

**Annual
Report
2023**

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1 The Chairman's Statement

Dear Stakeholders,

We are pleased to present to you our annual report for the year 2023, a year that has brought both challenges and opportunities for our bank. Despite the ongoing economic uncertainties and market fluctuations, we are proud to report that our bank has remained steadfast in its commitment to serving our customers and creating value for our shareholders.

In 2023, we continued to focus on innovation, digital transformation, and sustainability initiatives to drive growth and enhance our competitive position in the market. Our investments in technology have enabled us to improve operational efficiency, enhance customer experience, and expand our reach to new customer segments.

Business Performance

For instance, our successful implementation of the latest core banking system has significantly improved our transaction processing speed and reliability. Moreover, our new mobile banking application has been widely adopted, providing customers with a more convenient and secure way to manage their finances. These innovations are a testament to our commitment to leveraging technology for better customer service.

We have also formed strategic partnerships with leading technology firms and financial institutions to further our digital transformation goals. These collaborations have not only strengthened our technological capabilities but also expanded our product offerings, allowing us to better meet the evolving needs of our customers.

Despite the challenging economic climate, CCU Bank's gross deposits amounted to USD 34 million as of December 31, 2023, showcasing resilience and continued growth amidst adversity.

Head Office & Branch

We operated with 1 branch, and as part of our commitment to providing convenient banking services, we are planning to expand our branch network in the near future.

Business Strategy

Looking ahead, we remain optimistic about the opportunities that lie ahead. We are dedicated to responding swiftly to evolving customer needs, enhancing product features, and improving service delivery for greater convenience and efficiency. Moreover, our focus remains on providing tailored solutions that meet the unique requirements of each customer, driving innovation and maintaining high service standards.

We extend our heartfelt gratitude to all stakeholders, including customers, partners, management, and employees, for their unwavering support and dedication. Additionally, we express our appreciation to the National Bank of Cambodia and relevant authorities for their guidance and support in ensuring the resilience and success of CCU Bank.

Thank you for your ongoing trust and partnership.

Mr. CHEN BO
Chairman of the Board

2 CEO's Statement

Dear Valued Shareholders and Stakeholders,

It is with great pride and optimism that I present to you our bank's annual report for the year 2023. This past year has demonstrated our resilience, adaptability, and unwavering commitment to excellence, even in the face of unprecedented challenges.

Over the last two decades, Cambodia has experienced a remarkable transformation. Achieving lower middle-income status in 2015, our nation is now ambitiously aiming for upper middle-income status by 2030. From 1995 to 2018, Cambodia's economy flourished with an average growth rate of 7.7%, driven by robust garment exports and tourism. This impressive performance positioned us among the fastest-growing economies globally.

The onset of the COVID-19 pandemic in 2020 halted this growth, resulting in a contraction of -3.1%. Thanks to robust support measures and initiatives from the Royal Government of Cambodia and the National Bank of Cambodia, our economy began to rebound, with a projected growth rate of 5% in 2023.

Despite a dynamic and ever-changing economic landscape, our bank has not only weathered the storm but emerged stronger and more focused than ever. Our dedication to our customers, employees, and communities has been the driving force behind our success.

In 2023, we continued to invest in innovation, digital transformation, and sustainable practices. These strategic initiatives have enabled us to enhance our product offerings, improve operational efficiency, and strengthen our market position. These efforts have ultimately allowed us to better serve our customers and drive long-term value creation.

We are pleased to announce that our bank delivered solid financial performance in 2023. We achieved sustainable revenue growth, maintained prudent risk management, and upheld a strong balance sheet. Our focus on building a resilient and customer-centric organization has been instrumental in these achievements.

As we look to the future, we remain optimistic about the opportunities ahead. We are committed to our core values of integrity, transparency, and customer focus. We will continue to maintain our pursuit of excellence in every aspect of our operations.

We would like to express my sincere gratitude to our dedicated employees, loyal customers, supportive shareholders, and other stakeholders for their continued trust and collaboration. Together, we will continue to build a bank that is well-positioned for future success and sustainable growth.

Thank you for your continued support

With optimism for our shared future,

Mr. Kong Bun Norin,
Chief Executive Officer

3 About CCU Bank
3.1 CCU Bank's Information



CCU Commercial Bank is a full-fledged commercial bank where the Bank has got a full official license in April 2022 from National Bank of Cambodia.

Currently, our head office is located at No. 15, Preah Monivong Blvd., Sangkat Boeung Trabek, Khan Chamkarmorn, Phnom Penh.

3.2 Vision, Mission, and Core Values

OUR VISION

To be the beacon of trusted premier bank in Cambodia for the affluent and beyond.

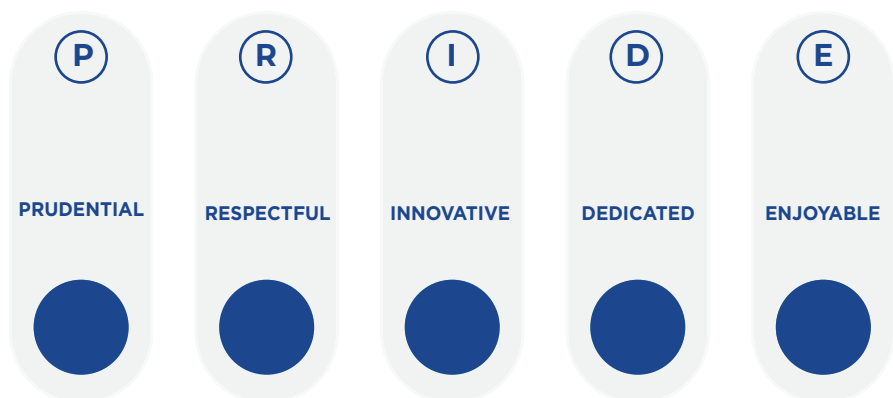


OUR MISSION

We set the standard for premier banking through innovation and exclusivity, integrating phygital solutions, and providing personalized experiences supported by good governance and sustainable practices to contribute to Cambodia's prosperity.



OUR VALUES



4 Key Management Profiles



Mr. Kong Bun Norin,
Chief Executive Officer

He has been a prominent figure in Cambodia's banking sector for over 22 years, contributing to both regulatory bodies and private financial institutions. His career began as a financial institution examiner and supervisor, progressing to global market and treasury services. He later founded and operated a specialized bank startup, serving as an executive board director. Following this, he was an executive committee member in commercial and corporate banking and eventually became CEO of a leading Fintech and Agent Banking (Payment Services Provider).

Mr. Norin has been at the forefront of technological advancements since the early 2010s, leveraging his expertise to create a digital financing platform and founding a well-known local e-commerce marketplace. His extensive knowledge encompasses Strategic Deployment and Execution, Change Management, Governance, Compliance, Banking Regulation, Risk Management, Commercial Lending, Structured Financing, FX Management, Interbank Operations, and Trade Finance.

With this breadth of experience and esteemed leadership, Mr. Norin has been appointed CEO of CCU Commercial Bank Plc.

Mr. Tian Tao,
Chief Operating Officer

He is the Chief Operating Officer of CCU Commercial Bank Plc., bringing over 17 years of professional experience in the banking industry. He possesses a profound understanding of banking and finance, with expertise in financial regulations, international business products, and banking operations. His experience spans risk management, credit approval, interbank and capital business, product marketing, and customer service, enabling him to build customer trust and foster business cooperation effectively.



Since joining CCU Commercial Bank Plc. in September 2022 as COO, Mr. Tian Tao has been responsible for leading core banking operations, HR management, marketing, Chinese business, and administrative management. He also spearheads major operational projects and initiatives.

Mr. Tian Tao holds a bachelor's degree in finance and economics from Southwestern University of Finance and Economics.

Mr. Hoeung Sothol,

Chief Technology Officer

He is the Chief Technology Officer at CCU Commercial Bank Plc., bringing over 18 years of professional experience in the banking sector. He has extensive expertise in Core Banking Systems, Network Security, Active Data Centers, Payment Gateways, and Open APIs. Additionally, he has a strong background in conducting research, managing projects, and strategic planning development. Prior to joining CCU Commercial Bank Plc., Mr. Sothol spent nearly 15 years at one of Cambodia's top banks, where he played a key role



in implementing technology systems and organizing teams to align with the bank's vision. Since February 2019, Mr. Sothol has been leading CCU Commercial Bank Plc.'s technology initiatives, overseeing Core Banking Systems, Network Infrastructures, and major technology projects. His leadership is pivotal in driving the bank's technological advancements.

Mr. Hoeung Sothol holds a master's and bachelor's degree in computer science and engineering from the Royal University of Phnom Penh. He also earned a bachelor's degree in economics and finance from the Royal University of Law and Economics.



Mr. Chen Tong,

Financial Controller

He is the Financial Controller at CCU Commercial Bank Plc., bringing extensive financial and auditing experience from various international firms, including Deloitte China. His auditing career encompasses assurance services across diverse sectors such as Internet+, education and publication, energy, and real estate. He also has experience in non-assurance services, including due diligence and agreed-upon procedures.

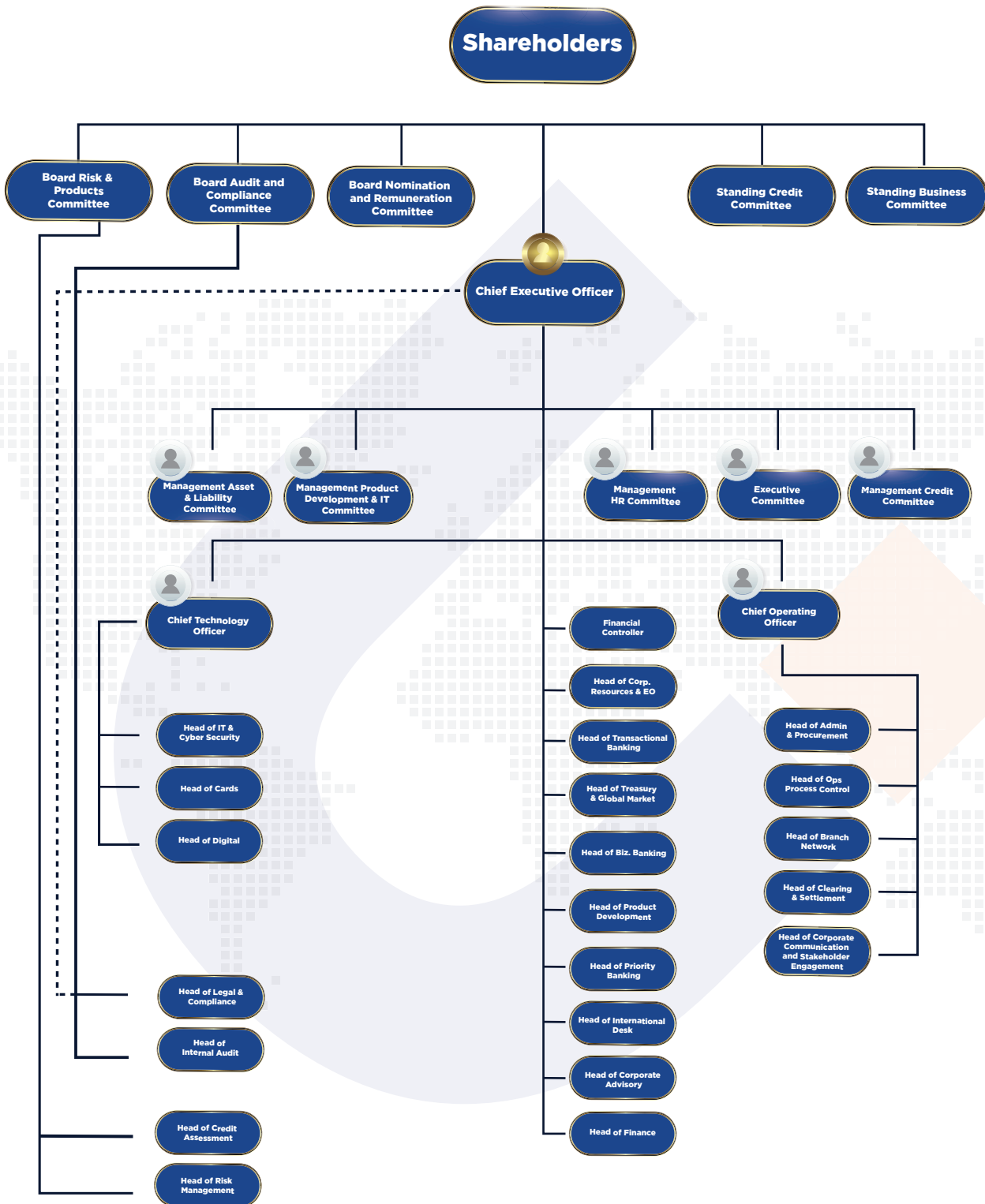
In his previous roles, Mr. Chen Tong managed subsidiaries in international trading, logistics, and

energy, with companies ranging from listed entities in China to startups. His diverse background has given him a deep understanding of international accounting principles and strong problem-solving skills in complex scenarios.

Since joining CCU Commercial Bank Plc. in December 2022, Mr. Chen Tong has been responsible for finance and accounting policies, internal control development, budget control, and financial reporting.

Mr. Chen Tong holds a Master's degree in Banking and Finance from Queen Mary, University of London, earned in November 2014. He also holds a BSc degree in Accounting, Finance, and Management from the University of York, UK.

5 Organizational Structure



6 Corporate Governance

The Board of Directors of CCU Bank is committed to maintaining the highest standards of corporate governance, ensuring that the bank operates with integrity, transparency, and accountability. Our corporate governance framework is designed to promote long-term shareholder value, protect the interests of all stakeholders, and ensure regulatory compliance.

The key responsibilities of the Board include but are not limited to the following:

- Formulating CCU Bank's business plans and action plans on an annual basis to set the focus of CCU Bank's business in accordance with the prevailing economic and market environment.
- Approving CCU Bank's annual budget and reviewing the action plans implemented by the Management to achieve business targets.
- Establishing strategies and significant policies relating to CCU Bank's business operations.
- Reviewing and monitoring the Management's performance in implementing the strategies, business plans and targets, and policies as approved by the Board.
- Regular oversight of CCU Bank's business operations and performance by review of management reports on the progress of business operations.
- Reviewing and approving CCU Bank's financial statements.
- Prescribing the minimum standards and establishing policies on the management of credit risks and other key areas of CCU Bank's operations.
- Ensuring that the infrastructure, internal controls, and risk management processes are well in place to assess and manage business risks, including operational, credit, market, and liquidity risks, and ensuring that they are implemented consistently.
- Carrying out various functions and responsibilities laid down by the National Bank of Cambodia (NBC) in the guidelines and directives that are issued by NBC from time to time.



The Board has set up the following Board Committees as required by the Prakas on Governance in Banks and Financial Institutions:

- **Board Nomination and Remuneration Committee:** This committee ensures transparency in the process of staff performance evaluation, salary increment, and other compensations for employees. It also oversees the nomination of new directors and senior management.

- **Board Audit and Compliance Committee:** This committee assists the Board in overseeing the integrity of the bank's financial reporting, maintaining the effectiveness and efficiency of the internal control system, and ensuring compliance with laws, regulations, and codes of conduct. It also promotes a high compliance culture
- **Board Risk and Products Committee:** This committee is responsible for the identification, evaluation, and mitigation of strategic, operational, financial, and external environment risks. It also oversees the development and approval of new products and culture within the bank.
- **Board Standing Committee:** This committee manages the business of the bank and ensures that the bank's operations align with corporate objectives, strategies, and the annual budget.

Internal Controls Responsibility

The Board of the Bank is responsible for the adequacy and effectiveness of the Bank's system of internal controls. The Board ensures that the system manages the Bank's key areas of risk within an acceptable risk profile to increase the likelihood that the Bank's policies and business objectives will be achieved. The Board continually reviews the system to ensure that this system of internal controls provides a reasonable but not absolute assurance against any material misstatement of management and financial information and records or against any financial losses or fraud.

Board Meetings and Supply of Information

Board meetings are held at least four times a year. Reports on the progress of CCU Bank's business operations prepared by the Bank's management team are tabled for review by members of the Board. At these Board meetings, the members of the Board also evaluate business propositions and corporate proposals that require the Board's approval owing to statutory requirements or because of significant financial impact on the Bank.

The agenda for every Board meeting, together with comprehensive management reports, proposal papers, and supporting documents, are furnished to all the Directors well in advance of the Board meeting date. This ensures that Directors have ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision-making.

Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting. The Directors are regularly updated and advised by the Secretary of the Board on new statutory as well as regulatory requirements relating to the duties and responsibilities



of Directors, including policy guidelines issued by NBC that concern CCU Bank. Every member of the Board has ready and unrestricted access to the advice and services of the Secretary, and the Directors have the liberty to seek external professional advice if so required by them.

Key Internal Control Processes

The key processes that have been established in reviewing the adequacy and effectiveness of the system of internal controls include the following:

- The BOD Standing Committee manages the business of the Bank and ensures that the Bank's operations are in accordance with corporate objectives, strategies, and the annual budget.
- The Board Audit and Compliance Committee oversees the integrity of financial reporting and ensures the effectiveness of the internal control system at all levels of the organization.
- The Board Risk and Products Committee develops new products and manages strategic, operational, financial, and external environment risks.
- The Board Nomination and Remuneration Committee provides transparency in staff performance evaluation and compensation.
- The Legal and Compliance Department ensures compliance with applicable laws, regulations, and internal policies.
- The Bank's annual business plan and budget are reviewed and approved by the Board. Performance is assessed against the approved budgets, with explanations provided for significant variances.
- Guidelines within the Bank govern the hiring and termination of staff, formal training programs, and performance appraisals to enhance staff competency.

Ethics, Integrity, and Trust

CCU Bank's corporate culture of ethics and integrity is set from the top, embraced by all employees, and manifested in all business dealings. The Bank is committed to building a workforce that complies with the fast-changing regulatory environment while maintaining the highest standards of ethical behavior.

A comprehensive set of policies, including the Code of Ethics, Anti-Fraud Policy, Whistleblowing Policy, Social Media Policy, Information Security Policy, and Anti-Money Laundering Policy, set the ethical and integrity standards required of all staff. These policies are reviewed periodically to ensure they remain relevant and effective.

The Bank's Code of Conduct and Ethics is consistent with the Professional Code for the Financial Services Industry issued by the National Bank of Cambodia and the Association of Banks in Cambodia. The Code encourages proper standards of conduct, sound business practices, and the suppression of illegal or improper practices.



Anti-Bribery and Anti-Corruption Policy

CCU Bank is committed to conducting its business with the highest ethical standards and in full compliance with all applicable laws and regulations. The Anti-Bribery and Anti-Corruption Policy aims to:

- Foster a business environment free of bribes and corruption, enhancing integrity, transparency, and accountability.
- Define bribery and corruption and other prohibited practices.
- Inculcate the corporate values and commitment against corruption in all its forms.
- Any breach of this policy results in disciplinary proceedings, including staff dismissal and termination of relationships with third parties.

Whistleblowing Policy and Procedure

The Whistleblowing Policy and Procedures encourage employees and third parties to report suspicions of malpractice, non-compliance, or improper conduct. The Policy aims to:

- Provide channels for disclosure of unethical practices.
- Protect whistleblowers from reprisals.
- Ensure concerns are taken seriously and addressed appropriately.

Information Security Policy

The Information Security Policy aims to:

- Protect the Bank's information from threats.
- Enable secure information sharing.
- Ensure employees manage information securely.
- Protect the Bank from legal liability due to inappropriate information use.
- Comply with applicable laws and regulations.

Anti-Money Laundering/ Countering Financing of Terrorism and Targeted Financial Sanctions Policy

CCU Bank has instituted a comprehensive AML/CFT and TFS framework to detect and prevent the misuse of its business as a conduit for money laundering and terrorism financing. The Policy aims to:

- Set AML/CFT and TFS requirements.
- Ensure employees understand and comply with these requirements.
- Protect the integrity and stability of the financial industry.



Embedding Ethics, Integrity, and Trust in CCU Bank Corporate Culture

The Bank's comprehensive framework aims to inculcate and strengthen ethical behavior among employees. This includes:

- Incorporating guidelines and policies in employee contracts.
- Emphasizing guidelines during induction programs.
- Providing regular training on ethical conduct.
- Conducting pre-employment screening and regular compliance checks.
- Implementing a performance management system that incorporates ethical standards.
- CCU Bank is dedicated to maintaining a culture of ethics, integrity, and trust in all its operations, ensuring long-term success and sustainability.

7 2023 Business Highlights

CCU Bank has entered the market since 2022 and we are one of the Cambodia Premier's banking institutions.

We offer the entire spectrum of products and services to customers within various industries, including SMEs, businesses, and individuals.

7.1 Financial Highlights:

120M USD

Total Assets

76M USD

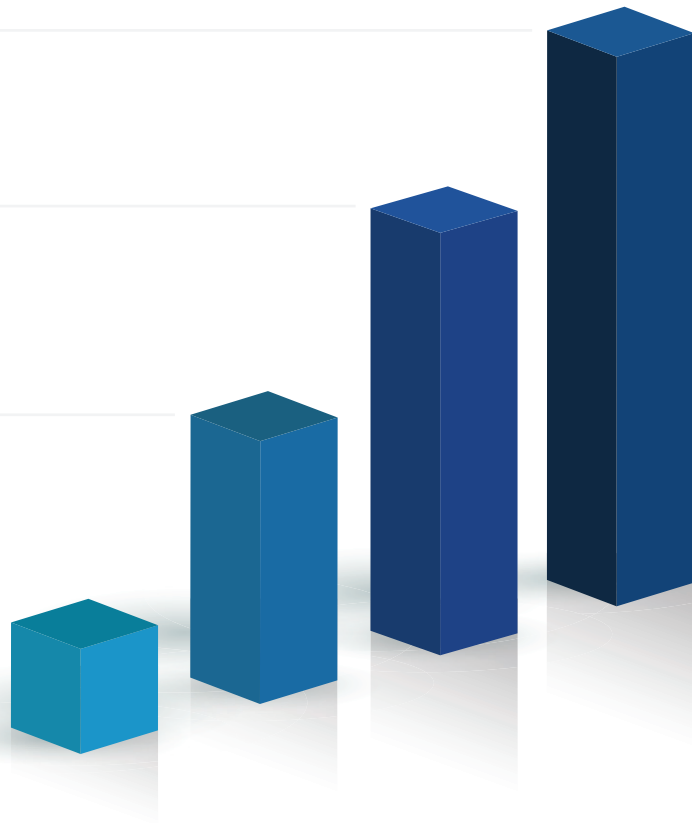
Net Worth

34M USD

Total Deposit

4M USD

Turnover



7.2 Key Milestones 2023

2023

OBTAINED CSS MEMBERSHIP LICENSE

Secured the CSS Membership License, facilitating interoperability and collaboration with other financial institutions, thus enhancing the bank's competitiveness and service offerings. Basic products roll out to public.

CORPORATE PARTNERSHIP FOR K-SCORE SERVICE

Collaborating with Credit Bureau (Cambodia) Co., Ltd for access to K-Score, a credit scoring system, to improve risk assessment, credit decisions, and lending practices, thereby strengthening market position and credibility.

IMPLEMENTED STANDARD LOAN DOCUMENTATION

Establishing uniform templates and procedures for loan documentation to ensure consistency, compliance, and efficiency in lending processes, enhancing transparency, risk management, and regulatory compliance.

LEADERSHIP AND PROFESSIONAL DEVELOPMENT PROGRAMS FOR LEADERS AND STAFF

Implemented comprehensive leadership and professional development programs tailored to enhance the skills and capabilities of both leaders and staff, fostering a culture of continuous growth and excellence within the organization.

SETUP PRODUCT DEVELOPMENT AND IT COMMITTEE

Setup Product Development and IT Committee. Forming a committee that bridges product development and IT departments to enhance collaboration, streamline innovation, and align technological advancements with product goals, thus fostering business growth.

2022

OPENING

Basic products roll out to public.

KEY EXECUTIVE ONBOARDED & GROUP RELATED COOPERATION

COMMERCIAL BANK LICENSING





WENT LIVE SMS ALERT/NOTIFICATION THE CREDIT/DEBIT BALANCE

Implemented real-time SMS alert/notification services for credit and debit transactions, enhancing customer convenience, security, and transparency in financial transactions.




UPGRADED CORE BANKING TO THE LATEST VERSION

Successfully upgraded the Core Banking system to the latest version, ensuring enhanced efficiency, reliability, and security in banking operations to meet evolving customer demands and industry standards.



LAUNCHED THE BANK'S WEBSITE

Launched the bank's website, providing customers with a seamless digital experience, easy access to services, and valuable resources to facilitate informed decision-making and financial management.



GOT APPROVAL FROM NBC ON SERVICES OF MOBILE BANKING, INTERNET BANKING AND ECOMMERCE PAYMENT GATEWAY

Received approval from the National Bank of Cambodia (NBC) to offer Mobile Banking, Internet Banking, and eCommerce Payment Gateway services, empowering customers with convenient and secure digital banking solutions.



GOT LICENSE APPROVAL FROM NBC TO BE BAKONG MEMBER

Obtained license approval from the National Bank of Cambodia (NBC) to become a member of Bakong, strengthening the bank's presence and participation in Cambodia's emerging digital payment ecosystem.



RELEASED MOBILE BANKING APP PHASE 1 IN THE PLAY STORE/APP STORE

Released Phase 1 of the Public Mobile Banking App on the Play Store and App Store, offering intuitive functionalities, user-friendly interface, and convenient access to banking services on mobile devices.



LAUNCHED SAVINGS PLUS AND CURRENT PLUS ACCOUNT TO MARKET

Introduced the Savings Plus and Current Plus accounts to the market, offering innovative features and competitive benefits to attract customers and cater to their diverse financial needs effectively.



OBTAINED MASTERCARD MEMBERSHIP LICENSE FOR ISSUING AND ACQUIRING

Secured the Mastercard Membership License for both issuing and acquiring, expanding the bank's payment network, and enabling customers to access a wider range of payment options globally.



INTRODUCED FIXED DEPOSIT 6 MONTHS CAMPAIGN

Launched a strategic Fixed Deposit 6 months Campaign, incentivizing customers with attractive interest rates and flexible terms to encourage savings and strengthen customer engagement.



OBTAINED VISA MEMBERSHIP LICENSE FOR ISSUING AND ACQUIRING

Acquired the Visa membership License for issuing and acquiring, diversifying the bank's card offerings and strengthening its position in the global payments' ecosystem.



INTRODUCED CASA CAMPAIGN

Rolled out a compelling CASA Campaign, emphasizing the advantages of Current Account and Savings Account integration, driving customer acquisition, and promoting long-term relationships with the Bank.



8 Bank's Activities in 2023

CCU Bank demonstrates a strong commitment to community welfare by actively engaging in diverse initiatives and sponsorships. These efforts not only benefit the bank's employees but also contribute to the betterment of society as a whole. Here's a closer look at some of the impactful activities:

1. Marathon For Cancer Cause:

CCU Bank participated in marathons dedicated to raising awareness and funds for cancer research and support programs. By rallying staff and community members, they amplify efforts to combat this widespread disease.



2. Red Cross Donation:

Supporting humanitarian causes, CCU Bank regularly contributes to the Red Cross, providing aid and assistance to those affected by disasters, emergencies, and humanitarian crises. These donations play a crucial role in providing relief and support to communities in need.



3. WeThe15 World Disability Day:

In solidarity with the global movement for disability rights and inclusion, CCU Bank actively participated in WeThe15 World Disability Day events. Through advocacy, awareness campaigns, and inclusive practices, they strived to create a more accessible and inclusive society for people with disabilities.



4. Financial Street and Literacy Program:

Recognizing the importance of financial literacy, CCU Bank have taken part in educational programs aimed at empowering individuals with essential financial knowledge and skills. With the collaboration from Association of Banking in Cambodia in these initiatives, they help community members make informed financial decisions and improve their financial well-being.



5. Fastest Innovation Awards from Temenos:

CCU Bank's dedication to innovation and technological advancement is recognized through prestigious accolades like the Fastest Innovation Awards from Temenos. By embracing cutting-edge technologies and fostering a culture of innovation, they continuously enhance their services and stay at the forefront of the banking industry.



FASTEST INNOVATION AWARDS FROM TEMENOS

9 Business Operations Target

Financial Perspective

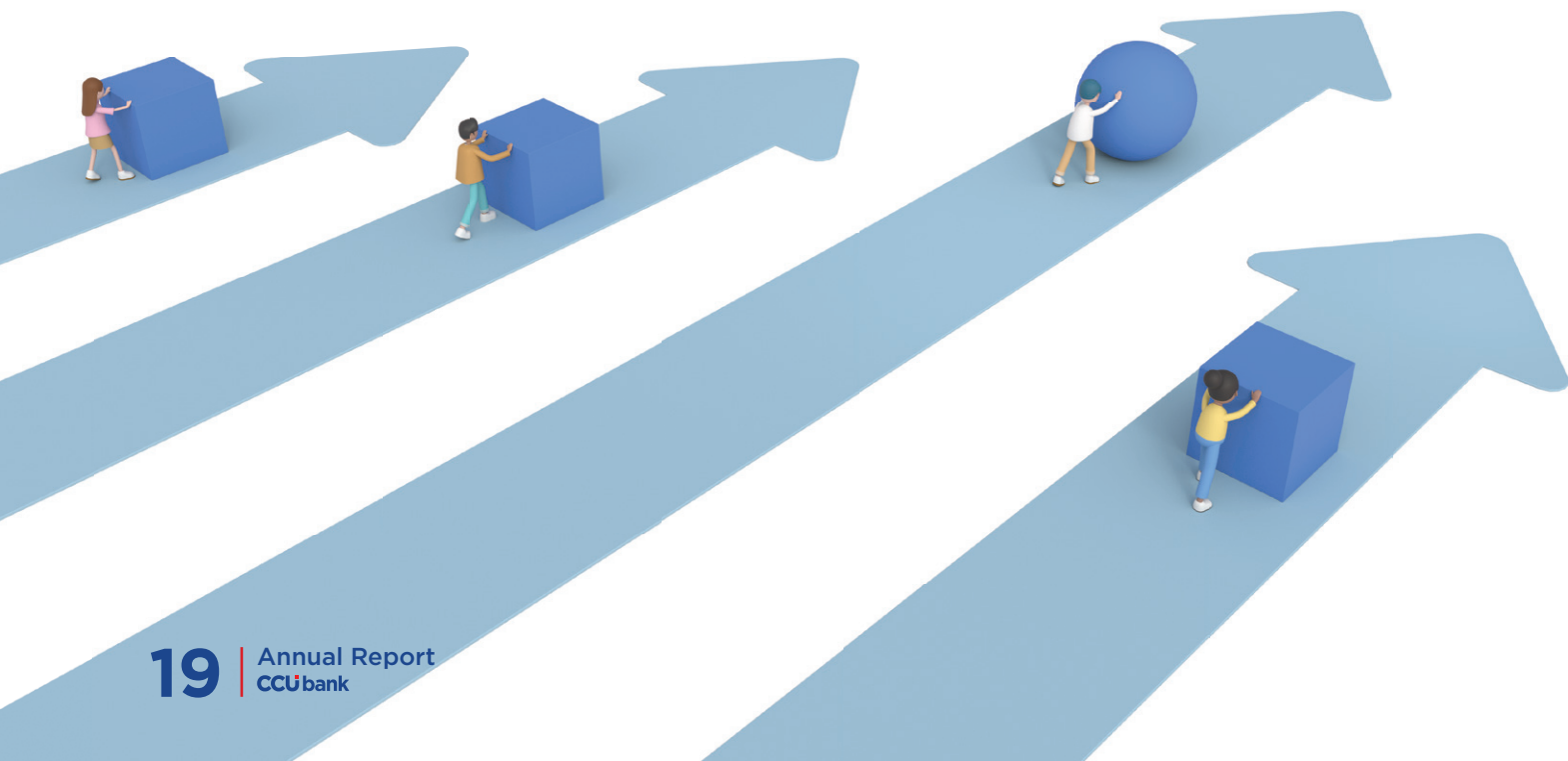
Thanks to the Cambodian Government's efforts in revitalizing the country's economy, CCU Bank achieved positive business and profit performance in 2023.

The Bank remains committed to its business strategy, which focuses on compliance with government laws and regulations while meeting the needs of consumers, particularly in sectors that can accelerate economic growth, such as real estate and agriculture.

Customer Perspective

“Beyond Customer Expectation” is our guiding principle, underpinned by our commitment to deliver exceptional and professional services that not only satisfy but delight our customers, encouraging them to return to CCU Bank for ongoing support and utilization of our diverse range of services. Recognizing the paramount importance of superior customer service in a fiercely competitive banking and finance industry,

we are dedicated to maintaining international standards of customer care. By adhering to our rigorous standards, we are confident in our ability to provide unparalleled service that impresses our customers and fosters enduring relationships with them.



Information Technology Perspective

Recognizing the paramount importance of our customers, CCU Bank remains committed to leveraging the latest technologies to ensure both convenience and security for our customers' data. This ongoing adoption of cutting-edge technology not only enhances our customer service standards but also aligns with our overarching goal of surpassing customer expectations. Regular deployment of new and advanced technologies ensures that our customers feel confident and secure in all their transactions with us.



In terms of our product and service offerings, CCU Bank has collaborated with world-class core banking vendors to maintain our position at the forefront of the industry and to stay abreast of global trends.

HUMAN RESOURCE DEVELOPMENT

Our Human Resources department is dedicated to training and supporting employees in their skills development and advancement. We firmly believe that the key to achieving CCU Bank's "Beyond Customer Expectation" service concept lies in the contributions of our staff. By investing in our staff, we are confident that excellence in customer service can be attained through their active involvement.

Furthermore, the Bank places great importance on the needs and well-being of its employees. To acknowledge and reward staff performance, our Human Resources department continuously promotes both personal and professional growth. Plans are underway to sponsor professional degrees, language programs, and offer low-interest rates for housing, vehicle, and personal loans, demonstrating our commitment to our employees' satisfaction and success.



Significant Operations Plan for the following year

CCU Bank is deeply committed to engaging in various cutting-edge initiatives led by the National Bank of Cambodia (NBC), including the Bakong project, KH QR Code, NCSS, and more in the upcoming year. We are also aligning with NBC's directive to promote the use of the Khmer Riel, introducing more Khmer Riel products and services. To fully support these initiatives, our Bank has integrated Khmer Riel versions of our products and is actively incorporating Khmer Riel features into all new products and services. We are also encouraging our customers to consider Khmer Riel Loan and deposit accounts as their primary choice for loan and savings products.

CCU Bank is planning to establish long-term strategic partnerships with various financial institutions and key sectors to contribute to the growth of the country. To enhance our community engagement, our Bank is continuously enhancing its digital presence across various platforms, including our website, Facebook, Instagram, and more to come in the future.

10 Headquarters and Branches

CCU Commercial Bank Plc. operates from a single location in Phnom Penh, Cambodia, serving as both our Headquarters and sole branch.

Headquarters and Branch: No. 15, Preah Monivong Blvd., Sangkat Boeung Trabek, Khan Chamkarmorn, Phnom Penh.

This location houses our executive offices and corporate functions, while offering a full range of banking services. It embodies our commitment to providing comprehensive financial solutions to our customers.

We are developing strategic plans to enhance our services and expand our presence in select locations. These initiatives aim to provide an enhanced banking experience that meets our clients' evolving needs. We look forward to sharing more details about our growth strategy in the near future.

11 Product and Service

Our Core products and services are but not limited to:

Deposits

- Fixed Deposit
- Current Plus Account
- Current Account
- Savings Plus Account
- Savings Account
- Payroll Account (Coming Soon)

Loan

- Business Loan
- Home Loan
- Car Loan
- Personal Loan
- Overdraft
- Bank Guarantee

Premier and Wealth Management (Coming Soon)

- Premier Account, Elite Account, and Cards (Platinum/ World Mastercard, Platinum/Infinite Visa,UPI Diamond)
- Offshore Asset Management
- Trust Services
- Cross-Border Investment
- Cross-Border Fund Transactions
- Wealth Planning

Digital and other services

- Mobile Banking
- ATM
- Remittance Services
- Cheque Services
- Internet Banking (Coming Soon)
- Bill Payment Services (Coming Soon)
- Ecommerce Payment Gateway (Coming Soon)
- CSS Co-Badge Card (Coming Soon)
- Bakong (Coming Soon)
- KHQR (Coming Soon)
- Debit Card and Credit Card (Visa/Master/UPI) (Coming Soon)
- Thunes/Swift (Coming Soon)
- Virtual Card (Coming Soon)
- Wechat and Alipay (Coming Soon)
- Offshore / Virtual or Non-Face to Face Account Opening (Coming soon)

And many more exclusive privileges and personalized products and services for your exclusive needs.

12 Risk Management Principles

The core principle of the Bank's Risk Management is to ensure an integrated approach to managing both current and emerging threats, as well as any significant risk exposure that could impact banking operations. This function plays an essential role in supporting business development and execution, using our risk appetite and framework to balance risk and return.

Since the inception of our banking operations in 2023, we have continuously enhanced our risk management framework and systems to comply with regulatory requirements from the National Bank of Cambodia and international best practices. Our focus areas include:

■ Implementing and rolling out operational risk management, with a focus on reviewing policies, procedures, and guidelines, and enhancing bank security. This ensures business continuity, accurate internal and external reporting, and smooth internal workflow, thereby safeguarding both the Bank's physical and IT infrastructure.

■ Credit Risk Management has focused on establishing a Credit Policy to govern the Bank's lending activities. The execution of lending activities strictly adheres to this policy, which outlines the plan for each product or portfolio, including the target market, terms and conditions, documentation, and procedures for assessing, offering, and measuring credit products. We also ensure clear segregation of duties between loan originators, evaluators,



Risk Management regularly monitors these measures to protect the Bank's assets and maintain stringent internal control, building trust among relevant stakeholders and shareholders.



13 AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



DIRECTORS' REPORT

The Board of Directors (“the Directors”) hereby submitting its report and the audited financial statements of CCU Commercial Bank Plc. (“the Bank”) as at 31 December 2023 and for the year then ended.

THE BANK

CCU Commercial Bank Plc. (“the Bank”) was incorporated in Cambodia under the Registration No. 2000035606 dated 24 December 2020, granted by the Ministry of Commerce (“MOC”).

On 29 April 2022, the Bank was granted a permanent banking license No. B-64 from the National Bank of Cambodia (“NBC”).

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia. There have been no significant changes in the nature of these principal activities during the year.

RESULTS OF OPERATION AND DIVIDEND

The results of financial performance for the year then ended 31 December 2023 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 (2022: nil).

SHARE CAPITAL

The Bank was incorporated on 24 December 2020 with a registered share capital of USD 75,000,000 divided into 75,000,000 ordinary shares with par value of USD 1 per share.

BAD AND DOUBTFUL LOANS

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 or making of allowance for credit losses and satisfied themselves that all known bad loans had been written off and that adequate loss allowance has been made for bad and doubtful loans.

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 or the amount of the allowance for credit losses in the financial statements of the Bank inadequate to any material

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 period 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 period in which this report is made.

THE BOARD OF DIRECTORS

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

Mr. Chen Bo	Chairman
Ms. Jiang Yifei	Member of Board of Director
Mr. Pang Visal	Member of Board of Director
Mr. Xia Edmond	Independent Director
Mr. Su Samnang	Independent Director

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for the year then ended.

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

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

The Directors are also responsible for safeguarding the assets of the Bank and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, have been properly drawn up and, present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the CIFRSs and guidelines of the National Bank of Cambodia, were approved by the Board of Directors.

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



Mr. Kong Bun Norin
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
28 March 2024

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		US\$	KHR (Note 4.1)	US\$	KHR (Note 4.1)
ASSETS					
Cash on hand	6	314,775	1,285,856	3,090	12,722
Deposits and placements with the NBC	7	17,341,907	70,841,690	2,025,447	8,338,765
Deposits and placements with other banks	8	46,614,153	190,418,815	44,658,345	183,858,406
Loans to customers, net	9	39,070,448	159,602,780	17,735,403	73,016,654
Statutory deposits with the NBC	10	8,282,485	33,833,951	7,500,000	30,877,500
Property and equipment	11	1,065,105	4,350,954	815,002	3,355,363
Right-of-use assets	12	884,335	3,612,508	1,053,065	4,335,469
Intangible assets	13	1,413,122	5,772,603	1,265,253	5,209,047
Other assets	14	4,806,246	19,633,515	545,575	2,246,132
TOTAL ASSETS		119,792,576	489,352,672	75,601,180	311,250,058
LIABILITIES AND EQUITY					
LIABILITIES					
		US\$	KHR (Note 4.1)	US\$	KHR (Note 4.1)
Deposits from customers	16	16,354,975	66,810,073	-	-
Deposits from other banks	17	18,377,990	75,074,089	-	-
Lease liabilities	12	913,719	3,732,542	1,053,838	4,338,651
Income tax payable	27b	14,932	60,997	14,157	58,284
Other liabilities	15	232,897	951,384	941,425	3,875,847
Bank overdraft	18	4,998,284	20,417,990	-	-
Subordinated debt	19	5,863,106	23,950,788	-	-
TOTAL LIABILITIES		46,755,903	190,997,863	2,009,420	8,272,782
EQUITY					
		US\$	KHR (Note 4.1)	US\$	KHR (Note 4.1)
Share capital	20	75,000,000	306,375,000	75,000,000	308,775,000
Accumulated losses		(1,963,327)	(8,020,188)	(1,408,240)	(5,738,780)
Currency translation reserves		-	(3)	-	(58,944)
TOTAL EQUITY		73,036,673	298,354,809	73,591,760	302,977,276
TOTAL LIABILITIES AND EQUITY		119,792,576	489,352,672	75,601,180	311,250,058

The accompanying notes form an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Interest income	21	4,140,185	17,016,160	1,415,663	5,785,815
Interest expense	21	(397,022)	(1,631,760)	(91,595)	(374,349)
Net interest income		3,743,163	15,384,400	1,324,068	5,411,466
Other gains - net	22	21,199	87,128	1,588	6,490
Total other operating income		21,199	87,128	1,588	6,490
Impairment losses on financial instruments	23	(842,841)	(3,464,077)	(465,207)	(1,901,301)
Net operating income		2,921,521	12,007,451	860,449	3,516,655
Personnel expenses	24	(1,539,755)	(6,328,393)	(521,433)	(2,131,097)
Depreciation and amortisation	25	(531,510)	(2,184,506)	(347,473)	(1,420,122)
Other operating expenses	26	(1,357,780)	(5,580,476)	(506,879)	(2,071,614)
Loss before income tax		(507,524)	(2,085,924)	(515,336)	(2,106,178)
Income tax expense	27c	(47,563)	(195,484)	(14,157)	(57,860)
Net loss for the year		(555,087)	(2,281,408)	(529,493)	(2,164,038)
Other comprehensive income/(loss):					
Currency translation differences		-	58,941	-	(53,671)
Total comprehensive loss for the year		(555,087)	(2,222,467)	(529,493)	(2,217,709)

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital		Accumulated losses		Currency translation reserves	Total	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Balance at 1 January 2023	75,000,000	308,775,000	(1,408,240)	(5,738,780)	(58,944)	73,591,760	302,977,276
Net loss for the year	-	-	(555,087)	(2,281,408)	-	(555,087)	(2,281,408)
Currency translation differences	-	-	-	-	58,941	-	58,941
Total comprehensive loss for the year	-	-	(555,087)	(2,281,408)	58,941	(555,087)	(2,222,467)
Transactions with owners in their capacity as owners:							
Currency translation differences	-	(2,400,000)	-	-	-	-	(2,400,000)
Total transactions with owners	-	(2,400,000)	-	-	-	-	(2,400,000)
Balance at 31 December 2023	75,000,000	306,375,000	(1,963,327)	(8,020,188)	(3)	73,036,673	298,354,809
Balance at 1 January 2022	75,000,000	305,550,000	(878,747)	(3,574,742)	(5,273)	74,121,253	301,969,985
Net loss for the year	-	-	(529,493)	(2,164,038)	-	(529,493)	(2,164,038)
Currency translation differences	-	-	-	-	(53,671)	-	(53,671)
Total comprehensive loss for the year	-	-	(529,493)	(2,164,038)	(53,671)	(529,493)	(2,217,709)
Transactions with owners in their capacity as owners:							
Currency translation differences	-	3,225,000	-	-	-	-	3,225,000
Total transactions with owners	-	3,225,000	-	-	-	-	3,225,000
Balance at 31 December 2022	75,000,000	308,775,000	(1,408,240)	(5,738,780)	(58,944)	73,591,760	302,977,276

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Cash flows from operating activities					
Cash generated from/(used in) operations		6,564,581	26,980,429	(60,412,117)	(246,904,322)
Interest received		3,311,502	13,610,273	459,726	1,878,900
Interest paid		(142,181)	(584,364)	-	-
Income tax paid	27b	(46,788)	(192,299)	-	-
Net cash generated from/ (used in) operating activities		9,687,114	39,814,039	(59,952,391)	(245,025,422)
Cash flows from investing activities					
Statutory deposits with the NBC		-	-	(7,500,000)	(30,652,500)
Purchases of intangible assets		(294,321)	(1,209,659)	(571,379)	(2,335,226)
Purchases of property and equipment		(466,431)	(1,917,031)	(830,143)	(3,392,794)
Net cash used in investing activities		(760,752)	(3,126,690)	(8,901,522)	(36,380,520)
Cash flows from financing activities					
Lease payments	30	(220,616)	(906,732)	(220,617)	(901,662)
Capital contribution	30	-	-	75,000,000	36,525,000
Interest paid	30	(33,644)	(138,277)	-	-
Proceed from bank overdraft	30	5,000,000	20,550,000	-	-
Proceed from subordinated debt		5,850,673	24,046,266	-	-
Net cash from financing activities		10,596,413	43,551,257	74,779,383	305,623,338
Net change in cash and cash equivalents					
		19,522,775	80,238,606	5,925,470	24,217,396
Cash and cash equivalents at beginning of year		5,931,588	24,420,347	6,118	24,925
Currency translation differences		-	(677,879)	-	178,026
Cash and cash equivalents at end of year		25,454,363	103,981,074	5,931,588	24,420,347

The accompanying notes form an integral part of these financial statements

1 THE BANK

The Bank was incorporated in Cambodia under the Registration No. 2000035606 dated 24 December 2020, granted by the Ministry of Commerce. On 29 April 2022, the Bank was granted a permanent banking license No. B-64 from the National Bank of Cambodia (“NBC”).

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia. There have been no significant changes in the nature of these principal activities during the year.

The registered address of the Bank is located at No. 15, Preah Monivong Blvd., Phum 5, Sangkat Boeung Trabaek, Khan Chamkar Mon, Phnom Penh.

The financial statements of the Bank were authorised for issue by the Board of Directors on 27 March 2024.

2 Financial reporting framework and basis of preparation and presentation

2.1 Statement of compliance with Cambodian International Financial Reporting Standards

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). CIFRSs are equivalent to International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Boards (“IASB”) because IFRSs are adopted by the Accounting and Auditing Regulator without modification as CIFRSs.

2.2 Basis of preparation

The financial statements of the Bank, which are expressed in United States Dollars (“US\$”), have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics

into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

■ **Level 1**

inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

■ **Level 2**

inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

■ **Level 3**

inputs are unobservable inputs for the asset or liability.

2.3 Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest dollar and thousand Khmer Riel (KHR'000) for US\$ and KHR amounts, respectively.

3 Adoption of new and revised accounting standards

3.1 New and revised accounting standards effective during the year

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

Amendments/Improvements to CIFRSs

These amendments did not have significant impact on the financial statements of the Bank.

- CIFRS 17, Insurance Contracts
- Amendments to CIAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates - Amendments to CIAS 8
- Disclosure of Accounting Policies - Amendments to CIAS 1 and CIFRS Practice Statement 2
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to CIAS 12)

3.2. New and revised accounting standards which are not yet effective

At the date of authorization of these financial statements, the following new and revised accounting standards that have been issued but are not yet effective were assessed to be not applicable to the Bank:

New CIFRSs, and amendments/improvements to CIFRSs that not yet effective and not been adopted early by the Bank including:

- Classification of liabilities as Current or Non-current (Amendments to CIAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to CIFRS 16)
- Supplier Finance Arrangements (Amendments to CIAS 7 and CIFRS 7)
- Non-current Liabilities with Covenants (Amendments to CIAS 1)
- Lack of Exchangeability (Amendments to CIAS 21)

4 Summary of material accounting policy information

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.

4.1 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 US\$ reflects the economic substance of underlying events and circumstances of the Bank.

The financial statements are therefore presented in US\$, which is the Bank’s functional and presentation currency.

b) Transactions and balances

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

c) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, a translation of the financial statements from US\$ to Khmer Riel is required. The statement of comprehensive income and statement of cash flows are translated into Khmer Riel using the average rates for the year. Assets and liabilities for each statement of financial position presented are translated using the closing rates as of the reporting dates. Resulting exchange difference arising from the translation of shareholders’ capital is recognised directly in equity; all other resulting exchange differences are recognised in other comprehensive income.

The Bank used the official rate of exchange published by the NBC for the years 2023 and 2022. As at the reporting date, the yearly average rate was US\$ 1 to KHR 4,110 (2022: US\$ 1 to KHR 4,087) and the closing rate was US\$1 to KHR 4,085 (2022: US\$ 1 to KHR 4,117).

4.2 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprises cash on hand, unrestricted deposits and placements with the NBC, 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.

4.3 Financial assets

a) Classification

The Bank classifies its financial assets as measured at amortized cost, which include cash on hand, deposits and placements with the NBC and other banks, loans to customers, and certain other assets.

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

The Bank classifies their financial assets at amortized cost only if both of the following criteria are met and is not designated as at fair value through profit and loss ("FVPL"):

- 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.

A debt instrument is measured at fair value through other comprehensive income ("FVOCI") only if it meets both of the following conditions and is not designated as at FVPL:

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

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

All other financial assets are classified as FVPL.

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

b) Recognition and derecognition

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

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 FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (“ECL”) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

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

d) Reclassification of financial assets

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

e) Impairment

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

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

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

- Debt instruments measured at amortised cost; and
- Credit commitments (including undrawn overdraft and revolving facilities) and financial guarantee contract.

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

1) Stage 1: 12-months ECL 2) Stage 2: Lifetime ECL (not credit impaired) 3) Stage 3: Lifetime ECL (credit impaired)

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

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.

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.

Restructured financial assets

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

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

4.4 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 certain deposits from customers, deposit from other banks, bank overdraft, subordinated debt 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 lease liabilities, and certain other liabilities.

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

4.5 Credit commitments and financial guarantee contracts

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

For credit commitments (including undrawn overdraft and revolving facilities), the expected credit losses are recognised as provisions (presented with other liabilities). However, for contracts that include both a loan and



an undrawn commitment and that the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

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

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

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

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

4.6 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.

4.7 Property and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

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 profit or loss during the financial period in which they are incurred.

Construction work-in-progress is not depreciated until it is ready for its intended use. 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:

	<u>Estimated useful life</u>
■ Leasehold improvements	Shorter of lease term 2 - 5 years
■ Office furniture and equipment	2 - 5 years
■ Computer equipment	2 - 5 years
■ Motor vehicles	2 - 5 years

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.

4.8 Statutory deposit

Statutory deposit is stated at cost. Statutory deposit is maintained with the NBC in compliance with the Cambodia Law of Banking and Financial Institution and is determined by defined percentage of minimum share capital required by the NBC.

4.9 Share capital and accumulated losses

Share capital represents the nominal value of shares that, have been issued. Accumulated losses include all current and prior years' losses.

4.10 Intangible assets

Intangible assets, which comprise acquired computer software license for the core banking system and related costs and other software, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalised on the basis of costs incurred to acquire the specific software license and bring them into use. These costs are amortised over their estimated useful lives of 5 years using the straight-line method.

Intangible asset work-in-progress is not depreciated until it is ready for its intended use. Costs associated with maintaining computer software are recognised as expenses when incurred.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Bank assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

4.12 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, except for low value (underlying asset is less than USD5,000) and short-term leases (lease term of 12 months or less).

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

4.13 INCOME TAX

The income tax expenses 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 country where the Bank operates and generates taxable income.

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

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

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

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

4.14 Provision

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

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

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

4.15 Regulatory reserves

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. 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, which is non-distributable and is not allowed to be included in the net worth calculation.

4.16 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) Other employment benefits - seniority payments

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

- Annual service - effective from January 2019, 15 days of employee average monthly salary and benefits each year, and is payable every six months on 30 June and 31 December (7.5 days each payment).
- Regarding to Notification No. 018/20 K.B /S.Ch.N.Kh.L from Ministry of Labour and Vocational Training issued on 02 June 2021 on Postponement of Payment of Back Pay Seniority Indemnity before 2019 and New Seniority Indemnity in 2021.

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.

4.17 Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within “interest income” and “interest expense” respectively in 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 net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

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

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

4.18 Related party transactions

A related party is a person or entity that is related to the Bank. A related party transaction is a transfer of resources, services or obligations between the Bank and its related party, regardless of whether a price is charged. For the purpose of these financial statements, a person or entity is considered as a related party if it meets one of the following criteria:

A person or a close member of that person's family is related to the Bank if that person:

- (i) A person or a close member of that person's family is related to the Bank if that person:
 - a. Has control or joint control over the Bank;
 - b. Has significant influence over the Bank; or
 - c. Is a member of the key management personnel of the ultimate holding company of the Bank, or the Bank
- (ii) An entity is related to the Bank if any of the following conditions applies:
 - a. The entity and the Bank are members of the same group.
 - b. One entity is an associate or joint venture of the other entity.
 - c. Both entities are joint ventures of the same third party.
 - d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - e. The entity is a post-employment benefit plan for the benefits of employees of either the Bank or an entity related to the Bank.
 - f. The entity is controlled or jointly-controlled by a person identified in above.
 - g. A person identified in i.a. above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
 - h. The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or to the parent of the Bank.

4.19 Events after the reporting period

The Bank identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements if it is material.

5 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:

5.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

a) Functional currency

Based on the economic substance of underlying circumstances relevant to the Bank, management determines the functional currency of the Bank to be the US\$. The US\$ is the currency of the primary economic environment in which the Bank operates and it is the currency that mainly influences the loans to customers and interest income.

b) Business model assessment

The Bank uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

c) 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 behavior (e.g. the likelihood of customers defaulting and the resulting losses).

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

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

d) Leases

The evaluation of whether an arrangement contains a lease is based on the substance. An arrangement is, or contains, a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

5.2 Key sources of estimation uncertainty

Information about key estimation uncertainties that have the most significant effect on the amounts recognised in financial statements includes the following:

a) Lease terms

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

b) Income tax

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which are subject to interpretation. Taxes are subject to review and investigation by a number of authorities, which are empowered by law to impose fines, penalties and interest charges.

These factors may create potential tax exposures for the Bank. Directors believe that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation. However, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax amount reported in the period in which such determination is made.

c) Deferred tax assets

The Bank reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Bank will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

d) Estimating useful lives of assets

The useful lives of the Bank's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of Bank's property and equipment and right-of-use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Bank's assets. In addition, the estimation of the useful lives is based on the Bank's collective assessment of industry practice, internal technical evaluation and experience

with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and right of use assets would increase the recognised operating expenses and decrease non-current assets.

e) Estimating cost of right-of-use assets

Determining the cost of right-of-use asset includes the amount of lease liabilities recognised and the estimated costs to be incurred in dismantling and removing the underlying asset or restoring to the condition required by the contract.

Lease liabilities is measured at the present value of lease payments to be made over the lease term. In calculating the lease liabilities, the Bank uses its borrowing cost at the time of the commencement of the lease term.

f) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Bank is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

g) Fair value measurement

The Directors use valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Directors based their assumptions on observable data as far as possible, but this is not always available. In that case, Directors used the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6 Cash on hand

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Currency				
US\$	282,682	1,154,756	3,070	12,639
KHR	32,093	131,100	20	83
	314,775	1,285,856	3,090	12,722

7 Deposits and placements with the NBC

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Currency				
US\$	17,290,106	70,630,083	2,025,447	8,338,765
KHR	51,801	211,607	-	-
	17,341,907	70,841,690	2,025,447	8,338,765

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

	2023	2022
Current Account	0%	0%

8 Deposits and placements with other banks

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Deposits and placements with local banks				
Current accounts	7,797,681	31,853,528	3,903,051	16,068,860
Term deposits	39,000,000	159,315,000	40,000,000	164,680,000
Gross principal amounts	46,797,681	191,168,528	43,903,051	180,748,860
Accrued interest receivables	679,375	2,775,247	878,493	3,616,756
Less: allowance for expected credit loss	47,477,056	193,943,775	44,781,544	184,365,616
	(862,903)	(3,524,960)	(123,199)	(507,210)
	46,614,153	190,418,815	44,658,345	183,858,406

Movements of allowance for expected credit loss on loans to customers were as follows:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Balance at 1 January	123,199	507,210	33	134
Allowance for the year	739,704	3,040,184	123,166	503,379
Currency translation differences	-	(22,434)	-	3,697
	862,903	3,524,960	123,199	507,210

The gross principal amounts above are analysed as follows:

a) By residency status

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Resident	47,477,056	193,943,775	44,781,544	184,365,616

b) By currency

Currency	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
US\$	47,153,331	192,621,357	44,781,433	184,365,160
KHR	323,725	1,322,418	111	456
	47,477,056	193,943,775	44,781,544	184,365,616

c) By maturity

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Within 1 month	7,854,296	32,084,798	3,976,259	16,068,860
> 6 to 12 months	39,622,760	161,858,977	40,805,285	168,296,756
	47,477,056	193,943,775	44,781,544	184,365,616

d) By interest rates

	2023	2022
	Current accounts	0% - 1%
Fixed deposits	1.5% - 7.5%	2.5% - 5.5%

9 Loans to customers, net

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
At amortised cost				
Term loans	39,366,318	160,811,409	18,000,000	74,106,000
Total gross loans	39,366,318	160,811,409	18,000,000	74,106,000
Accrued interest receivables	149,308	609,922	77,444	318,837
Less: Allowance for expected credit loss	39,515,626	161,421,331	18,077,444	74,424,837
	(445,178)	(1,818,551)	(342,041)	(1,408,183)
Total net loans	39,070,448	159,602,780	17,735,403	73,016,654

Movements of allowance for expected credit loss on deposits and placements with other banks were as follows:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Balance at 1 January	342,041	1,408,183	-	-
Allowance for the year	103,137	423,893	342,041	1,397,922
Currency translation differences	-	(13,525)	-	10,261
	445,178	1,818,551	342,041	1,408,183

The amounts of term loans above are analysed as follows:

a) Analysis by industry

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Personal lending	39,515,626	161,421,331	18,077,444	74,424,837

b) Analysis by currency

Currency	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
US\$	32,819,337	134,066,990	18,077,444	74,424,837
KHR	6,696,289	27,354,341	-	-
	39,515,626	161,421,331	18,077,444	74,424,837

c) Analysis by loan classification

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Standard	39,515,626	161,421,331	18,077,444	74,424,837
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	39,515,626	161,421,331	18,077,444	74,424,837

d) Analysis by maturity

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Within 1 year	7,141,556	29,173,254	-	-
Later than 1 year and not later than 5 years	32,374,070	132,248,077	18,077,444	74,424,837
Later than 5 years	-	-	-	-
	39,515,626	161,421,331	18,077,444	74,424,837

e) Analysis by exposure

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Non-large exposure	39,515,626	161,421,331	18,077,444	74,424,837

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

f) Analysis by relationship

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Related party	3,000,035	12,255,143	3,000,000	12,351,000
Non-related party	36,515,591	149,166,188	15,077,444	62,073,837
	39,515,626	161,421,331	18,077,444	74,424,837

g) Analysis by residency

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Residents	39,515,626	161,421,331	18,077,444	74,424,837

h) Interest rates

	2023	2022
	Term loans	7%-11%

10 Statutory deposits with the NBC

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Reserve requirement (i)	782,485	3,196,451	-	-
Capital guarantee (ii)	7,500,000	30,637,500	7,500,000	30,877,500
	8,282,485	33,833,951	7,500,000	30,877,500

(i) Reserve requirement

Under NBC Letter No. B7-023-1127 Sor.Chor.Nor dated 23 November 2023, the minimum reserve requirement deposits with NBC are required for maintenance at 7% of customer deposits in KHR and currencies other than KHR until 31 December 2024 (2022: in KHR at 7% and currencies other than KHR at 9%).

(ii) Capital guarantee

Pursuant to Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001 issued by the NBC, banks are required to maintain 10% of its paid-up capital as a statutory deposit with the NBC. 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.

(iii) Interest rate

	2023	2022
Reserve requirement	Nil	Nil
Capital guarantee	1.33%	1.90%

11 Property and equipment

	2023				2022					
	Leasehold improvements	Office furniture and equipment	Computer equipment	Motor vehicles	Total	Leasehold improvements	Office furniture and equipment	Computer equipment	Motor vehicles	Total
Cost										
As at 1 January 2023	784,632	44,186	118,243	-	947,061					
Additions	120,489	9,916	226,026	110,000	466,431					
As at 31 December 2023	905,121	54,102	344,269	110,000	1,413,492					
Accumulated depreciation										
As at 1 January 2023	17,311	11,576	103,172	-	132,059					
Depreciation	169,870	7,859	16,599	22,000	216,328					
As at 31 December 2023	187,181	19,435	119,771	22,000	348,387					
Net book value	717,940	34,667	224,498	88,000	1,065,105					
In KHR'000 (Note 4.1)	2,932,785	141,615	917,074	359,480	4,350,954					

	2023		2022		
	Leasehold improvements	Office furniture and equipment	Computer equipment	Motor vehicles	Total
Cost					
As at 1 January 2022	4,304	10,598	102,016	-	116,918
Additions	780,328	33,588	16,227	-	830,143
As at 31 December 2022	784,632	44,186	118,243	-	947,061
Accumulated depreciation					
As at 1 January 2022	2,152	5,299	51,008	-	58,459
Depreciation	15,159	6,277	52,164	-	73,600
As at 31 December 2022	17,311	11,576	103,172	-	132,059
Net book value	767,321	32,610	15,071	-	815,002
In KHR'000 (Note 4.1)	3,159,061	134,255	62,047	-	3,355,363

12 Leases

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

The Bank leases lease two office spaces for its head office and branch operations. Rental contracts are typically made for fixed periods for 2 to 10 years. The leases have escalation clause and renewal rights. On renewal, the terms of the leases are renegotiated.

The Bank has recognised right-of-use assets for these leases, except for short-term leases (12 months or less) and leases for which the underlying asset is of low value (less than USD5,000).

(i) Amounts recognised in the statement of financial position

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Right-of-use assets				
Cost				
As at 1 January	1,292,502	5,321,231	1,292,502	5,265,653
Currency translation differences	-	(41,360)	-	55,578
As at 31 December	1,292,502	5,279,871	1,292,502	5,321,231
Accumulated depreciation				
As at 1 January	239,437	985,762	70,707	288,060
Depreciation	168,730	693,480	168,730	689,600
Currency translation differences	-	(11,879)	-	8,102
As at 31 December	408,167	1,667,363	239,437	985,762
Net book value	884,335	3,612,508	1,053,065	4,335,469

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Lease liabilities				
Additions	1,053,838	4,338,651	1,182,860	4,818,972
Interest expense	80,497	330,843	91,595	374,349
Payments	(220,616)	(906,732)	(220,617)	(901,662)
Currency translation differences	-	(30,220)	-	46,992
As at 31 December	913,719	3,732,542	1,053,838	4,338,651

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Lease liabilities				
Less than one year	220,616	901,216	220,617	908,280
One to five years	720,000	2,941,200	796,617	3,279,672
More than five years	273,178	1,115,932	408,509	1,681,832
	1,213,794	4,958,348	1,425,743	5,869,784
Less: Future finance charges	(300,075)	(1,225,806)	(371,905)	(1,531,133)
Present value of minimum lease payments	913,719	3,732,542	1,053,838	4,338,651

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Lease liabilities				
Current	220,616	901,216	220,617	908,280
Non-current	993,178	4,057,132	1,205,126	4,961,504
	1,213,794	4,958,348	1,425,743	5,869,784

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Depreciation charge (Note 25)	168,730	693,480	168,730	689,600
Expense relating to leases of low-value assets, excluding short-term leases (Note 26)	13,785	56,656	19,177	78,376
Interest expense (Note 21)	80,497	330,843	91,595	374,349
	263,012	1,080,979	279,502	1,142,325

(iii) Amounts recognised in the statement of cash flows

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Total cash outflow for leases	220,616	906,732	220,617	901,662

13 Intangible assets

2023

	Computer software	Work in progress	Total	
	US\$	US\$	US\$	KHR'000
Cost				
As at 1 January	1,385,482	-	1,385,482	5,704,029
Additions	50,800	243,521	294,321	1,209,659
Currency translation differences	-	-	-	(51,693)
As at 31 December	1,436,282	243,521	1,679,803	6,861,995
Accumulated amortisation				
As at 1 January	120,229	-	120,229	494,982
Amortisation	146,452	-	146,452	601,918
Currency translation differences	-	-	-	(7,508)
As at 31 December	266,681	-	266,681	1,089,392
Net book value	1,169,601	243,521	1,413,122	5,772,603

2022

	US\$	KHR'000 (Note 4.1)
Cost		
As at 1 January	814,103	3,316,656
Additions	571,379	2,335,226
Currency translation differences	-	52,147
As at 31 December	1,385,482	5,704,029
Accumulated amortisation		
As at 1 January	15,086	61,460
Amortisation	105,143	429,719
Currency translation differences	-	3,803
As at 31 December	120,229	494,982
Net book value	1,265,253	5,209,047

14 Other assets

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Prepayment	3,725,000	15,216,625	51,162	210,634
Advance	1,081,246	4,416,890	415,000	1,708,555
Deposits	-	-	79,413	326,943
	4,806,246	19,633,515	545,575	2,246,132

15 Other liabilities

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Amount due to related party (Note 32 (c))	-	-	819,513	3,373,935
Taxes payable	37,283	152,301	7,666	31,561
Others	195,614	799,083	114,246	470,351
	232,897	951,384	941,425	3,875,847

16 Deposits from customers

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Current accounts	6,746,418	27,559,118	-	-
Saving accounts	1,344,165	5,490,914	-	-
Fixed deposits	8,225,330	33,600,473	-	-
	16,315,913	66,650,505	-	-
Accrued interest payables	39,062	159,568	-	-
	16,354,975	66,810,073	-	-

Deposits from customers are analyzed as follows:

A. By maturity:

Please refer to liquidity on financial risk management

B. By currency:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
US\$	16,313,710	66,641,505	-	-
KHR	41,265	168,568	-	-
	16,354,975	66,810,073	-	-

C. By residency status:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Residents	15,347,200	62,693,312	-	-
Non-residents	1,007,775	4,116,761	-	-
	16,354,975	66,810,073	-	-

D. By relationship:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Related party	663,025	2,708,457	-	-
Non-related party	15,691,950	64,101,616	-	-
	16,354,975	66,810,073	-	-

E. By interest rate (per annum):

	2023	2022
Current accounts	Nil	Nil
Saving accounts	0.25% to 3.5%	Nil
Fixed deposits	1.5% to 8%	Nil

17 Deposits from other banks

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Current accounts	1,177,930	4,811,844	-	-
Fixed deposits	17,000,000	69,445,000	-	-
	18,177,930	74,256,844	-	-
Accrued interest payables	200,060	817,245	-	-
	18,377,990	75,074,089	-	-

Deposits from other banks are analyzed as follows:

F. By maturity:

Please refer to liquidity on financial risk management

G. By currency:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
US\$	18,200,747	74,350,051	-	-
KHR	177,243	724,038	-	-
	18,377,990	75,074,089	-	-

H. By residency status:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Residents	18,377,990	75,074,089	-	-

I. By relationship:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Related parties	18,377,990	75,074,089	-	-

J. By interest rate (per annum):

	2023	2022
Current accounts	Nil	Nil
Saving accounts	0.25% to 3.5%	Nil
Fixed deposits	1.5% to 8%	Nil

18 Bank overdraft

The Bank entered into credit facility agreement with a local commercial bank to obtain an overdraft facility for a maximum amount of USD 5,000,000. It is repayable within 12 months from the drawdown of the facility, bearing interest at the rate of 8% per annum or fixed deposit rate plus margin 1% per annum.

19 Subordinated debt

Subordinated debt represents a 10-year unsecured borrowing from Ms. Jiang Yifei with a total amount of KHR29,800,000,000, which was approved by the NBC on 24 November 2023, and repayable based on the agreed schedules stated in the loan agreement.

20 Share capital

The total authorised numbers of shares of the Bank as at 31 December 2023 was USD 75,000,000 (2022: USD 75,000,000) with a par value of 1 USD per share (2022: USD 1 per share). All authorised shares are issued and fully paid up in year 2022.

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
At 1 January	75,000,000	308,775,000	75,000,000	305,550,000
Currency translation difference	-	(2,400,000)	-	3,225,000
At 31 December	75,000,000	306,375,000	75,000,000	308,775,000

	2023			2022		
	Number of shares	%	US\$	Number of shares	%	US\$
Chen Bo	73,500,000	98%	73,500,000	73,500,000	98%	73,500,000
Jiang Yifei	750,000	1%	750,000	750,000	1%	750,000
Thiem Sounay	750,000	1%	750,000	750,000	1%	750,000
At 31 December	75,000,000	100%	75,000,000	75,000,000	100%	75,000,000
In KHR'000			306,375,000			308,775,000

21 Net interest income

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Interest income from financial assets at amortised cost:				
Loans to customers	2,029,135	8,339,745	492,444	2,012,619
Deposits and placements with other banks	94,543	388,572	25,447	104,002
Deposits and placements with the NBC	2,016,507	8,287,843	893,187	3,650,455
Fair value of security deposit of land lease	-	-	4,585	18,739
Total interest income	4,140,185	17,016,160	1,415,663	5,785,815

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Interest expense on financial liabilities at amortised cost:				
Deposits from customers	(270,448)	(1,111,541)	-	-
Lease liabilities (Note 12 (ii))	(80,497)	(330,843)	(91,595)	(374,349)
Subordinated debt	(46,077)	(189,376)	-	-
Total interest expense	(397,022)	(1,631,760)	(91,595)	(374,349)
Net interest income	3,743,163	15,384,400	1,324,068	5,411,466

22 Other gains – net

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Gain on foreign exchange	21,199	87,128	1,588	6,490

23 Impairment losses on financial instruments

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
<i>Expected credit loss (ECL):</i>				
Loans to customers	103,137	423,893	342,041	1,397,922
Deposits and placements with other banks	739,704	3,040,184	123,166	503,379
	842,841	3,464,077	465,207	1,901,301

24 Personnel expenses

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Salaries and wages	1,143,792	4,700,985	449,423	1,836,792
Bonuses and incentive	248,783	1,022,498	33,854	138,361
Seniority payments	65,143	267,738	25,199	102,988
Other employee benefits	82,037	337,172	12,957	52,956
	1,539,755	6,328,393	521,433	2,131,097

25 Depreciation and amortisation

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Depreciation charge on property and equipment (Note 11)	216,328	889,108	73,600	300,803
Depreciation charge on right-of-use assets (Note 12)	168,730	693,480	168,730	689,600
Amortisation charge on intangible assets (Note 13)	146,452	601,918	105,143	429,719
	531,510	2,184,506	347,473	1,420,122

26 Other operating expenses

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Professional fees	564,626	2,320,613	8,300	33,922
Repairs and maintenance	232,259	954,584	191,550	782,865
Tax expenses	68,291	280,676	61,178	250,034
Office supplies	63,730	261,930	51,989	212,479
Business and public relations	54,935	225,783	5,451	22,278
Marketing and advertising	52,310	214,994	3,285	13,426
Utilities	45,858	188,476	28,209	115,290
Traveling	43,795	179,997	1,784	7,291
Staff meal	42,372	174,149	14,295	58,424
License fees	36,620	150,508	27,764	113,471
Audit fees	23,000	94,530	12,500	51,088
Communication	14,804	60,844	13,612	55,632
Membership	14,365	59,040	29,244	119,520
Rental	13,785	56,656	19,177	78,376
Others	87,030	357,696	38,541	157,518
	1,357,780	5,580,476	506,879	2,071,614

27 Income tax expense

a) Applicable rate

The Bank has an obligation to pay tax on income at the rate of 20% of taxable income or a minimum tax at 1% of annual turnover, whichever is higher. The minimum tax is an annual tax with a liability equal to 1% of gross revenue and is due irrespective of the tax position of the Bank.

b) Income tax payable

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
At 1 January	14,157	58,284	-	-
Recognised in profit or loss	47,563	195,484	14,157	57,860
Income tax paid	(46,788)	(192,299)	-	-
Currency translation differences	-	(472)	-	424
At 31 December	14,932	60,997	14,157	58,284

c) Income tax expense

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Current income tax	47,563	195,484	14,157	57,860

d) Reconciliation between income tax expenses and accounting loss

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Loss before income tax	(507,524)	(2,085,924)	(515,336)	(2,106,178)
Add: non-deductible expense	183,618	754,671	74,073	302,736
Movement of unrecognized deferred tax assets	(320,240)	(1,316,184)	(589,409)	(2,408,915)
Estimated taxable income	(644,146)	(2,647,437)	(1,030,672)	(4,212,357)
Income tax at 20% (A)	(128,829)	(529,487)	(206,134)	(842,471)
Minimum tax at 1% of revenue (B)	47,563	195,484	14,157	57,860
Estimated current income tax expense (higher of A or B)	47,563	195,484	14,157	57,858

Minimum tax

Under the Cambodian tax regulations, the Bank has an obligation to pay Income Tax at 20% of taxable profit or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher.

e) Unrecognised deferred tax assets

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Unrecognised deferred tax assets arising from:				
Property and equipment and Intangible assets	(114,651)	(468,349)	(105,965)	(436,258)
Impairment losses on financial instruments	89,036	363,712	32,408	133,424
Right-of-use assets	(176,867)	(722,502)	(210,613)	(867,094)
Lease liabilities	182,744	746,509	210,768	867,732
Business losses	548,224	2,239,493	281,648	1,159,545
	528,486	2,158,863	208,246	857,349

Deferred tax assets are not recognized in the financial statements due to the uncertainty of its recoverability..

f) Taxation contingencies

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

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

28 Cash and cash equivalents

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Cash on hand (Note 6)	314,775	1,285,856	3,090	12,722
Deposits and placements with the NBC:				
Current accounts (Note 7)	17,341,907	70,841,690	2,025,447	8,338,765
Deposits and placements with other banks:				
Current accounts (Note 8)	7,797,681	31,853,528	3,903,051	16,068,860
	25,454,363	103,981,074	5,931,588	24,420,347

29 Cash flows information

a) Cash generated from/(used in) operations

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000
Loss before income tax	(507,524)	(2,085,924)	(515,336)	(878,747)
Adjustments for:	531,510	2,184,506	347,473	1,420,122
Depreciation and amortization (Note 25)	842,841	3,464,077	465,207	1,901,301
Impairment losses on financial instruments (Note 23)	(3,743,163)	(15,384,400)	(1,324,068)	(5,411,466)
Net interest income (Note 21)	(507,524)	(2,085,924)	(515,336)	(878,747)
Changes in working capital:				
Loans to customers	(21,217,348)	(87,203,299)	(18,000,000)	(73,566,000)
Reserve requirements	(782,485)	(3,216,013)	-	-
Deposits and placements with other banks	(18,325,625)	(75,318,319)	(40,000,000)	(163,480,000)
Proceed from placements with other banks	20,000,000	82,200,000	-	-
Other assets	(4,260,671)	(17,511,358)	(447,844)	(1,830,338)
Deposits from customers	16,354,975	67,218,947	-	-
Deposits from other banks	18,377,990	75,533,539	-	-
Other liabilities	(705,919)	(2,901,327)	(937,549)	(3,831,763)
Cash generated from/(used in) operating activities	6,564,581	26,980,429	(60,412,117)	(246,904,322)

b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are related to acquisition of right-of-use assets (Note 12).

30 Reconciliation of liabilities arising from financing activities

The changes in the Bank's liabilities arising from financing activities can be classified as follows:

	As at 1 January 2023		Non-cash flow		Cash flows			31 December 2023		
	US\$	Additions	Interest expense		Proceeds	Repayments		Interest paid	US\$	KHR'000 (Note 41)
			US\$			US\$	US\$			
Lease liabilities	1,053,838	-	80,497	-	-	(140,119)	(80,497)	913,719	3,732,542	
Bank overdraft	-	-	3,284	5,000,000	5,000,000	(5,000)	-	4,998,284	20,417,990	
Subordinated debt	-	-	46,077	5,850,673	5,850,673	-	(33,644)	5,863,106	23,950,788	

	As at 1 January 2022		Non-cash flow		Cash flows			31 December 2022		
	US\$	Additions	Interest expense		Proceeds	Repayments		Interest paid	US\$	KHR'000 (Note 41)
			US\$			US\$	US\$			
Lease liabilities	1,182,860	-	91,595	-	-	(129,022)	(91,595)	1,053,838	4,338,651	

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31 Contingent liabilities and commitments

a) Operating lease commitments

The Bank recognised right-of-use assets and lease liabilities for lease contracts where the Bank is a lessee, except for low value (underlying asset is less than USD5,000) and short-term leases (lease term of 12 months or less) (see Note 4.12 and Note 12 for further information). The lease commitments of short-term leases are insignificant.

b) Capital commitments

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Software and development	447,310	1,827,263	-	-
Building	18,000,000	73,530,000	-	-
	18,447,310	75,357,263	-	-

32 Related parties transactions and balances

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

Chen Bo	Shareholder
Jiang Yifei	Shareholder
Thiem Sounay	Shareholder
Key management personnel	All senior management staff of the Bank who make critical decisions in relation to the strategic direction of the Bank

b) Loan to a related party

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Loan to a related party	3,000,000	12,255,000	3,000,000	12,351,000
Interest income	245,442	1,008,768	134,000	547,658

Loan to a related party is unsecured and bear interest at the rate of 8% per annum.

c) Subordinated debt and amount due to a related party

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Jiang Yifei	5,863,106	23,950,788	819,513	3,373,935

Terms of subordinated debt is disclosed in Note 19. Amount due to a related party is unsecured, interest free and repayable on demand.

d) Key management compensation

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Salaries and other benefits	665,622	2,735,706	234,794	959,603

33 Financial risk management

The Bank's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk) and liquidity risk. Taking risks is the core of the financial business, and the operational risks are inevitable consequences of being in business.

The Board of Directors has the overall responsibility for the establishment and oversight of the Bank's risk management framework.

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

The Bank holds the following financial instruments:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Financial assets				
Financial assets at amortised costs				
Cash on hand	314,775	1,285,856	3,090	12,722
Deposits and placements with the NBC	17,341,907	70,841,690	2,025,447	8,338,765
Deposits and placements with other banks - gross	47,477,056	193,943,775	44,781,544	184,365,616
Loans to customers - gross	39,515,626	161,421,331	18,077,444	74,424,837
Other assets*	-	-	79,378	326,799
Total financial assets	104,649,364	427,492,652	64,966,903	267,468,739

*Excludes advance, prepayments and non-refundable deposits

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Financial liabilities				
Financial liabilities at amortised costs				
Deposits from customers	16,354,975	66,810,073	-	-
Deposits from other banks	18,377,990	75,074,089	-	-
Bank overdraft	4,998,284	20,417,990	-	-
Subordinated debt	5,863,106	23,950,788	-	-
Other liabilities*	195,614	799,083	933,759	3,844,286
Not within scope of CIFRS 9				
Lease liabilities	913,719	3,732,542	1,053,838	4,338,651
Total financial liabilities	46,703,688	190,784,565	1,987,597	8,182,937

*Excludes taxes payable

33.1 Credit risk

Credit risk arises as a result of customers' or counterparties' failure to fulfil their financial and/or contractual obligation when they fall due.

The carrying amounts of financial assets in the statement of financial position represent the Bank's maximum exposures to credit risk, before taking any collateral held into account. The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loans portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes and procedures implemented to ensure their compliance with CIFRSs.

The Bank holds collateral against loans to customers in the form of mortgage interests over property and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated, except when a loan is individually assessed as doubtful.

i) Credit risk measurement

Reviews are conducted on a regular basis with updated information on a borrower's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when there are signs of credit deterioration. Approval limit is set based on different type of facilities and type of collaterals.

ii) Risk limit control and mitigation policies

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 collateral for loans to individual customers. The maximum exposure to credit risk is limited to the amounts on the statement of financial position, without taking into account the fair value of any collateral or master netting agreements.

iii) ECL measurement

The Bank has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over debt instrument, and is assessed for impairment based on the following stages:

Stage 1:

When a debt instrument is first recognised, the Bank recognises credit losses based on the twelve month ECL. Stage 1 debt security also includes facilities where the credit risk has improved and security has been

Stage 2:

When a debt instrument has shown a significant increase in credit risk since origination, the Bank recognises an allowance for the lifetime ECL. Stage 2 debt instrument also includes facilities where the credit risk has improved and the instrument has been reclassified from stage 3.

Stage 3:

When a debt instrument is considered as credit impaired, the Bank recognises and allowance for the lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- Probability of default (“PD”) – is an estimate of likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the instrument has not been previously derecognised and is still in the portfolio.
- Loss given default (“LGD”) – is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Bank would expect to receive, including the realisation of any collateral.
- Exposure a default (“EAD”) – represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Significant increase in credit risk

The Bank considers a financial instrument to have experienced a significant increase in credit risk (“SICR”) when one or more of the following quantitative and qualitative criteria have been met.

Below table is the Bank’s quantitative criteria in classifying the status of loans:

Short-term facilities with original term of one year or less:

Days in arrears	Classification	Stage
0-14 days	Performing	1
15-30 days	Underperforming	2
Over 30 days	Non-performing	3

Long-term facilities with original term of more than one year:

Days in arrears	Classification	Stage
0-29 days	Performing	1
30-89 days	Underperforming	2
Over 89 days	Non-performing	3

A grouping of exposures for collective assessment is performed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous.

Certain qualitative criteria are also being considered by the Bank in assessing SICR. These are but not limited to: expectations of forbearance and payment holidays, or covenant breaches; event such as death, unemployment, bankruptcy, or divorce; significant adverse change in business, financial and/or economic conditions in which the borrowers operate (e.g., calamities); and other backstop indicators.

The assessment of SICR incorporates forward-looking information and is performed on an annual basis at a portfolio level. The criteria used to identify SIRC are monitored and reviewed periodically for appropriateness by the Bank's Board of Directors and Executive Director guided by its risk manual.

Inputs, assumptions and estimation techniques

The ECL is measured on either a 12 month or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit impaired. ECL are the discounted product of PD, EAD, and LGD. The ECL is determined by projecting the PD, LGD, and EAD for each future period and for each collective segment. These three components are multiplied together and adjusted by considering forward looking economic information.

Since the Bank is newly established and has only a few loans at the period of modelling, there is insufficient historical data to assess the internal PD, LGD, analysis. Therefore, the Bank has relied on external data as a starting point to assess the PD, LGD by using proxy-based approach. From the financial statements of top banks in Cambodia, the Gross Carrying Amount (GCA) and Expected Credit Losses (ECL) of loans can be obtained. Using GCA and ECL, the implied LGD and PD can be calculated and will be used as a proxy for the Bank. To derive the lifetime PD term structure, the 12-month proxied PD calculated from GCA and ECL will be mapped to S&P default table.

Forward-looking economic information is also included in determining the 12-month and life PD, EAD and LGD. However, given the lack of correlation between ECL and available macroeconomic factors, the impact of macroeconomic factors has not been considered significant within the reporting period. The assumption underling the ECL calculation are monitored and reviewed on an annual basis.

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

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cash on hand	314,775	-	-	314,775	3,090	-	-	3,090
Deposits and placements with the NBC	17,341,907	-	-	17,341,907	2,025,447	-	-	2,025,447
Deposits and placements with other banks - gross	47,477,056	-	-	47,477,056	44,781,544	-	-	44,781,544
Loans to customers - gross	39,515,626	-	-	39,515,626	18,077,444	-	-	18,077,444
Other assets*	-	-	-	-	79,378	-	-	79,378
	104,649,364			104,649,364	64,966,903			64,966,903
Allowance for expected credit losses	(1,308,081)	-	-	(1,308,081)	(465,240)	-	-	(465,240)
Net carrying amount	103,341,283			103,341,283	64,501,663			64,501,663
In KHR'000	422,149,141			422,149,141	265,553,347			265,553,347

*Excludes advance, prepayments and non-refundable deposits

Significant changes in gross carrying amount affecting allowance for ECL

The table below provides information how the significant changes in the gross carrying amount of financial instruments in 2023 and 2022 contributed to the changes in the allowance for ECL.

		2023							
		Stage 1	Stage 2	Total		Stage 1	Stage 2	Stage 3	Total
		12 Month ECL	Lifetime ECL not credit impaired	Stage 3	Total	12 Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
		US\$							
Loans									
As at 1 January									
Transfers to:									
Stage 1		39,515,626	-	-	39,515,626	18,077,444	-	-	18,077,444
Stage 2		-	-	-	-	-	-	-	-
Stage 3		-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December		39,515,626	-	-	39,515,626	18,077,444	-	-	18,077,444
In KHR'000		161,421,331	-	-	161,421,331	74,424,837	-	-	74,424,837

* Excludes advance, prepayments and non-refundable deposits

Significant changes in gross carrying amount affecting allowance for ECL

The table below provides information how the significant changes in the gross carrying amount of financial instruments in 2023 and 2022 contributed to the changes in the allowance for ECL.

	2023				2022				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3		
Deposits and placements with other banks									
As at 1 January					12 Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Lifetime ECL credit impaired	US\$
Transfers to:									
Stage 1									
Stage 2									
Stage 3									
Gross carrying amount as at 31 December									
In KHR'000									
	47,477,056	-	-	47,477,056	44,781,544	-	-	44,781,544	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	47,477,056	-	-	47,477,056	44,781,544	-	-	44,781,544	
	193,943,775	-	-	193,943,775	184,365,616	-	-	184,365,616	

Deposits and placements with other banks
As at 1 January

Transfers to:

Stage 1
Stage 2
Stage 3

Gross carrying amount as at 31 December
In KHR'000

iv) Maximum exposure to credit risk

The following table presents the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments:

Credit risk exposure related to on balance sheet items:	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	KHR'000 (Note 4.1)
Cash on hand	314,775	1,285,856	3,090	12,722
Deposits and placements with the NBC	17,341,907	70,841,690	2,025,447	8,338,765
Deposits and placements with other banks - gross	47,477,056	193,943,775	44,781,544	184,365,616
Loans to customers - gross	39,515,626	161,421,331	18,077,444	74,424,837
Other assets*	-	-	79,378	326,799
Total gross credit exposure	104,649,364	427,492,652	64,966,903	267,468,739
Less: Allowance for expected credit losses	(1,308,081)	(5,343,511)	(465,240)	(1,915,393)
Total net credit exposure	103,341,283	422,149,141	64,501,663	265,553,346

*Excludes advance, prepayments and non-refundable deposits

33.2 Operational risk

The operational risk is the risk of direct or indirect losses which would result from inadequate or failed internal processes, people and systems or from external factors is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the Management.

Operational risk management entails the establishment of clear organisational structure, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation.

33.3 Market risk

Market risk is defined as the uncertainty of market value and earnings from changes in interest rate, exchange rates, market prices and volatilities. Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

The Bank is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the KHR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Bank has maintained a minimum foreign currency exposure ratio in accordance with guidelines issued by the NBC.

i) Foreign currency exchange risk

Concentration of currency risk

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

As at 31 December 2023	US\$	KHR'000 US\$ equivalent (Note 4.1)	Total
Financial assets			
Cash on hand	282,682	32,093	314,775
Deposits and placements with the NBC	17,290,106	51,801	17,341,907
Deposits and placements with other banks - gross	47,143,112	333,944	47,477,056
Loans to customers - gross	32,819,337	6,696,289	39,515,626
Total financial assets	97,535,237	7,114,127	104,649,364
Financial liabilities			
Deposits from customers	16,313,710	41,265	16,354,975
Deposits from other banks	18,200,747	177,243	18,377,990
Bank overdraft	4,998,284	-	4,998,284
Subordinated debt	-	5,850,673	5,850,673
Lease liability	913,719	-	913,719
Other liabilities**	195,614	-	195,614
Total financial liabilities	40,622,074	6,081,614	46,703,773
Net position	56,050,260	1,032,513	57,082,773
In KHR'000	228,965,312	4,217,816	233,183,128


*Excludes advance, prepayments and non-refundable deposits

As at 31 December 2022	US\$	KHR'000 US\$ equivalent (Note 4.1)	Total
Financial assets			
Cash on hand	3,070	20	3,090
Deposits and placements with the NBC	2,025,447	-	2,025,447
Deposits and placements with other banks - gross	44,781,433	111	44,781,544
Loans to customers - gross	18,077,444	-	18,077,444
Other assets*	79,378	-	79,378
Total financial assets	64,966,772	131	64,966,903
Financial liabilities			
Other liabilities**	933,759	-	933,759
Total financial liabilities	933,759	-	933,759
Net position	64,033,013	131	64,033,144
In KHR'000	263,623,915	539	263,624,454

* Excludes advance, prepayments and non-refundable deposits

**Excludes tax payables

The Bank's foreign exchange risk arises from transactions represented by foreign currencies.



The foreign currency exchange risk of the Bank arises from the transactions denominated in foreign currencies.

ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes and may reduce losses in the event that unexpected movements arise. The Management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate re-pricing that may be undertaken; however, Management regularly monitors the mismatch.

The Bank has no financial assets and liabilities with floating interest rates.

The following table indicates the effective interest rates at the reporting date, in which the financial instruments re-price or mature, whichever is earlier:

	1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2023							
Financial assets							
Cash on hand	-	-	-	-	-	314,775	314,775
Deposits and placements with the NBC	17,341,907	-	-	-	-	-	17,341,907
Deposits and placements with other banks - gross	7,854,296	-	39,622,760	-	-	-	47,477,056
Loans to customers - gross	-	-	7,141,556	32,374,070	-	-	39,515,626
Total financial assets	25,196,203	-	46,764,316	32,374,070	-	314,775	104,649,364
Financial liabilities							
Deposits from customers	1,301,462	30,037	3,165,945	5,068,411	-	6,789,120	16,354,975
Deposits from other banks	-	-	17,200,060	-	-	1,177,930	18,377,990
Bank overdraft	-	-	4,998,284	-	-	-	4,998,284
Subordinated debt	-	-	-	-	5,863,106	-	5,863,106
Lease liabilities	-	-	154,993	505,388	253,338	-	913,719
Other liabilities	195,614	-	-	-	-	-	195,614
Total financial liabilities	1,497,076	30,037	25,519,282	5,573,799	253,338	7,967,050	40,840,582
Net position	23,699,127	(30,037)	21,245,034	26,800,271	(253,338)	(7,652,275)	63,808,782
In KHR'000	96,810,933	(122,701)	86,785,964	109,479,109	(1,034,886)	(31,259,543)	260,658,875

As at 31 December 2022
Financial assets

Cash on hand
Deposits and placements
with the NBC
Deposits and placements
with other banks - gross
Loans to customers - gross
Other assets

Total financial assets

Financial liabilities

Lease liabilities
Other liabilities

Total financial liabilities

Net position

In KHR'000

	1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	
	-	-	-	-	-	3,090	3,090
	2,025,447	-	-	-	-	-	2,025,447
	4,781,544	-	40,000,000	-	-	-	44,781,544
	-	-	-	18,077,444	-	-	18,077,444
	4,571	-	-	21,499	53,308	-	79,378
	6,889,006	-	40,000,000	18,021,499	53,308	3,090	64,966,903
	-	-	148,787	541,976	363,075	-	1,053,838
	933,759	-	-	-	-	-	933,759
	933,759	-	148,787	541,976	363,075	-	1,987,597
	5,955,247	-	39,851,213	17,479,523	(309,767)	3,090	62,979,306
	24,517,752	-	164,067,444	71,963,196	(1,275,311)	12,722	259,285,803

Fair value sensitivity analysis for fixed rate instruments

The Bank does not account for any fixed rate liabilities at fair value through profit or loss, and the Bank does not have derivatives as at the period end. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

33.4 Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the Management of the Bank closely monitors all inflows and outflows and the maturity gaps through periodical reporting.

The following table provides an analysis of the assets and liabilities of the Bank into relevant maturity groupings, including instalment due.

The following table shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

	1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2023							
Financial assets							
Cash on hand	314,775	-	-	-	-	-	314,775
Deposits and placements with the NBC	17,341,907	-	-	-	-	-	17,341,907
Deposits and placements with other banks - gross	7,854,296	-	39,622,760	-	-	-	47,477,056
Loans to customers - gross	-	-	7,141,556	32,374,070	-	-	39,515,626
Other assets	-	-	-	-	-	-	-
Total financial assets	25,510,978	-	46,764,316	32,374,070	-	-	104,649,364
Financial liabilities							
Deposits from customers	8,090,582	30,037	3,165,945	5,068,411	-	-	16,354,975
Deposits from other banks	1,177,930	-	17,200,060	-	-	-	18,377,990
Bank overdraft	-	-	4,998,284	-	-	-	4,998,284
Subordinated debt	-	-	-	-	5,863,106	-	5,863,106
Lease liabilities	-	-	220,616	720,000	273,178	-	1,213,794
Other liabilities	195,614	-	-	-	-	-	195,614
Total financial liabilities	9,464,126	30,037	25,584,905	5,788,411	6,136,284	-	47,003,763
Net position	16,046,852	(30,037)	21,179,411	26,585,659	(6,136,284)	-	57,645,601
In KHR'000	65,551,389	(122,701)	86,517,894	108,602,419	(25,066,720)	-	235,482,281

As at 31 December 2022**Financial assets**

Cash on hand
Deposits and placements
with the NBC
Deposits and placements
with other banks - gross
Loans to customers - gross
Other assets

Total financial assets**Financial liabilities**

Lease liabilities
Other liabilities

Total financial liabilities**Net position**

In KHR'000

	1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cash on hand	3,090	-	-	-	-	-	3,090
Deposits and placements with the NBC	2,025,447	-	-	-	-	-	2,025,447
Deposits and placements with other banks - gross	3,976,259	-	40,805,285	18,077,444	-	-	44,781,544
Loans to customers - gross	-	-	-	21,499	-	-	18,077,444
Other assets	4,571	-	-	53,308	-	-	79,378
Total financial assets	6,009,367	-	40,805,285	18,098,444	53,308	-	64,966,903
Financial liabilities							
Lease liabilities	-	-	220,617	796,617	408,509	-	1,425,743
Other liabilities	933,759	-	-	-	-	-	933,759
Total financial liabilities	933,759	-	220,617	796,617	408,509	-	2,359,502
Net position	5,075,608	-	40,584,668	17,302,326	(355,201)	-	62,607,401
Total	20,896,277	-	167,087,079	71,233,676	(1,462,363)	-	275,754,670

33.5 Fair value of financial assets and liabilities

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

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

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

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

The fair value of the Bank's financial instruments such as balances with the NBC and other banks, loans to customers, statutory deposits with the NBC, other assets, deposits from customers, bank overdraft, subordinated, lease liabilities and other liabilities are not materially sensitive to shifts in market interest rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

Lease liabilities

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

Fair value hierarchy

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

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

33.6 Capital management

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

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

The NBC 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 ratios.

The table below summarises the composition of regulatory capital:

	2023		2022	
	US\$	KHR'000 (Note 4.1)	US\$	
Tier 1 capital				
Share capital	75,000,000	306,375,000	75,000,000	308,775,000
Accumulated losses	(1,963,327)	(8,020,188)	(1,408,240)	(5,738,780)
Less: Intangible assets	(1,413,122)	(5,772,603)	(1,265,253)	(5,209,047)
Less: Loan to a related party	(3,000,000)	(12,255,000)	(3,000,000)	(12,351,000)
	68,623,551	280,327,209	69,326,507	285,476,173
Tier 2 complementary capital				
Subordinated debt	5,863,106	23,950,788	-	-
General provision	393,663	1,608,113	180,000	741,060
	6,256,769	25,558,901	180,000	741,060
Total capital Tier I + Tier II	74,880,320	305,886,110	69,506,507	286,217,233

34 Subsequent events to the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

35 Authorisation of financial statements

The financial statements as at 31 December 2023 and for the year then ended were approved for issue by the Board of Directors on 28 March 2024.

