report is made.

## THE BOARD OF DIRECTORS

The members of the directors holding office during the year and as at the date of this report are:

|                          |  |
|--------------------------|--|
| <b>H.E Gui Anvanti</b>   | Chairman (Non-Independent and Non-Executive)             |
| <b>Mrs. Sok Chansona</b> | Vice-Chairwoman (Independent Director)                   |
| <b>Mr. Dith Sochal</b>   | Member (Executive Director)                              |
| <b>Okna Lim Bunsour</b>  | Member (Non-Executive Director)                          |
| <b>H.E Chou Vannak</b>   | Member (Non-Executive Director)                          |
| <b>Mr. Dy Ratha</b>      | Member (Independent Director) (Resigned on 26 June 2024) |
| <b>Mr. Ly Tayseng</b>    | Member (Independent Director)                            |

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards (CIFRS).

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

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- v) effectively control and direct the Bank in all material decisions affecting its operations and performance and ascertain that such have been properly reflected in the financial statements.

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

## APPROVAL OF THE FINANCIAL STATEMENTS

On behalf of the Directors of the Bank, the accompanying financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and the financial performance and cash flows of the Bank for the year then ended in accordance with the CIFRS, were approved by the Board of Directors.

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

(SIGNED)

(SIGNED)

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**Mr. Dith Sochal**

Executive Director and Chief Executive Officer

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**Mr. Ok Seiha**

Chief Finance Officer

Phnom Penh, Kingdom of Cambodia

31 March 2025



# INDEPENDENT AUDITOR'S REPORT

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## TO THE SHAREHOLDERS OF FOREIGN TRADE BANK OF CAMBODIA

### OUR OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Foreign Trade Bank of Cambodia (the Bank) as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

### BASIS FOR OPINION

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the **Auditor's responsibilities for the audit of the financial statements** section of our report.

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

### INDEPENDENCE

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

## OTHER INFORMATION

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS, and for such internal control as the directors determine 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, the directors are 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 the directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For PricewaterhouseCoopers (Cambodia) Ltd.

(SIGNED)

**By Lang Hy**

Partner

Phnom Penh, Kingdom of Cambodia

31 March 2025



# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

|  | NOTES | 2024                 |                      | 2023                 |                      |
|--|-------|----------------------|----------------------|----------------------|----------------------|
|  |       | US\$                 | KHR'000              | US\$                 | KHR'000              |
| <b>Assets</b>                                  |       |                      |                      |                      |                      |
| Cash on hand                                   | 4     | 42,251,013           | 170,060,327          | 38,223,023           | 156,141,049          |
| Deposits and placements with the central bank  | 5     | 416,848,606          | 1,677,815,639        | 446,229,186          | 1,822,846,225        |
| Deposits and placements with other banks       | 6     | 371,340,745          | 1,494,646,499        | 121,735,742          | 497,290,506          |
| Loans and advances at amortised cost           | 7     | 1,316,366,053        | 5,298,373,363        | 1,311,358,780        | 5,356,900,616        |
| Investment securities                          | 8     | 30,663,681           | 123,421,316          | 30,649,306           | 125,202,415          |
| Foreclosed properties                          | 9     | 57,143,402           | 230,002,193          | 31,783,945           | 129,837,415          |
| Property and equipment                         | 10    | 28,147,510           | 113,293,728          | 27,195,370           | 111,093,086          |
| Intangible assets                              | 11    | 2,839,035            | 11,427,116           | 1,146,378            | 4,682,954            |
| Right-of-use assets                            | 12(a) | 12,296,063           | 49,491,654           | 9,892,283            | 40,409,976           |
| Other assets                                   | 13    | 3,577,906            | 14,401,071           | 3,716,375            | 15,181,392           |
| <b>Total assets</b>                            |       | <u>2,281,474,014</u> | <u>9,182,932,906</u> | <u>2,021,930,388</u> | <u>8,259,585,634</u> |
| <b>Liabilities and equity</b>                  |       |                      |                      |                      |                      |
| <b>Liabilities</b>                             |       |                      |                      |                      |                      |
| Deposits from banks and financial institutions | 14    | 104,408,644          | 420,244,792          | 122,405,842          | 500,027,865          |
| Deposits from customers                        | 15    | 1,829,200,659        | 7,362,532,652        | 1,565,063,487        | 6,393,284,344        |
| Current income tax liabilities                 | 32(a) | 2,054,506            | 8,269,387            | 2,364,921            | 9,660,702            |
| Deferred tax liabilities                       | 18    | 3,158,744            | 12,713,945           | 1,160,621            | 4,741,137            |
| Borrowings                                     | 16    | 17,810,706           | 71,688,092           | 44,651,605           | 182,401,806          |
| Lease liabilities                              | 12(a) | 13,444,991           | 54,116,089           | 10,730,591           | 43,834,464           |
| Provision for employee benefits                | 19    | 308,122              | 1,240,191            | 351,931              | 1,437,638            |
| Provision for off-balance commitment           |       | 848,217              | 3,414,073            | 379,568              | 1,550,535            |
| Other liabilities                              | 20    | 2,809,123            | 11,306,719           | 4,640,117            | 18,954,878           |
| Subordinated debts                             | 17    | 63,293,550           | 254,756,539          | 37,793,550           | 154,386,652          |
| <b>Total liabilities</b>                       |       | <u>2,037,337,262</u> | <u>8,200,282,479</u> | <u>1,789,542,233</u> | <u>7,310,280,021</u> |
| <b>Equity</b>                                  |       |                      |                      |                      |                      |
| Share capital                                  | 21    | 79,500,000           | 318,000,000          | 79,500,000           | 318,000,000          |
| Reserves                                       | 22    | 103,341,781          | 420,571,008          | 94,837,653           | 385,950,703          |
| Retained earnings                              |       | 61,294,971           | 249,425,769          | 58,050,502           | 236,217,535          |
| Currency translation difference                |       | -                    | (5,346,350)          | -                    | 9,137,375            |
| <b>Total equity</b>                            |       | <u>244,136,752</u>   | <u>982,650,427</u>   | <u>232,388,155</u>   | <u>949,305,613</u>   |
| <b>Total liabilities and equity</b>            |       | <u>2,281,474,014</u> | <u>9,182,932,906</u> | <u>2,021,930,388</u> | <u>8,259,585,634</u> |

The notes form an integral part of these financial statements.



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2024

|  | NOTES | 2024                |                     | 2023               |                     |
|--|-------|---------------------|---------------------|--------------------|---------------------|
|  |       | US\$                | KHR'000             | US\$               | KHR'000             |
| Interest income  | 23    | 132,872,631         | 540,924,481         | 124,470,553        | 511,573,973         |
| Interest expense   | 24    | (81,254,858)        | (330,788,527)       | (75,543,222)       | (310,482,642)       |
| <b>Net interest income</b>   |       | <u>51,617,773</u>   | <u>210,135,954</u>  | <u>48,927,331</u>  | <u>201,091,331</u>  |
| Fee and commission income  | 25    | 3,014,320           | 12,271,297          | 1,621,742          | 6,665,360           |
| Fee and commission expense   | 25    | (1,218,218)         | (4,959,365)         | -                  | -                   |
| <b>Net fee and commission income</b>   | 25    | <u>1,796,102</u>    | <u>7,311,932</u>    | <u>1,621,742</u>   | <u>6,665,360</u>    |
| Impairment losses on financial instruments   | 26    | (14,008,070)        | (57,026,853)        | (5,060,400)        | (20,798,244)        |
| Other gains - net  | 28    | 1,440,476           | 5,864,178           | 1,296,212          | 5,327,431           |
| Other operating income   | 27    | 444,749             | 1,810,573           | 424,519            | 1,744,773           |
| <b>Total operating losses</b>  |       | <u>(12,122,845)</u> | <u>(49,352,102)</u> | <u>(3,339,669)</u> | <u>(13,726,040)</u> |
| Personnel expenses   | 29    | (14,040,018)        | (57,156,913)        | (12,730,000)       | (52,320,300)        |
| Depreciation and amortisation charges  | 30    | (4,548,388)         | (18,516,488)        | (4,040,440)        | (16,606,207)        |
| Other operating expenses   | 31    | (5,795,228)         | (23,592,373)        | (4,612,483)        | (18,957,305)        |
| <b>Profit before income tax</b>  |       | <u>16,907,396</u>   | <u>68,830,010</u>   | <u>25,826,481</u>  | <u>106,146,839</u>  |
| Income tax expense   | 32(a) | (5,158,799)         | (21,001,471)        | (5,233,597)        | (21,510,084)        |
| <b>Profit for the year</b>   |       | <u>11,748,597</u>   | <u>47,828,539</u>   | <u>20,592,884</u>  | <u>84,636,755</u>   |
| Other comprehensive income:<br>Items that will not be reclassified to profit or loss |       |                     |                     |                    |                     |
| Currency translation differences   |       | -                   | (14,483,725)        | -                  | (7,292,273)         |
| Other comprehensive income for the year, net of tax                                  |       | -                   | (14,483,725)        | -                  | (7,292,273)         |
| <b>Total comprehensive income for the year</b>                                       |       | <u>11,748,597</u>   | <u>33,344,814</u>   | <u>20,592,884</u>  | <u>77,344,482</u>   |
| <b>Profit attributable to:</b>   |       |                     |                     |                    |                     |
| Owners of the Bank   |       | <u>11,748,597</u>   | <u>47,828,539</u>   | <u>20,592,884</u>  | <u>84,636,755</u>   |
| <b>Total comprehensive income attributable to:</b>                                   |       |                     |                     |                    |                     |
| Owners of the Bank   |       | <u>11,748,597</u>   | <u>33,344,814</u>   | <u>20,592,884</u>  | <u>77,344,482</u>   |

The notes form an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

|   | Attributable to owners of the Bank |             |                     |             |                            |             |                  |         |                   |              |                                 |              |             |              |
|---|------------------------------------|-------------|---------------------|-------------|----------------------------|-------------|------------------|---------|-------------------|--------------|---------------------------------|--------------|-------------|--------------|
|   | Share capital                      |             | Regulatory reserves |             | Non-distributable reserves |             | General reserves |         | Retained earnings |              | Currency translation difference |              | Total       |              |
|   | US\$                               | KHR'000     | US\$                | KHR'000     | US\$                       | KHR'000     | US\$             | KHR'000 | US\$              | KHR'000      | US\$                            | KHR'000      | US\$        | KHR'000      |
| <b>Balance as at 1 January 2023</b>                           | 79,500,000                         | 318,000,000 | 16,930,095          | 68,722,706  | 70,600,486                 | 287,202,777 | 195,590          | 797,029 | 44,569,100        | 180,808,971  | -                               | 16,429,648   | 211,795,271 | 871,961,131  |
| Profit for the year   | -                                  | -           | -                   | -           | -                          | -           | -                | -       | 20,592,884        | 84,636,755   | -                               | -            | 20,592,884  | 84,636,755   |
| Other comprehensive income – currency translation differences | -                                  | -           | -                   | -           | -                          | -           | -                | -       | -                 | -            | -                               | (7,292,273)  | -           | (7,292,273)  |
| <b>Total comprehensive income for the year</b>                | -                                  | -           | -                   | -           | -                          | -           | -                | -       | 20,592,884        | 84,636,755   | -                               | (7,292,273)  | 20,592,884  | 77,344,482   |
| <b>Transactions with owners in their capacity as owners:</b>  |                                    |             |                     |             |                            |             |                  |         |                   |              |                                 |              |             |              |
| Transfer to regulatory reserves                               | -                                  | -           | 7,111,482           | 29,228,191  | -                          | -           | -                | -       | (7,111,482)       | (29,228,191) | -                               | -            | -           | -            |
| <b>Total transactions with owners</b>                         | -                                  | -           | 7,111,482           | 29,228,191  | -                          | -           | -                | -       | (7,111,482)       | (29,228,191) | -                               | -            | -           | -            |
| <b>Balance as at 31 December 2023</b>                         | 79,500,000                         | 318,000,000 | 24,041,577          | 97,950,897  | 70,600,486                 | 287,202,777 | 195,590          | 797,029 | 58,050,502        | 236,217,535  | -                               | 9,137,375    | 232,388,155 | 949,305,613  |
| <b>Balance as at 1 January 2024</b>                           | 79,500,000                         | 318,000,000 | 24,041,577          | 97,950,897  | 70,600,486                 | 287,202,777 | 195,590          | 797,029 | 58,050,502        | 236,217,535  | -                               | 9,137,375    | 232,388,155 | 949,305,613  |
| Profit for the year   | -                                  | -           | -                   | -           | -                          | -           | -                | -       | 11,748,597        | 47,828,539   | -                               | -            | 11,748,597  | 47,828,539   |
| Other comprehensive income – currency translation differences | -                                  | -           | -                   | -           | -                          | -           | -                | -       | -                 | -            | -                               | (14,483,725) | -           | (14,483,725) |
| <b>Total comprehensive income for the year</b>                | -                                  | -           | -                   | -           | -                          | -           | -                | -       | 11,748,597        | 47,828,539   | -                               | (14,483,725) | 11,748,597  | 33,344,814   |
| <b>Transactions with owners in their capacity as owners:</b>  |                                    |             |                     |             |                            |             |                  |         |                   |              |                                 |              |             |              |
| Transfer to regulatory reserves                               | -                                  | -           | 8,504,128           | 34,620,305  | -                          | -           | -                | -       | (8,504,128)       | (34,620,305) | -                               | -            | -           | -            |
| <b>Total transactions with owners</b>                         | -                                  | -           | 8,504,128           | 34,620,305  | -                          | -           | -                | -       | (8,504,128)       | (34,620,305) | -                               | -            | -           | -            |
| <b>Balance as at 31 December 2024</b>                         | 79,500,000                         | 318,000,000 | 32,545,705          | 132,571,202 | 70,600,486                 | 287,202,777 | 195,590          | 797,029 | 61,294,971        | 249,425,769  | -                               | (5,346,350)  | 244,136,752 | 982,650,427  |

The notes form an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

|  | NOTES | 2024                |                      | 2023               |                    |
|--|-------|---------------------|----------------------|--------------------|--------------------|
|  |       | US\$                | KHR'000              | US\$               | KHR'000            |
| <b>Cash flows from operating activities</b>                                  |       |                     |                      |                    |                    |
| Profit before income tax   |       | 16,907,396          | 68,830,010           | 25,826,481         | 106,146,839        |
| Adjustments for:   |       |                     |                      |                    |                    |
| Provision for employee benefit obligations                                   |       | (43,809)            | (178,346)            | (70,475)           | (289,652)          |
| Depreciation and amortisation charges  | 30    | 4,548,388           | 18,516,488           | 4,040,440          | 16,606,207         |
| Impairment losses on financial instruments                                   | 26    | 14,093,478          | 57,374,549           | 5,060,400          | 20,798,244         |
| Net losses on disposal of property and equipment                             |       | 2,041               | 8,309                | 2,443              | 10,042             |
| Gains on the disposal of foreclosed properties                               |       | (186,129)           | (757,731)            | -                  | -                  |
| Interest income  | 23    | (132,872,631)       | (540,924,481)        | (124,470,553)      | (511,573,973)      |
| Interest expenses  | 24    | 81,254,858          | 330,788,527          | 75,543,222         | 310,482,642        |
| Changes in working capital:  |       |                     |                      |                    |                    |
| Loans and advances to customers  |       | (13,743,083)        | (55,948,091)         | 23,944,276         | 98,410,974         |
| Other assets   |       | (25,338,007)        | (103,151,026)        | 6,493,336          | 26,687,611         |
| Deposit from other banks   |       | (21,452,388)        | (87,332,672)         | 26,304,863         | 108,112,987        |
| Deposit from customers   |       | 266,439,411         | 1,084,674,842        | 66,168,145         | 271,951,076        |
| Accruals and other liabilities   |       | (1,830,994)         | (7,453,977)          | (6,970,643)        | (28,649,343)       |
| <b>Cash generated from operating activities</b>                              |       | <b>187,778,531</b>  | <b>764,446,401</b>   | <b>101,871,935</b> | <b>418,693,654</b> |
| Interest received  |       | 128,364,653         | 522,572,502          | 120,133,197        | 493,747,440        |
| Interest paid  |       | (80,941,298)        | (329,512,024)        | (67,746,902)       | (278,439,767)      |
| Income tax paid  |       | (3,471,091)         | (14,130,811)         | (6,478,992)        | (26,628,657)       |
| <b>Net cash generated from operating activities</b>                          |       | <b>231,730,795</b>  | <b>943,376,068</b>   | <b>147,779,238</b> | <b>607,372,670</b> |
| <b>Cash flows from investing activities</b>                                  |       |                     |                      |                    |                    |
| Purchases of property and equipment  | 10    | (3,612,484)         | (14,706,422)         | (12,797,209)       | (52,596,529)       |
| Purchases of intangible assets   | 11    | (1,962,462)         | (7,989,183)          | (496,272)          | (2,039,678)        |
| Proceeds from investment securities  |       | -                   | -                    | 97,158             | 399,319            |
| Proceeds from sales of foreclosed property                                   |       | 303,148             | 1,234,116            | -                  | -                  |
| Proceeds from sales of property and equipment                                |       | 351,052             | 1,429,133            | 32,766             | 134,668            |
| Deposits and placements with central banks – maturity more than three months |       | (16,770,856)        | (68,274,155)         | (3,283,012)        | (13,493,179)       |
| Deposits and placements with other banks – maturity more than three months   |       | (21,812,301)        | (88,797,877)         | 82,468,102         | 338,943,899        |
| <b>Net cash (used in)/generated from investing activities</b>                |       | <b>(43,503,903)</b> | <b>(177,104,388)</b> | <b>66,021,533</b>  | <b>271,348,500</b> |

# STATEMENT OF CASH FLOWS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

|   | NOTES | 2024               |                      | 2023               |                      |
|---|-------|--------------------|----------------------|--------------------|----------------------|
|   |       | US\$               | KHR'000              | US\$               | KHR'000              |
| <b>Cash flows from financing activities</b>                   |       |                    |                      |                    |                      |
| Repayments of borrowings                                      |       | (28,469,129)       | (115,897,824)        | (22,886,040)       | (94,061,624)         |
| Proceeds from borrowings                                      |       | 2,467,621          | 10,045,685           | 43,433,293         | 178,510,834          |
| Proceeds from subordinated debts                              | 17    | 25,500,000         | 103,810,500          | -                  | -                    |
| Principal element of lease payments                           |       | (1,660,712)        | (6,760,759)          | (1,394,584)        | (5,731,740)          |
| <b>Net cash (used in)/generated from financing activities</b> |       | <b>(2,162,220)</b> | <b>(8,802,398)</b>   | <b>19,152,669</b>  | <b>78,717,470</b>    |
| <b>Net increase in cash and cash equivalents</b>              |       |                    |                      |                    |                      |
| Cash and cash equivalents at beginning of year                |       | 456,003,402        | 1,862,773,898        | 223,049,962        | 918,296,693          |
| Currency translation differences                              |       | -                  | (35,919,183)         | -                  | (12,961,435)         |
| <b>Cash and cash equivalents at end of year</b>               | 33    | <b>642,068,074</b> | <b>2,584,323,997</b> | <b>456,003,402</b> | <b>1,862,773,898</b> |

The notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

## 1. GENERAL

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 Building No.33C-D Czech Republic Blvd., Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh, the Kingdom of Cambodia.

The financial statements were authorized for issue by the Board of Directors on 31 March 2025.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

### 2.1. BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention, except for equity instruments which are financial assets measured at fair value.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.1. BASIS OF PREPARATION (Cont.)

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

### 2.2. NEW STANDARDS AND INTERPRETATION

#### a) New and amended standards adopted by the Bank

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants– Amendments to CIAS 1;
- Lease Liability in Sale and Leaseback – Amendments to CIFRS 16; and
- Supplier Finance Arrangements – Amendments to CIAS 7 and CIFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### b) New standards and interpretations not yet adopted by the Bank

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Bank.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to CIFRS 9 and CIFRS 7
- CIFRS 19, Subsidiaries without Public Accountability: Disclosures

The standards and amendments above are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- Presentation and Disclosure in Financial Statements – CIFRS 18

CIFRS 18 will replace CIAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though CIFRS 18 will not impact the recognition

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.2. NEW STANDARDS AND INTERPRETATION (Cont.)

#### b) New standards and interpretations not yet adopted by the Bank (Cont.)

or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Bank's financial statements.

The Bank will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with CIFRS 18.

### 2.3. FOREIGN CURRENCY TRANSLATION

#### a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency). The functional The financial statements are presented in US\$ which is the Bank's functional and presentation currency.

#### b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within interest expense. All other foreign exchange gains and losses are presented in the profit or loss on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.3. FOREIGN CURRENCY TRANSLATION (Cont.)

#### c) Presentation in Khmer Riel

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

The Bank has used the official rate of exchange published by the National Bank of Cambodia. As at the reporting date, the yearly average rate was US\$1 to KHR 4,071 (2023: US\$1 to KHR 4,110) and the closing rate was US\$1 to KHR 4,025 (2023: US\$1 to KHR 4,085).

### 2.4. CASH AND CASH EQUIVALENTS

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

### 2.5. FINANCIAL ASSETS

#### a) Classification

The Bank classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost including cash on hand, deposits and placements with the central bank and other banks, loans and advances at amortised cost, and other assets; and
- those to be measured subsequently at fair value through other comprehensive income (OCI).

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.5. FINANCIAL ASSETS (Cont.)

#### a) Classification (Cont.)

For assets measured at fair value, gains or losses will either be recorded in profit or loss or OCI. For investment in equity instruments that are held for trading, this will depend on whether the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(i) Financial assets at fair value through OCI comprise of:

- Equity securities which are not held for trading, and for which the Bank has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

(ii) The Bank classifies their financial assets at amortised cost only if both of the following criteria are met:

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

#### b) Recognition and derecognition

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

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

#### c) Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Immediately after initial recognition, an expected credit loss

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.5. FINANCIAL ASSETS (Cont.)

#### c) Measurement (Cont.)

allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

#### Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the assets and the cash flow characteristics of the assets. The Bank classifies its debt instruments into the following measurement category:

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

For loans to employees with interest rate below market rate, such loans are initially recognised at the present value of the future cash payments discounted at a market rate of interest for similar loans. Differences between the amount of cash paid and the present value of the future cash received are accounted as employee remuneration. Those amounts are recognised as advanced employee benefits and amortised to employee benefit expense to profit or loss over loan period.

#### Equity instruments

The Bank subsequently measures all equity investments at fair value. Where the Bank's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss allowing the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.5. FINANCIAL ASSETS (Cont.)

#### d) Reclassification of financial assets

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

#### e) Impairment

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

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

The Bank applies a three-stage approach to measuring ECL for the following categories:

- Debt instruments measured at amortised cost; and
- Credit commitments and financial guarantee contract

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

#### (i) Stage 1: 12-month ECL

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

#### (ii) Stage 2: Lifetime ECL – not credit impaired

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.5. FINANCIAL ASSETS (Cont.)

#### e) Impairment (Cont.)

(iii) Stage 3: Lifetime ECL – credit impaired

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

#### f) Modification of loans and advances

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

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

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.5. FINANCIAL ASSETS (Cont.)

#### f) Modification of loans and advances (Cont.)

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for the purchased or originated credit-impaired financial assets).

### 2.6. FINANCIAL LIABILITIES

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

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

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

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

### 2.7. CREDIT COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS

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

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

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The guarantees are agreed on arm's length terms and the value of the premium

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.7. CREDIT COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS (Cont.)

agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the ECL model under CIFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers', where appropriate.

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

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

For credit commitments and financial contracts, the ECL are recognised as provisions (presented with other liabilities). However, for contracts that include both a loan and an undrawn commitment and that the Bank cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceeds the gross carrying amount of the loan, the ECL is recognised as a provision.

### 2.8. OFFSETTING FINANCIAL INSTRUMENTS

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

### 2.9 . FORECLOSED PROPERTIES

Foreclosed properties consisting of immovable properties are stated at the lower of its carrying amount and fair value less costs to sell. Foreclosed properties are not depreciated while it is classified as held for sale. A gain or loss is recognised in the profit or loss at the date of derecognition.

### 2.10. PROPERTY AND EQUIPMENT

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.10. PROPERTY AND EQUIPMENT (Cont.)

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

Land and work-in-progress is not depreciated. Depreciation on other property and equipment are depreciated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

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

Depreciation on construction work-in-progress commences when the assets are ready for their intended use. The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds within the carrying amount and are recognised in profit or loss.

### 2.11. Intangible assets

Intangible assets, which comprise acquired computer software licence and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licences are capitalised on the basis of costs incurred to acquire the specific software licence and bring them into use. These costs are amortised over their estimated useful lives of five years using the straight-line method.

Costs associated with maintaining computer software are recognised as expenses when incurred.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.12. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

### 2.13. LEASES

#### The Bank as a lessee

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.13. LEASES (Cont.)

#### a) Lease liabilities

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

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

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

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

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

#### b) Right-of-use assets

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.13. LEASES (Cont.)

#### c) Recognition exemptions

Payments associated with all short-term leases and low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### 2.14. INCOME TAX

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

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the country where the Bank operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Bank measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax is provided in full, using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates based on laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Current and deferred tax are recognised in profit or loss, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case, the taxes are also recognised in other comprehensive income or directly in equity, respectively.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.15. PROVISION

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

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

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

### 2.16. RESERVES

#### a) Regulatory reserve

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment, and Circular No. B7-021-2314 dated 28 December 2021 (implemented from 1 January 2022) on the classification and provisioning requirements for restructured loans, and Notification No. B30-025-170 dated 5 February 2025 on calculation of the total provision. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

The regulatory provision is calculated by applying the prescribed credit grading rates issued by the NBC to the gross carrying amount per CIFRS. These rates are as follows: Normal at 1%, Special Mention at 3%, Sub-standard at 20%, Doubtful at 50%, and Loss at 100%.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.16. RESERVES (Cont.)

#### b) Non-distributable reserve

The non-distributable reserve is maintained following the approval on 2 July 2021 and 25 March 2020 from the central bank on the request to transfer from retained earnings in accordance with the central bank's Prakas No. B7-018-068 Prokor dated 22 February 2018 on the determination of capital buffers of banks and financial institutions. Any movement requires approval from the Board of Directors and the central bank.

#### c) 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.

### 2.17. EMPLOYEE BENEFITS

#### a) Short-term employee benefits

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

#### b) Pension obligations

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

#### c) Other employee benefits - seniority payments

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.17. EMPLOYEE BENEFITS (Cont.)

#### c) Other employee benefits - seniority payments (Cont.)

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).
- Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Bank. The past seniority payment depends on each staff's past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December.

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

The past years of seniority service is classified as long-term employee benefits, other than those payable within the next 12 months. Past seniority liability is recognised at the present value of defined obligations to better estimate the ultimate cost to the Bank that employees have earned in return for their service in the current and prior period. That obligation arises as employees render the services that the Bank expected to pay in the future reporting periods. The present value of the past seniority payment is determined by discounting the estimated future payments by references to the high-quality corporate bond of the currency that the liability is denominated.

### 2.18. INTEREST INCOME AND EXPENSE

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the gross carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont.)

### 2.18. INTEREST INCOME AND EXPENSE (Cont.)

any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

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

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

### 2.19. FEE AND COMMISSION INCOME

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

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

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

### a) Expected credit loss allowance on financial assets at amortised cost

The expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Cont.)

### a) Expected credit loss allowance on financial assets at amortised cost (Cont.)

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

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

The management has continuously refreshed the macroeconomic variables annually to reflect the recent economic condition in its forward-looking model for the allowances for expected losses for loans and advances to customers. When determining whether the risk of default has increased significantly since initial recognition, both quantitative and qualitative information is considered, including expert credit assessment, forward looking information and analysis based on the Bank's historical loss experience.

## 4. CASH ON HAND

|            | 2024              |                    | 2023              |                    |
|------------|-------------------|--------------------|-------------------|--------------------|
|            | US\$              | KHR'000            | US\$              | KHR'000            |
| Current:   |                   |                    |                   |                    |
| US Dollars | 32,367,438        | 130,278,938        | 28,458,916        | 116,254,672        |
| Khmer Riel | 9,883,575         | 39,781,389         | 9,764,107         | 39,886,377         |
|            | <u>42,251,013</u> | <u>170,060,327</u> | <u>38,223,023</u> | <u>156,141,049</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 5. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

|  | 2024               |                      | 2023               |                      |
|--|--------------------|----------------------|--------------------|----------------------|
|  | US\$               | KHR'000              | US\$               | KHR'000              |
| Current:                               |                    |                      |                    |                      |
| Current accounts                       | 259,351,451        | 1,043,889,590        | 292,456,785        | 1,194,685,967        |
| Settlement accounts                    | 4,574,672          | 18,413,055           | 3,561,824          | 14,550,051           |
| Negotiable certificate of deposits (i) | 22,097,933         | 88,944,180           | 36,156,883         | 147,700,867          |
|  | <u>286,024,056</u> | <u>1,151,246,825</u> | <u>332,175,492</u> | <u>1,356,936,885</u> |
| Statutory deposits                     |                    |                      |                    |                      |
| Reserve requirement (ii)               | 122,822,050        | 494,358,751          | 106,050,392        | 433,215,851          |
| Capital guarantee deposit (iii)        | 8,002,500          | 32,210,063           | 8,003,302          | 32,693,489           |
|  | <u>130,824,550</u> | <u>526,568,814</u>   | <u>114,053,694</u> | <u>465,909,340</u>   |
|  | <u>416,848,606</u> | <u>1,677,815,639</u> | <u>446,229,186</u> | <u>1,822,846,225</u> |

(i) The Bank has pledged Negotiable Certificates of Deposit (NCD) amounting to US\$ 14,859,689 (2023: US\$23,150,960) with the central bank as collateral for settlement clearing facility. As at 31 December 2024, the Bank had yet utilised the overdraft.

(ii) The reserve requirement represents the minimum reserve which is calculated at 7% (2023: 7%) of both customers' deposits and borrowings in both Khmer Riel and other currencies. The reserve requirement on customers' deposits and borrowings bears no interest.

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

Annual interest rate of deposits and placements with the central bank is as follows:

|                                    | 2024          | 2023          |
|------------------------------------|---------------|---------------|
| Current accounts                   | Nil           | Nil           |
| Settlement accounts                | Nil           | Nil           |
| Negotiable certificate of deposits | 0.20% - 1.40% | 0.42% - 3.63% |
| Reserve requirement                | Nil           | Nil           |
| Capital guarantee deposit          | 1.29% - 1.31% | 1.19% - 1.33% |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

### a) By residency status

|   | 2024        |               | 2023        |             |
|---|-------------|---------------|-------------|-------------|
|   | US\$        | KHR'000       | US\$        | KHR'000     |
| Deposits and placements with local banks                | 137,896,489 | 555,033,368   | 53,276,462  | 217,634,347 |
| Deposits and placements with overseas banks             | 233,865,700 | 941,309,443   | 68,485,308  | 279,762,483 |
|   | 371,762,189 | 1,496,342,811 | 121,761,770 | 497,396,830 |
| Less: allowance for expected credit loss (Note 36.1(e)) | (421,444)   | (1,696,312)   | (26,028)    | (106,324)   |
|   | 371,340,745 | 1,494,646,499 | 121,735,742 | 497,290,506 |

### b) By account types

|   | 2024        |               | 2023        |             |
|---|-------------|---------------|-------------|-------------|
|   | US\$        | KHR'000       | US\$        | KHR'000     |
| Deposits and placements with local banks:               |             |               |             |             |
| Current accounts  | 65,471      | 263,521       | 64,373      | 262,964     |
| Fixed deposits  | 137,831,018 | 554,769,847   | 53,212,089  | 217,371,384 |
|   | 137,896,489 | 555,033,368   | 53,276,462  | 217,634,348 |
| Deposits and placements with overseas banks:            |             |               |             |             |
| Current accounts  | 118,591,244 | 477,329,757   | 48,468,808  | 197,995,079 |
| Fixed deposits  | 115,274,456 | 463,979,686   | 20,016,500  | 81,767,403  |
|   | 233,865,700 | 941,309,443   | 68,485,308  | 279,762,482 |
| Less: allowance for expected credit loss (Note 36.1(e)) | (421,444)   | (1,696,312)   | (26,028)    | (106,324)   |
|   | 371,340,745 | 1,494,646,499 | 121,735,742 | 497,290,506 |

### c) By maturity

|             | 2024        |               | 2023        |             |
|-------------|-------------|---------------|-------------|-------------|
|             | US\$        | KHR'000       | US\$        | KHR'000     |
| Current     | 371,340,745 | 1,494,646,499 | 121,735,742 | 497,290,506 |
| Non-current | -           | -             | -           | -           |
|             | 371,340,745 | 1,494,646,499 | 121,735,742 | 497,290,506 |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS (Cont.)

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

|                  | 2024          | 2023          |
|------------------|---------------|---------------|
| Saving accounts  | Nil           | Nil           |
| Current accounts | 0.50% - 1.30% | 0.50% - 1.25% |
| Fixed deposits   | 4.00% - 5.00% | 4.95% - 6.50% |

## 7. LOANS AND ADVANCES AT AMORTISED COST

|  | 2024                 |                      | 2023                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | US\$                 | KHR'000              | US\$                 | KHR'000              |
| <b>Commercial loans:</b>                                   |                      |                      |                      |                      |
| Term loans   | 336,407,259          | 1,354,039,217        | 266,600,086          | 1,089,061,351        |
| Overdrafts   | 89,490,744           | 360,200,245          | 65,567,836           | 267,844,610          |
|  | <u>425,898,003</u>   | <u>1,714,239,462</u> | <u>332,167,922</u>   | <u>1,356,905,961</u> |
| <b>Consumer loans:</b>                                     |                      |                      |                      |                      |
| Term loans   | 734,589,130          | 2,956,721,248        | 765,212,285          | 3,125,892,184        |
| Overdrafts   | 178,576,222          | 718,769,294          | 221,768,923          | 905,926,051          |
|  | <u>913,165,352</u>   | <u>3,675,490,542</u> | <u>986,981,208</u>   | <u>4,031,818,235</u> |
| <b>Total gross loans</b>                                   | <u>1,339,063,355</u> | <u>5,389,730,004</u> | <u>1,319,149,130</u> | <u>5,388,724,196</u> |
| Less: Allowance for expected credit loss (Note 36.1(f)(i)) | <u>(22,697,302)</u>  | <u>(91,356,641)</u>  | <u>(7,790,350)</u>   | <u>(31,823,580)</u>  |
| <b>Total net loans</b>                                     | <u>1,316,366,053</u> | <u>5,298,373,363</u> | <u>1,311,358,780</u> | <u>5,356,900,616</u> |

### a) Allowance for expected credit losses

Allowance for expected credit losses using three-stage approach are as follows:

|  | 2024              |                   | 2023             |                   |
|--|-------------------|-------------------|------------------|-------------------|
|  | US\$              | KHR'000           | US\$             | KHR'000           |
| 12-month ECL (Stage 1)                     | 8,096,938         | 32,590,175        | 3,111,353        | 12,709,877        |
| Lifetime ECL-not credit impaired (Stage 2) | 3,935,460         | 15,840,227        | 1,429,305        | 5,838,711         |
| Lifetime ECL-credit impaired (Stage 3)     | 10,664,904        | 42,926,239        | 3,249,692        | 13,274,992        |
|  | <u>22,697,302</u> | <u>91,356,641</u> | <u>7,790,350</u> | <u>31,823,580</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 7. LOANS AND ADVANCES AT AMORTISED COST (Cont.)

### b) Analysis by industry sector

|                                       | 2024                 |                      | 2023                 |                      |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                       | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Owner-occupied housing                | 242,823,101          | 977,362,982          | 259,625,445          | 1,060,569,943        |
| Financial institutions                | 55,807,449           | 224,624,982          | 56,881,886           | 232,362,504          |
| Construction                          | 246,006,688          | 990,176,919          | 268,577,280          | 1,097,138,189        |
| Agriculture                           | 67,046,650           | 269,862,766          | 64,221,549           | 262,345,028          |
| Household                             | 187,422,623          | 754,376,058          | 217,876,448          | 890,025,290          |
| Manufacturing                         | 61,336,404           | 246,879,026          | 52,047,308           | 212,613,253          |
| Real estate                           | 131,498,204          | 529,280,271          | 141,432,940          | 577,753,560          |
| Retail trade                          | 7,849,178            | 31,592,941           | 6,581,376            | 26,884,921           |
| Wholesale trade                       | 151,577,379          | 610,098,950          | 149,766,525          | 611,796,255          |
| Others                                | 187,695,679          | 755,475,109          | 102,138,373          | 417,235,253          |
| <b>Total gross loans and advances</b> | <b>1,339,063,355</b> | <b>5,389,730,004</b> | <b>1,319,149,130</b> | <b>5,388,724,196</b> |

### c) Analysis by loan classification

|                                    | 2024          |               | 2023          |               |
|------------------------------------|---------------|---------------|---------------|---------------|
|                                    | US\$          | KHR'000       | US\$          | KHR'000       |
| <b>Performing</b>                  |               |               |               |               |
| Gross amount                       | 1,212,844,425 | 4,881,698,811 | 1,262,086,074 | 5,155,621,612 |
| Exposure at default                | 1,212,844,425 | 4,881,698,811 | 1,262,086,074 | 5,155,621,612 |
| Allowance for expected credit loss | 8,096,938     | 32,590,175    | 3,111,353     | 12,709,877    |
| <b>Under-performing</b>            |               |               |               |               |
| Gross amount                       | 61,818,443    | 248,819,233   | 29,214,573    | 119,341,531   |
| Exposure at default                | 61,818,443    | 248,819,233   | 29,214,573    | 119,341,531   |
| Allowance for expected credit loss | 3,935,460     | 15,840,227    | 1,429,305     | 5,838,711     |
| <b>Non-performing</b>              |               |               |               |               |
| Gross amount                       | 64,400,487    | 259,211,960   | 27,848,483    | 113,761,053   |
| Exposure at default                | 64,400,487    | 259,211,960   | 27,848,483    | 113,761,053   |
| Allowance for expected credit loss | 10,664,904    | 42,926,239    | 3,249,692     | 13,274,992    |
| <b>Total</b>                       |               |               |               |               |
| Gross amount                       | 1,339,063,355 | 5,389,730,004 | 1,319,149,130 | 5,388,724,196 |
| Exposure at default                | 1,339,063,355 | 5,389,730,004 | 1,319,149,130 | 5,388,724,196 |
| Allowance for expected credit loss | 22,697,302    | 91,356,641    | 7,790,350     | 31,823,580    |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 7. LOANS AND ADVANCES AT AMORTISED COST (Cont.)

### d) Analysis by exposure

|                                | 2024                 |                      | 2023                 |                      |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Large exposure                 | 417,077,600          | 1,678,737,340        | 356,197,472          | 1,455,066,673        |
| Non-large exposure             | 921,985,755          | 3,710,992,664        | 962,951,658          | 3,933,657,523        |
| Total gross loans and advances | <u>1,339,063,355</u> | <u>5,389,730,004</u> | <u>1,319,149,130</u> | <u>5,388,724,196</u> |

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

### e) Analysis by relationship

|                                | 2024                 |                      | 2023                 |                      |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Related parties                | 191,560              | 771,029              | 204,620              | 835,873              |
| Non-related parties            | 1,338,871,795        | 5,388,958,975        | 1,318,944,510        | 5,387,888,323        |
| Total gross loans and advances | <u>1,339,063,355</u> | <u>5,389,730,004</u> | <u>1,319,149,130</u> | <u>5,388,724,196</u> |

### f) Analysis by residency

|                                | 2024                 |                      | 2023                 |                      |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Residents                      | 1,339,063,355        | 5,389,730,004        | 1,319,149,130        | 5,388,724,196        |
| Non-residents                  | -                    | -                    | -                    | -                    |
| Total gross loans and advances | <u>1,339,063,355</u> | <u>5,389,730,004</u> | <u>1,319,149,130</u> | <u>5,388,724,196</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 7. LOANS AND ADVANCES AT AMORTISED COST (Cont.)

### g) Analysis by maturity

|  | 2024                 |                      | 2023                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Not later than 1 year                        | 468,950,368          | 1,887,525,231        | 434,537,484          | 1,775,085,622        |
| Later than 1 year and no later than 3 years  | 338,717,082          | 1,363,336,255        | 312,313,348          | 1,275,800,027        |
| Later than 3 years and no later than 5 years | 191,711,683          | 771,639,524          | 256,895,027          | 1,049,416,185        |
| Later than 5 years                           | 339,684,222          | 1,367,228,994        | 315,403,271          | 1,288,422,362        |
| Total gross loans and advances               | <u>1,339,063,355</u> | <u>5,389,730,004</u> | <u>1,319,149,130</u> | <u>5,388,724,196</u> |

### h) Interest rates

These loans and advances to customers earned annual interest rates as below:

|                  | 2024           | 2023           |
|------------------|----------------|----------------|
| Commercial loans | 6.00% - 18.00% | 6.00% - 18.00% |
| Overdrafts       | 6.00% - 13%    | 6.00% - 12.00% |

## 8. INVESTMENT SECURITIES

|  | 2024              |                    | 2023              |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | US\$              | KHR'000            | US\$              | KHR'000            |
| Unlisted corporate bond                    |                   |                    |                   |                    |
| Cambodia Airport Investment Co., Ltd. Bond | 30,663,681        | 123,421,316        | 30,649,306        | 125,202,415        |
| Total debt investment at amortised cost    | <u>30,663,681</u> | <u>123,421,316</u> | <u>30,649,306</u> | <u>125,202,415</u> |
| Current                                    | 10,663,681        | 42,921,316         | 649,306           | 2,652,415          |
| Non-current                                | 20,000,000        | 80,500,000         | 30,000,000        | 122,550,000        |
|  | <u>30,663,681</u> | <u>123,421,316</u> | <u>30,649,306</u> | <u>125,202,415</u> |

The investment securities are unsecured and bears an interest rate ranging from 5.5% to 6.25% which will be matured in January 2025 and November 2027, respectively.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 9. FORECLOSED PROPERTIES

Foreclosed properties consist of immovable properties, such as lands and buildings, acquired through foreclosure of collaterals from default on loans and advances from customers which have been repossessed by the Bank as part of settlement of debts.

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

|                                    | 2024              |                    | 2023              |                    |
|------------------------------------|-------------------|--------------------|-------------------|--------------------|
|                                    | US\$              | KHR'000            | US\$              | KHR'000            |
| At 1 January                       | 31,783,945        | 129,837,415        | 31,782,378        | 130,848,050        |
| Additions (*)                      | 25,476,476        | 102,542,816        | 1,567             | 6,440              |
| Disposals                          | (117,019)         | (471,001)          | -                 | -                  |
| Exchange difference on translation | -                 | (1,907,037)        | -                 | (1,017,075)        |
|                                    | <u>57,143,402</u> | <u>230,002,193</u> | <u>31,783,945</u> | <u>129,837,415</u> |

(\*) During the year, the Bank foreclosed a property pledged as a collateral by a borrower to settle outstanding loan balance and related fees amounting to US\$25,476,476. The arrangement was approved by the Bank's Credit Committee and through debt settle agreement with the borrower.

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

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

|            | 2024               |                    | 2023              |                    |
|------------|--------------------|--------------------|-------------------|--------------------|
|            | US\$               | KHR'000            | US\$              | KHR'000            |
| Fair value | <u>111,581,005</u> | <u>449,113,545</u> | <u>74,981,800</u> | <u>306,300,653</u> |

The foreclosed properties were valued by a valuation company accredited by the Securities and Exchange Regulator of Cambodia, and the management believes that there is no significant change on valuation from the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 10. PROPERTY AND EQUIPMENT

| Non-current                                | Land<br>US\$ | Booths (*)<br>US\$ | Buildings<br>US\$ | Leasehold<br>improvement<br>US\$ | Computer<br>equipment<br>US\$ | Furniture<br>and office<br>equipment<br>US\$ | Motor<br>vehicles<br>US\$ | Work in<br>progress<br>US\$ | Total<br>US\$ |
|--|--------------|--------------------|-------------------|----------------------------------|-------------------------------|--|---------------------------|-----------------------------|---------------|
| <b>As at 1 January 2023</b>                |              |                    |                   |                                  |                               |  |                           |                             |               |
| Cost                                       | 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    |
| Accumulated depreciation                   | -            | -                  | (1,229,001)       | (1,082,408)                      | (3,397,303)                   | (5,932,614)                                  | (1,635,158)               | -                           | (13,276,484)  |
| Net book value                             | 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    |
| <b>For the year ended 31 December 2023</b> |              |                    |                   |                                  |                               |  |                           |                             |               |
| Opening net book value                     | 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    |
| 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)                   | -             |
| Disposals                                  | -            | -                  | -                 | -                                | 143                           | (2,473)                                      | -                         | (31,589)                    | (33,919)      |
| Depreciation charge                        | -            | -                  | (165,590)         | (272,934)                        | (764,720)                     | (536,821)                                    | (193,335)                 | -                           | (1,933,400)   |
| Closing net book value                     | 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    |
| <b>As at 31 December 2023</b>              |              |                    |                   |                                  |                               |  |                           |                             |               |
| Cost                                       | 18,816,114   | 1,527,000          | 3,043,063         | 2,877,458                        | 5,648,890                     | 7,577,922                                    | 2,150,978                 | 763,829                     | 42,405,254    |
| Accumulated depreciation                   | -            | -                  | (1,394,591)       | (1,355,342)                      | (4,162,023)                   | (6,469,435)                                  | (1,828,493)               | -                           | (15,209,884)  |
| Net book value                             | 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    |
| In KHR'000 equivalent                      | 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   |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 10. PROPERTY AND EQUIPMENT (Cont.)

| Non-current                   | Land<br>US\$ | Booths (*)<br>US\$ | Buildings<br>US\$ | Leasehold<br>improvement<br>US\$ | Computer<br>equipment<br>US\$ | Furniture<br>and office<br>equipment<br>US\$ | Motor<br>vehicles<br>US\$ | Work in<br>progress<br>US\$ | Total<br>US\$ |
|-------------------------------|--------------|--------------------|-------------------|----------------------------------|-------------------------------|--|---------------------------|-----------------------------|---------------|
| <b>As at 1 January 2024</b>   |              |                    |                   |                                  |                               |  |                           |                             |               |
| Cost                          | 18,816,114   | 1,527,000          | 3,043,063         | 2,877,458                        | 5,648,890                     | 7,577,922                                    | 2,150,978                 | 763,829                     | 42,405,254    |
| Accumulated depreciation      | -            | -                  | (1,394,591)       | (1,355,342)                      | (4,162,023)                   | (6,469,435)                                  | (1,828,493)               | -                           | (15,209,884)  |
| Net book value                | 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    |
| Opening net book value        | 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    |
| Additions                     | 386,890      | -                  | 8,770             | -                                | 1,066,304                     | 697,051                                      | 55,500                    | 1,397,969                   | 3,612,484     |
| Transfers                     | -            | -                  | -                 | 616,812                          | -                             | 486,996                                      | -                         | (1,103,808)                 | -             |
| Disposals                     | (293,012)    | -                  | (13,280)          | (26,334)                         | (57)                          | (1,511)                                      | -                         | (18,899)                    | (353,093)     |
| Depreciation charge           | -            | -                  | (166,282)         | (373,069)                        | (1,030,831)                   | (586,539)                                    | (150,530)                 | -                           | (2,307,251)   |
| Closing net book value        | 18,909,992   | 1,527,000          | 1,477,680         | 1,739,525                        | 1,522,283                     | 1,704,484                                    | 227,455                   | 1,039,091                   | 28,147,510    |
| <b>As at 31 December 2024</b> |              |                    |                   |                                  |                               |  |                           |                             |               |
| Cost                          | 18,909,992   | 1,527,000          | 3,038,553         | 3,467,936                        | 6,715,137                     | 8,760,458                                    | 2,206,478                 | 1,039,091                   | 45,664,645    |
| Accumulated depreciation      | -            | -                  | (1,560,873)       | (1,728,411)                      | (5,192,854)                   | (7,055,974)                                  | (1,979,023)               | -                           | (17,517,135)  |
| Net book value                | 18,909,992   | 1,527,000          | 1,477,680         | 1,739,525                        | 1,522,283                     | 1,704,484                                    | 227,455                   | 1,039,091                   | 28,147,510    |
| In KHR'000 equivalent         | 76,112,718   | 6,146,175          | 5,947,662         | 7,001,588                        | 6,127,189                     | 6,860,548                                    | 915,506                   | 4,182,342                   | 113,293,728   |

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 11. INTANGIBLE ASSETS

| Non-current                                | Software<br>US\$ | Work in<br>progress<br>US\$ | Total<br>US\$ |
|--|------------------|-----------------------------|---------------|
| <b>As at 1 January 2023</b>                |                  |                             |               |
| Cost                                       | 4,444,364        | 96,476                      | 4,540,840     |
| Accumulated amortisation                   | (3,436,894)      | -                           | (3,436,894)   |
| Net book value                             | 1,007,470        | 96,476                      | 1,103,946     |
| <b>For the year ended 31 December 2023</b> |                  |                             |               |
| Opening net book value                     | 1,007,470        | 96,476                      | 1,103,946     |
| Additions                                  | 55,140           | 441,132                     | 496,272       |
| Transfers                                  | 278,029          | (278,029)                   | -             |
| Amortisation charge                        | (453,840)        | -                           | (453,840)     |
| Closing net book value                     | 886,799          | 259,579                     | 1,146,378     |
| <b>As at 31 December 2023</b>              |                  |                             |               |
| Cost                                       | 4,777,533        | 259,579                     | 5,037,112     |
| Accumulated amortisation                   | (3,890,734)      | -                           | (3,890,734)   |
| Net book value                             | 886,799          | 259,579                     | 1,146,378     |
| In KHR'000 equivalents                     | 3,622,574        | 1,060,380                   | 4,682,954     |
| <b>For the year ended 31 December 2024</b> |                  |                             |               |
| Opening net book value                     | 886,799          | 259,579                     | 1,146,378     |
| Additions                                  | 120,770          | 1,841,692                   | 1,962,462     |
| Transfers                                  | 940,001          | (940,001)                   | -             |
| Amortisation charge                        | (269,805)        | -                           | (269,805)     |
| Closing net book value                     | 1,677,765        | 1,161,270                   | 2,839,035     |
| <b>As at 31 December 2024</b>              |                  |                             |               |
| Cost                                       | 5,195,509        | 1,161,270                   | 6,356,779     |
| Accumulated amortisation                   | (3,517,744)      | -                           | (3,517,744)   |
| Net book value                             | 1,677,765        | 1,161,270                   | 2,839,035     |
| In KHR'000 equivalents                     | 6,753,004        | 4,674,112                   | 11,427,116    |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 12. LEASES

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

The Bank leases various buildings for its head office and branch operations, and ATM spaces. The leases have varying terms, escalation clauses and renewal rights.

Right of use asset and lease liabilities

### a) Amounts recognised in the statement of financial position

|                                    | 2024       |            | 2023       |            |
|------------------------------------|------------|------------|------------|------------|
|                                    | US\$       | KHR'000    | US\$       | KHR'000    |
| Right-of-use assets – non-current: |            |            |            |            |
| Buildings                          | 12,296,063 | 49,491,654 | 9,892,283  | 40,409,976 |
|                                    | 12,296,063 | 49,491,654 | 9,892,283  | 40,409,976 |
| Lease liabilities:                 |            |            |            |            |
| Current                            | 1,738,063  | 6,995,704  | 1,522,056  | 6,217,599  |
| Non-current                        | 11,706,928 | 47,120,385 | 9,208,535  | 37,616,865 |
|                                    | 13,444,991 | 54,116,089 | 10,730,591 | 43,834,464 |

Additions to the right-of-use assets during the year were US\$4,375,112 (2023: US\$2,750,627).

### b) Amounts recognised in the statement of profit or loss

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

|  | 2024      |            | 2023      |            |
|--|-----------|------------|-----------|------------|
|  | US\$      | KHR'000    | US\$      | KHR'000    |
| Depreciation charge of right-of-use assets (Note 30)                                   | 1,971,332 | 8,025,293  | 1,653,200 | 6,794,652  |
| Interest expense on lease liabilities (Note 24)  | 767,627   | 3,125,010  | 637,213   | 2,618,945  |
| Expense relating to short-term leases (included in other operating expenses) (Note 31) | 340,253   | 1,385,170  | 268,066   | 1,101,751  |
|  | 3,079,212 | 12,535,473 | 2,558,479 | 10,515,348 |

Total cash outflow for lease for 2024 was US\$2,768,592 (2023: US\$2,299,863).

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 13. OTHER ASSETS

|   | 2024             |                   | 2023             |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | US\$             | KHR'000           | US\$             | KHR'000           |
| Prepayments and deposits                      | 3,365,604        | 13,546,556        | 3,476,460        | 14,201,339        |
| Investment in Credit Bureau of Cambodia (CBC) | 25,000           | 100,625           | 25,000           | 102,125           |
| Other assets                                  | 187,302          | 753,890           | 214,915          | 877,928           |
|   | <u>3,577,906</u> | <u>14,401,071</u> | <u>3,716,375</u> | <u>15,181,392</u> |

|             | 2024             |                   | 2023             |                   |
|-------------|------------------|-------------------|------------------|-------------------|
|             | US\$             | KHR'000           | US\$             | KHR'000           |
| Current     | 2,012,344        | 8,099,685         | 2,634,743        | 10,762,925        |
| Non-current | 1,565,562        | 6,301,386         | 1,081,632        | 4,418,467         |
|             | <u>3,577,906</u> | <u>14,401,071</u> | <u>3,716,375</u> | <u>15,181,392</u> |

## 14. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

|                  | 2024               |                    | 2023               |                    |
|------------------|--------------------|--------------------|--------------------|--------------------|
|                  | US\$               | KHR'000            | US\$               | KHR'000            |
| Current          |                    |                    |                    |                    |
| Current accounts | 2,307,080          | 9,285,997          | 3,487,790          | 14,247,622         |
| Savings deposits | 195,474            | 786,783            | 87,837             | 358,814            |
| Fixed deposits   | 101,906,090        | 410,172,012        | 118,830,215        | 485,421,429        |
|                  | <u>104,408,644</u> | <u>420,244,792</u> | <u>122,405,842</u> | <u>500,027,865</u> |

Further analyses of deposits from other banks are as follows:

### a) Interest rates

Deposits from other banks bear interest as follows

|                  | 2024        | 2023        |
|------------------|-------------|-------------|
| Current accounts | 0% - 0.5%   | 0% - 0.15%  |
| Savings deposits | 0% - 1.5%   | 0% - 0.15%  |
| Fixed deposits   | 2.75% - 6 % | 2.5% - 7.5% |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 14. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS (Cont.)

### b) Maturity analysis

|             | 2024               |                    | 2023               |                    |
|-------------|--------------------|--------------------|--------------------|--------------------|
|             | US\$               | KHR'000            | US\$               | KHR'000            |
| Current     | 104,408,644        | 420,244,792        | 122,405,842        | 500,027,865        |
| Non-current | -                  | -                  | -                  | -                  |
|             | <u>104,408,644</u> | <u>420,244,792</u> | <u>122,405,842</u> | <u>500,027,865</u> |

### c) By residency status

|              | 2024               |                    | 2023               |                    |
|--------------|--------------------|--------------------|--------------------|--------------------|
|              | US\$               | KHR'000            | US\$               | KHR'000            |
| Resident     | 104,408,644        | 420,244,792        | 122,405,842        | 500,027,865        |
| Non-resident | -                  | -                  | -                  | -                  |
|              | <u>104,408,644</u> | <u>420,244,792</u> | <u>122,405,842</u> | <u>500,027,865</u> |

### d) By relationship

|                     | 2024               |                    | 2023               |                    |
|---------------------|--------------------|--------------------|--------------------|--------------------|
|                     | US\$               | KHR'000            | US\$               | KHR'000            |
| Related parties     | -                  | -                  | -                  | -                  |
| Non-related parties | 104,408,644        | 420,244,792        | 122,405,842        | 500,027,865        |
|                     | <u>104,408,644</u> | <u>420,244,792</u> | <u>122,405,842</u> | <u>500,027,865</u> |

## 15. DEPOSITS FROM CUSTOMERS

|                  | 2024                 |                      | 2023                 |                      |
|------------------|----------------------|----------------------|----------------------|----------------------|
|                  | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Fixed deposits   | 1,209,480,755        | 4,868,160,039        | 1,100,110,709        | 4,493,952,246        |
| Savings accounts | 342,403,844          | 1,378,175,472        | 286,519,501          | 1,170,432,162        |
| Current accounts | 275,874,177          | 1,110,393,562        | 176,235,761          | 719,923,084          |
| Margin deposits  | 1,177,158            | 4,738,061            | 2,186,300            | 8,931,036            |
| Others           | 264,725              | 1,065,518            | 11,216               | 45,816               |
|                  | <u>1,829,200,659</u> | <u>7,362,532,652</u> | <u>1,565,063,487</u> | <u>6,393,284,344</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 15. DEPOSITS FROM CUSTOMERS (Cont.)

The fixed deposits and margin deposits amounting to US\$205,501,943 cash pledged as collateral against unused portion of credit facilities as disclosed in note 34(a).

|             | 2024                 |                      | 2023                 |                      |
|-------------|----------------------|----------------------|----------------------|----------------------|
|             | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Current     | 1,400,515,940        | 5,637,076,659        | 1,357,554,009        | 5,545,608,126        |
| Non-current | 428,684,719          | 1,725,455,993        | 207,509,478          | 847,676,218          |
|             | <u>1,829,200,659</u> | <u>7,362,532,652</u> | <u>1,565,063,487</u> | <u>6,393,284,344</u> |

Further analyses of deposits from other banks are as follows:

### a) Interest rates

Deposits from customers bear interest as follows:

|                  | 2024       | 2023       |
|------------------|------------|------------|
| Current accounts | 0% - 1.5%  | 0% - 0.75% |
| Savings deposits | 0% - 7.26% | 0% - 7.31% |
| Fixed deposits   | 0% - 8%    | 0.5% - 8%  |

### b) By residency status

|              | 2024                 |                      | 2023                 |                      |
|--------------|----------------------|----------------------|----------------------|----------------------|
|              | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Resident     | 1,815,053,710        | 7,305,591,182        | 1,557,444,425        | 6,362,160,476        |
| Non-resident | 14,146,949           | 56,941,470           | 7,619,062            | 31,123,868           |
|              | <u>1,829,200,659</u> | <u>7,362,532,652</u> | <u>1,565,063,487</u> | <u>6,393,284,344</u> |

### c) By relationship

|                     | 2024                 |                      | 2023                 |                      |
|---------------------|----------------------|----------------------|----------------------|----------------------|
|                     | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Related parties     | 53,310               | 214,572              | 40,609               | 165,888              |
| Non-related parties | 1,829,147,349        | 7,362,318,080        | 1,565,022,878        | 6,393,118,456        |
|                     | <u>1,829,200,659</u> | <u>7,362,532,652</u> | <u>1,565,063,487</u> | <u>6,393,284,344</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 16. BORROWINGS

|  | 2024              |                   | 2023              |                    |
|--|-------------------|-------------------|-------------------|--------------------|
|  | US\$              | KHR'000           | US\$              | KHR'000            |
| Agence Francaise de Development (AFD) and Proparco (i)                 | 15,176,792        | 61,086,588        | 15,651,790        | 63,937,562         |
| Industrial and Commercial Bank of China Limited Phnom Penh Branch (ii) | -                 | -                 | 15,284,375        | 62,436,672         |
| Liquidity-Providing Collateralised Operation (iii)                     | -                 | -                 | 9,774,384         | 39,928,359         |
| Small and Medium Enterprise (SME) Bank of Cambodia Plc. (iv)           | 2,633,914         | 10,601,504        | 3,941,056         | 16,099,213         |
|  | <u>17,810,706</u> | <u>71,688,092</u> | <u>44,651,605</u> | <u>182,401,806</u> |

- (i) On 7 December 2022, the Bank entered into another borrowing agreement with Proparco for a total facility of US\$ 15,000,000 and the facility was fully disbursed during the year. These borrowings are unsecured. These borrowings' payment terms are made in semi-annually instalment basis and will mature on 15 April 2033.
- (ii) 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 Bank has fully settled the facility during 2024.
- (iii) These represents short-term borrowings from the National Bank of Cambodia (NBC) in which the Negotiable Certificates of Deposit (NCD) were collateralized. The Bank has fully settled the borrowing during 2024.
- (iv) This represents the borrowings from SME Bank of Cambodia Plc., which are unsecured, and payments are made on a monthly instalment basis. These borrowings mature on 31 July 2025 to 05 December 2029.

|                  | 2024              |                   | 2023              |                    |
|------------------|-------------------|-------------------|-------------------|--------------------|
|                  | US\$              | KHR'000           | US\$              | KHR'000            |
| Principal amount | 17,630,788        | 70,963,922        | 43,632,296        | 178,237,929        |
| Interest payable | 179,918           | 724,170           | 1,019,309         | 4,163,877          |
|                  | <u>17,810,706</u> | <u>71,688,092</u> | <u>44,651,605</u> | <u>182,401,806</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 16. BORROWINGS (Cont.)

Changes in liabilities arising from financing activities – borrowings

|                                  | 2024              |                   | 2023              |                    |
|----------------------------------|-------------------|-------------------|-------------------|--------------------|
|                                  | US\$              | KHR'000           | US\$              | KHR'000            |
| <b>At 1 January</b>              | 44,651,605        | 182,401,806       | 21,753,816        | 89,560,461         |
| Additions                        | 2,467,621         | 10,045,685        | 43,433,293        | 178,510,834        |
| Repayments                       | (28,469,129)      | (115,897,824)     | (21,494,635)      | (88,342,950)       |
| Interest charge during the year  | 1,954,831         | 7,958,117         | 2,350,536         | 9,660,703          |
| Interest payments                | (2,794,222)       | (11,375,278)      | (1,391,405)       | (5,718,675)        |
| Currency translation differences | -                 | (1,444,414)       | -                 | (1,268,567)        |
| <b>At 31 December</b>            | <b>17,810,706</b> | <b>71,688,092</b> | <b>44,651,605</b> | <b>182,401,806</b> |

Further analyses of borrowings are as follows:

### a) By currency and interest rate range

|      | 2024              |                   | 2023              |                    |
|------|-------------------|-------------------|-------------------|--------------------|
|      | US\$              | KHR'000           | US\$              | KHR'000            |
| US\$ | 17,262,532        | 69,481,692        | 34,072,268        | 139,185,214        |
| KHR  | 548,174           | 2,206,400         | 10,579,337        | 43,216,592         |
|      | <b>17,810,706</b> | <b>71,688,092</b> | <b>44,651,605</b> | <b>182,401,806</b> |

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

|               | 2024   | 2023   |
|---------------|--|--|
| US\$          | 2% – 6.15%   | 2% – 6.15%   |
| KHR           | 2% – 3%  | 2% – 3%  |
| Variable rate | Higher of a six-month SOFR plus marginal rate or a reference rate. | Higher of a six-month SOFR plus marginal rate or a reference rate. |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 16. BORROWINGS (Cont.)

### b) By maturity

|             | 2024       |            | 2023       |             |
|-------------|------------|------------|------------|-------------|
|             | US\$       | KHR'000    | US\$       | KHR'000     |
| Current     | 8,422,616  | 33,901,030 | 26,661,468 | 108,912,096 |
| Non-current | 9,388,090  | 37,787,062 | 17,990,137 | 73,489,710  |
|             | 17,810,706 | 71,688,092 | 44,651,605 | 182,401,806 |

## 17. SUBORDINATED DEBTS

|                  | 2024       |             | 2023       |             |
|------------------|------------|-------------|------------|-------------|
|                  | US\$       | KHR'000     | US\$       | KHR'000     |
| Principal amount | 63,293,550 | 254,756,539 | 37,793,550 | 154,386,652 |
| Interest payable | -          | -           | -          | -           |
|                  | 63,293,550 | 254,756,539 | 37,793,550 | 154,386,652 |

Changes in liabilities arising from financing activities – subordinated debts

|                                  | 2024        |              | 2023        |              |
|----------------------------------|-------------|--------------|-------------|--------------|
|                                  | US\$        | KHR'000      | US\$        | KHR'000      |
| <b>At 1 January</b>              | 37,793,550  | 154,386,652  | 37,800,328  | 155,623,950  |
| Additions                        | 25,500,000  | 103,810,500  | -           | -            |
| Interest charge during the year  | 5,430,429   | 22,107,276   | 4,382,150   | 18,010,637   |
| Interest payments                | (5,430,429) | (22,107,276) | (4,388,928) | (18,038,494) |
| Currency translation differences | -           | (3,440,613)  | -           | (1,209,441)  |
| <b>At 31 December</b>            | 63,293,550  | 254,756,539  | 37,793,550  | 154,386,652  |

### a) By currency and interest rate range

|      | 2024       |             | 2023       |             |
|------|------------|-------------|------------|-------------|
|      | US\$       | KHR'000     | US\$       | KHR'000     |
| US\$ | 63,293,550 | 254,756,539 | 37,793,550 | 154,386,652 |
| KHR  | -          | -           | -          | -           |
|      | 63,293,550 | 254,756,539 | 37,793,550 | 154,386,652 |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 17. SUBORDINATED DEBTS (Cont.)

### a) By currency and interest rate range (Cont.)

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

|      | 2024      | 2023      |
|------|-----------|-----------|
| US\$ | 10% - 12% | 10% - 12% |
| KHR  | Nil       | Nil       |

### c) By maturity

|             | 2024              |                    | 2023              |                    |
|-------------|-------------------|--------------------|-------------------|--------------------|
|             | US\$              | KHR'000            | US\$              | KHR'000            |
| Current     | -                 | -                  | 27,184,550        | 111,048,887        |
| Non-current | 63,293,550        | 254,756,539        | 10,609,000        | 43,337,765         |
|             | <u>63,293,550</u> | <u>254,756,539</u> | <u>37,793,550</u> | <u>154,386,652</u> |

These subordinated debts are unsecured with monthly interest repayment, and will mature on 6 July 2029, 30 October 2029, and 29 December 2032, respectively. Also, these subordinated debts were qualified as Tier II for the net worth computation purpose and approved by the central bank.

## 18. DEFERRED TAX LIABILITIES

|                              | 2024               |                     | 2023               |                    |
|------------------------------|--------------------|---------------------|--------------------|--------------------|
|                              | US\$               | KHR'000             | US\$               | KHR'000            |
| Non-current                  |                    |                     |                    |                    |
| Deferred tax assets          | 3,018,001          | 12,147,453          | 2,810,354          | 11,480,296         |
| Deferred tax liabilities     | (6,176,745)        | (24,861,398)        | (3,970,975)        | (16,221,433)       |
| Net deferred tax liabilities | <u>(3,158,744)</u> | <u>(12,713,945)</u> | <u>(1,160,621)</u> | <u>(4,741,137)</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 18. DEFERRED TAX LIABILITIES (Cont.)

Movement of net deferred tax liabilities:

|                                      | 2024               |                     | 2023               |                    |
|--------------------------------------|--------------------|---------------------|--------------------|--------------------|
|                                      | US\$               | KHR'000             | US\$               | KHR'000            |
| <b>As at 1 January</b>               | (1,160,621)        | (4,741,137)         | 588,920            | 2,424,584          |
| Credited to profit or loss (Note 32) | (1,998,123)        | (8,134,359)         | (1,749,541)        | (7,190,614)        |
| Currency translation difference      | -                  | 161,551             | -                  | 24,893             |
| <b>As at 31 December</b>             | <b>(3,158,744)</b> | <b>(12,713,945)</b> | <b>(1,160,621)</b> | <b>(4,741,137)</b> |

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

i) Deferred tax assets

|                                      | Lease liabilities<br>US\$ | Unamortised loan fees<br>US\$ | Accelerated depreciation<br>US\$ | Employee benefits obligation<br>US\$ | Total<br>US\$    |
|--------------------------------------|---------------------------|-------------------------------|----------------------------------|--------------------------------------|------------------|
| <b>As at 1 January 2023</b>          | 1,635,962                 | 1,038,678                     | 239,158                          | 84,481                               | 2,998,279        |
| (Charged)/credited to profit or loss | 510,156                   | (731,382)                     | 47,396                           | (14,095)                             | (187,925)        |
| <b>As at 31 December 2023</b>        | <b>2,146,118</b>          | <b>307,296</b>                | <b>286,554</b>                   | <b>70,386</b>                        | <b>2,810,354</b> |
| In KHR'000 equivalent                | 8,766,892                 | 1,255,304                     | 1,170,573                        | 287,527                              | 11,480,296       |
| <b>As at 1 January 2024</b>          | 2,146,118                 | 307,296                       | 286,554                          | 70,386                               | 2,810,354        |
| (Charged)/credited to profit or loss | 542,880                   | (307,296)                     | (19,175)                         | (8,762)                              | 207,647          |
| <b>As at 31 December 2024</b>        | <b>2,688,998</b>          | <b>-</b>                      | <b>267,379</b>                   | <b>61,624</b>                        | <b>3,018,001</b> |
| In KHR'000 equivalent                | 10,823,216                | -                             | 1,076,200                        | 248,037                              | 12,147,453       |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 18. DEFERRED TAX LIABILITIES (Cont.)

ii) Deferred tax liabilities

|                               | Lease liabilities<br>US\$ | Unamortised loan fees<br>US\$ | Accelerated depreciation<br>US\$ | Employee benefits obligation<br>US\$ | Total<br>US\$ |
|-------------------------------|---------------------------|-------------------------------|----------------------------------|--------------------------------------|---------------|
| <b>As at 1 January 2023</b>   | (1,520,023)               | (886,824)                     | -                                | (2,512)                              | (2,409,359)   |
| Charged to profit or loss     | (458,434)                 | (1,082,090)                   | -                                | (21,092)                             | (1,561,616)   |
| <b>As at 31 December 2023</b> | (1,978,457)               | (1,968,914)                   | -                                | (23,604)                             | (3,970,975)   |
| In KHR'000 equivalent         | (8,081,997)               | (8,043,014)                   | -                                | (96,422)                             | (16,221,433)  |
| <b>As at 1 January 2024</b>   | (1,978,457)               | (1,968,914)                   | -                                | (23,604)                             | (3,970,975)   |
| Charged to profit or loss     | (480,756)                 | (985,276)                     | (707,950)                        | (31,788)                             | (2,205,770)   |
| <b>As at 31 December 2024</b> | (2,459,213)               | (2,954,190)                   | (707,950)                        | (55,392)                             | (6,176,745)   |
| In KHR'000 equivalent         | (9,898,332)               | (11,890,615)                  | (2,849,499)                      | (222,952)                            | (24,861,398)  |

## 19. PROVISION FOR EMPLOYEE BENEFITS

|                         | 2024    |           | 2023    |           |
|-------------------------|---------|-----------|---------|-----------|
|                         | US\$    | KHR'000   | US\$    | KHR'000   |
| Pension obligations (i) | 32,960  | 132,664   | 32,497  | 132,750   |
| Seniority payments (ii) | 275,162 | 1,107,527 | 319,434 | 1,304,888 |
|                         | 308,122 | 1,240,191 | 351,931 | 1,437,638 |

(i) The movements of the pension obligations are as follows:

|                                 | 2024      |           | 2023     |           |
|---------------------------------|-----------|-----------|----------|-----------|
|                                 | US\$      | KHR'000   | US\$     | KHR'000   |
| <b>At 1 January</b>             | 32,497    | 132,750   | 31,174   | 128,343   |
| Additions during the year:      |           |           |          |           |
| Staff contribution              | 52,021    | 209,385   | 46,117   | 189,541   |
| Bank's contribution             | 52,021    | 209,385   | 46,117   | 189,541   |
| Payments during the year        | (103,579) | (416,905) | (90,911) | (373,644) |
| Currency translation difference | -         | (1,951)   | -        | (1,031)   |
| <b>At 31 December</b>           | 32,960    | 132,664   | 32,497   | 132,750   |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 19. PROVISION FOR EMPLOYEE BENEFITS (Cont.)

(ii) The movements of the seniority payments are as follows:

|                                 | 2024           |                  | 2023           |                  |
|---------------------------------|----------------|------------------|----------------|------------------|
|                                 | US\$           | KHR'000          | US\$           | KHR'000          |
| <b>At 1 January</b>             | 319,434        | 1,304,888        | 391,232        | 1,610,703        |
| Payments during the year        | (44,272)       | (178,195)        | (71,798)       | (295,090)        |
| Currency translation difference | -              | (19,166)         | -              | (10,725)         |
| <b>At 31 December</b>           | <b>275,162</b> | <b>1,107,527</b> | <b>319,434</b> | <b>1,304,888</b> |

## 20. OTHER LIABILITIES

|                      | 2024             |                   | 2023             |                   |
|----------------------|------------------|-------------------|------------------|-------------------|
|                      | US\$             | KHR'000           | US\$             | KHR'000           |
| Accrued expenses (*) | 1,490,588        | 5,999,617         | 1,993,902        | 8,145,090         |
| Fund transfers       | 408,069          | 1,642,478         | 1,423,772        | 5,816,109         |
| Tax payables         | 75,689           | 304,648           | 241,649          | 987,136           |
| Other liabilities    | 834,777          | 3,359,976         | 980,794          | 4,006,543         |
|                      | <b>2,809,123</b> | <b>11,306,719</b> | <b>4,640,117</b> | <b>18,954,878</b> |

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

|             | 2024             |                   | 2023             |                   |
|-------------|------------------|-------------------|------------------|-------------------|
|             | US\$             | KHR'000           | US\$             | KHR'000           |
| Current     | 2,809,123        | 11,306,720        | 4,640,117        | 18,954,878        |
| Non-current | -                | -                 | -                | -                 |
|             | <b>2,809,123</b> | <b>11,306,720</b> | <b>4,640,117</b> | <b>18,954,878</b> |

## 21. SHARE CAPITAL

The total authorised numbers of shares of the Bank as at 31 December 2024 was 79,500 shares (2023: 79,500 shares) with a par value of US\$1,000 per share (2023: US\$1,000 per share). All registered and authorized capital has been fully paid.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 21. SHARE CAPITAL (Cont.)

| Shareholders                    | Number of shares | Percentage of interest | 2024       |             | 2023       |             |
|---------------------------------|------------------|------------------------|------------|-------------|------------|-------------|
|                                 |                  |                        | US\$       | KHR'000     | US\$       | KHR'000     |
|                                 |                  |                        |            |             |            |             |
| Oknha Mok Kimhong               | 26,235           | 33.00%                 | 26,235,000 | 104,940,000 | 26,235,000 | 104,940,000 |
| Mrs. Chhay Kimbouy              | 19,597           | 24.65%                 | 19,597,000 | 78,388,000  | 19,597,000 | 78,388,000  |
| Mrs. Kim Tiek                   | 18,285           | 23.00%                 | 18,285,000 | 73,140,000  | 18,285,000 | 73,140,000  |
| Ministry of Economy and Finance | 7,950            | 10.00%                 | 7,950,000  | 31,800,000  | 7,950,000  | 31,800,000  |
| ING Holdings Co., Ltd.          | 7,433            | 9.35%                  | 7,433,000  | 29,732,000  | 7,433,000  | 29,732,000  |
|                                 |                  |                        | 79,500,000 | 318,000,000 | 79,500,000 | 318,000,000 |

## 22. RESERVES

|                                | 2024        |             | 2023       |             |
|--------------------------------|-------------|-------------|------------|-------------|
|                                | US\$        | KHR'000     | US\$       | KHR'000     |
| Non-distributable reserves (i) | 70,600,486  | 287,202,777 | 70,600,486 | 287,202,777 |
| Regulatory reserves (ii)       | 32,545,705  | 132,571,202 | 24,041,577 | 97,950,897  |
| General reserves (iii)         | 195,590     | 797,029     | 195,590    | 797,029     |
|                                | 103,341,781 | 420,571,008 | 94,837,653 | 385,950,703 |

### (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.

### (ii) Regulatory reserves

As stated in Note 2.16, the accumulated regulatory provision based on NBC's guidelines is higher than the accumulated impairment losses based on CIFRS 9, the 'topping up' is transferred from retained earnings to regulatory reserves presented under equity.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 22. RESERVES (Cont.)

(ii) Regulatory reserves (Cont.)

|   | 2024              |                    | 2023              |                   |
|---|-------------------|--------------------|-------------------|-------------------|
|   | US\$              | KHR'000            | US\$              | KHR'000           |
| Regulatory provision based on NBC's guidelines        | 56,512,668        | 227,463,489        | 32,237,523        | 131,690,281       |
| Allowance for expected credit losses based on CIFRS 9 | (23,966,963)      | (96,467,026)       | (8,195,946)       | (33,480,439)      |
| Currency translation differences                      | -                 | 1,574,739          | -                 | (258,945)         |
|   | <u>32,545,705</u> | <u>132,571,202</u> | <u>24,041,577</u> | <u>97,950,897</u> |

The movements on regulatory reserves are as follows:

|  | 2024              |                    | 2023              |                   |
|--|-------------------|--------------------|-------------------|-------------------|
|  | US\$              | KHR'000            | US\$              | KHR'000           |
| At the beginning of the year                               | 24,041,577        | 97,950,897         | 16,930,095        | 68,722,706        |
| Additional transfer to regulatory reserves during the year | 8,504,128         | 34,620,305         | 7,111,482         | 29,228,191        |
| At the end of the year                                     | <u>32,545,705</u> | <u>132,571,202</u> | <u>24,041,577</u> | <u>97,950,897</u> |

(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 were 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.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 23. INTEREST INCOME

|   | 2024               |                    | 2023               |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | US\$               | KHR'000            | US\$               | KHR'000            |
| Interest income from financial assets<br>at amortised cost: |                    |                    |                    |                    |
| Loans and advances  | 115,773,235        | 471,312,840        | 117,138,824        | 481,440,567        |
| Deposits and placements with other<br>banks                 | 14,819,978         | 60,332,130         | 4,038,797          | 16,599,456         |
| Investment securities                                       | 1,664,375          | 6,775,671          | 1,653,484          | 6,795,819          |
| Deposits and placements with the<br>central bank            | 615,043            | 2,503,840          | 1,639,448          | 6,738,131          |
|   | <u>132,872,631</u> | <u>540,924,481</u> | <u>124,470,553</u> | <u>511,573,973</u> |

## 24. INTEREST EXPENSE

|   | 2024              |                    | 2023              |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | US\$              | KHR'000            | US\$              | KHR'000            |
| Interest expense on financial liabilities<br>at amortised cost: |                   |                    |                   |                    |
| Deposits from customers   | 68,451,686        | 278,666,814        | 62,698,598        | 257,691,237        |
| Deposits from banks and other<br>financial institutions         | 4,650,285         | 18,931,310         | 5,474,725         | 22,501,120         |
| Subordinated debts  | 5,430,429         | 22,107,276         | 4,382,150         | 18,010,637         |
| Borrowings  | 1,954,831         | 7,958,117          | 2,350,536         | 9,660,703          |
| Lease liabilities (Note 12)                                     | 767,627           | 3,125,010          | 637,213           | 2,618,945          |
|   | <u>81,254,858</u> | <u>330,788,527</u> | <u>75,543,222</u> | <u>310,482,642</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 25. NET FEE AND COMMISSION INCOME

|   | 2024               |                    | 2023             |                    |
|---|--------------------|--------------------|------------------|--------------------|
|   | US\$               | KHR'000            | US\$             | KHR'000            |
| <b>Fee and commission income:</b>                       |                    |                    |                  |                    |
| Remittance fees   | 840,548            | 3,421,870          | 736,311          | 3,026,238          |
| Loan servicing fees                                     | 689,193            | 2,805,705          | 723,511          | 2,973,630          |
| Commission from issuing letters of credit and guarantee | 658,051            | 2,678,926          | 343,369          | 1,411,247          |
| Visa fees   | 223,032            | 907,963            | 265,439          | 1,090,954          |
| Commission fees   | 383,710            | 1,562,083          | 216,673          | 890,526            |
| Fees on currency swap                                   | -                  | -                  | 13,240           | 54,416             |
| Others  | 219,786            | 894,750            | 232,209          | 954,380            |
| <b>Total fee and commission income</b>                  | <b>3,014,320</b>   | <b>12,271,297</b>  | <b>2,530,752</b> | <b>10,401,391</b>  |
| <b>Fee and commission expense:</b>                      |                    |                    |                  |                    |
| Commission fees   | (869,190)          | (3,538,472)        | (579,051)        | (2,379,900)        |
| Expenses for ATM/credit card                            | (238,663)          | (971,597)          | (235,461)        | (967,744)          |
| Settlement services                                     | (110,365)          | (449,296)          | (94,498)         | (388,387)          |
| <b>Total fee and commission expense</b>                 | <b>(1,218,218)</b> | <b>(4,959,365)</b> | <b>(909,010)</b> | <b>(3,736,031)</b> |
| <b>Net fee and commission income</b>                    | <b>1,796,102</b>   | <b>7,311,932</b>   | <b>1,621,742</b> | <b>6,665,360</b>   |

## 26. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

|  | 2024       |            | 2023      |            |
|--|------------|------------|-----------|------------|
|  | US\$       | KHR'000    | US\$      | KHR'000    |
| <b>Expected credit losses:</b>           |            |            |           |            |
| Loans and advances to customers          | 13,229,413 | 53,856,940 | 5,103,913 | 20,977,082 |
| Deposits and placements with other banks | 395,416    | 1,609,739  | (21,310)  | (87,584)   |
| Off-balance sheet financial commitments  | 468,649    | 1,907,870  | (22,203)  | (91,254)   |
|  | 14,093,478 | 57,374,549 | 5,060,400 | 20,798,244 |
| Recovery of loans previously written off | (85,408)   | (347,696)  | -         | -          |
|  | 14,008,070 | 57,026,853 | 5,060,400 | 20,798,244 |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 27. OTHER OPERATING INCOME

|               | 2024    |           | 2023    |           |
|---------------|---------|-----------|---------|-----------|
|               | US\$    | KHR'000   | US\$    | KHR'000   |
| Rental income | 276,650 | 1,126,242 | 298,013 | 1,224,833 |
| Others income | 168,099 | 684,331   | 126,506 | 519,940   |
|               | 444,749 | 1,810,573 | 424,519 | 1,744,773 |

## 28. OTHER GAINS – NET

|   | 2024      |           | 2023      |           |
|---|-----------|-----------|-----------|-----------|
|   | US\$      | KHR'000   | US\$      | KHR'000   |
| Net gains on foreign exchange               | 1,210,630 | 4,928,475 | 1,267,066 | 5,207,641 |
| Gains on disposal of foreclosed property    | 186,129   | 757,731   | -         | -         |
| Gains on disposal of property and equipment | 43,717    | 177,972   | 29,146    | 119,790   |
|   | 1,440,476 | 5,864,178 | 1,296,212 | 5,327,431 |

## 29. PERSONNEL EXPENSES

|                                  | 2024       |            | 2023       |            |
|----------------------------------|------------|------------|------------|------------|
|                                  | US\$       | KHR'000    | US\$       | KHR'000    |
| Salaries and wages               | 11,386,390 | 46,353,994 | 9,880,883  | 40,610,429 |
| Bonuses and incentives           | 478,044    | 1,946,117  | 813,648    | 3,344,093  |
| Board directors' fee             | 219,102    | 891,964    | 220,443    | 906,021    |
| Contributions to provident funds | 52,021     | 211,777    | 46,117     | 189,541    |
| Other benefits                   | 1,904,461  | 7,753,061  | 1,768,909  | 7,270,216  |
|                                  | 14,040,018 | 57,156,913 | 12,730,000 | 52,320,300 |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 30. DEPRECIATION AND AMORTISATION CHARGES

|  | 2024             |                   | 2023             |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | US\$             | KHR'000           | US\$             | KHR'000           |
| Depreciation charges of property and equipment (Note 10) | 2,307,251        | 9,392,819         | 1,933,400        | 7,946,273         |
| Depreciation charges of right-of-use assets (Note 12)    | 1,971,332        | 8,025,293         | 1,653,200        | 6,794,652         |
| Amortisation charges of intangible assets (Note 11)      | 269,805          | 1,098,376         | 453,840          | 1,865,282         |
|  | <u>4,548,388</u> | <u>18,516,488</u> | <u>4,040,440</u> | <u>16,606,207</u> |

## 31. OTHER OPERATING EXPENSES

|   | 2024             |                   | 2023             |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | US\$             | KHR'000           | US\$             | KHR'000           |
| Repairs and maintenances                        | 1,763,022        | 7,177,263         | 1,265,328        | 5,200,498         |
| Professional fees (*)                           | 466,739          | 1,900,094         | 305,150          | 1,254,167         |
| Utilities                                       | 386,420          | 1,573,116         | 346,239          | 1,423,042         |
| Marketing                                       | 360,460          | 1,467,433         | 350,070          | 1,438,788         |
| License fees                                    | 346,380          | 1,410,113         | 306,575          | 1,260,023         |
| Expense relating to short-term leases (Note 12) | 340,253          | 1,385,170         | 268,066          | 1,101,751         |
| Office supplies                                 | 276,892          | 1,127,227         | 298,751          | 1,227,867         |
| Tax expenses                                    | 273,922          | 1,115,136         | 199,858          | 821,416           |
| Security  | 241,920          | 984,856           | 216,636          | 890,374           |
| Communication                                   | 235,712          | 959,584           | 229,324          | 942,522           |
| Travelling                                      | 211,619          | 861,501           | 186,735          | 767,481           |
| Insurance                                       | 115,971          | 472,118           | 106,844          | 439,129           |
| Conferences                                     | 29,520           | 120,176           | 2,545            | 10,460            |
| Others  | 746,398          | 3,038,586         | 530,362          | 2,179,787         |
|   | <u>5,795,228</u> | <u>23,592,373</u> | <u>4,612,483</u> | <u>18,957,305</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 31. OTHER OPERATING EXPENSES (Cont.)

(\*) The following fee was paid or is payable to PricewaterhouseCoopers (Cambodia) Ltd:

|                 | 2024   |         |
|-----------------|--------|---------|
|                 | US\$   | KHR'000 |
| Statutory audit | 67,000 | 273,695 |
| Tax services    | -      | -       |
| Other services  | -      | -       |
| At 31 December  | 67,000 | 273,695 |

## 32. INCOME TAX EXPENSES

### a) Current income tax liabilities

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

|                                  | 2024             |                  | 2023             |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | US\$             | KHR'000          | US\$             | KHR'000          |
| <b>At 1 January</b>              | 2,364,921        | 9,660,702        | 5,359,857        | 22,066,531       |
| Current income tax expense       | 3,160,676        | 12,867,112       | 3,484,056        | 14,319,470       |
| Income tax paid                  | (3,471,091)      | (14,130,811)     | (6,478,992)      | (26,628,657)     |
| Currency translation differences | -                | (127,616)        | -                | (96,642)         |
| <b>At 31 December</b>            | <b>2,054,506</b> | <b>8,269,387</b> | <b>2,364,921</b> | <b>9,660,702</b> |

### b) Income tax expense

|                     | 2024             |                   | 2023             |                   |
|---------------------|------------------|-------------------|------------------|-------------------|
|                     | US\$             | KHR'000           | US\$             | KHR'000           |
| Current income tax  | 3,160,676        | 12,867,112        | 3,484,056        | 14,319,470        |
| Deferred income tax | 1,998,123        | 8,134,359         | 1,749,541        | 7,190,614         |
|                     | <b>5,158,799</b> | <b>21,001,471</b> | <b>5,233,597</b> | <b>21,510,084</b> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 32. INCOME TAX EXPENSES (Cont.)

### c) Reconciliation between income tax expenses and accounting profit

|  | 2024       |            | 2023       |             |
|--|------------|------------|------------|-------------|
|  | US\$       | KHR'000    | US\$       | KHR'000     |
| Profit before income tax                 | 16,907,396 | 68,830,009 | 25,826,481 | 106,146,839 |
| Tax calculated at 20%                    | 3,381,479  | 13,766,001 | 5,165,296  | 21,229,367  |
| Tax effect of reconciling items:         |            |            |            |             |
| Expenses not deductible for tax purposes | 1,777,320  | 7,235,470  | 68,301     | 280,717     |
| Income tax expenses                      | 5,158,799  | 21,001,471 | 5,233,597  | 21,510,084  |

Under the Cambodian tax regulations, the Bank is subject to 20% Income Tax.

### d) Other matter

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

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 33. CASH FLOW INFORMATION

### a) Cash and cash equivalents

|  | 2024               |                      | 2023               |                      |
|--|--------------------|----------------------|--------------------|----------------------|
|  | US\$               | KHR'000              | US\$               | KHR'000              |
| Cash on hand (Note 4)                            | 42,251,013         | 170,060,327          | 38,223,023         | 156,141,049          |
| Deposits and placements with other banks:        |                    |                      |                    |                      |
| Current accounts                                 | 118,975,970        | 478,878,279          | 48,533,181         | 198,258,045          |
| Term deposits (maturity of three months or less) | 216,914,968        | 873,082,746          | 73,228,589         | 299,138,786          |
| Deposits and placements with the central bank:   |                    |                      |                    |                      |
| Current accounts (Note 5)                        | 259,351,451        | 1,043,889,590        | 292,456,785        | 1,194,685,967        |
| Settlement accounts (Note 5)                     | 4,574,672          | 18,413,055           | 3,561,824          | 14,550,051           |
|  | <u>642,068,074</u> | <u>2,584,323,997</u> | <u>456,003,402</u> | <u>1,862,773,898</u> |

### b) Net debt reconciliation

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

| Net debt                             | 2024               |                      | 2023               |                      |
|--------------------------------------|--------------------|----------------------|--------------------|----------------------|
|                                      | US\$               | KHR'000              | US\$               | KHR'000              |
| Cash and cash equivalents            | 642,068,074        | 2,584,323,997        | 456,003,402        | 1,862,773,898        |
| Subordinated debts                   | (63,293,550)       | (254,756,539)        | (37,793,550)       | (154,386,652)        |
| Borrowings                           | (17,810,706)       | (71,688,092)         | (44,651,605)       | (182,401,806)        |
| Lease liabilities                    | (13,444,991)       | (54,116,089)         | (10,730,591)       | (43,834,464)         |
| Net debt                             | <u>547,518,827</u> | <u>2,203,763,277</u> | <u>362,827,656</u> | <u>1,482,150,976</u> |
| Cash and liquid investments          | 642,068,074        | 2,584,323,997        | 456,003,402        | 1,862,773,898        |
| Gross debt – variable interest rates | (7,618,257)        | (30,663,484)         | (7,644,245)        | (31,226,741)         |
| Gross debt – fixed interest rates    | (86,930,990)       | (349,897,236)        | (85,531,501)       | (349,396,181)        |
| Net debt                             | <u>547,518,827</u> | <u>2,203,763,277</u> | <u>362,827,656</u> | <u>1,482,150,976</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 33. CASH FLOW INFORMATION (Cont.)

### b) Net debt reconciliation (Cont.)

|  | Liabilities from financing activities |                               |                     | Other assets                           |                      |
|--|---------------------------------------|-------------------------------|---------------------|--|----------------------|
|  | Borrowings<br>US\$                    | Subordinated<br>debts<br>US\$ | Lease<br>US\$       | Cash and<br>cash<br>equivalent<br>US\$ | Total<br>US\$        |
| <b>Net debt as at 1 January 2023</b>   | (21,753,816)                          | (37,800,328)                  | (8,179,808)         | 223,049,962                            | 155,316,010          |
| Cash flows                             | (20,547,253)                          | -                             | 1,394,584           | 232,953,440                            | 213,800,771          |
| New leases                             | -                                     | -                             | (3,945,367)         | -                                      | (3,945,367)          |
| Other changes (i)                      | (2,350,536)                           | 6,778                         | -                   | -                                      | (2,343,758)          |
| <b>Net debt as at 31 December 2023</b> | <u>(44,651,605)</u>                   | <u>(37,793,550)</u>           | <u>(10,730,591)</u> | <u>456,003,402</u>                     | <u>362,827,656</u>   |
| In KH'000 equivalent                   | <u>(182,401,806)</u>                  | <u>(154,386,652)</u>          | <u>(43,834,464)</u> | <u>1,862,773,898</u>                   | <u>1,482,150,976</u> |
| <b>Net debt as at 1 January 2024</b>   | (44,651,605)                          | (37,793,550)                  | (10,730,591)        | 456,003,402                            | 362,827,656          |
| Cash flows                             | 26,001,508                            | (25,500,000)                  | 1,660,712           | 186,064,672                            | 188,226,892          |
| New leases                             | -                                     | -                             | (4,375,112)         | -                                      | (4,375,112)          |
| Other changes (i)                      | 839,391                               | -                             | -                   | -                                      | 839,391              |
| <b>Net debt as at 31 December 2024</b> | <u>(17,810,706)</u>                   | <u>(63,293,550)</u>           | <u>(13,444,991)</u> | <u>642,068,074</u>                     | <u>547,518,827</u>   |
| In KH'000 equivalent                   | <u>(71,688,092)</u>                   | <u>(254,756,539)</u>          | <u>(54,116,089)</u> | <u>2,584,323,997</u>                   | <u>2,203,763,277</u> |

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 34. CONTINGENT LIABILITIES AND COMMITMENTS

### a) Credit commitments and financial guarantee contracts

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

|                                       | 2024               |                    | 2023               |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | US\$               | KHR'000            | US\$               | KHR'000            |
| <b>Credit commitments:</b>            |                    |                    |                    |                    |
| Unused portion of credit facilities   | 184,917,370        | 744,292,414        | 145,734,796        | 595,326,642        |
| <b>Financial guarantee contracts:</b> |                    |                    |                    |                    |
| Letter of credits                     | 7,967,892          | 32,070,765         | 11,925,665         | 48,716,342         |
| Bank guarantees                       | 49,963,117         | 201,101,546        | 20,511,471         | 83,789,359         |
|                                       | 57,931,009         | 233,172,311        | 32,437,136         | 132,505,701        |
| <b>Total exposure</b>                 | <b>242,848,379</b> | <b>977,464,725</b> | <b>178,171,932</b> | <b>727,832,343</b> |

|  | 2024               |                    | 2023               |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | US\$               | KHR'000            | US\$               | KHR'000            |
| Credit commitments and financial guarantee contracts | 242,848,379        | 977,464,725        | 178,171,932        | 727,832,342        |
| Allowance for expected credit loss                   | (848,217)          | (3,414,074)        | (379,568)          | (1,550,535)        |
| <b>Net exposure</b>                                  | <b>242,000,162</b> | <b>974,050,651</b> | <b>177,792,364</b> | <b>726,281,807</b> |

### b) Capital commitments

|   | 2024      |           | 2023      |           |
|---|-----------|-----------|-----------|-----------|
|   | US\$      | KHR'000   | US\$      | KHR'000   |
| <b>Property and equipment:</b>          |           |           |           |           |
| No later than 1 year                    | 179,924   | 724,194   | 52,081    | 212,751   |
| Later than 1 year but less than 5 years | 882,981   | 3,553,999 | 521,052   | 2,128,497 |
|   | 1,062,905 | 4,278,193 | 573,133   | 2,341,248 |
| <b>Intangible asset:</b>                |           |           |           |           |
| No later than 1 year                    | 545,647   | 2,196,229 | 462,627   | 1,889,831 |
| Later than 1 year but less than 5 years | -         | -         | 21,282    | 86,937    |
|   | 545,647   | 2,196,229 | 483,909   | 1,976,768 |
|   | 1,608,552 | 6,474,422 | 1,057,042 | 4,318,016 |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 34. CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

### c) Lease commitments

The Bank recognised right-of-use assets and lease liabilities for lease contracts where the Bank is a lessee, except for short-term leases (see Note 2.13 (c) and Note 12 for further information). The lease commitments of short-term leases are within one year only and the balance is immaterial.

## 35. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the year end and relating expenses and income for the year are as follows:

### a) Related parties and relationship

The related parties of and their relationship with the Bank are as follows:

| Relationship             | Related party   |
|--------------------------|---|
| Shareholders             | Oknha Mak Kimhong   |
| Shareholders             | Mrs. Kim Tiek   |
| Shareholders             | Mrs. Chhay Kimbuoy  |
| Shareholders             | ING Holdings Cambodia Ltd.  |
| Shareholders             | Ministry of Economy and Finance   |
| Key management personnel | All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank (including their close family members) |

### b) Loans and advances to key management personnel

|  | 2024    |         | 2023    |         |
|--|---------|---------|---------|---------|
|  | US\$    | KHR'000 | US\$    | KHR'000 |
| Loans and advances to key management personnel - net | 191,560 | 771,029 | 204,620 | 835,873 |
| Interest income                                      | 12,096  | 49,243  | 12,893  | 52,990  |

Loans and advances to key management personnel are net of allowance for expected credit loss of US\$1,979 (2023: US\$894), unsecured, and having interest rate of 4% per annum (2023: 4% per annum).

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 35. RELATED PARTY TRANSACTIONS AND BALANCES (Cont.)

### c) Deposits from related parties

|                              | 2024          |                | 2023          |                |
|------------------------------|---------------|----------------|---------------|----------------|
|                              | US\$          | KHR'000        | US\$          | KHR'000        |
| Shareholders                 | 2,602         | 10,473         | 1,928         | 7,876          |
| Directors and key management | 50,708        | 204,100        | 38,681        | 158,012        |
|                              | <u>53,310</u> | <u>214,573</u> | <u>40,609</u> | <u>165,888</u> |
| Interest expenses            | <u>190</u>    | <u>774</u>     | <u>396</u>    | <u>1,627</u>   |

Annual interest to rates during the year are as follows:

|                              | 2024      | 2023      |
|------------------------------|-----------|-----------|
| Shareholders                 | Nil       | Nil       |
| Directors and key management | 0.5% - 1% | 0.5% - 1% |

### d) Subordinated debt

|                   | 2024              |                    | 2023              |                    |
|-------------------|-------------------|--------------------|-------------------|--------------------|
|                   | US\$              | KHR'000            | US\$              | KHR'000            |
| Shareholders      | <u>37,793,550</u> | <u>152,119,039</u> | <u>37,793,550</u> | <u>154,386,652</u> |
| Interest expenses | <u>4,530,110</u>  | <u>18,442,078</u>  | <u>4,382,150</u>  | <u>18,010,637</u>  |

|                                     | 2024              |                    | 2023              |                    |
|-------------------------------------|-------------------|--------------------|-------------------|--------------------|
|                                     | US\$              | KHR'000            | US\$              | KHR'000            |
| Subordinated debt from shareholders |                   |                    |                   |                    |
| At 1 January                        | 37,793,550        | 154,386,652        | 37,800,328        | 154,386,652        |
| Interest charged                    | 4,530,110         | 18,442,078         | 4,382,150         | 18,010,637         |
| Interest payments                   | (4,530,110)       | (18,442,078)       | (4,388,928)       | (18,038,494)       |
| Currency translation differences    | -                 | (2,267,613)        | -                 | 27,857             |
| <b>At 31 December</b>               | <u>37,793,550</u> | <u>152,119,039</u> | <u>37,793,550</u> | <u>154,386,652</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 35. RELATED PARTY TRANSACTIONS AND BALANCES (Cont.)

### e) Key management compensation

|  | 2024             |                  | 2023             |                   |
|--|------------------|------------------|------------------|-------------------|
|  | US\$             | KHR'000          | US\$             | KHR'000           |
| Directors' fees  | 253,824          | 1,033,318        | 220,443          | 906,021           |
| Key management compensation –<br>salaries and other benefits | 1,999,797        | 8,141,174        | 2,252,195        | 9,256,521         |
|  | <u>2,253,621</u> | <u>9,174,492</u> | <u>2,472,638</u> | <u>10,162,542</u> |

### f) Terms and conditions

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

## 36. FINANCIAL RISK MANAGEMENT

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

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

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

The Bank holds the following financial assets and financial liabilities:

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

|  | 2024                 |                      | 2023                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | US\$                 | KHR'000              | US\$                 | KHR'000              |
| <b>Financial assets</b>                        |                      |                      |                      |                      |
| Financial assets at amortised costs:           |                      |                      |                      |                      |
| Cash on hand                                   | 42,251,013           | 170,060,327          | 38,223,023           | 156,141,049          |
| Deposits and placements with the central bank  | 286,024,056          | 1,151,246,825        | 332,175,492          | 1,356,936,885        |
| Deposits and placements with other banks       | 371,762,189          | 1,496,342,811        | 121,761,770          | 497,396,830          |
| Loans and advances at amortised cost           | 1,339,063,355        | 5,389,730,004        | 1,319,149,130        | 5,388,724,196        |
| Investment securities                          | 30,663,681           | 123,421,316          | 30,649,306           | 125,202,415          |
| Other financial assets                         | 2,330,706            | 9,381,092            | 2,748,160            | 11,226,234           |
| <b>Total financial assets</b>                  | <b>2,072,095,000</b> | <b>8,340,182,375</b> | <b>1,844,706,881</b> | <b>7,535,627,609</b> |
| <b>Financial liabilities</b>                   |                      |                      |                      |                      |
| Financial liabilities at amortised cost:       |                      |                      |                      |                      |
| Deposits from banks and financial institutions | 104,408,644          | 420,244,792          | 122,405,842          | 500,027,865          |
| Deposits from customers                        | 1,829,200,659        | 7,362,532,652        | 1,565,063,487        | 6,393,284,344        |
| Borrowings                                     | 17,810,706           | 71,688,092           | 44,651,605           | 182,401,806          |
| Lease liabilities                              | 13,444,991           | 54,116,089           | 10,730,591           | 43,834,464           |
| Subordinated debts                             | 63,293,550           | 254,756,539          | 37,793,550           | 154,386,652          |
| Other financial liabilities                    | 1,525,103            | 6,138,540            | 2,030,253            | 8,293,584            |
| <b>Total financial liabilities</b>             | <b>2,029,683,653</b> | <b>8,169,476,704</b> | <b>1,782,675,328</b> | <b>7,282,228,715</b> |

### 36.1. CREDIT RISK

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

#### a) Credit risk measurement

Credit risk is managed on a group basis.

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlation

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### a) Credit risk measurement (Cont.)

between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for the purposes of measuring ECL under CIFRS 9.

Deposits and placements with the central bank have no historical loss, and with strong capacity to meet obligations in near term, expected credit loss for deposits and placements with central bank is nil. Deposits and placements with other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows a three-stage approach in Note 36.1(c).

#### b) Risk limit control and mitigation policies

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

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collaterals for loans and advances to customers, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collaterals or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Cash in the form of term deposits, if any; or
- Commercial buildings and lands.

#### c) Impairment (expected credit loss) policies

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### c) Impairment (expected credit loss) policies (Cont.)

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

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

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

#### i. Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition.

- Customer has day past due 30 days on its contractual payments as at reporting date

#### ii. Definition of default and credit impaired

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### c) Impairment (expected credit loss) policies (Cont.)

- The principal or interest or both of the loan is past due for 90 days for long term and 30 days for short term. In the case of revolving facilities (e.g. overdraft), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of 90 days or more consecutive days for long term and 30 days or more consecutive days for short term.
- The loan is forced impaired due to various reasons, such as bankruptcy, legal action initiated by the Bank for recovery, significant financial difficulty, etc. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by the Credit Committee.
- Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of an obligor/counterparty.
- When an obligor/counterparty has multiple loans with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### c) Impairment (expected credit loss) policies (Cont.)

##### Probability of Default

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

The 12-month PD model is to estimate the yearly default likelihood of the portfolio that can be used to generate lifetime PD curves to cover the assumed lifetime of each account within the portfolio.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition through the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

##### Exposure at Default

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

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

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products, the exposure at default is predicted by taking credit limit time with utilisation at default where credit limit is maximum amount a customer can borrow and utilisation at default is the proportion of the credit limit that is used by the customer at the point of default.

##### Loss Given Default

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan. LGD floors have been considered for secured loans where there are events of over-collateralised.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### c) Impairment (expected credit loss) policies (Cont.)

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

#### iv. Forward-looking information incorporated into the ECL models

The calculation of ECL incorporates forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD vary by financial instrument. Expert judgement has also been applied in this process. The historical and forecasts of these economic variables (the base economic scenario) are sourced from external research houses. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates, while LGD is based on the bank's assessment of haircut of collaterals and EAD is based on the expected payment profiles.

In addition to the based economic scenario, the Bank considers other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each segment to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. As at 31 December 2024 and 31 December 2023, the Bank concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

As with any economic forecasts, the projects and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### c) Impairment (expected credit loss) policies (Cont.)

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

As at 31 December 2024 and 31 December 2023, the Bank formulates three economic scenarios to reflect future economic prospects: baseline, upside, and downside scenarios. The upside and downside scenarios are computed by adjusting the baseline macroeconomic variables (MEVs) by a certain percentage. A probability weighted outcome (PWO) is then applied over these scenarios.

#### Sensitivity analysis

The most significant assumptions affecting the ECL allowance is the change in weightings determined for each of the economic scenarios.

The Bank is to periodically monitor and assess if the statistical regression analysis is reflective of the future new development.

#### v. Grouping of exposure for ECL measured on collective basis

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

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

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

#### vi. Write-off policy

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### c) Impairment (expected credit loss) policies (Cont.)

##### vii. Modification of loans

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans (Note 2.5 (f)). The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

##### viii. Off-balance sheet exposures

Off-balance sheet exposures are exposures such as trade finance facilities and undrawn portions of credit facilities. The Bank applied Credit Conversion Factor (CCF) to estimate the EAD of off-balance sheet items. CCF varies by each type of exposures.

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

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Bank on financial instruments subject to impairment:

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

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

|   | 2024          |               | 2023          |               |
|---|---------------|---------------|---------------|---------------|
|   | US\$          | KHR'000       | US\$          | KHR'000       |
| <b>Credit risk exposure related to on-balance sheet assets:</b> |               |               |               |               |
| Deposits and placements with other banks                        | 371,762,189   | 1,496,342,811 | 121,761,770   | 497,396,830   |
| Loans and advances at amortised cost                            | 1,339,063,355 | 5,389,730,004 | 1,319,149,130 | 5,388,724,196 |
| Investment in securities  | 30,663,681    | 123,421,316   | 30,649,306    | 125,202,415   |
| Other financial assets  | 2,330,706     | 9,381,092     | 2,748,160     | 11,226,234    |
| <b>Credit risk exposure related to off-balance sheet items:</b> |               |               |               |               |
| Unused portion of credit facilities                             | 184,917,370   | 744,292,414   | 145,734,796   | 595,326,642   |
| Letters of guarantees   | 49,963,117    | 201,101,546   | 20,511,471    | 83,789,359    |
| Letter of credit  | 7,967,892     | 32,070,765    | 11,925,665    | 48,716,342    |
| Total gross credit exposure                                     | 1,986,668,310 | 7,996,339,948 | 1,652,480,298 | 6,750,382,018 |
| Allowance for expected credit losses (ECL)                      | (23,966,963)  | (96,467,026)  | (8,195,946)   | (33,480,439)  |
| Total net credit exposure                                       | 1,962,701,347 | 7,899,872,922 | 1,644,284,352 | 6,716,901,579 |

The above table represents a worst-case scenario of credit risk exposure to the Bank, since collateral held and/or other credit enhancement attached were not taken into account. For on-balance sheet assets, the exposures set out above are based on net carrying amounts. As shown above, 77% for the Bank (2023: 89%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Bank's loans and advances due to the following:

- Almost all loans and advances are collateralised and loan to collateral value ranges from 60% to 80%.
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.
- Deposits and placements with other banks are held with local banks and management has done proper risk assessment and believe there will be no material loss from these local banks.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### e) Credit quality of financial assets (Cont.)

The Bank assesses credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

| Credit Quality          | Description  |
|-------------------------|--|
| Standard monitoring     | Obligors in this category exhibit strong capacity to meet financial commitment. The Bank monitors obligors in this category by delinquency status. Obligors that are less than 30 days past due on its contractual payments for both short-term and long-term facilities are in standard monitoring. |
| Special monitoring      | Obligors in this category have a fairly acceptable capacity to meet financial commitments. The Bank monitors obligors in this category by delinquency status. Obligors that are 30 days past due on its contractual payments are included in special monitoring.                                     |
| Default/Credit impaired | Obligors are assessed to be impaired.  |

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

| Credit Quality       | Description   |
|----------------------|---|
| Sovereign            | Refer to financial assets issued by the central bank/government or guarantee by the central bank/government.  |
| Investment grade     | Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default. |
| Non-investment grade | Refers to low credit quality of the financial asset that is highly exposed to default risk.   |
| Un-graded            | Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models.   |
| Credit impaired      | Refers to the asset that is being impaired.   |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### e) Credit quality of financial assets (Cont.)

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

|   | 2024                               |  |  |               | 2023                               |  |  |               |
|---|------------------------------------|--|--|---------------|------------------------------------|--|--|---------------|
|   | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$ | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$ |
| <b>Deposits and placements<br/>with other banks</b> |                                    |  |  |               |                                    |  |  |               |
| Investment grade                                    | 352,361,553                        | -  | -  | 352,361,553   | 97,535,948                         | -  | -  | 97,535,948    |
| Non-investment grade                                | 9,368,221                          | -  | -  | 9,368,221     | 14,187,508                         | -  | -  | 14,187,508    |
| Un-graded   | 10,032,415                         | -  | -  | 10,032,415    | 10,038,314                         | -  | -  | 10,038,314    |
| Gross carrying amount                               | 371,762,189                        | -  | -  | 371,762,189   | 121,761,770                        | -  | -  | 121,761,770   |
| Less: Allowance for expected<br>credit losses       | (421,444)                          | -  | -  | (421,444)     | (26,028)                           | -  | -  | (26,028)      |
| Net carrying amount                                 | 371,340,745                        | -  | -  | 371,340,745   | 121,735,742                        | -  | -  | 121,735,742   |
| In KHR'000 equivalent                               | 1,494,646,499                      | -  | -  | 1,494,646,499 | 497,290,506                        | -  | -  | 497,290,506   |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### e) Credit quality of financial assets (Cont.)

|   | 2024                               |  |  |               | 2023                               |  |  |               |
|---|------------------------------------|--|--|---------------|------------------------------------|--|--|---------------|
|   | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$ | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$ |
| <b>Loans and advances at<br/>amortised cost</b> |                                    |  |  |               |                                    |  |  |               |
| Standard monitoring                             | 1,212,844,425                      | -  | -  | 1,212,844,425 | 1,262,086,074                      | -  | -  | 1,262,086,074 |
| Special monitoring                              | -                                  | 61,818,443   | -  | 61,818,443    | -                                  | 29,214,573   | -  | 29,214,573    |
| Default   | -                                  | -  | 64,400,487   | 64,400,487    | -                                  | -  | 27,848,483   | 27,848,483    |
| Gross carrying amount                           | 1,212,844,425                      | 61,818,443   | 64,400,487   | 1,339,063,355 | 1,262,086,074                      | 29,214,573   | 27,848,483   | 1,319,149,130 |
| Less: Allowance for expected<br>credit loss     | (8,096,938)                        | (3,935,460)  | (10,664,904)   | (22,697,302)  | (3,111,353)                        | (1,429,305)  | (3,249,692)  | (7,790,350)   |
| Net carrying amount                             | 1,204,747,487                      | 57,882,983   | 53,735,583   | 1,316,366,053 | 1,258,974,721                      | 27,785,268   | 24,598,791   | 1,311,358,780 |
| In KHR'000 equivalent                           | 4,849,108,635                      | 232,979,007  | 216,285,722  | 5,298,373,364 | 5,142,911,735                      | 113,502,820  | 100,486,061  | 5,356,900,616 |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### e) Credit quality of financial assets (Cont.)

|  | 2024                               |  |  |               | 2023                               |  |  |               |
|--|------------------------------------|--|--|---------------|------------------------------------|--|--|---------------|
|  | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$ | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$ |
| <b>Investment securities at<br/>amortised costs</b>  |                                    |  |  |               |                                    |  |  |               |
| Un-graded  | 30,663,681                         | -  | -  | 30,663,681    | 30,649,306                         | -  | -  | 30,649,306    |
| Gross carrying amount                                | 30,663,681                         | -  | -  | 30,663,681    | 30,649,306                         | -  | -  | 30,649,306    |
| Less: allowance for expected<br>credit loss          | -                                  | -  | -  | -             | -                                  | -  | -  | -             |
| Net carrying amount                                  | 30,663,681                         | -  | -  | 30,663,681    | 30,649,306                         | -  | -  | 30,649,306    |
| In KHR'000 equivalent                                | 123,421,316                        | -  | -  | 123,421,316   | 125,202,415                        | -  | -  | 125,202,415   |
| <b>Other financial assets at<br/>amortised costs</b> |                                    |  |  |               |                                    |  |  |               |
| Un-graded  | 2,330,706                          | -  | -  | 2,330,706     | 2,748,160                          | -  | -  | 2,748,160     |
| Gross carrying amount                                | 2,330,706                          | -  | -  | 2,330,706     | 2,748,160                          | -  | -  | 2,748,160     |
| Net carrying amount                                  | 2,330,706                          | -  | -  | 2,330,706     | 2,748,160                          | -  | -  | 2,748,160     |
| In KHR'000 equivalent                                | 9,381,092                          | -  | -  | 9,381,092     | 11,226,234                         | -  | -  | 11,226,234    |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### e) Credit quality of financial assets (Cont.)

|   | 2024                               |  |  |               | 2023                               |  |  |               |
|---|------------------------------------|--|--|---------------|------------------------------------|--|--|---------------|
|   | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$ | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$ |
| <b>Credit commitments and<br/>financial guarantee contracts</b> |                                    |  |  |               |                                    |  |  |               |
| Standard monitoring   | 237,828,573                        | -  | -  | 237,828,573   | 178,167,482                        | -  | -  | 178,167,482   |
| Special monitoring  | -                                  | 5,015,893  | -  | 5,015,893     | -                                  | -  | -  | -             |
| Default   | -                                  | -  | 3,913  | 3,913         | -                                  | -  | 4,450  | 4,450         |
| Gross carrying amount   | 237,828,573                        | 5,015,893  | 3,913  | 242,848,379   | 178,167,482                        | -  | 4,450  | 178,171,932   |
| Less: Allowance for expected<br>credit loss                     | (722,400)                          | (125,757)  | (60)   | (848,217)     | (379,568)                          | -  | -  | (379,568)     |
| Net carrying amount   | 237,106,173                        | 4,890,136  | 3,853  | 242,000,162   | 177,787,914                        | -  | 4,450  | 177,792,364   |
| In KHR'000 equivalent   | 954,352,346                        | 19,682,797   | 15,508   | 974,050,651   | 726,263,629                        | -  | 18,178   | 726,281,807   |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### f) Loss allowance

#### (i) Expected credit loss reconciliation – loans and advances

|  | 2024                               |  |  |                   | 2023                               |  |  |                   |
|--|------------------------------------|--|--|-------------------|------------------------------------|--|--|-------------------|
|  | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$     | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$     |
| <b>Expected credit losses</b>                                      |                                    |  |  |                   |                                    |  |  |                   |
| Loss allowance as at 1 January                                     | 3,111,353                          | 1,429,305  | 3,249,692  | 7,790,350         | 1,184,925                          | 108,858  | 1,392,654  | 2,686,437         |
| Changes due to exposure:   |                                    |  |  |                   |                                    |  |  |                   |
| Transfer to stage 1  | 1,285,310                          | (1,233,110)  | (52,200)   | -                 | 142,891                            | (27,617)   | (115,274)  | -                 |
| Transfer to stage 2  | (323,268)                          | 328,018  | (4,750)  | -                 | (9,787)                            | 49,327   | (39,540)   | -                 |
| Transfer to stage 3  | (45,060)                           | (52,610)   | 97,670   | -                 | (8,581)                            | (20,307)   | 28,888   | -                 |
| New financial assets originated                                    | 3,154,918                          | 629,984  | 2,689,754  | 6,474,656         | 653,838                            | 18,224   | 128,989  | 801,051           |
| Net remeasurement of loss allowance (*)                            | 4,172,828                          | 3,589,614  | 4,019,473  | 11,781,915        | 1,380,285                          | 1,350,661  | 2,030,244  | 4,761,190         |
| Unwinding of discount  | -                                  | -  | 1,677,540  | 1,677,540         | -                                  | -  | -  | -                 |
| Financial assets derecognised during the year other than write off | (3,259,143)                        | (755,741)  | (1,012,275)  | (5,027,159)       | (232,218)                          | (49,841)   | (176,269)  | (458,328)         |
| Loss allowance as at 31 December                                   | <u>8,096,938</u>                   | <u>3,935,460</u>   | <u>10,664,904</u>                                      | <u>22,697,302</u> | <u>3,111,353</u>                   | <u>1,429,305</u>   | <u>3,249,692</u>                                       | <u>7,790,350</u>  |
| <b>In KHR'000 equivalent</b>                                       | <u>32,590,175</u>                  | <u>15,840,227</u>  | <u>42,926,239</u>                                      | <u>91,356,641</u> | <u>12,709,877</u>                  | <u>5,838,711</u>   | <u>13,274,992</u>                                      | <u>31,823,580</u> |

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

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### f) Loss allowance (Cont.)

#### (i) Expected credit loss reconciliation – loans and advances (Cont.)

|   | 2024                               |  |  |                      | 2023                               |  |  |                      |
|---|------------------------------------|--|--|----------------------|------------------------------------|--|--|----------------------|
|   | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>impaired<br>US\$ | Total<br>US\$        | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>impaired<br>US\$ | Total<br>US\$        |
| <b>Gross carrying amount</b>  |                                    |  |  |                      |                                    |  |  |                      |
| Gross carrying amount as at 1 January                                 | 1,262,086,074                      | 29,214,573   | 27,848,483   | 1,319,149,130        | 1,328,681,497                      | 4,405,584  | 5,670,498  | 1,338,757,579        |
| Changes due to financial instruments<br>recognised:                   |                                    |  |  |                      |                                    |  |  |                      |
| Transfer to stage 1   | 24,038,724                         | (23,702,618)   | (336,106)  | -                    | 2,253,016                          | (1,502,017)  | (750,999)  | -                    |
| Transfer to stage 2   | (52,195,076)                       | 52,242,311   | (47,235)   | -                    | (27,391,730)                       | 27,710,065   | (318,335)  | -                    |
| Transfer to stage 3   | (22,431,687)                       | (2,156,278)  | 24,587,965   | -                    | (22,921,669)                       | (726,327)  | 23,647,996   | -                    |
| New financial assets originated                                       | 436,509,220                        | 13,415,526   | 17,911,517   | 467,836,263          | 308,606,752                        | 1,143,680  | 2,508,469  | 312,258,901          |
| Financial assets derecognised during<br>the year other than write off | (435,162,830)                      | (7,195,071)  | (5,564,137)  | (447,922,038)        | (327,141,792)                      | (1,816,412)  | (2,909,146)  | (331,867,350)        |
| Gross carrying amount as<br>at 31 December                            | <u>1,212,844,425</u>               | <u>61,818,443</u>  | <u>64,400,487</u>                                      | <u>1,339,063,355</u> | <u>1,262,086,074</u>               | <u>29,214,573</u>  | <u>27,848,483</u>                                      | <u>1,319,149,130</u> |
| In KHR'000 equivalent   | <u>4,881,698,811</u>               | <u>248,819,233</u>   | <u>259,211,960</u>                                     | <u>5,389,730,004</u> | <u>5,155,621,612</u>               | <u>119,341,531</u>   | <u>113,761,053</u>                                     | <u>5,388,724,196</u> |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### f) Loss allowance (Cont.)

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

|  | 2024                               |  |  |                  | 2023                               |  |  |                  |
|--|------------------------------------|--|--|------------------|------------------------------------|--|--|------------------|
|  | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$    | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$    |
| <b>Expected credit losses</b>          |                                    |  |  |                  |                                    |  |  |                  |
| Loss allowance as at 1 January         | 379,568                            | -  | -  | 379,568          | 401,771                            | -  | -  | 401,771          |
| Changes due to exposure:               |                                    |  |  |                  |                                    |  |  |                  |
| Transfer to stage 1                    | -                                  | -  | -  | -                | -                                  | -  | -  | -                |
| Transfer to stage 2                    | (75)                               | 75   | -  | -                | -                                  | -  | -  | -                |
| Transfer to stage 3                    | (1,661)                            | -  | 1,661  | -                | -                                  | -  | -  | -                |
| Net remeasurement of<br>loss allowance | 277,269                            | 125,682  | (1,654)  | 401,297          | (228,729)                          | -  | -  | (228,729)        |
| New exposure                           | 401,751                            | -  | 53   | 401,804          | 213,276                            | -  | -  | 213,276          |
| Exposure derecognised<br>or expired    | (334,452)                          | -  | -  | (334,452)        | (6,750)                            | -  | -  | (6,750)          |
| Loss allowance as<br>at 31 December    | <u>722,400</u>                     | <u>125,757</u>   | <u>60</u>  | <u>848,217</u>   | <u>379,568</u>                     | <u>-</u>   | <u>-</u>   | <u>379,568</u>   |
| In KHR'000 equivalent                  | <u>2,907,660</u>                   | <u>506,172</u>   | <u>242</u>   | <u>3,414,074</u> | <u>1,550,535</u>                   | <u>-</u>   | <u>-</u>   | <u>1,550,535</u> |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### f) Loss allowance (Cont.)

(ii) Expected credit loss reconciliation – credit commitments and financial guarantee contracts (Cont.)

|   | 2024                               |  |  |                    | 2023                               |  |  |                    |
|---|------------------------------------|--|--|--------------------|------------------------------------|--|--|--------------------|
|   | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$      | Stage 1<br>12-month<br>ECL<br>US\$ | Stage 2<br>Lifetime ECL<br>not credit-<br>Impaired<br>US\$ | Stage 3<br>Lifetime ECL<br>credit-<br>Impaired<br>US\$ | Total<br>US\$      |
| <b>Exposure</b>                                     |                                    |  |  |                    |                                    |  |  |                    |
| Exposure amount as at 1 January                     | 178,167,482                        | -  | 4,450  | 178,171,932        | 161,487,713                        | -  | -  | 161,487,713        |
| Changes due to financial<br>instruments recognised: |                                    |  |  |                    |                                    |  |  |                    |
| Transfer to stage 1                                 | -                                  | -  | -  | -                  | -                                  | -  | -  | -                  |
| Transfer to stage 2                                 | (22,427)                           | 22,427   | -  | -                  | -                                  | -  | -  | -                  |
| Transfer to stage 3                                 | (1,015,034)                        | -  | 1,015,034  | -                  | (53,419)                           | -  | 53,419   | -                  |
| New exposure  | 119,999,303                        | 5,000,841  | 744  | 125,000,888        | 79,907,875                         | -  | -  | 79,907,875         |
| Exposure derecognised or expired                    | (59,300,751)                       | (7,375)  | (1,016,315)  | (60,324,441)       | (63,174,687)                       | -  | (48,969)   | (63,223,656)       |
| Gross carrying amount as<br>at 31 December          | <u>237,828,573</u>                 | <u>5,015,893</u>   | <u>3,913</u>   | <u>242,848,379</u> | <u>178,167,482</u>                 | <u>-</u>   | <u>4,450</u>   | <u>178,171,932</u> |
| In KHR'000 equivalent                               | <u>957,260,006</u>                 | <u>20,188,969</u>  | <u>15,750</u>  | <u>977,464,725</u> | <u>727,814,165</u>                 | <u>-</u>   | <u>18,178</u>  | <u>727,832,343</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### g) Concentration of financial assets with credit risk exposure

#### i) Geographical sector

The following table breaks down the Bank's main credit exposure at their carrying amount, as categorised by geographical region as at 31 December 2024 and 31 December 2023. For this table, the Bank has allocated exposure to countries based on the country of domicile of its counterparties.

|  | Cambodia<br>US\$     | USA<br>US\$        | Others<br>US\$     | Total<br>US\$        |
|--|----------------------|--------------------|--------------------|----------------------|
| <b>31 December 2024</b>                  |                      |                    |                    |                      |
| Deposits and placements with other banks | 137,896,489          | 10,088,119         | 223,777,581        | 371,762,189          |
| Loans and advances at amortised cost     | 1,339,063,355        | -                  | -                  | 1,339,063,355        |
| Other financial assets                   | 2,330,706            | -                  | -                  | 2,330,706            |
| Credit commitments                       | 184,917,370          | -                  | -                  | 184,917,370          |
| Financial guarantee contracts            | 57,931,009           | -                  | -                  | 57,931,009           |
| <b>Total credit exposure</b>             | <b>1,722,138,929</b> | <b>10,088,119</b>  | <b>223,777,581</b> | <b>1,956,004,629</b> |
| <b>In KHR'000 equivalent</b>             | <b>6,931,609,189</b> | <b>40,604,679</b>  | <b>900,704,764</b> | <b>7,872,918,632</b> |
| <b>31 December 2023</b>                  |                      |                    |                    |                      |
| Deposits and placements with other banks | 53,276,462           | 41,851,712         | 26,633,596         | 121,761,770          |
| Loans and advances at amortised cost     | 1,319,149,130        | -                  | -                  | 1,319,149,130        |
| Other financial assets                   | 2,748,160            | -                  | -                  | 2,748,160            |
| Credit commitments                       | 145,734,796          | -                  | -                  | 145,734,796          |
| Financial guarantee contracts            | 32,437,136           | -                  | -                  | 32,437,136           |
| <b>Total credit exposure</b>             | <b>1,553,345,684</b> | <b>41,851,712</b>  | <b>26,633,596</b>  | <b>1,621,830,992</b> |
| <b>In KHR'000 equivalent</b>             | <b>6,345,417,119</b> | <b>170,964,244</b> | <b>108,798,240</b> | <b>6,625,179,603</b> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### g) Concentration of financial assets with credit risk exposure (Cont.)

##### (ii) Industry sector

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

|                              | Deposits an<br>placements<br>with other<br>banks<br>US\$ | Loans and<br>advances<br>US\$ | Investment<br>securities<br>US\$ | Other<br>financial<br>assets<br>US\$ | Off-balance<br>sheet items<br>US\$ | Total<br>US\$        |
|------------------------------|--|-------------------------------|----------------------------------|--------------------------------------|------------------------------------|----------------------|
| <b>31 December 2024</b>      |  |                               |                                  |                                      |                                    |                      |
| Owner-occupied housing       | -  | 242,823,101                   | -                                | -                                    | -                                  | 242,823,101          |
| Financial institutions       | 371,762,189  | 55,807,449                    | -                                | -                                    | 62,750                             | 427,632,388          |
| Construction                 | -  | 246,006,688                   | -                                | -                                    | 12,690,173                         | 258,696,861          |
| Agriculture                  | -  | 67,046,650                    | -                                | -                                    | 8,654,430                          | 75,701,080           |
| Household                    | -  | 187,422,623                   | -                                | -                                    | 114,391,017                        | 301,813,640          |
| Manufacturing                | -  | 61,336,404                    | -                                | -                                    | 4,021,156                          | 65,357,560           |
| Real estate                  | -  | 131,498,204                   | -                                | -                                    | 5,387,516                          | 136,885,720          |
| Retail trade                 | -  | 7,849,178                     | -                                | -                                    | 391,674                            | 8,240,852            |
| Wholesale trade              | -  | 151,577,379                   | -                                | -                                    | 22,183,555                         | 173,760,934          |
| Others                       | -  | 187,695,679                   | 30,663,681                       | 2,330,706                            | 75,066,108                         | 295,756,174          |
| <b>Total credit exposure</b> | <b>371,762,189</b>                                       | <b>1,339,063,355</b>          | <b>30,663,681</b>                | <b>2,330,706</b>                     | <b>242,848,379</b>                 | <b>1,986,668,310</b> |
| <b>In KHR'000 equivalent</b> | <b>1,496,342,811</b>                                     | <b>5,389,730,004</b>          | <b>123,421,316</b>               | <b>9,381,092</b>                     | <b>977,464,725</b>                 | <b>7,996,339,948</b> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.1. CREDIT RISK (Cont.)

#### g) Concentration of financial assets with credit risk exposure (Cont.)

##### (ii) Industry sector (Cont.)

|                              | Deposits an<br>placements<br>with other<br>banks<br>US\$ | Loans and<br>advances<br>US\$ | Investment<br>securities<br>US\$ | Other<br>financial<br>assets<br>US\$ | Off-balance<br>sheet items<br>US\$ | Total<br>US\$        |
|------------------------------|--|-------------------------------|----------------------------------|--------------------------------------|------------------------------------|----------------------|
| <b>31 December 2023</b>      |  |                               |                                  |                                      |                                    |                      |
| Owner-occupied housing       | -  | 2259,625,445                  | -                                | -                                    | -                                  | 259,625,445          |
| Financial institutions       | 121,761,770  | 56,881,886                    | -                                | -                                    | 23,711                             | 178,667,367          |
| Construction                 | -  | 268,577,280                   | -                                | -                                    | 19,276,367                         | 287,853,647          |
| Agriculture                  | -  | 64,221,549                    | -                                | -                                    | 10,340,169                         | 74,561,718           |
| Household                    | -  | 217,876,448                   | -                                | -                                    | 82,052,489                         | 299,928,937          |
| Manufacturing                | -  | 52,047,308                    | -                                | -                                    | 13,845,636                         | 65,892,944           |
| Real estate                  | -  | 141,432,940                   | -                                | -                                    | 268,872                            | 141,701,812          |
| Retail trade                 | -  | 6,581,376                     | -                                | -                                    | 704,318                            | 7,285,694            |
| Wholesale trade              | -  | 149,766,525                   | -                                | -                                    | 9,763,824                          | 159,530,349          |
| Others                       | -  | 102,138,373                   | 30,649,306                       | 2,748,160                            | 41,896,546                         | 177,432,385          |
| <b>Total credit exposure</b> | <u>121,761,770</u>                                       | <u>1,319,149,130</u>          | <u>30,649,306</u>                | <u>2,748,160</u>                     | <u>178,171,932</u>                 | <u>1,652,480,298</u> |
| <b>In KHR'000 equivalent</b> | <u>497,396,830</u>                                       | <u>5,388,724,196</u>          | <u>125,202,415</u>               | <u>11,226,234</u>                    | <u>727,832,342</u>                 | <u>6,750,382,017</u> |

#### h) Repossessed collateral

Reposessed collaterals are sold as soon as practicable. The Bank does not utilise the reposessed collaterals for its business use.

The Bank has obtained assets by taking possession of collateral held as security as at 31 December 2024 amounting to US\$25,476,476 (2023: \$1,567).

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK

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

The Bank does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge its risk exposure.

#### a) Foreign exchange risk

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

The Bank operates in Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to Khmer Riel.

The management monitors their foreign exchange risk against functional currencies. However, the Bank does not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK (Cont.)

#### a) Foreign exchange risk (Cont.)

|  | 2024                 |                    | 2023             |                      |
|--|----------------------|--------------------|------------------|----------------------|
|  | US\$                 | KHR'000            | US\$             | KHR'000              |
| <b>As at 31 December 2024</b>                  |                      |                    |                  |                      |
| <b>Financial assets</b>                        |                      |                    |                  |                      |
| Cash on hand                                   | 32,367,438           | 9,883,575          | -                | 42,251,013           |
| Deposits and placements with the central bank  | 227,597,820          | 58,426,236         | -                | 286,024,056          |
| Deposits and placements with other banks       | 371,249,465          | 2,928              | 509,796          | 371,762,189          |
| Loans and advances at amortised cost           | 1,181,170,686        | 157,892,669        | -                | 1,339,063,355        |
| Investment securities                          | 30,663,681           | -                  | -                | 30,663,681           |
| Other financial assets                         | 2,275,998            | 54,708             | -                | 2,330,706            |
| <b>Total financial assets</b>                  | <b>1,845,325,088</b> | <b>226,260,116</b> | <b>509,796</b>   | <b>2,072,095,000</b> |
| <b>Financial liabilities</b>                   |                      |                    |                  |                      |
| Deposits from banks and financial institutions | 94,813,617           | 9,594,804          | 223              | 104,408,644          |
| Deposits from customers                        | 1,615,322,790        | 213,859,531        | 18,338           | 1,829,200,659        |
| Borrowings                                     | 17,262,532           | 548,174            | -                | 17,810,706           |
| Lease liabilities                              | 13,414,565           | 30,426             | -                | 13,444,991           |
| Other financial liabilities                    | 1,503,372            | 21,731             | -                | 1,525,103            |
| Subordinated debts                             | 63,293,550           | -                  | -                | 63,293,550           |
| <b>Total financial liabilities</b>             | <b>1,805,610,426</b> | <b>224,054,666</b> | <b>18,561</b>    | <b>2,029,683,653</b> |
| <b>Net position</b>                            | <b>39,714,662</b>    | <b>2,205,450</b>   | <b>491,235</b>   | <b>42,411,347</b>    |
| <b>In KHR'000 equivalent</b>                   | <b>159,851,515</b>   | <b>8,876,936</b>   | <b>1,977,221</b> | <b>170,705,672</b>   |
| <b>Off-balance sheet</b>                       |                      |                    |                  |                      |
| Credit commitments                             | 173,396,386          | 11,520,984         | -                | 184,917,370          |
| Financial guarantee contracts                  | 56,831,254           | 265,173            | 834,582          | 57,931,009           |
|  | <b>230,227,640</b>   | <b>11,786,157</b>  | <b>834,582</b>   | <b>242,848,379</b>   |
| <b>In KHR'000 equivalent</b>                   | <b>926,666,251</b>   | <b>47,439,282</b>  | <b>3,359,193</b> | <b>977,464,725</b>   |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK (Cont.)

#### a) Foreign exchange risk (Cont.)

|  | In US\$ equivalent   |                    |                  |                      |
|--|----------------------|--------------------|------------------|----------------------|
|  | US\$                 | KHR'000            | US\$             | KHR'000              |
| <b>As at 31 December 2023</b>                  |                      |                    |                  |                      |
| <b>Financial assets</b>                        |                      |                    |                  |                      |
| Cash on hand                                   | 28,458,916           | 9,764,107          | -                | 38,223,023           |
| Deposits and placements with the central bank  | 395,999,246          | 50,229,940         | -                | 446,229,186          |
| Deposits and placements with other banks       | 111,146,875          | 9,981,956          | 632,939          | 121,761,770          |
| Loans and advances at amortised cost           | 1,174,914,408        | 144,234,722        | -                | 1,319,149,130        |
| Investment securities                          | 30,649,306           | -                  | -                | 30,649,306           |
| Other financial assets                         | 2,675,508            | 72,652             | -                | 2,748,160            |
| <b>Total financial assets</b>                  | <b>1,743,844,259</b> | <b>214,283,377</b> | <b>632,939</b>   | <b>1,958,760,575</b> |
| <b>Financial liabilities</b>                   |                      |                    |                  |                      |
| Deposits from banks and financial institutions | 119,917,498          | 2,488,116          | 228              | 122,405,842          |
| Deposits from customers                        | 1,381,335,496        | 183,707,881        | 20,110           | 1,565,063,487        |
| Borrowings                                     | 34,072,268           | 10,579,337         | -                | 44,651,605           |
| Lease liabilities                              | 10,693,137           | 37,454             | -                | 10,730,591           |
| Other financial liabilities                    | 1,997,249            | 33,004             | -                | 2,030,253            |
| Subordinated debt                              | 37,793,550           | -                  | -                | 37,793,550           |
| <b>Total financial liabilities</b>             | <b>1,585,809,198</b> | <b>196,845,792</b> | <b>20,338</b>    | <b>1,782,675,328</b> |
| <b>Net position</b>                            | <b>158,035,061</b>   | <b>17,437,585</b>  | <b>612,601</b>   | <b>176,085,247</b>   |
| <b>In KHR'000 equivalent</b>                   | <b>645,573,224</b>   | <b>71,232,535</b>  | <b>2,502,475</b> | <b>719,308,234</b>   |
| <b>Off-balance sheet</b>                       |                      |                    |                  |                      |
| Credit commitments                             | 135,840,297          | 9,894,499          | -                | 145,734,796          |
| Credit commitments                             | 31,604,670           | 832,466            | -                | 32,437,136           |
| Financial guarantee contracts                  | 167,444,967          | 10,726,965         | -                | 178,171,932          |
| <b>In KHR'000 equivalent</b>                   | <b>684,012,690</b>   | <b>43,819,653</b>  | <b>-</b>         | <b>727,832,343</b>   |

#### Sensitivity analysis

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK (Cont.)

#### a) Foreign exchange risk (Cont.)

|   | Impact on post tax profit |           | Impact on other component of equity |         |
|---|---------------------------|-----------|-------------------------------------|---------|
|   | US\$                      | KHR'000   | US\$                                | KHR'000 |
| <b>2024</b>                             |                           |           |                                     |         |
| US\$/KHR exchange rate - increase by 1% | (21,701)                  | (87,347)  | -                                   | -       |
| US\$/KHR exchange rate - decrease by 1% | 22,139                    | 89,109    | -                                   | -       |
| <b>2023</b>                             |                           |           |                                     |         |
| US\$/KHR exchange rate - increase by 1% | (173,278)                 | (707,841) | -                                   | -       |
| US\$/KHR exchange rate - decrease by 1% | 176,789                   | 722,183   | -                                   | -       |

The analysis is based on the assumption that the KHR exchange rate has increased or decreased by 1% which is based on the 5-year moving average of the exchange rate from 2020 to 2024.

#### b) Price risk

The Bank's exposure to equity securities price risk arises from investment held by the Bank and classified as FVOCI. The investment amount is insignificant, so the Bank did not have any policy to manage its price risk arising from investments in equity securities.

#### c) Interest rate risk

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

The Bank's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. For fixed-rate financial instruments, the Bank does not have fair value interest rate risk as the interest rates of financial instruments measured at amortised cost are similar to prevailing market rates. The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch.

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

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK (Cont.)

#### c) Interest rate risk (Cont.)

|  | Up to 1<br>month<br>US\$ | 1 to 3<br>months<br>US\$ | 3 to 12<br>months<br>US\$ | 1 to 5<br>years<br>US\$ | Over<br>5 years<br>US\$ | Non-interest<br>bearing<br>US\$ | Total<br>US\$        |
|--|--------------------------|--------------------------|---------------------------|-------------------------|-------------------------|---------------------------------|----------------------|
| <b>As at 31 December 2024</b>                  |                          |                          |                           |                         |                         |                                 |                      |
| <b>Financial assets</b>                        |                          |                          |                           |                         |                         |                                 |                      |
| Cash on hand                                   | -                        | -                        | -                         | -                       | -                       | 42,251,013                      | 42,251,013           |
| Deposits and placements with the central bank  | -                        | -                        | -                         | -                       | -                       | 286,024,056                     | 286,024,056          |
| Deposits and placements with other banks       | 150,613,423              | 66,301,545               | 36,190,506                | -                       | -                       | 118,656,715                     | 371,762,189          |
| Loan and advances at amortised cost            | 74,313,068               | 84,950,614               | 309,686,687               | 530,428,765             | 339,684,221             | -                               | 1,339,063,355        |
| Investment securities                          | 10,543,889               | -                        | -                         | 20,119,792              | -                       | -                               | 30,663,681           |
| Other financial assets                         | -                        | -                        | -                         | -                       | -                       | 2,330,706                       | 2,330,706            |
| <b>Total financial assets</b>                  | <b>235,470,380</b>       | <b>151,252,159</b>       | <b>345,877,193</b>        | <b>550,548,557</b>      | <b>339,684,221</b>      | <b>449,262,490</b>              | <b>2,072,095,000</b> |
| <b>Financial liabilities</b>                   |                          |                          |                           |                         |                         |                                 |                      |
| Deposits from banks and financial institutions | 21,413,761               | 64,694,575               | 15,797,754                | -                       | -                       | 2,502,554                       | 104,408,644          |
| Deposits from customers                        | 175,606,001              | 447,326,734              | 530,801,847               | 55,948,608              | 116,120                 | 619,401,349                     | 1,829,200,659        |
| Borrowings                                     | 71,295                   | 141,050                  | 8,210,271                 | 1,818,008               | 7,570,082               | -                               | 17,810,706           |
| Lease liabilities                              | 145,719                  | 427,088                  | 1,772,110                 | 5,484,039               | 5,616,035               | -                               | 13,444,991           |
| Other financial liabilities                    | -                        | -                        | -                         | -                       | -                       | 1,525,103                       | 1,525,103            |
| Subordinated debts                             | -                        | -                        | -                         | 52,684,550              | 10,609,000              | -                               | 63,293,550           |
| <b>Total financial liabilities</b>             | <b>197,236,776</b>       | <b>512,589,447</b>       | <b>556,581,982</b>        | <b>115,935,205</b>      | <b>23,911,237</b>       | <b>623,429,006</b>              | <b>2,029,683,653</b> |
| <b>Total interest repricing gap</b>            | <b>38,233,604</b>        | <b>(361,337,288)</b>     | <b>(210,704,789)</b>      | <b>434,613,352</b>      | <b>315,772,984</b>      | <b>(174,166,516)</b>            | <b>42,411,347</b>    |
| In KHR'000 equivalent                          | 153,890,256              | (1,454,382,584)          | (848,086,776)             | 1,749,318,742           | 1,270,986,261           | (701,020,227)                   | 170,705,672          |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK (Cont.)

#### c) Interest rate risk (Cont.)

|   | Up to 1<br>month<br>US\$ | 1 to 3<br>months<br>US\$ | 3 to 12<br>months<br>US\$ | 1 to 5<br>years<br>US\$ | Over<br>5 years<br>US\$ | Non-interest<br>bearing<br>US\$ | Total<br>US\$      |
|---|--------------------------|--------------------------|---------------------------|-------------------------|-------------------------|---------------------------------|--------------------|
| <b>Off-balance sheet</b>                                  |                          |                          |                           |                         |                         |                                 |                    |
| Credit commitments  | 49,313,576               | 25,468,742               | 89,642,674                | 20,492,378              | -                       | -                               | 184,917,370        |
| Financial guarantee contracts                             | 718,511                  | 608,165                  | 44,394,788                | 12,209,545              | -                       | -                               | 57,931,009         |
| <b>Total off-balance sheet interest<br/>repricing gap</b> | <u>50,032,087</u>        | <u>26,076,907</u>        | <u>134,037,462</u>        | <u>32,701,923</u>       | <u>-</u>                | <u>-</u>                        | <u>242,848,379</u> |
| In KHR'000 equivalent                                     | <u>201,379,150</u>       | <u>104,959,551</u>       | <u>539,500,785</u>        | <u>131,625,239</u>      | <u>-</u>                | <u>-</u>                        | <u>977,464,725</u> |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK (Cont.)

#### c) Interest rate risk (Cont.)

|  | Up to 1<br>month<br>US\$ | 1 to 3<br>months<br>US\$ | 3 to 12<br>months<br>US\$ | 1 to 5<br>years<br>US\$ | Over<br>5 years<br>US\$ | Non-interest<br>bearing<br>US\$ | Total<br>US\$        |
|--|--------------------------|--------------------------|---------------------------|-------------------------|-------------------------|---------------------------------|----------------------|
| <b>As at 31 December 2023</b>                  |                          |                          |                           |                         |                         |                                 |                      |
| <b>Financial assets</b>                        |                          |                          |                           |                         |                         |                                 |                      |
| Cash on hand                                   | -                        | -                        | -                         | -                       | -                       | 38,223,023                      | 38,223,023           |
| Deposits and placements with the central bank  | 52,322,170               | 10,187,904               | 19,202,701                | -                       | -                       | 250,462,717                     | 332,175,492          |
| Deposits and placements with other banks       | 29,995,470               | 43,207,140               | -                         | -                       | -                       | 48,533,132                      | 121,735,742          |
| Loan and advances at amortised cost            | 55,388,724               | 129,540,963              | 254,780,426               | 564,893,012             | 314,546,005             | -                               | 1,319,149,130        |
| Investment securities                          | -                        | -                        | 20,105,416                | 10,543,890              | -                       | -                               | 30,649,306           |
| Other financial assets                         | -                        | -                        | -                         | -                       | -                       | 2,748,160                       | 2,748,160            |
| <b>Total financial assets</b>                  | <b>137,706,364</b>       | <b>182,936,007</b>       | <b>294,088,543</b>        | <b>575,436,902</b>      | <b>314,546,005</b>      | <b>339,967,032</b>              | <b>1,844,680,853</b> |
| <b>Financial liabilities</b>                   |                          |                          |                           |                         |                         |                                 |                      |
| Deposits from banks and financial institutions | 10,057,329               | 61,109,233               | 47,663,653                | -                       | -                       | 3,575,627                       | 122,405,842          |
| Deposits from customers                        | 79,891,137               | 99,269,649               | 479,640,180               | 424,214,124             | 17,095,619              | 464,952,778                     | 1,565,063,487        |
| Borrowings                                     | 8,421,570                | 571,340                  | 17,668,558                | 7,446,413               | 10,543,724              | -                               | 44,651,605           |
| Lease liabilities                              | 131,882                  | 265,788                  | 1,124,386                 | 3,850,317               | 5,358,218               | -                               | 10,730,591           |
| Other financial liabilities                    | -                        | -                        | -                         | -                       | -                       | 2,030,253                       | 2,030,253            |
| Subordinated debts                             | -                        | -                        | 27,184,550                | -                       | 10,609,000              | -                               | 37,793,550           |
| <b>Total financial liabilities</b>             | <b>98,501,918</b>        | <b>161,216,010</b>       | <b>573,281,327</b>        | <b>435,510,854</b>      | <b>43,606,561</b>       | <b>470,558,658</b>              | <b>1,782,675,328</b> |
| <b>Total interest repricing gap</b>            | <b>39,204,446</b>        | <b>21,719,997</b>        | <b>(279,192,784)</b>      | <b>139,926,048</b>      | <b>270,939,444</b>      | <b>(130,591,626)</b>            | <b>62,005,525</b>    |
| In KHR'000 equivalent                          | 156,184,272              | (1,476,062,821)          | (860,729,063)             | 1,775,395,543           | 1,289,932,640           | (711,470,218)                   | 173,250,353          |

# NOTES TO THE FINANCIAL STATEMENTS

(Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK (Cont.)

#### c) Interest rate risk (Cont.)

|   | Up to 1<br>month<br>US\$ | 1 to 3<br>months<br>US\$ | 3 to 12<br>months<br>US\$ | 1 to 5<br>years<br>US\$ | Over<br>5 years<br>US\$ | Non-interest<br>bearing<br>US\$ | Total<br>US\$      |
|---|--------------------------|--------------------------|---------------------------|-------------------------|-------------------------|---------------------------------|--------------------|
| <b>Off-balance sheet</b>                                  |                          |                          |                           |                         |                         |                                 |                    |
| Credit commitments  | 27,237,486               | 32,958,408               | 85,478,532                | 60,370                  | -                       | -                               | 145,734,796        |
| Financial guarantee contracts                             | 542,477                  | 1,076,889                | 11,974,162                | 18,464,040              | -                       | -                               | 32,057,568         |
| <b>Total off-balance sheet interest<br/>repricing gap</b> | <u>27,779,963</u>        | <u>34,035,297</u>        | <u>97,452,694</u>         | <u>18,524,410</u>       | <u>-</u>                | <u>-</u>                        | <u>177,792,364</u> |
| In KHR'000 equivalent                                     | <u>113,481,149</u>       | <u>139,034,188</u>       | <u>398,094,255</u>        | <u>75,672,215</u>       | <u>-</u>                | <u>-</u>                        | <u>726,281,807</u> |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.2. MARKET RISK (Cont.)

#### c) Interest rate risk (Cont.)

##### Sensitivity analysis

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

For interest-bearing financial assets and financial liabilities which are contracted under fixed interest rate, the Bank has no exposure to the risk of changes in interest rate in the future. For variable interest-bearing financial liabilities, the profit or loss is sensitive to higher/lower interest expenses as a result of changes in interest rates.

|   | Impact on post- tax profit |           | Impact on other components of equity |         |
|---|----------------------------|-----------|--------------------------------------|---------|
|   | US\$                       | KHR'000   | US\$                                 | KHR'000 |
| <b>2024</b>                                   |                            |           |                                      |         |
| Interest rates – increase by 100 basis points | (61,507)                   | (251,256) | -                                    | -       |
| Interest rates – decrease by 100 basis points | 58,757                     | 240,022   | -                                    | -       |
| <b>2024</b>                                   |                            |           |                                      |         |
| Interest rates – increase by 100 basis points | (76,531)                   | (312,628) | -                                    | -       |
| Interest rates – decrease by 100 basis points | 73,793                     | 301,445   | -                                    | -       |

### 36.3. LIQUIDITY RISK

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

#### a) Liquidity risk management process

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.3. LIQUIDITY RISK (Cont.)

#### b) Funding approach

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

#### c) Non-derivative cash flows

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

|  | Up to 1<br>month<br>US\$ | 1 to 3<br>months<br>US\$ | 3 to 12<br>months<br>US\$ | 1 to 5<br>years<br>US\$ | Over<br>5 years<br>US\$ | Total<br>US\$        |
|--|--------------------------|--------------------------|---------------------------|-------------------------|-------------------------|----------------------|
| <b>31 December 2024</b>  |                          |                          |                           |                         |                         |                      |
| <b>Financial liabilities</b>   |                          |                          |                           |                         |                         |                      |
| Deposits from banks and<br>financial institutions                              | 23,956,620               | 65,050,725               | 16,127,609                | -                       | -                       | 105,134,954          |
| Deposits from customers  | 1,308,361,840            | 101,711,749              | 424,325,374               | 78,407,171              | 8,388,317               | 1,921,194,451        |
| Borrowings   | 73,872                   | 151,922                  | 1,677,932                 | 12,446,095              | 9,231,468               | 23,581,289           |
| Lease liabilities  | 213,131                  | 625,008                  | 2,498,380                 | 7,900,738               | 6,842,918               | 18,080,175           |
| Other financial liabilities  | 1,525,103                | -                        | -                         | -                       | -                       | 1,525,103            |
| Subordinated debts   | 581,146                  | 1,162,293                | 5,230,316                 | 78,164,718              | 13,838,556              | 98,977,029           |
| <b>Total financial liabilities<br/>by remaining<br/>contractual maturities</b> | <b>1,334,711,712</b>     | <b>168,701,697</b>       | <b>449,859,611</b>        | <b>176,918,722</b>      | <b>38,301,259</b>       | <b>2,168,493,001</b> |
| <b>In KHR'000 equivalent</b>   | <b>5,372,214,641</b>     | <b>679,024,330</b>       | <b>1,810,684,934</b>      | <b>712,097,856</b>      | <b>154,162,567</b>      | <b>8,728,184,328</b> |
| <b>Off-balance sheet</b>   |                          |                          |                           |                         |                         |                      |
| Credit commitments   | 49,313,576               | 25,468,742               | 89,642,674                | 20,492,378              | -                       | 184,917,370          |
| Financial guarantee<br>contracts   | 718,511                  | 608,165                  | 44,394,788                | 12,209,545              | -                       | 57,931,009           |
| <b>Liquidity - off-balance<br/>sheet</b>                                       | <b>50,032,087</b>        | <b>26,076,907</b>        | <b>134,037,462</b>        | <b>32,701,923</b>       | <b>-</b>                | <b>242,848,379</b>   |
| <b>In KHR'000 equivalent</b>   | <b>201,379,150</b>       | <b>104,959,551</b>       | <b>539,500,785</b>        | <b>131,625,239</b>      | <b>-</b>                | <b>977,464,725</b>   |

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.3. LIQUIDITY RISK (Cont.)

#### c) Non-derivative cash flows (Cont.)

|  | Up to 1<br>month<br>US\$ | 1 to 3<br>months<br>US\$ | 3 to 12<br>months<br>US\$ | 1 to 5<br>years<br>US\$ | Over<br>5 years<br>US\$ | Total<br>US\$        |
|--|--------------------------|--------------------------|---------------------------|-------------------------|-------------------------|----------------------|
| <b>31 December 2023</b>  |                          |                          |                           |                         |                         |                      |
| <b>Financial liabilities</b>   |                          |                          |                           |                         |                         |                      |
| Deposits from banks and<br>financial institutions                              | 13,650,764               | 61,731,342               | 49,113,231                | -                       | -                       | 124,495,337          |
| Deposits from customers  | 1,124,313,496            | 86,607,348               | 354,365,726               | 91,419,924              | 8,827,818               | 1,665,534,312        |
| Borrowings   | 8,027,983                | 171,893                  | 19,893,090                | 11,678,204              | 12,423,208              | 52,194,378           |
| Lease liabilities  | 188,148                  | 430,984                  | 1,730,574                 | 5,867,436               | 6,382,244               | 14,599,386           |
| Other financial liabilities  | 2,030,253                | -                        | -                         | -                       | -                       | 2,030,253            |
| Subordinated debts   | 365,689                  | 731,379                  | 28,960,321                | 4,306,075               | 14,915,075              | 49,278,539           |
| <b>Total financial liabilities<br/>by remaining<br/>contractual maturities</b> | <b>1,148,576,333</b>     | <b>149,672,946</b>       | <b>454,062,942</b>        | <b>113,271,639</b>      | <b>42,548,345</b>       | <b>1,908,132,205</b> |
| <b>In KHR'000 equivalent</b>   | <b>4,691,934,320</b>     | <b>611,413,984</b>       | <b>1,854,847,118</b>      | <b>462,714,645</b>      | <b>173,809,989</b>      | <b>7,794,720,056</b> |
| <b>Off-balance sheet</b>   |                          |                          |                           |                         |                         |                      |
| Credit commitments   | 27,237,486               | 32,958,408               | 85,478,532                | 60,370                  | -                       | 145,734,796          |
| Financial guarantee<br>contracts   | 552,714                  | 1,089,879                | 12,159,974                | 18,634,569              | -                       | 32,437,136           |
| <b>Liquidity - off-balance<br/>sheet</b>                                       | <b>27,790,200</b>        | <b>34,048,287</b>        | <b>97,638,506</b>         | <b>18,694,939</b>       | <b>-</b>                | <b>178,171,932</b>   |
| <b>In KHR'000 equivalent</b>   | <b>113,522,967</b>       | <b>139,087,252</b>       | <b>398,853,297</b>        | <b>76,368,827</b>       | <b>-</b>                | <b>727,832,343</b>   |

### 36.4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets and financial liabilities. 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. The information presented herein represents the estimates of fair values as at the statements of financial position date.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Cont.)

#### a) Financial instruments measured at fair value

##### i) Determination of fair value and fair value hierarchy

The following table presents the Bank's financial assets measured and recognised at fair value at 31 December 2024 and 31 December 2023 on a recurring basis:

|   | Level 1<br>US\$ | Level 2<br>US\$ | Level 3<br>US\$ | Total<br>US\$ |
|---|-----------------|-----------------|-----------------|---------------|
| <b>31 December 2024</b>   |                 |                 |                 |               |
| <b>Financial assets</b>   |                 |                 |                 |               |
| Financial assets at fair value through other comprehensive income |                 |                 |                 |               |
| Equity securities   | -               | -               | 25,000          | 25,000        |
| <b>Total financial assets</b>                                     | <b>-</b>        | <b>-</b>        | <b>25,000</b>   | <b>25,000</b> |
| In KHR'000 equivalent   | -               | -               | 100,625         | 100,625       |
| <b>31 December 2023</b>   |                 |                 |                 |               |
| <b>Financial assets</b>   |                 |                 |                 |               |
| Financial assets at fair value through other comprehensive income |                 |                 |                 |               |
| Equity securities   | -               | -               | 25,000          | 25,000        |
| <b>Total credit exposure</b>                                      | <b>-</b>        | <b>-</b>        | <b>25,000</b>   | <b>25,000</b> |
| In KHR'000 equivalent   | -               | -               | 102,125         | 102,125       |

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

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Cont.)

#### a) Financial instruments measured at fair value (Cont.)

##### i) Determination of fair value and fair value hierarchy (Cont.)

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

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

##### ii) Valuation techniques

The Bank's financial asset at FVOCI is investment in unlisted equity securities where the fair values have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

#### b) Financial instruments not measured at fair value

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

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

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

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

##### ii. Loans and advances to customers

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

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Cont.)

#### b) Financial instruments not measured at fair value (Cont.)

##### ii. Loans and advances to customers (Cont.)

the contractual lending rates. As a result, the fair value of non-current loans and advances to customers might approximate their carrying value as reporting date.

##### iii. Deposits from banks, financial institutions and customers

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

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

##### iv. Investment securities

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

##### v. Other financial assets and other financial liabilities

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

##### vi. Borrowings and subordinated debts

Borrowings and subordinated debts are not quoted in the active market and their fair value approximates their carrying amount because the rates are similar to the prevailing market rates of borrowings with similar terms and maturities.

# NOTES TO THE FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 36. FINANCIAL RISK MANAGEMENT (Cont.)

### 36.5 CAPITAL MANAGEMENT

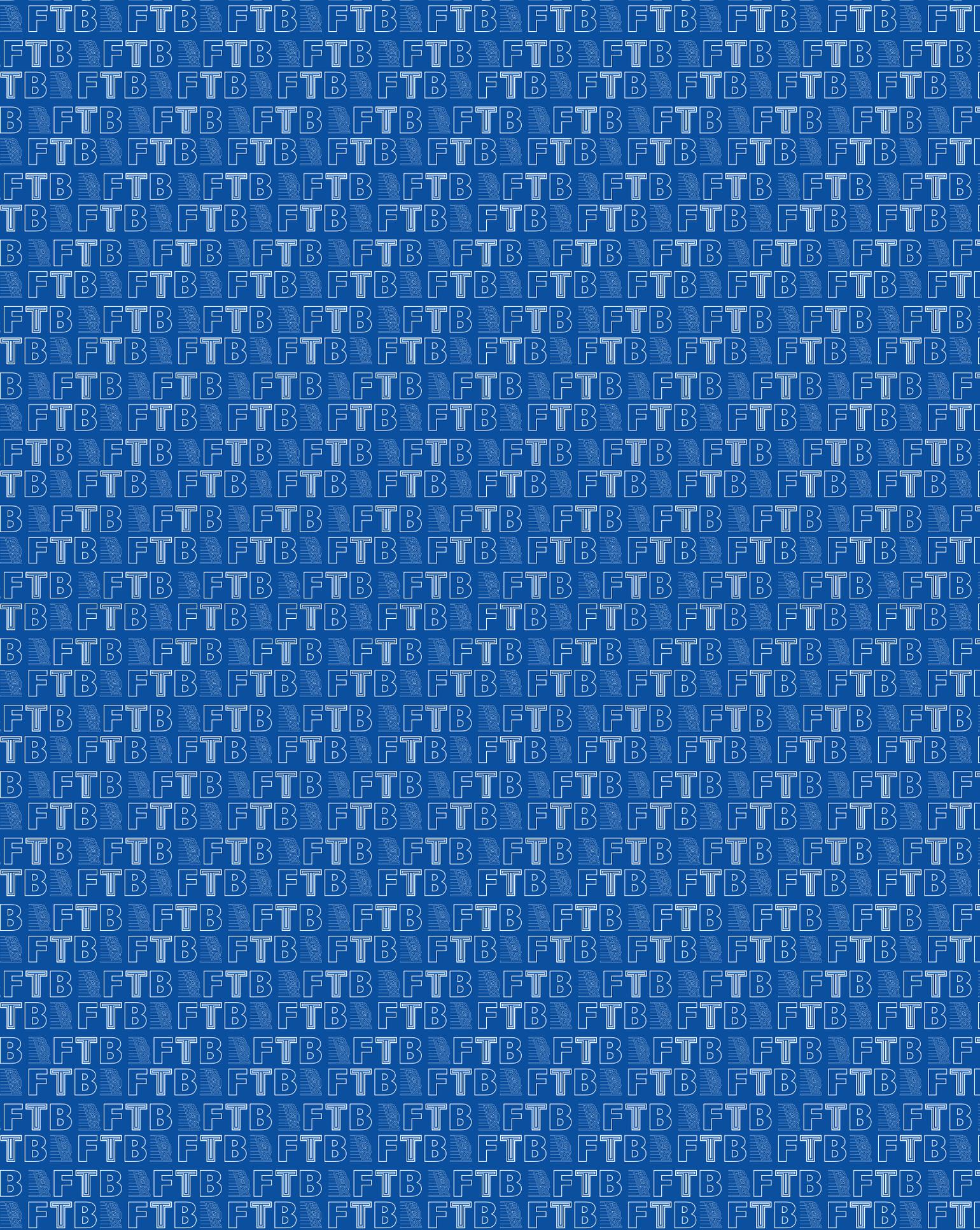
The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

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

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

The table below summarises the composition of regulatory capital:

|   | 2024               |                      | 2023               |                      |
|---|--------------------|----------------------|--------------------|----------------------|
|   | US\$               | KHR'000              | US\$               | KHR'000              |
| <b>Tier 1 capital</b>   |                    |                      |                    |                      |
| Share capital   | 79,500,000         | 318,000,000          | 79,500,000         | 318,000,000          |
| Non-distributable reserve                                       | 70,600,486         | 287,202,777          | 70,600,486         | 287,202,777          |
| General reserve   | 195,590            | 797,029              | 195,590            | 797,029              |
| Retained earnings   | 61,294,971         | 249,425,769          | 58,050,502         | 236,217,535          |
| Less: Intangible assets   | (2,839,035)        | (11,427,116)         | (1,146,378)        | (4,682,954)          |
| Less: Loans to related parties                                  | (191,560)          | (771,029)            | (204,620)          | (835,873)            |
|   | <u>208,560,452</u> | <u>843,227,430</u>   | <u>206,995,580</u> | <u>836,698,514</u>   |
| <b>Tier 2 complementary capital</b>                             |                    |                      |                    |                      |
| General provision   | 23,776,564         | 95,700,670           | 13,313,278         | 54,384,741           |
| Subordinated debts  | 63,293,550         | 254,756,539          | 37,793,550         | 154,386,652          |
| Less: Equity participation in banking or financial institutions | (25,000)           | (100,625)            | (25,000)           | (102,125)            |
|   | <u>87,045,114</u>  | <u>350,356,584</u>   | <u>51,081,828</u>  | <u>208,669,268</u>   |
| <b>Total Capital Tier I + Tier II</b>                           | <u>295,605,566</u> | <u>1,193,584,014</u> | <u>258,077,408</u> | <u>1,045,367,782</u> |



## CUSTOMER CARE



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