

Sacombank



ANNUAL REPORT
2022
Sacombank (Cambodia) Plc.

SACOMBANK (CAMBODIA) PLC.

Report of The Board of Directors and
Audited financial statements in accordance with
Cambodian International Financial Reporting Standards

as at 31 December 2022 and for the year then ended

TABLE OF CONTENTS

EDITORIAL TEAM

Chief Editor

Mr. NGUYEN NHI THANH

*Vice Chairman
cum General Director*

Deputy Chief Editor

Mr. PHUNG THAI PHUNG

*Member of the BODs cum Deputy
General Director*

Graphic Designer

Mr. TANG CHHENG

Design Officer

Mr. CHHORM RATH

Design Officer

SACOMBANK (CAMBODIA) PLC.

- | | |
|-------|---|
| 1 | Mission - Vision - Core Values |
| 2 - 3 | Sacombank (Cambodia) Plc. Milestones |
| 4 - 5 | Statement of the Chairman of the Board of Directors |
| 6 - 7 | Introduction of Sacombank (Cambodia) Plc. |
| 8 - 9 | Event Highlights |

ORGANIZATION

- | | |
|----|--|
| 10 | Organization Chart |
| 11 | Introduction of the Board of Directors |
| 12 | Introduction of the Board of Managements |

REPORTS

- | | |
|---------|----------------------------------|
| 13 - 16 | Report of the Board of Directors |
|---------|----------------------------------|

AUDITED FINANCIAL STATEMENTS

- | | |
|---------|-----------------------------------|
| 17 - 18 | Independent auditor's report |
| 19 | Statement of financial position |
| 20 | Statement of comprehensive income |
| 21 | Statement of changes in equity |
| 22 - 23 | Statement of cash flows |
| 24 - 80 | Notes to the financial statements |

MISSION

To be the leading Vietnamese bank and top ten retail bank in Cambodia.

VISION

- Constantly maximize value for clients and shareholders.
- Bring value to staff in terms of career development and wealth.
- Contribute to the development of the community.

CORE VALUES

1. Pioneering to be an explorer and accept challenges to discover new horizons;
2. Novel, Dynamic and Innovative to turn difficulties and challenges into growth opportunities;
3. High Commitment with the highest professionalism, dedication and prestige towards clients and partners.
4. Social Responsibility under its slogan: Sacombank and the Community - "Growing Together".
5. Making a Difference with innovative breakthroughs in Products, Business Methods and Corporate Governance Models.



SACOMBANK (CAMBODIA) PLC. MILESTONES



23 June 2009

Sacombank opened its Phnom Penh Branch, making it the 27th foreign bank to operate in Cambodia and the first Vietnamese bank to invest in the country. In pioneering the entry into the Cambodian banking sector, Sacombank Phnom Penh branch has contributed to an increase in cross-border trade between Cambodia and Vietnam. This event marks another miles in the bank's growth in Indochina region.

08 December 2010

Sacombank celebrated the grand opening of the first sub-branch in Phnom Penh - Olympic sub-branch, located at one of the busiest trading areas in the city. The sub-branch supports to fulfil a high demand of financial services in the Olympic Supermarket area by providing key products and services such as trade finance, business loan, and money transfer.



30 August 2011

Sacombank continued to expand branch network as a part of its expansion strategy in Phnom Penh by opening the second sub-branch, located at Vietnamese Supermarket. The new branch creates significant opportunities for individual and business clients in the surroundings (Supermarket) through diversified products and services and its convenient location particularly.

05 September 2011

Sacombank opened its third sub-branch in the western part of Phnom Penh city, located at Chbar Ampeou market area. As one of the crowded area in the city, where economic development is growing rapidly, Chbar Ampeou sub-branch has the opportunity to contribute to the improvement of the business conditions of market vendors.



01 October 2011

The Board of Directors announced to transform its Phnom Penh branch into wholly-owned subsidiary of Sacombank under the approval of National Bank of Cambodia and support of State Bank of Vietnam. This important event marked the transition to a new phase in the development and performance improvement strategy of Sacombank in Cambodia, thus further promoting the good trading relationship of the business communities between Vietnam and Cambodia.

22 March 2012

For the first time, Sacombank (Cambodia) Plc. (Sacombank Cambodia) started outreaching to one of the busiest trading hubs outside the capital city by opening a branch in Kampong Cham province. Besides the key products and services to meet the financial demands of local clients, the newest branch provides quick money transfer services between Kampong Cham and Phnom Penh, increasing the trading capacity between the country's two biggest economic hubs.



26 November 2012

In the response to strong demands from the bank's clients, Sacombank Cambodia moved its Vietnamese Supermarket Branch to a larger office located at 537 A-B Monivong Boulevard, Phnom Penh under the name of Preah Monivong branch. The creation of a new transaction office in the city centre is the right thing to support the continuous expansion of the bank. The new office has a perfect location where the economic development, strategy and growth potential exist.



06 December 2012

Sacombank Cambodia kicked-off cross-border trade payment service, aims to streamline the process for settling cross-border trade in the Vietnam Dong and enables Cambodian enterprises to conduct cross-border trade in Vietnam Dong electronically without holding an account in the currency. Vice versa, Cambodia suppliers can also receive their payment from Vietnam buyer directly in Khmer Riel.

17 January 2013

As a focal point for network expansion strategy, Sacombank Cambodia continued to expand its branch network in Phnom Penh by inaugurating Phsar Heng Ly branch, bringing its broad range of banking products & services to the surrounding community of the major market.



24 June 2013

Sacombank Cambodia announced the opening of Pochentong branch in the western part of Phnom Penh city. This branch is Sacombank Cambodia's 7th entity in the country, complementing Head Office and 5 branches: Olympic, Preah Monivong, Chbar Ampeou, Kampong Cham, Phsar Heng Ly.

23 April 2014

In order to support the business economy development of one of the most active city in the southern of Phnom Penh. Sacombank Cambodia announced the opening of Takhmao Branch. This is the eighth entity in the country and is the second entity outside Phnom Penh. Continued showing our commitment to expand in the country.



28 September 2017

In order to further expand network and banking services in Cambodia, Sacombank Cambodia organized the Grand Opening of Siem Reap Branch. Sacombank Cambodia now have 1 Head Office and 8 Branches, this will make customer easier in using our service and the daily trade payment of enterprises in Cambodia with Sacombank and therefore enhance their trading capacity.

22 June 2019

On June 22, 2019, Sacombank Cambodia successfully organized the "10th Anniversary of Sacombank Cambodia". It's been 10 years since Sacombank opened its first Phnom Penh branch on 23/06/2009, making it the first Vietnamese bank to expand its business in Cambodia. This pioneering step is a fundamental condition for Sacombank to build an impressive featured brand in this country and provide comprehensive financial solutions to clients and support the Cambodian - Vietnamese business community.



29 August 2020

Sacombank Cambodia officially launches Sacombank Cambodia Mobile Banking (SC mBanking) – the mobile banking application with the latest modern technology. With SC mBanking, clients will be able to do online banking transaction anytime, anywhere without going to the bank. SC mBanking is now available for downloading at Apple's App Store and Google's Play Store and completely free of charge.

STATEMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



“

The challenges posed by the unpredictable evolution of the epidemic with the appearance of new strains, as well as the economic outlook and global inflation in 2022, are difficult to forecast. These challenges pose difficulties that the banking industry must face. To face these challenges, Sacombank Cambodia continues to innovate in its thinking and perfect its actions, guided by the Board of Directors' decisive direction, and the responsible implementation of the Board of Management. Additionally, the bank relies on the consensus of all employees, as well as the trust from clients and partners. In 2022, Sacombank Cambodia has remained strong against the challenges of the market economy, maintaining operational efficiency and achieving encouraging results.

With endeavour of the management and employees of Sacombank Cambodia, the key targets of the business plan have exceeded in 2021.

- Total assets reached USD 255.76 million as of December 31, 2022
- Total revenue reached USD 22.6 million, up 13.6% compared to 2021
- Profit before tax reached USD 7.31 million, up 57% compared to 2021
- Total deposits reached USD 182.15 as of December 31, 2022
- Total loans reached USD 175.26 million, up 21.9% compared to 2021
- Total service revenue reached USD 6.96 million, up 5.2% compared to 2021

To continue growing its experience and improving client satisfaction, Sacombank Cambodia is promoting the digitization of all business activities to improve efficiency and productivity for all employees. This will support and control the business activities. Over the past year, Sacombank Cambodia has completed the upgrade of its core banking system from version T24 R16 to the latest version T24 R21. The bank has also added new features and utilities on its SC mBanking application. The bank has upgraded various systems such as the Fast Pay interbank payment system to version 2.0, completed the EDC electricity bill payment system, upgraded the CMS credit management system with many new functions, built a KPI tracking system, and improved the new version of the Edoc internal information storage application page with a modern interface that is easy to query.

In addition to efforts to digitize operations, Sacombank Cambodia is constantly improving its product quality and deploying a series of promotions to connect with existing clients and attract new ones. Our focus will be on optimizing services, ensuring fast cross-border payments across the three Indochina countries, promoting the advantages of Sacombank's extensive network, and contributing to increased service revenue for Sacombank Cambodia in 2022.

Sacombank Cambodia is gradually affirming its position as a modern retail bank, providing clients with a satisfying experience. It is ready to spread superior value, connect and accompany the development of the community and society.

Entering 2023, with a team of enthusiastic and young people who inherit the quintessence and promote internal strength, Sacombank Cambodia will become more and more brave, confident, and sustainably developed. The bank aspires to reach out further and reap new brilliant successes, contributing to the success of the entire Sacombank system as well as the general development of the banking sector in Cambodia.

To achieve such encouraging results as today, Sacombank Cambodia would like to thank the great contributions of all staff and sincere thanks to the monitoring and support of the National Bank of Cambodia and the authorities at all levels.

On behalf of the Board of Directors of Sacombank Cambodia, I would like to sincerely thank all the partners and clients who have been with us through each period, and above all Sacombank Cambodia would like to express sincere thanks for the profound guidance, valuable support, and attention from the Board of Directors of the mother bank. This has helped Sacombank Cambodia become more perfect and develop strongly.

Sacombank Cambodia would like to thank you!

”



TRINH VAN TY (Mr.)

Chairman of the Board of Directors of Sacombank (Cambodia) Plc.

ធនាគារ សាក្សីប៊ីស៊ី (ខេមបូឌា) ភីអិលធីស៊ី
Sacombank (Cambodia) Plc.
(ភីអិលធីស៊ី)

Sacombank



ធនាគារ
SACOMBANK CAMBODIA
信用卡

Sacombank

អត្រាការប្រាក់បញ្ញើប្រាក់កំណត់
NON-TERM DEPOSIT INTEREST RATE

សម្រាប់លុយបញ្ញើប្រាក់កំណត់
Higher Balance Higher Interest Rate

ធនាគារ
SACOMBANK CAMBODIA
អត្រាការប្រាក់បញ្ញើប្រាក់កំណត់
NON-TERM DEPOSIT INTEREST RATE

INTRODUCTION OF SACOMBANK (CAMBODIA) PLC.

Sacombank is a leading commercial banks in the Vietnam and continuously growing in Cambodia and Laos with more than 18,436 employees and 566 branches in the region.

The bank first established a presence in Cambodia on 23 June 2009 with the opening of its Phnom Penh branch, became the first Vietnamese bank to open its branch in Cambodia. In pioneering the entry into the Cambodian banking sector, Sacombank made a significant contribution in cross-border trade expansion between Cambodia and Vietnam.

After 2 years of operation, Sacombank (Cambodia) Plc. completed local incorporation on 1 October 2011. After the transformation, the bank continuously reforms its operation, cooperates with international strategic partners, develops new products and services to meet the characteristics of local financial market and become a more competitive banking service provider in the kingdom.

English name	:	Saigon Thuong Tin Bank (Cambodia) Plc.
Abbreviated name	:	Sacombank (Cambodia) Plc.
Head office	:	60 Preah Norodom Boulevard, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh.
Telephone	:	(+855) 23 223 423
Email	:	ask-sc@sacombank.com.kh
Website	:	www.sacombank.com.kh
Date of establishment	:	23 June 2009
Chartered capital	:	USD 75,000,000
Number of business locations	:	10

Sacombank (Cambodia) Plc. provides a broad range of banking products and services to private individuals, self-employed clients as well as small and medium sized enterprises. These services include:

- Receipt of demand deposits, term deposits, savings deposits and other types of deposits.
- Issuance of certificates of deposit, bills of exchange, bills of credit.
- Grant of credit in the form of:
 - Lending;
 - Discount and rediscount of commercial instruments and other valuable papers;
 - Bank's guarantee;
 - Other forms of credit granting
- Opening of payment accounts for clients.
- Provision of payment facilities.
- Provision of the following payment services:
 - Rendering domestic payment services, including cheques, payment orders, banker's check, bank collection, letters of credit, entrusted collection and payment services;
 - International payment services and other payment services.

EVENT HIGHLIGHTS

SACOMBANK CAMBODIA AND DAI-ICHI LIFE INSURANCE CAMBODIA MARK THEIR FIRST BANCASSURANCE PARTNERSHIP ANNIVERSARY WITH TOP BRANCHES' AWARD

Phnom Penh 18th May 2022 – Sacombank Cambodia and Dai-ichi Life Insurance Cambodia celebrated their first year’s bancassurance partnership that provides long-term life insurance protection and savings to Cambodian families. The celebration also recognized the achievements of and contributions from Sacombank Cambodia’s top branches in 2021.



SACOMBANK CAMBODIA CONTINUE TO SHARE LOVE VIA THE “AM TINH MUA XUAN” CHARITY PROGRAM

On 21/01/2022, Sacombank Cambodia organized the charity program “Am Tinh Mua Xuan – Nham Dan 2022”, representatives of Sacombank Cambodia came to visit and hand over 100 gifts to 100 families in poor circumstances at the Khmer-Vietnamese Association headquarters.



SACOMBANK CAMBODIA INCREASE SKILL TRAINING FOR EMPLOYEES

In order to consolidate and enhance the quality of employees better serve the client’s needs, Sacombank Cambodia has constantly launched professional training courses, improving expertise and in-depth knowledge for all employees. Especially, there are specialized training courses such as sales skill enhancement, new product training for sales employees, training on prevention of money laundering and terrorist financing, training course on collateral control procedures, and credit record control process after loan approval. In order to create favorable conditions for employees to participate, training courses are conducted in face-to-face and online formats.

SACOMBANK CAMBODIA OFFERS A SPECIAL LOAN PACKAGE THROUGH THE IMPLEMENTATION OF CO-FINANCING SCHEME TO SUPPORT AND BOOST THE RECOVERY OF TOURISM SECTOR

Lately, The Memorandum of Understanding Signing Ceremony of the implementation of co-financing scheme to support and boost the recovery of tourism sector between Sacombank (Cambodia) Plc. and SME Bank of Cambodia Plc. was held to improve access to affordable financing with an interest rate at only 6.5% per annum for Small and Medium Enterprises.



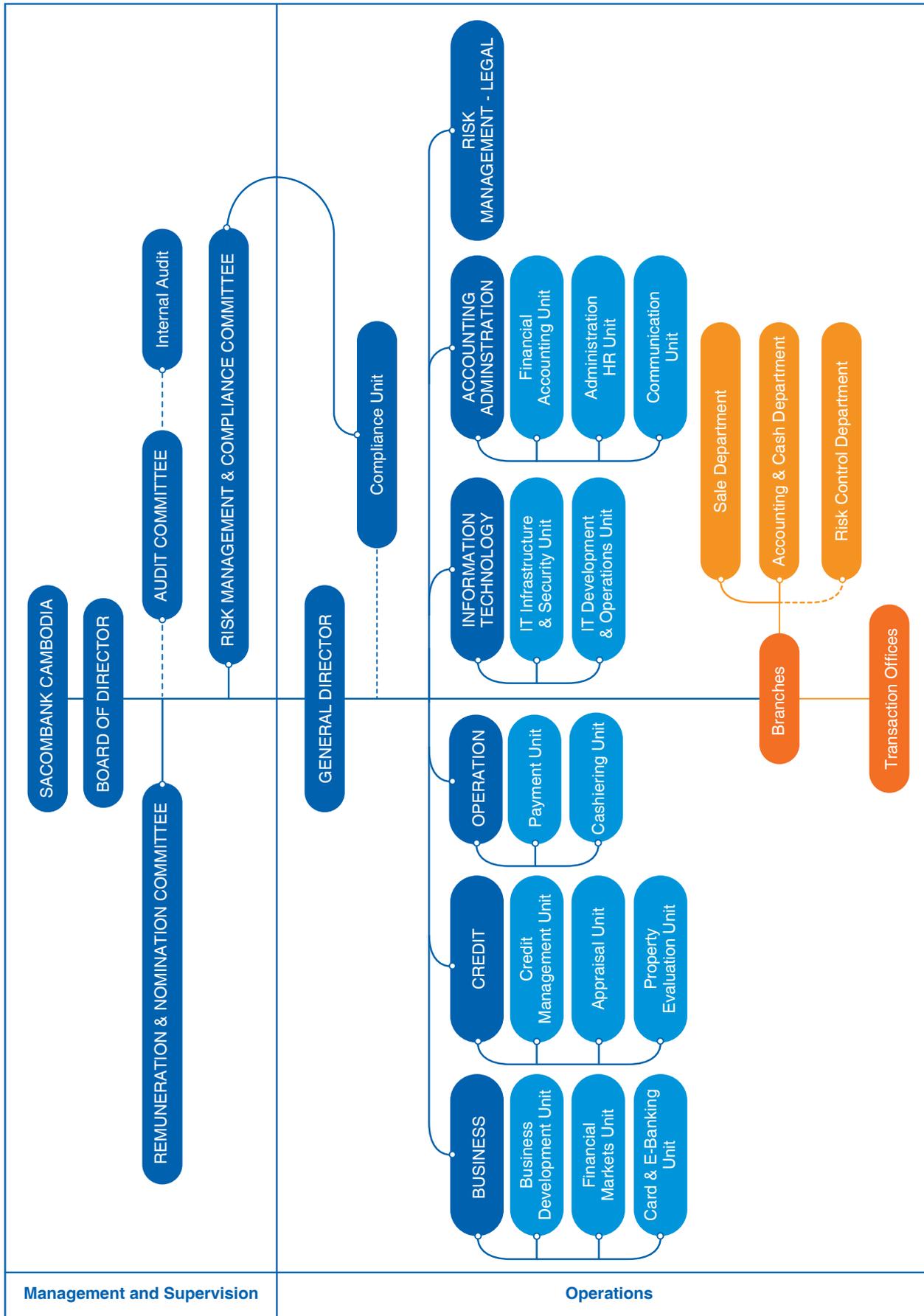
SACOMBANK CAMBODIA SUCCESSFULLY HELD THE YEAR-END CONFERENCE 2022 AND IMPLEMENT THE BUSINESS PLAN FOR 2023

On Saturday, February 25, 2023, Sacombank Cambodia successfully held the Year-End Conference 2022 and implement the business plan for 2023 at Sofitel Phnom Penh.

The conference had a dialogue under the topic: “Strategic vision for Sacombank Cambodia to strongly develop in the future” under the chairmanship of Ms. Nguyen Duc Thach Diem – Permanent Vice Chairwoman of BoDs cum CEO of Sacombank. Sacombank Cambodia employees directly raised questions, suggestions, and recommendations and received direct feedback and support from Sacombank’s senior management.



ORGANIZATION CHART



INTRODUCTION OF THE BOARD OF DIRECTORS



Mr. TRINH VAN TY
Chairman of the Board of Directors

Over 15 year's experience in
Finance and Banking



Mr. NGUYEN NHI THANH
Vice Chairman cum
General Director

Over 33 years' experience in
Finance and Banking



Mr. PHUNG THAI PHUNG
Member of BODs cum Deputy
General Director

Over 20 year's experience in
Finance and Banking



Mr. PHAN HOANG ANH
Member of BODs cum
Deputy General Director

Over 19 year's experience in
Finance and Banking



Mr. CHHUON CHHEN
Member of BODs

Over 20 year's experience in
Finance and Banking



Mr. LY ROTA
Independent Member

Over 8 year's experience in
Finance and Banking

INTRODUCTION OF THE BOARD OF MANagements



Mr. NGUYEN NHI THANH

Vice Chairman cum General Director

*Over 33 years' experience in Finance and Banking
Master Degree of Economics*



Mr. PHAN HOANG ANH

Member of the BODs cum Deputy General Director

*Over 19 years' experience in Finance and Banking.
Bachelor Degree of Banking.*



Mr. PHUNG THAI PHUNG

Member of the BODs cum Deputy General Director

*Over 20 years' experience in Finance and Banking.
Bachelor of Business Administration.*



Mr. CHENG BUNKRY

Deputy General Director

*Over 14 years' experience in Finance and Banking.
Master Business Administration (MBA).*

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Sacombank (Cambodia) Plc. (“the Bank”) is pleased to present its report and the Bank’s financial statements as at 31 December 2022 and for the year then ended.

THE BANK

Sacombank (Cambodia) Plc. (“the Bank”) is a private limited liability company which is wholly owned by Saigon Thuong Tin Commercial Joint Stock Bank (“Parent Bank”), a commercial bank incorporated and registered in Vietnam. The Bank was established and operates in the Kingdom of Cambodia under indefinite banking license No. 27 issued by the National Bank of Cambodia (“NBC”) on 19 June 2009 and the latest registration number 00027054 dated 20 September 2011.

The Bank’s registered office is located at No.60, Preah Norodom Blvd, Sangkat Chey Chumneas, Khan Daun Penh Phnom Penh, Kingdom of Cambodia.

PRINCIPAL ACTIVITIES

The Bank was established to conduct banking activities which include lending to individuals and organizations, acceptance of deposits from individuals and organizations, remittance, foreign currency transactions, the provision of related financial services and other banking services as approved by the NBC.

There were no significant changes to these principal activities during the year.

FINANCIAL RESULTS

The financial results of the Bank during the year are as follows:

	2022		2021	
	US\$	KHR’000 equivalent	US\$	KHR’000 equivalent
Profit before income tax	7,315,885	29,900,024	4,659,620	18,955,333
Income tax expense	(1,733,060)	(7,083,016)	(1,153,874)	(4,693,959)
Net profit for the year	5,582,825	22,817,008	3,505,746	14,261,374
Other comprehensive income	-	2,972,041	-	1,810,815
Total comprehensive income for the year	5,582,825	25,789,049	3,505,746	16,072,189

BANK CAPITAL

The paid-up capital of the Bank as at 31 December 2022 is US\$75,000,000 or KHR305,625,000,000 (2021: US\$75,000,000 or KHR305,625,000,000). There were no movements in share capital of the Bank during the year.

RESERVES AND PROVISIONS

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

REPORT OF THE BOARD OF DIRECTORS (continued)

WRITE OFF AND ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

Before the financial statements of the Bank were drawn up, the Board of Directors took reasonable steps to ascertain that action had been taken to write off financial assets that have no reasonable expectations of recovering the contractual cashflow in their entirety or a portion thereof and to recognize allowance for expected credit losses on financial assets, and satisfied themselves that all known financial assets that have no reasonable expectations of recovering the contractual cash flows were written off and that adequate allowance for expected credit losses on financial assets have been recognized.

At the date of this report and on the best knowledge, the Board of Directors is not aware of any circumstances which would render the amount of allowance for expected credit losses on financial assets in the financial statements of the Bank inadequate in any material respect.

ASSETS

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

At the date of this report, the Board of Directors is not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Bank misleading in any material respect.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No charge on the assets of the Bank, which has arisen since the end of the financial year which secures the liabilities of any other person; and
- 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 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 Board of Directors, will or may have a material effect on the ability of the Bank to meet its obligations as and when they become due.

CHANGE OF CIRCUMSTANCES

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

The results of the operations of the Bank for the reporting year were not, in the opinion of the Board of 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 reporting year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Board of Directors, to affect substantially the results of the operations of the Bank for the current reporting period in which this report is made.

REPORT OF THE BOARD OF DIRECTORS (continued)

SUBSEQUENT EVENTS

There have been no significant events occurring during the period between the end of the reporting year and the date of authorisation of these financial statements, which would require adjustments or disclosures other than those reflected in the financial statements.

THE BOARD OF DIRECTORS

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

<i>Name</i>	<i>Position</i>
Mr. TRINH VAN TY	Chairman
Mr. NGUYEN NHI THANH	Vice Chairman
Mr. CHHUON CHHEN	Member
Mr. PHUNG THAI PHUNG	Member
Mr. PHAN HOANG ANH	Member
Mr. LY ROTH A	Independent Member (From 11 October 2022)
Mr. NGUYEN THUC VINH	Independent Member (To 6 May 2022)

MANAGEMENT

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

<i>Name</i>	<i>Position</i>
Mr. NGUYEN NHI THANH	General Director
Mr. PHAN HOANG ANH	Deputy General Director
Mr. PHUNG THAI PHUNG	Deputy General Director
Mr. CHENG BUNKRY	Deputy General Director (From 2 September 2022)
Mr. HAK SEILA	Deputy General Director (To 18 May 2022)

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Bank.

DIRECTORS' INTEREST

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

REPORT OF THE BOARD OF DIRECTORS (continued)

DIRECTORS' BENEFITS

As at 31 December 2022 and for the year then ended, no arrangement existed, to which the Bank was a party, whose object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other corporate body.

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

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT TO THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). The Board of Directors oversees preparation of these financial statements by management, who is required to:

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

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

The Board of Directors confirms that the management has complied with the above requirements in preparing the accompanying financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors does hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Bank as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs.

On behalf of the Board of Directors



Mr. NGUYEN NHI THANH

General Director

Phnom Penh, Kingdom of Cambodia

31 March 2023

INDEPENDENT AUDITOR'S REPORT

To: The Owner of Sacombank (Cambodia) Plc.

Opinion

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

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

Basis for Opinion

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

Information other than the Financial Statement and Auditor's Report Thereon

The other information obtained at the date of the auditor's report comprises the Report of the Board of Directors as set out in pages 1 to 4. Management is responsible for the other information.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	31 December 2022		31 December 2021	
		US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
ASSETS					
Cash on hand	3	11,833,191	48,717,247	7,901,883	32,192,271
Balances with the National Bank of Cambodia	4	35,349,071	145,532,125	51,805,706	211,056,446
Balances with other banks	5	27,199,009	111,978,320	51,146,228	208,369,733
Equity instruments at fair value through other comprehensive income ("FVOCI")	6	25,000	102,925	25,000	101,850
Loans to customers	7	175,260,550	721,547,684	143,802,560	585,851,629
Other assets	8	1,618,014	6,661,365	1,240,712	5,054,661
Property and equipment	9	1,286,916	5,298,233	1,074,992	4,379,517
Right-of-use assets	10	1,293,835	5,326,719	1,119,606	4,561,275
Intangible assets	11	916,467	3,773,095	605,834	2,468,168
Income tax receivable	15.1	31,251	128,660	-	-
Deferred tax assets	15.2	949,719	3,909,993	2,456,531	10,007,907
TOTAL ASSETS		255,763,023	1,052,976,366	261,179,052	1,064,043,457
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and borrowings from other banks	12	1,932,620	7,956,597	9,917,635	40,404,445
Deposits from customers	13	180,221,096	741,970,252	183,391,864	747,138,454
Lease liabilities	14	1,385,376	5,703,593	1,222,699	4,981,276
Income tax payable	15.1	-	-	3,826	15,587
Other liabilities	16	1,418,808	5,841,233	1,420,730	5,788,053
TOTAL LIABILITIES		184,957,900	761,471,675	195,956,754	798,327,815
EQUITY					
Paid-up capital	17	75,000,000	305,625,000	75,000,000	305,625,000
Accumulated losses		576,373	2,349,000	622,454	2,537,334
Regulatory reserve		(4,771,250)	(18,946,003)	(10,400,156)	(41,951,345)
Cumulative translation differences		-	2,476,694	-	(495,347)
TOTAL EQUITY		70,805,123	291,504,691	65,222,298	265,715,642
TOTAL LIABILITIES AND EQUITY		255,763,023	1,052,976,366	261,179,052	1,064,043,457

The attached notes 1 to 31 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Notes	2022		2021	
		US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Interest income	18	15,544,031	63,528,455	12,964,624	52,740,090
Interest expense	19	(6,679,809)	(27,300,379)	(6,999,716)	(28,474,845)
Net interest income		8,864,222	36,228,076	5,964,908	24,265,245
Fees and commission income	20	7,080,806	28,939,254	6,705,343	27,277,335
Fees and commission expense	20	(116,454)	(475,947)	(87,945)	(357,760)
Net fees and commission income		6,964,352	28,463,307	6,617,398	26,919,575
Other operating (expenses) income	21	(24,705)	(100,969)	231,016	939,773
Total operating income		15,803,869	64,590,414	12,813,322	52,124,593
Personnel expenses	22	(4,907,291)	(20,056,098)	(4,419,929)	(17,980,271)
General and administrative expenses	23	(1,786,755)	(7,302,468)	(1,385,140)	(5,634,750)
Depreciation and amortization	24	(1,034,233)	(4,226,910)	(1,169,791)	(4,758,710)
Operating profit		8,075,590	33,004,938	5,838,462	23,750,862
Provision for expected credit losses	25	(759,705)	(3,104,914)	(1,178,842)	(4,795,529)
Profit before income tax		7,315,885	29,900,024	4,659,620	18,955,333
Income tax expense	15.1	(1,733,060)	(7,083,016)	(1,153,874)	(4,693,959)
Net profit for the year		5,582,825	22,817,008	3,505,746	14,261,374
Other comprehensive income		-	2,972,041	-	1,810,815
Total comprehensive income for the year		5,582,825	25,789,049	3,505,746	16,072,189

The attached notes 1 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

.....

	Paid-up capital		Accumulated losses		Regulatory reserve		Cumulative translation differences		Total	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Balance as at 1 January 2022	75,000,000	305,625,000	(10,400,156)	(41,951,345)	622,454	2,537,334	-	(495,347)	65,222,298	265,715,642
Total comprehensive income for the year	-	-	5,327,215	21,772,330	-	-	-	-	5,327,215	21,772,330
Transfer from regulatory reserve to retained earnings	-	-	46,081	188,334	(46,081)	(188,334)	-	-	-	-
Balance as at 31 December 2022	75,000,000	305,625,000	(4,771,250)	(18,946,003)	576,373	2,349,000	-	2,476,694	70,805,123	291,504,691
Balance as at 1 January 2021	75,000,000	305,625,000	(13,860,270)	(56,027,088)	576,822	2,351,703	-	(2,306,162)	61,716,552	249,643,453
Total comprehensive income for the year	-	-	3,505,746	14,261,374	-	-	-	1,810,815	3,505,746	16,072,189
Transfer from retained earnings to regulatory reserve	-	-	(45,632)	(185,631)	45,632	185,631	-	-	-	-
Balance as at 31 December 2021	75,000,000	305,625,000	(10,400,156)	(41,951,345)	622,454	2,537,334	-	(495,347)	65,222,298	265,715,642

The attached notes 1 to 31 form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Notes	2022		2021	
		US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Cash flows from operating activities					
Profit before income tax		7,315,885	29,900,024	4,659,620	18,955,333
<i>Adjustments for:</i>					
Depreciation and amortization	24	1,034,233	4,226,910	1,169,791	4,758,710
Provision for expected credit losses	25	759,705	3,104,914	1,178,842	4,795,529
Dividend income	21	(19,626)	(80,211)	(23,490)	(95,557)
Gain on disposals of property and equipment	21	-	-	(14,546)	(59,173)
Operating profit before changes in working capital		9,090,197	37,151,637	6,970,217	28,354,842
<i>Changes in working capital:</i>					
Decrease (increase) in operating assets					
Balances with the NBC		1,174,448	4,799,969	(950,112)	(3,865,056)
Balances with other banks		17,626,351	72,038,897	(14,604,971)	(59,413,022)
Loans to customers		(32,217,695)	(131,673,719)	(4,038,412)	(16,428,260)
Other assets		(1,002,676)	(4,097,937)	(835,941)	(3,400,608)
(Decrease) increase in operating liabilities					
Deposits and borrowings from other banks		(7,985,015)	(32,634,756)	6,367,121	25,901,448
Deposits from customers		(3,170,768)	(12,958,929)	(3,510,054)	(14,278,900)
Other liabilities		623,452	2,548,048	969,916	3,945,618
Net cash used in operations		(15,861,706)	(64,826,790)	(9,632,236)	(39,183,938)
Income tax paid	15	(261,325)	(1,068,035)	(216,763)	(881,792)
Net cash used in operating activities		(16,123,031)	(65,894,825)	(9,848,999)	(40,065,730)

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Notes	2022		2021	
		US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Cash flows from investing activities					
Dividend received	21	19,626	80,211	23,490	95,557
Acquisitions of:					
Property and equipment	9	(623,896)	(2,549,863)	(247,773)	(1,007,941)
Computer software	11	(513,000)	(2,096,631)	(340,113)	(1,383,580)
Proceeds from disposal of property and equipment		-	-	14,546	59,173
Net cash used in investing activities		(1,117,270)	(4,566,283)	(549,850)	(2,236,791)
Cash flows from financing activity					
Repayment of principal portion of lease liabilities		(431,446)	(1,763,320)	(407,624)	(1,658,214)
Net decrease in cash and cash equivalents		(17,671,747)	(72,224,428)	(10,806,473)	(43,960,735)
Cash and cash equivalents at beginning of year		66,674,987	271,633,897	77,481,460	313,412,506
Foreign exchange differences		-	2,336,869	-	2,182,126
Cash and cash equivalents at end of year	3	49,003,240	201,746,338	66,674,987	271,633,897
Additional information on operational cash flows from interest:					
Interest received		14,523,283	59,356,658	2,491,123	10,076,593
Interest paid		(6,983,572)	(28,541,857)	(7,345,694)	(29,713,333)

The attached notes 1 to 31 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2022 and for the year then ended

1. BANK INFORMATION

Sacombank (Cambodia) Plc. (“the Bank”) was incorporated and registered in the Kingdom of Cambodia.

Establishment and operations

Sacombank (Cambodia) Plc. (“the Bank”) is a private limited liability company which is wholly owned by Saigon Thuong Tin Commercial Joint Stock Bank (“Parent Bank”), a commercial bank incorporated and registered in Vietnam. The Bank was established and operates in the Kingdom of Cambodia under indefinite banking license No. 27 issued by the National Bank of Cambodia (“NBC”) on 19 June 2009 and the latest registration number 00027054 dated 20 September 2011.

The Bank is established to conduct banking activities which include lending to individuals and organizations, acceptance of deposits from individuals and organizations, remittance, foreign currency transactions and other banking services as approved by the NBC.

There were no significant changes to these principal activities during the year.

Bank Capital

The capital of the Bank as at 31 December 2022 is US\$75,000,000 or KHR305,625,000,000 (2021: US\$75,000,000 or KHR305,625,000,000).

Location

The Bank’s registered office is located at No.60, Preah Norodom Blvd, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

Employees

As at 31 December 2022, the Bank had 263 employees (2021: 258 employees).

Approval of the financial statements

The financial statements were authorized for issue by the Board of Directors on 31 March 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION

The financial statements have been prepared based on the historical cost basis.

2.1 *Functional and presentation currency*

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Bank transacts its business and maintains its accounting records primarily in United States dollar (“US\$”), management has determined the US\$ to be the Bank’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

2.2 *Translation of United States Dollar into Khmer Riel*

The translation of the US\$ amounts into thousands KHR (“KHR’000”) is presented in the financial statements to comply with the Law on Accounting and Auditing using the closing and average rates for the year then ended, as announced by the NBC. This translation should not be construed as a representation that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at each reporting date, whereas income and expense items presented in the statement of comprehensive income are translated at the average rate for the year. All resulting exchange differences are recognized in other comprehensive income (“OCI”).

The Bank’s charter capital is translated at the historical rates of exchange at KHR 4,000 per US\$1.

The financial statements are presented based on applicable exchange rates per US\$1 as follows:

	<i>Closing</i>	<i>Average</i>
31 December 2022	4,117	4,087
31 December 2021	4,074	4,068

2.3 *Fiscal year*

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

2.4 *Presentation of financial statements*

The accompanying financial statements, including their utilization, are not designed for those who are not informed about the Kingdom of Cambodia’s accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Kingdom of Cambodia.

The accounting policies set out below have been consistently applied by the Bank during the year.

2.5 STATEMENT OF COMPLIANCE

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.6 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.6.1 Amendments to CIFRSs issued and adopted by the Bank

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

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to CIAS 37
- Reference to the Conceptual Framework – Amendments to CIFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to CIAS 16
- CIFRS 1 First-time Adoption of CIFRSs – Subsidiary as a first-time adopter
- CIFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities

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

2.6.2 Standards and amendments to CIFRS issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective or early adopted by the Bank, up to the date of issuance of the financial statements of the Bank are disclosed below:

- (i) The Bank intends to adopt the standard when it becomes effective
 - CIFRS 17 - Insurance contracts
- (ii) New and amended standards that are not expected to have material impact on the Bank
 - Definition of Accounting Estimates - Amendments to CIAS 8
 - Disclosure of Accounting Policies - Amendments to CIAS 1 and CIFRS Practice Statement 2
- (iii) New and amended standards that are currently being assessed and determined the impact they will have on the financial statements and accounting policy disclosure.
 - Classification of Liabilities as Current or Non-current – Amendments to CIAS 1
 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to CIAS 12

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.7.1 Revenue recognition

2.7.1.1 The effective interest rate method

Under IFRS 9, revenue from loan to customer is recorded using the effective interest rate (“EIR”) method for all financial instruments measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial instrument.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs, any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognized interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognized the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the fixed rate financial asset or liabilities are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset or liability in the balance sheet with an increase or decrease in interest income/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.1 Revenue recognition (continued)

2.7.1.2 Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

In its Interest income/expense calculated using the effective interest method, the Bank only includes interest on those financial instruments that are set out in *Note 2.7.1.1* above.

The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

2.7.1.3 Fee and commission income

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

Other fee and commission income, including account servicing fees, are recognised as the related services are performed.

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

2.7.2 Expense recognition

Expenses are recognized when it is probable that decrease in future economic benefits related to a decrease in asset or increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of ordinary regular activities of the Bank include, among others, the operating expenses on the Bank's operations. Expenses are recognized as incurred.

- (a) Fee and commission expense are charged to profit or loss when the expense is incurred. Fees on deposits are amortized on a straight-line basis over the term of the related deposits.
- (b) Operating expenses are recognized on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.3 Financial instruments

2.7.3.1 Date of recognition

Financial assets and liabilities, with the exception of loans to customers and deposits, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades - purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances deposits when funds are transferred to the Bank.

2.7.3.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.7.5.1. Financial instruments are initially measured at their fair value (as defined in Note 2.7.4), except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the 'Day 1' profit or loss, as described below.

2.7.3.3 'Day 1' profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognized the difference between the transaction price and fair value in profit or loss. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

2.7.3.4 Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms, measured at either:

- Amortised cost, as explained in Note 2.7.5.1
- FVOCI
- FVPL

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

As at 31 December 2022, the Bank classified its financial assets at amortised cost and financial liabilities were also measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.4 Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as recognized below:

- Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available at the reporting date.
- Level 2 financial instruments - Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3.
- Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as a whole.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

2.7.5 Financial assets and liabilities

2.7.5.1 Balance with other banks, loans to customers and other financial assets at amortized cost

The Bank only measures due from banks, loans to Customers and other financial investments at amortised cost if both of the following conditions are met:

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

The details of these conditions are outlined below.

a. Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- Business strategy for the portfolios;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.5 Financial assets and liabilities (continued)

2.7.5.1 Balance with other banks, loans to Customers and other financial assets at amortised cost (continued)

b. The SPPI test

As a second step of its classification process, the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or recognized of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2.7.5.2 Deposit from other banks and Customers

After initial measurement, deposit from other banks and customer are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR.

2.7.6 Reclassification of financial assets and liabilities

From 1 January 2022, the Bank does not reclassify its financial assets subsequent to the bank's initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.7.7 Derecognition of financial assets and financial liabilities

2.7.7.1 Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to Customers, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in the currency of the loan;
- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.7 Derecognition of financial assets and financial liabilities (continued)

2.7.7.2 Derecognition other than for substantive modification

a. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Bank also derecognised the financial assets if they have both transferred the financial asset, and the transfer qualifies for de-recognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement.

Pass-through arrangements are transactions where the Bank retains the contractual rights to receive the cash flows of a financial asset (the ‘original asset’), but assumes a contractual obligation to pay those cash flows to one or more entities (the ‘eventual recipients’), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest;
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the short settlement period from the collection date to the date of required remittance to the eventual recipients.

A transfer only qualifies for de-recognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset; or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, however, has transferred control of the asset.

In relation to the above, the Bank considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank’s continuing involvement in it. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.7 Derecognition of financial assets and financial liabilities (continued)

2.7.7.2 Derecognition other than for substantive modification (continued)

a. Financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the Bank's continuing involvement is the amount of the transferred asset that the Bank may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

b. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

c. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

2.7.8 Impairment of financial assets

The Bank records the allowance for expected credit losses for all loans and receivables and other debt financial assets not held at FVPL (collectively referred to as 'financial instruments'). Equity instruments are not subject to impairment under CIFRS 9.

ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk ("SICR") since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.8 Impairment of financial assets (continued)

(i) Staging assessment

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The criteria for determining whether an account should be assessed under Stage 1 are as follow: (i) current or past due up to 10 days; instruments with credit risk improved and reclassified from stage 2; or (ii) no significant increase in the probability of default (“PD”). The Bank recognizes a 12-month ECL for Stage 1 financial instruments;
- Stage 2 is comprised of all financial instruments which have experienced a SICR as of reporting date compared to initial recognition. A SICR is generally deemed present in accounts with: (i) more than 10 days up to 30 days past due for short-term and up to 90 days past due for long-term; (ii) special mentioned or substandard for short-term and special mentioned for long-term instruments; instruments with credit risk improved and instruments reclassified from Stage 3. The Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial instruments that have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of an instrument or a portfolio of instruments. The Bank’s criteria for Stage 3 accounts are generally aligned with the definition of “default” which is explained in the next paragraph. The Bank recognizes a lifetime ECL for Stage 3 financial instruments.

(ii) Definition of “default” and “restored”

The Bank classifies loans, receivables, or any financial asset as in default when it is credit impaired, becomes past due on its contractual payments for more than 60 days for short-term loans and 90 days for long-term loans, considered non-performing, refinanced or restructured payments term or is classified as substandard for long-term loans or doubtful or loss for both types. As part of a qualitative assessment of whether a customer is in default, the Bank considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e. restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months.

(iii) Credit risk at initial recognition

At each reporting date, the Bank shall assess whether the credit risk on a loan or credit exposure has increased significantly since initial recognition. The Bank’s assessment of SICR involves looking at (a) quantitative element, (b) qualitative element, and (c) if unpaid for at least 10 days (“backstop”).

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.8 Impairment of financial assets (continued)

(iv) Significant increase in credit risk

At each reporting date, the Bank shall assess whether the credit risk on a loan or credit exposure has increased significantly since initial recognition. The Bank's assessment of SICR involves looking at if unpaid for at least 10 days for both of short-term loans and long-term loans ("backstop").

(v) ECL parameters and methodologies

ECL is a function of the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stages 2 and 3. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Bank segments its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behaviour of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It makes use of defaulted accounts that have either been identified as cured, restructured, or liquidated. The Bank segmented its LGD based on homogenous risk characteristics and calculated the corresponding segment-level averages.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

(vi) Forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, inflation rate and other economic indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The key forward-looking economic variables used in each of the economic scenarios for the ECL calculations are customer price index, government consumption, investment index, national exports, GDP growth, employment rate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.9 Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents consist of cash and bank balances, demand deposits, and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2.7.10 Balances with the NBC

Capital guarantee deposit and reserve balances are maintained with the NBC in compliance with the Cambodian Law on Banking and Financial Institutions determined at defined percentages of minimum share capital and total deposits from Customers, respectively. This account also includes current account carried at cost and interest-bearing term deposit.

2.7.11 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of a property and equipment item comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Where an item of property and equipment comprises, major components having different estimated useful lives, the components are accounted for as separate items of property and equipment.

Subsequent expenditure relating to an item of property and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Gain or loss arising from the retirement or disposal of an item of property and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and is recognized in statement of income on the date of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.11 Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the respective estimated useful lives of these assets, which are as follows:

	Years
Leasehold buildings	2 - 17
Computer equipment	4 - 5
Furniture and equipment	4 - 15
Motor vehicles	4 - 5

Fully depreciated assets are retained in the financial statements until they are no longer in use or no further charge for depreciation is made in respect of these assets.

If there is any indication that there has been a significant change in depreciation or amortisation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

2.7.12 Leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.12 Leases (continued)

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

Leases in which the Bank is a lessee

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

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

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use assets

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

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

The estimated useful of building and office branches for the current period is 5 - 10 years and ATM space for the period is 2 - 4 years.

Lease liabilities

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

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.12 Leases (continued)

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

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

Security deposits paid under leases

To the extent that the deposit is a true deposit and not a prepaid lease payment, the deposit gives the lessee a right to receive the money back in cash from the lessor and is therefore a financial asset for the lessee and a financial liability for the lessor.

Security deposit is initially accounted for at fair value. The excess of the principal amount of the deposit over its fair value is accounted as a prepaid lease payment. The lessee includes this amount in the cost of its right-of-use asset at the lease commencement date. Interest on the deposit, meanwhile, is accounted for using the effective interest method by both the lessee and the lessor. The fair value of the deposit is determined based on the prevailing market rate of interest for a similar loan to the lessor, considering the lessor's credit-worthiness and, depending on facts and circumstances, any additional security available to the lessee.

2.7.13 Other assets

Other assets are carried at estimated realizable value. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

2.7.14 Deposits from banks and deposits from Customers

Deposits from bank and deposits from customer are the Bank's sources of debt funding.

Deposits from bank and deposits from Customers are initially measured at fair value minus incremental direct transactions cost, and subsequently measured at their amortised cost using the effective interest method.

This account also includes current account and interest-bearing term deposit.

2.7.15 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.16 Equity

Paid-up capital

This pertains to contributed capital of the Bank recognized based on the face value of contributions.

Accumulated losses

This account represents cumulative periodic losses of the Bank.

2.7.17 Regulatory reserves

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.17 Employee benefits

In 2018, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No. 443 dated 21 September 2018 mandated the payment of seniority indemnity for unspecified duration contracted employees with implementation guidelines issued on 22 March 2019.

The said Prakas requires retroactive seniority payment equal to fifteen days per year of employee service for a maximum period not exceeding 6 months based on the average net wages for each year. Payment shall be spread over a period beginning December 2021 and every June and December thereafter as follows:

- Equal to three days payable every June, and
- Equal to three days payable every December.

2.7.18 Impairment of non-financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7.19 Related parties

Parties are considered to be related if the Bank has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice-versa, or where the Bank and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related parties, as defined in Article 49 and 50 of the Cambodian Law on Banking and Financial Institutions, include the following:

- (a) any person holding directly or indirectly at least ten percent (10%) of the capital or voting rights;
- (b) any company of which the Bank directly or indirectly holds at least 10% of the capital or voting rights;
- (c) any individual who participates in the administration, direction, management or internal control; and,
- (d) the external auditors.

2.7.21 Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the statement of financial position date.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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 asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Bank financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, the General Director has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial management judgment and/or estimates are collated below with respect to judgments/estimates involved.

2.8.1 *Expected credit losses on financial assets*

The measurement of impairment losses under CIFRS 9 across all categories of financial assets in scope requires judgment, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on an ECL basis;
- The segmentation of financial assets when their ECL or elements of ECL are assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as GDP growth and the overdue rate, and the effect on PDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models;
- The post-model overlays based on a sensitive analysis and Bank's senior management's judgment.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

2.8.2 *Going concern*

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS (continued)

2.8.3 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgments and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

2.8.4 Effective Interest Rate (EIR) method

The Bank's EIR, as explained in Note 2.7.1.1, recognized interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of loans and recognized the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgment regarding the expected recognized and life-cycle of the instruments, as well expected changes to the base rate and other fee income/expense that are integral parts of the instrument.

2.8.5 Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be recognized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with future tax-planning strategies. (Note 15.2)

2.8.6 Determination of the lease term for lease contracts with renewal and termination options (the Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

2.8.7 Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs by reference to interest rates of deposits from customers having term similar as lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

3. CASH ON HAND

Cash on hand by currency comprises the following:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
US\$	11,474,487	47,240,463	6,717,710	27,367,951
KHR	267,701	1,102,125	210,837	858,950
Other currencies	91,003	374,659	973,336	3,965,370
	11,833,191	48,717,247	7,901,883	32,192,271

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

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Cash on hand	11,833,191	48,717,247	7,901,883	32,192,271
Balances with the NBC	14,963,287	61,603,852	30,245,474	123,220,061
<i>In which:</i>				
<i>Current accounts</i>	<i>12,465,568</i>	<i>51,320,743</i>	<i>27,427,542</i>	<i>111,739,806</i>
<i>Term deposits (up to three months)</i>	<i>2,497,719</i>	<i>10,283,109</i>	<i>2,817,932</i>	<i>11,480,255</i>
Balances with other banks	22,207,684	91,429,035	28,527,630	116,221,565
<i>In which: Current accounts</i>	<i>22,207,684</i>	<i>91,429,035</i>	<i>28,527,630</i>	<i>116,221,565</i>
	49,004,162	201,750,134	66,674,987	271,633,897

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Current accounts	12,465,568	51,320,743	27,427,542	111,739,806
Term deposits (i)	2,497,719	10,283,109	2,817,932	11,480,255
Capital guarantee deposit (ii)	7,500,000	30,877,500	7,500,000	30,555,000
Reserve requirement (iii)	12,885,784	53,050,773	14,060,232	57,281,385
	35,349,071	145,532,125	51,805,706	211,056,446

(i) *Term deposits*

The balance represents deposits with the NBC for clearing cheques with original maturities of three months.

(ii) *Capital guarantee deposit*

Under NBC Prakas No. B7-01-136 on the Bank's Capital dated 15 October 2001, banks are required to maintain a statutory deposit of 10.00% of registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations, but it is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA (“NBC”) (continued)

(iii) Reserve requirement

Under NBC Prakas No. B7-020-230 dated 18 March 2020, banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 7.00% of customer deposits in KHR and in currency other than KHR (2021: 7.00%).

Balances with the NBC by currency were as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
US\$	34,295,863	141,196,068	50,714,562	206,611,126
KHR	1,053,208	4,336,057	1,091,144	4,445,320
	35,349,071	145,532,125	51,805,706	211,056,446

Annual interest rates of balances with the NBC are summarized as follows:

	31 December 2022	31 December 2021
	% p.a.	% p.a.
Capital guarantee deposits - US\$	1.19	0.04
Reserve deposits - US\$	0.00	0.00
Term deposits - US\$	2.75	0.07
Term deposits - KHR	1.56	1.55
Current deposits - US\$	0.00	0.00
Current deposits - KHR	0.00	0.00

5. BALANCES WITH OTHER BANKS

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Balance with other banks	27,218,747	112,059,581	51,186,704	208,534,632
Allowance for expected credit losses	(19,738)	(81,261)	(40,476)	(164,899)
	27,199,009	111,978,320	51,146,228	208,369,733

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

5. BALANCES WITH OTHER BANKS (continued)

Movements of allowance for expected credit losses on balance with other banks were as follows:

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
As at 1 January	40,476	164,899	40,287	162,961
(Reversal)/charge during the year	(20,738)	(84,756)	189	770
Foreign exchange differences	-	1,118	-	1,168
As at 31 December	19,738	81,261	40,476	164,899

Balances with other banks by type were as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Current accounts	22,207,684	91,429,035	28,528,041	116,223,239
Term deposits	5,011,063	20,630,546	22,658,663	92,311,393
	27,218,747	112,059,581	51,186,704	208,534,632

Balances with other banks by currency were as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
US\$	23,967,073	98,672,440	47,563,961	193,775,577
KHR	2,828,696	11,645,741	3,171,881	12,922,243
Other currencies	422,978	1,741,400	450,862	1,836,812
	27,218,747	112,059,581	51,186,704	208,534,632

Annual interest rates of balances with other banks were as follows:

	31 December 2022	31 December 2021
	% p.a.	% p.a.
Current deposits	0.00	0.00
Term deposits	4.50 - 5.50	3.20 - 4.00

6. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	31 December 2022			31 December 2021		
	US\$	KHR'000 equivalent	% owned by the Bank	US\$	KHR'000 equivalent	% owned by the Bank
Unlisted equity securities - at cost (*)	25,000	102,925	1%	25,000	101,850	1%

(*) This includes equity securities of a local economic entity which the Bank has no intention to dispose as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

7. LOANS TO CUSTOMERS

Loans to Customers were categorized as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Individual loans	160,776,428	661,916,553	131,266,798	534,780,935
Corporation loans	37,708,500	155,245,895	34,976,365	142,493,711
Total gross amount	198,484,928	817,162,448	166,243,163	677,274,646
Allowance for expected credit losses on loans to Customers	(23,224,378)	(95,614,764)	(22,440,603)	(91,423,017)
Net loans to Customers	175,260,550	721,547,684	143,802,560	585,851,629

An analysis of changes in the gross carrying amount and the corresponding ECL allowances were as follows:

	2022			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Gross carrying amount as at 1 January 2022	129,976,634	1,583,691	34,682,838	166,243,163
New financial assets originated	87,366,595	471,712	2,381,381	90,219,688
Derecognized or repaid financial assets	(53,715,604)	(607,624)	(3,654,695)	(57,977,923)
Transfers to Stage 1	961,447	(465,281)	(496,166)	-
Transfers to Stage 2	(936,061)	970,262	(34,201)	-
Transfers to Stage 3	(10,637,033)	(366,827)	11,003,860	-
Balance at 31 December 2022	153,015,978	1,585,933	43,883,017	198,484,928
KHR'000 equivalent	629,966,781	6,529,286	180,666,381	817,162,448
CIFRS 9, ECL allowance as at 1 January 2022	234,180	119,618	22,086,805	22,440,603
New financial assets originated	97,762	21,977	85,282	205,021
Impact on ECL of exposures transferred between stages during the year	(46,070)	14,457	1,112,461	1,080,848
Derecognised or repaid financial assets	(110,170)	(26,872)	(879,484)	(1,016,526)
Transfers to Stage 1	46,823	(30,411)	(16,412)	-
Transfers to Stage 2	(1,315)	11,578	(10,263)	-
Transfers to Stage 3	(16,159)	(51,499)	67,658	-
Balance at 31 December 2022	169,138	56,811	22,998,429	23,224,378
KHR'000 equivalent	696,341	233,891	94,684,532	95,614,764

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

7. LOANS TO CUSTOMERS (continued)

	2021			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Gross carrying amount as at 1 January 2021	132,904,629	4,772,195	24,515,902	162,192,726
New financial assets originated	73,904,909	201,123	5,043,182	79,149,214
Derecognized or repaid financial assets	(66,974,213)	(3,516,592)	(4,607,972)	(75,098,777)
Transfers to Stage 1	153,052	(85,770)	(67,282)	-
Transfers to Stage 2	(1,346,008)	1,346,008	-	-
Transfers to Stage 3	(8,665,735)	(1,133,273)	9,799,008	-
Balance at 31 December 2021	129,976,634	1,583,691	34,682,838	166,243,163
KHR'000 equivalent	529,524,807	6,451,957	141,297,882	677,274,646
CIFRS 9, ECL allowance as at 1 January 2021	616,503	1,480,893	19,152,340	21,249,736
New financial assets originated	2,688,156	(303,279)	728,211	3,113,088
Derecognised or repaid financial assets	(335,459)	(945,085)	(641,677)	(1,922,221)
Transfers to Stage 1	233	(161)	(72)	-
Transfers to Stage 2	(103,873)	103,873	-	-
Transfers to Stage 3	(2,631,380)	(216,623)	2,848,003	-
Balance at 31 December 2021	234,180	119,618	22,086,805	22,440,603
KHR'000 equivalent	954,049	487,324	89,981,644	91,423,017

Further analyses of gross amount of loans to Customers are set out below:

(a) By grading of loans to Customers

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Stage 1	153,015,978	629,966,781	129,976,634	529,524,807
Stage 2	1,585,933	6,529,286	1,583,691	6,451,957
Stage 3	43,883,017	180,666,381	34,682,838	141,297,882
	198,484,928	817,162,448	166,243,163	677,274,646

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

7. LOANS TO CUSTOMERS (continued)

(b) By security

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Secured	195,814,152	806,166,863	164,028,678	668,252,832
Real estate	168,142,776	692,243,808	135,484,247	551,962,822
Machinery and Transport	11,905,498	49,014,935	11,732,412	47,797,846
License	5,500,000	22,643,500	5,500,000	22,407,000
Deposit hold-out	311,281	1,281,544	1,324,722	5,396,917
Others	9,954,597	40,983,076	9,987,297	40,688,247
Unsecured	2,670,776	10,995,585	2,214,485	9,021,814
	198,484,928	817,162,448	166,243,163	677,274,646

(c) By maturity

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Within one month	1,983,870	8,167,593	1,459,535	5,946,146
More than one month to three months	-	-	-	-
More than three months to twelve months	13,082,114	53,859,063	12,385,829	50,459,867
More than one year to five years	46,980,077	193,416,977	41,368,453	168,535,078
More than five years	136,438,867	561,718,815	111,029,346	452,333,555
	198,484,928	817,162,448	166,243,163	677,274,646

(d) By residency, relationship, currency and industry sector

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
<i>Residency</i>				
Residents	198,484,928	817,162,448	166,243,163	677,274,646
<i>Relationship</i>				
Related parties	942,119	3,878,704	181,723	740,340
Non-related parties	197,542,809	813,283,744	166,061,440	676,534,306
	198,484,928	817,162,448	166,243,163	677,274,646
<i>Currency</i>				
US\$	184,181,435	758,274,967	155,067,678	631,745,720
KHR	14,303,493	58,887,481	11,175,485	45,528,926
	198,484,928	817,162,448	166,243,163	677,274,646

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

7. LOANS TO CUSTOMERS (continued)

(d) By residency, relationship, currency and industry sector (continued)

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
<i>Industry sector</i>				
Personal use	91,346,542	376,073,712	80,331,869	327,272,034
Wholesale and retail	40,768,765	167,845,006	29,278,963	119,282,495
Mining	16,789,144	69,120,906	16,789,144	68,398,973
Real estate & construction	20,964,185	86,309,550	13,074,092	53,263,851
Import & Export	7,122,272	29,322,394	5,759,258	23,463,217
Credit card	1,983,870	8,167,593	1,459,529	5,946,121
Services	1,040,020	4,281,762	1,187,317	4,837,129
Other industries	18,470,130	76,041,525	18,362,991	74,810,826
	198,484,928	817,162,448	166,243,163	677,274,646

(e) By location

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Head Office	462,864	1,905,611	711,569	2,898,932
Branches	198,022,064	815,256,837	165,531,594	674,375,714
	198,484,928	817,162,448	166,243,163	677,274,646

(f) Annual interest rates of loans to Customers were as follows:

	31 December 2022	31 December 2021
	% p.a.	% p.a.
Individual loans	3.65 - 16.80	3.65 - 16.80
Corporation loans	5.30 - 9.50	5.30 - 12.00

8. OTHER ASSETS

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
<i>Financial assets</i>				
Rental deposits	237,010	975,770	232,359	946,631
<i>Non-financial assets</i>				
Prepaid for system maintenance	142,569	586,957	157,464	641,508
Advances to employees	85,446	351,781	369,505	1,505,363
Receivables on express and remittance	37,262	153,408	34,338	139,893
Prepaid insurance	17,892	73,661	11,712	47,715
Sundry debit	1,088,289	4,480,486	435,334	1,773,551
Others	9,546	39,302	-	-
	1,618,014	6,661,365	1,240,712	5,054,661

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

9. PROPERTY AND EQUIPMENT

	2022					KHR'000 equivalent
	Building and lease hold improvement	Computer equipment	Furniture and equipment	Motor vehicles	Total	
	US\$	US\$	US\$	US\$	US\$	
Cost						
As at 1 January	1,200,219	2,636,957	974,418	646,600	5,458,194	22,236,682
Additions	6,969	535,020	7,508	74,399	623,896	2,549,863
Foreign exchange differences	-	-	-	-	-	253,419
As at 31 December	1,207,188	3,171,977	981,926	720,999	6,082,090	25,039,964
Accumulated depreciation						
As at 1 January	968,884	1,969,227	851,140	593,951	4,383,202	17,857,165
Depreciation	60,772	230,926	90,561	29,713	411,972	1,683,730
Foreign exchange differences	-	-	-	-	-	200,836
As at 31 December	1,029,656	2,200,153	941,701	623,664	4,795,174	19,741,731
Net book value	177,532	971,824	40,225	97,335	1,286,916	5,298,233

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

9. PROPERTY AND EQUIPMENT (continued)

	2021					KHR'000 equivalent
	Building and lease hold improvement	Computer equipment	Furniture and equipment	Motor vehicles	Total	
	US\$	US\$	US\$	US\$	US\$	
Cost						
As at 1 January	1,188,091	2,444,206	966,524	667,600	5,266,421	21,302,673
Additions	12,128	192,751	7,894	35,000	247,773	1,007,941
Disposal	-	-	-	(56,000)	(56,000)	(227,808)
Foreign exchange differences	-	-	-	-	-	153,876
As at 31 December	1,200,219	2,636,957	974,418	646,600	5,458,194	22,236,682
Accumulated depreciation						
As at 1 January	905,259	1,627,155	724,030	624,720	3,881,164	15,699,308
Depreciation	63,625	342,072	127,110	25,231	558,038	2,270,099
Disposal	-	-	-	(56,000)	(56,000)	(227,808)
Foreign exchange differences	-	-	-	-	-	115,566
As at 31 December	968,884	1,969,227	851,140	593,951	4,383,202	17,857,165
Net book value	231,335	667,730	123,278	52,649	1,074,992	4,379,517

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

10. RIGHT-OF-USE ASSETS

Information about the Bank's leases are disclosed within this note and *Note 14*.

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Right-of-use assets	1,293,835	5,326,719	1,119,606	4,561,275

The Bank leases many assets including office and ATM space. Information about leases for which the Bank is a lessee is presented below:

	2022			
	Office space	ATM space	Total	
	US\$	US\$	US\$	KHR'000 equivalent
Cost				
As at 1 January	2,397,927	242,188	2,640,115	10,755,829
Additions	495,889	98,234	594,123	2,428,181
Termination	(538,434)	(162,565)	(700,999)	(2,864,983)
Foreign exchange differences	-	-	-	110,318
As at 31 December	2,355,382	177,857	2,533,239	10,429,345
Less accumulated amortization				
As at 1 January	1,336,480	184,029	1,520,509	6,194,554
Amortization	350,045	69,849	419,894	1,716,106
Termination	(538,434)	(162,565)	(700,999)	(2,864,983)
Foreign exchange differences	-	-	-	56,949
As at 31 December	1,148,091	91,313	1,239,404	5,102,626
Net book value	1,207,291	86,544	1,293,835	5,326,719
	2021			
	Office space	ATM space	Total	
	US\$	US\$	US\$	KHR'000 equivalent
Cost				
As at 1 January	2,143,891	175,018	2,318,909	9,379,987
Additions	254,036	67,170	321,206	1,306,666
Foreign exchange differences	-	-	-	69,176
As at 31 December	2,397,927	242,188	2,640,115	10,755,829
Less accumulated amortization				
As at 1 January	981,724	132,136	1,113,860	4,505,564
Amortization	354,756	51,893	406,649	1,654,248
Foreign exchange differences	-	-	-	34,742
As at 31 December	1,336,480	184,029	1,520,509	6,194,554
Net book value	1,061,447	58,159	1,119,606	4,561,275

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

11. INTANGIBLE ASSETS

	2022		2021	
	Computer software		Computer software	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Cost				
As at 1 January	1,779,104	7,248,070	1,438,991	5,820,718
Additions	513,000	2,096,631	340,113	1,383,580
Foreign exchange differences	-	91,891	-	43,772
As at 31 December	2,292,104	9,436,592	1,779,104	7,248,070
Less accumulated amortization				
As at 1 January	1,173,270	4,779,902	968,166	3,916,231
Amortization	202,367	827,074	205,104	834,363
Foreign exchange differences	-	56,521	-	29,308
As at 31 December	1,375,637	5,663,497	1,173,270	4,779,902
Net book value	916,467	3,773,095	605,834	2,468,168

12. DEPOSITS AND BORROWINGS FROM OTHER BANKS

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
	Deposit from other banks	1,657,800	6,825,163	9,917,635
Borrowings from other banks	274,820	1,131,434	-	-
	1,932,620	7,956,597	9,917,635	40,404,445

12.1 Deposit from other banks

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
	Current deposits	1,657,800	6,825,163	9,917,635

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

12. DEPOSITS AND BORROWINGS FROM OTHER BANKS (continued)

12.1 Deposit from other banks (continued)

Deposit from other banks by currency were as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
US\$	1,166,949	4,804,329	9,385,105	38,234,918
Other currencies	490,851	2,020,834	532,530	2,169,527
	1,657,800	6,825,163	9,917,635	40,404,445

Annual interest rates of deposit from other banks were as follows:

	31 December 2022	31 December 2021
	% p.a.	% p.a.
Current deposits	0.00	0.00 - 0.05

12.2 Borrowings from other banks

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Borrowings from domestic financial institutions in foreign currency	274,820	1,131,434	-	-

Borrowings from other banks by currency were as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
US\$	274,820	1,131,434	-	-

Annual interest rates of borrowings from other banks were as follows:

	31 December 2022	31 December 2021
	% p.a.	% p.a.
Borrowings	2.00 - 2.50	N/A

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

13. DEPOSITS FROM CUSTOMERS

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Current accounts	6,885,681	28,348,348	8,672,129	35,330,254
Term deposits	138,273,100	569,270,353	134,450,127	547,749,817
Savings deposits	35,062,315	144,351,551	40,269,608	164,058,383
	180,221,096	741,970,252	183,391,864	747,138,454

Deposits from Customers are further analysed as follows:

(a) By types of customer

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Resident individuals	163,914,872	674,837,527	165,741,075	675,229,140
Domestic corporations	7,737,014	31,853,287	8,759,060	35,684,410
Non-resident individuals	8,569,210	35,279,438	8,890,355	36,219,306
Foreign corporations	-	-	1,374	5,598
	180,221,096	741,970,252	183,391,864	747,138,454

(b) By currency

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
US\$	174,336,850	717,744,811	180,520,593	735,440,896
KHR	5,876,346	24,192,916	2,862,845	11,663,231
Other currencies	7,900	32,525	8,426	34,327
	180,221,096	741,970,252	183,391,864	747,138,454

(c) By relationship

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Non-related parties	180,188,627	741,836,577	183,365,304	747,030,249
Related parties	32,469	133,675	26,560	108,205
	180,221,096	741,970,252	183,391,864	747,138,454

(d) Annual interest rates of deposits from Customers were as follows:

	31 December 2022	31 December 2021
	% p.a.	% p.a.
Current accounts	0.00 - 3.00	0.00 - 1.00
Term deposits	0.00 - 6.50	2.00 - 6.50
Savings deposits	0.00 - 3.00	0.00 - 0.50

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

14. LEASE LIABILITIES

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Maturity analysis - contractual undiscounted cash flows				
Less than one year	487,544	2,007,219	439,462	1,787,731
One to five years	974,213	4,010,835	787,339	3,202,895
More than five years	113,400	466,868	172,467	701,596
Total undiscounted lease liabilities	1,575,157	6,484,922	1,399,268	5,692,222
Present value of lease liabilities				
As at 1 January	1,222,699	4,981,276	1,309,117	5,295,378
Additions	594,123	2,446,004	321,206	1,308,593
Accretion of interest	71,794	295,576	72,018	292,970
Payments	(503,240)	(2,071,839)	(479,642)	(1,951,180)
Foreign exchange differences	-	52,576	-	35,515
As at 31 December	1,385,376	5,703,593	1,222,699	4,981,276
Within one year	88,245	363,305	80,323	327,236
Beyond one year	1,297,131	5,340,288	1,142,376	4,654,040

Amounts recognized in profit and loss on leases during the year were as follows:

	2022 US\$	2021 US\$
Depreciation expense on right-of-use assets	419,894	406,649
Expenses relating to short-term leases and leases of low-value assets	82,637	47,564
Interest expense on lease liabilities	71,794	72,018
	574,325	526,231
KHR'000 equivalent	2,339,800	2,143,865

15. INCOME TAX

The Bank's tax returns are subject to examination by the General Department of Taxation ("GDT"). Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the GDT.

Applicable tax rates

In accordance with Cambodian tax law, the Bank has the obligation to pay tax on profit ("TOP") at the rate of 20% of taxable income or minimum tax at 1% of turnover inclusive of all taxes except value-added tax, whichever is higher.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

15. INCOME TAX (continued)

15.1 Income tax expense

Income tax expense comprises:

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Current	226,248	924,676	196,700	800,175
Deferred	1,506,812	6,158,340	957,174	3,893,784
	1,733,060	7,083,016	1,153,874	4,693,959

Movements of income tax payable were as follows:

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
As at 1 January	3,826	15,587	23,889	96,631
Current income tax expense	226,248	924,676	196,700	800,175
Income tax paid	(261,325)	(1,068,035)	(216,763)	(881,792)
Foreign exchange differences	-	(888)	-	573
As at 31 December	(31,251)	(128,660)	3,826	15,587

The reconciliation of statutory income tax and effective income tax was as follows:

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Profit before income tax	7,315,885	29,900,024	4,659,620	18,955,333
Income tax expense at applicable tax rate of 20%	1,463,177	5,980,004	931,924	3,791,067
<i>Add:</i>				
Non-deductible expenses	78,717	321,716	39,004	158,668
Unrealized gain on exchange	(31,157)	(127,339)	(6,147)	(25,006)
Dividend and other income	(3,925)	(16,041)	(4,698)	(19,111)
Accounting gain on disposal	-	-	(2,909)	(11,834)
Current income tax (minimum tax effect)	226,248	924,676	196,700	800,175
Effective income tax expense	1,733,060	7,083,016	1,153,874	4,693,959

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

15. INCOME TAX (continued)

15.2 Income tax expense

Details of net deferred income tax assets were as follows:

	2022		
	1 January 2022 US\$	Recognised in profit or loss during the year	31 December 2022 US\$
<i>Deferred tax asset on</i>			
Right-of-use asset and Lease liabilities	20,619	(2,311)	18,308
Unamortized loan processing fees	279,011	(57,968)	221,043
Tax loss carry forward	1,641,658	(1,215,263)	426,395
Allowance for expected credit losses	512,486	(181,272)	331,214
	2,453,774	(1,456,814)	996,960
<i>Deferred tax liability on:</i>			
Property and equipment - Accumulated depreciation	2,757	(49,998)	(47,241)
	2,757	(49,998)	(47,241)
Deferred tax assets - net	2,456,531	(1,506,812)	949,719
KHR'000 equivalent	10,007,907	(6,097,914)	3,909,993
	2021		
	1 January 2021 US\$	Recognised in profit or loss during the year	31 December 2021 US\$
<i>Deferred tax asset on</i>			
Right-of-use and Lease expense	20,813	(194)	20,619
Interest income loan	130,122	148,889	279,011
Tax loss carry forward	2,974,016	(1,332,358)	1,641,658
Allowance for impairment	307,255	205,231	512,486
	3,432,206	(978,432)	2,453,774
<i>Deferred tax liability on:</i>			
Property and equipment - Accumulated depreciation	(18,501)	21,258	2,757
	(18,501)	21,258	2,757
Deferred tax assets - net	3,413,705	(957,174)	2,456,531
KHR'000 equivalent	13,808,437	(3,800,530)	10,007,907

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

16. OTHER LIABILITIES

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Payable to employees	1,126,169	4,636,438	983,536	4,006,926
Payables on remittance	12,190	50,186	145,247	591,736
Other tax payables	127,987	526,922	115,398	470,131
Allowance for expected credit losses on commitments	18,621	76,663	23,912	97,417
Others	133,841	551,024	152,637	621,843
	1,418,808	5,841,233	1,420,730	5,788,053

Movements of allowance for credit loss on commitments were as follows:

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
As at 1 January	23,912	97,417	36,126	146,130
Reversal during the year	(5,291)	(21,621)	(12,214)	(49,687)
Foreign exchange differences	-	867	-	974
As at 31 December	18,621	76,663	23,912	97,417

17. PAID-UP CAPITAL

As at 31 December 2022 and 2021, the authorized share capital comprises 75 million ordinary shares, fully issued and paid at par value of US\$1 per share. There were no movements in the paid-up capital during the year.

18. INTEREST INCOME

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Loans to Customers	14,651,228	59,879,569	12,330,980	50,162,426
Balances with other banks	854,816	3,493,633	625,332	2,543,851
Balances with NBC	37,987	155,253	8,312	33,813
	15,544,031	63,528,455	12,964,624	52,740,090

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

19. INTEREST EXPENSE

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Deposits from Customers	6,587,266	26,922,156	6,927,693	28,181,855
Lease liabilities	71,794	293,422	72,018	292,970
Deposits from other banks	20,749	84,801	5	20
	6,679,809	27,300,379	6,999,716	28,474,845

20. NET FEES AND COMMISSION INCOME

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Commission received on remittances	6,913,719	28,256,369	6,549,251	26,642,353
Other fees and commission	167,087	682,885	156,092	634,982
Total fees and commission income	7,080,806	28,939,254	6,705,343	27,277,335
Fees and commission expenses	(116,454)	(475,947)	(87,945)	(357,760)
Net fees and commission income	6,964,352	28,463,307	6,617,398	26,919,575

21. OTHER OPERATING (EXPENSES) INCOME

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Net foreign exchange (loss) gain	(44,331)	(181,180)	192,980	785,043
Gain on disposal of property and equipment	-	-	14,546	59,173
Dividend income	19,626	80,211	23,490	95,557
	(24,705)	(100,969)	231,016	939,773

22. PERSONNEL EXPENSES

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Salaries and wages	4,757,672	19,444,605	4,290,495	17,453,733
Other employee benefits	149,619	611,493	129,434	526,538
	4,907,291	20,056,098	4,419,929	17,980,271

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
License fees	354,731	1,449,786	311,550	1,267,385
Repairs and maintenance	311,765	1,274,184	268,060	1,090,468
Other taxes	207,901	849,691	86,804	353,119
Communications	143,368	585,945	130,111	529,292
Utilities	130,254	532,348	123,180	501,096
Marketing and promotions	120,354	491,887	21,586	87,812
Printing and stationery	114,334	467,283	115,689	470,623
Office supplies	109,979	449,484	102,071	415,225
Rental expenses	82,637	337,737	47,564	193,490
Transportation	55,356	226,240	32,647	132,808
Travelling	29,414	120,215	6,724	27,353
Professional fees	24,158	98,734	32,233	131,124
Other expenses	102,504	418,934	106,921	434,955
	1,786,755	7,302,468	1,385,140	5,634,750

24. DEPRECIATION AND AMORTIZATION

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Property and equipment (Note 9)	411,972	1,683,730	558,038	2,270,099
Right-of-use assets (Note 10)	419,894	1,716,106	406,649	1,654,248
Intangible assets (Note 11)	202,367	827,074	205,104	834,363
	1,034,233	4,226,910	1,169,791	4,758,710

25. PROVISION FOR EXPECTED CREDIT LOSSES

	2022		2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Loans to Customers	783,775	3,203,289	1,190,867	4,844,446
Commitments	(5,290)	(21,621)	(12,214)	(49,687)
Others	(20,738)	(84,756)	189	770
	757,747	3,096,912	1,178,842	4,795,529

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

26. COMMITMENTS

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Undrawn credit facilities	14,165,391	58,318,915	16,911,065	68,895,679
Guarantees	-	-	-	-
Total gross amount	14,165,391	58,318,915	16,911,065	68,895,679
Allowance for expected credit losses on off-balance sheet commitments	(18,621)	(76,663)	(23,912)	(97,417)
	14,146,770	58,242,252	16,887,153	68,798,262

27. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties during the year were as follows:

Related party	Transaction	2022		2021	
		US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Sacombank Remittance Express Co., Ltd	Fee and commission expenses	(2,045)	(8,358)	(3,591)	(14,608)
	Interest income on loans	65,539	267,858	7,980	32,463
Key management personnel	Interest expense on deposits	(25)	(102)	(537)	(2,185)
	Salaries and employee benefits	(538,702)	(2,201,675)	(552,610)	(2,248,017)

Balances with related parties at the reporting date were as follows:

Related party	Account	31 December 2022		31 December 2021	
		US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Parent Bank	Due from	20,569,482	84,684,557	24,380,881	99,327,709
	Due to	(1,654,723)	(6,812,495)	(9,911,205)	(40,378,249)
	Other receivables	457,059	1,881,712	102,673	418,290
	Other payables	(597,945)	(2,461,740)	(126,152)	(513,943)
Sacombank Lao Co., Ltd.	Due from	(124)	(511)	(124)	(505)
Sacombank Remittance Express Co., Ltd.	Receivables on remittance	39,772	163,741	36,847	150,115
Key management personnel	Loans-gross	942,119	3,878,704	181,723	740,340
	Deposits	(32,469)	(133,675)	(26,560)	(108,205)

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT

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

The Bank intends to comply with the NBC's regulations for financial risk management purposes. The Bank however recognizes that international best practices on risk management are yet to be fully implemented. The Management has established an asset and liability management committee and risk management committee to formulate broad parameters of acceptable risk for the Bank and monitor the activities against these parameters.

The Bank holds the following financial assets and liabilities:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Financial assets				
Cash on hand	11,833,191	48,717,247	7,901,883	32,192,271
Balances with the NBC	27,849,071	114,654,625	44,305,706	180,501,446
Balances with other banks	27,199,009	111,978,320	51,146,228	208,369,733
Equity instruments at FVOCI	25,000	102,925	25,000	101,850
Loans to customers	175,260,550	721,547,684	143,802,560	585,851,629
Other financial assets	274,272	1,129,178	266,697	1,086,524
Total financial assets	242,441,093	998,129,979	247,448,074	1,008,103,453
Financial liabilities				
Deposits and loans from other banks and credit institutions	1,932,620	7,956,597	9,917,635	40,404,445
Deposits from customers	180,221,096	741,970,252	183,391,864	747,138,454
Lease liabilities	1,385,376	5,703,593	1,222,699	4,981,276
Total financial liabilities	183,539,092	755,630,442	194,532,198	792,524,175

Capital management

The primary objectives of the Bank's capital management are to ensure that it complies with externally imposed capital requirements and maintains strong financial position and healthy capital ratios to support its business and to maximize owner's value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to owner or return on capital. No changes were made in the objectives, policies and processes from previous years.

Net worth and risk-weighted assets are computed based on NBC regulations. Management believes the Bank is compliant with the solvency ratio prescribed by the NBC and all externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business. Credit exposure arises principally in lending activities that lead to loans to customers. The credit risk management is carried out by the credit committee.

(a) Credit risk measurement

The Bank assesses the probability of default of individual counterparties in accordance with its credit policy, procedures and practices. The credit committee is responsible for determining the appropriateness and sufficiency of its credit policies.

(b) Risk limit control and mitigation policy

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages, limits and controls the concentration of credit risk whenever it is identified. Large exposure is defined by the NBC as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth, and shall maintain at all times a ratio not exceeding 20%. The Bank also maintain at all times a maximum ratio of 300% between the total of large exposures and net worth.

The Bank also 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 customers, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets such as land and buildings;
- Customers' fixed deposits placed with the Bank; and
- Cash in the form of margin deposit.

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

The table below shows the Bank's maximum exposure to credit risk before taking into account any collateral held and other credit enhancement:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Balances with the NBC - gross	27,849,071	114,654,625	44,305,706	180,501,446
Balance with other banks - gross	27,218,747	112,059,581	51,186,704	208,534,632
Loans to Customers - gross	198,484,928	817,162,448	166,243,163	677,274,646
Other financial assets	274,272	1,129,178	266,697	1,086,524
Off-balance sheet commitments - gross	14,165,391	58,318,915	16,911,065	68,895,679
	267,992,409	1,103,324,748	278,913,335	1,136,292,927

The maximum exposure to credit risks for the other financial assets is limited to the carrying value as of 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.1 Credit risk (continued)

(c) *Maximum exposure to credit risk before collateral held or other credit enhancements (continued)*

The Bank holds collateral against loans to customer in the form of real estate mortgages, guarantees, and other registered securities over assets and other assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines.

(d) *Concentration of risks of financial assets with credit risk exposure*

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.

The distribution of financial assets by industry sector of the Bank, before taking into account collateral held or other credit enhancements (maximum exposure) follows:

	Balances with the NBC US\$	Balances with other banks US\$	Loans to Customers US\$	Other financial assets US\$	Total US\$
<i>31 December 2022</i>					
Financial intermediaries	27,849,071	27,218,747	-	-	55,067,818
Personal use	-	-	91,346,542	-	91,346,542
Wholesale and retail	-	-	40,768,765	-	40,768,765
Mining	-	-	16,789,144	-	16,789,144
Real estate & Construction	-	-	20,964,185	-	20,964,185
Import & Export	-	-	7,122,272	-	7,122,272
Services	-	-	1,040,020	-	1,040,020
Other industries	-	-	20,454,000	274,272	20,728,272
	27,849,071	27,218,747	198,484,928	274,272	253,827,018
Less: Allowance for expected credit losses on financial assets	-	(19,738)	(23,224,378)	-	(23,244,116)
	27,849,071	27,199,009	175,260,550	274,272	230,582,902
KHR'000 equivalent	114,654,625	111,978,320	721,547,684	1,129,178	949,309,807

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.1 Credit risk (continued)

(d) Concentration of risks of financial assets with credit risk exposure (continued)

	Balances with the NBC US\$	Balances with other banks US\$	Loans to Customers US\$	Other financial assets US\$	Total US\$
<i>31 December 2021</i>					
Financial intermediaries	44,305,706	51,186,704	-	-	95,492,410
Personal use	-	-	80,331,869	-	80,331,869
Wholesale and retail	-	-	29,278,963	-	29,278,963
Mining	-	-	16,789,144	-	16,789,144
Real estate & Construction	-	-	13,074,092	-	13,074,092
Import & Export	-	-	5,759,258	-	5,759,258
Services	-	-	1,187,317	-	1,187,317
Other industries	-	-	19,822,520	266,697	20,089,217
	44,305,706	51,186,704	166,243,163	266,697	262,002,270
Less: Allowance for expected credit losses on financial assets	-	(40,476)	(22,440,603)	-	(22,481,079)
	44,305,706	51,146,228	143,802,560	266,697	239,521,191
KHR'000 equivalent	180,501,446	208,369,733	585,851,629	1,086,524	975,809,332

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.1 Credit risk (continued)

(e) Credit quality per class of financial assets

The table below shows the credit quality per class of financial assets based on staging transition policy of the Bank:

	31 December 2022			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balances with the NBC - gross	27,849,071	-	-	27,849,071
Balances with other banks - gross	27,218,747	-	-	27,218,747
Loans to customer - gross	153,015,978	1,585,933	43,883,017	198,484,928
Other financial assets	274,272	-	-	274,272
	208,358,068	1,585,933	43,883,017	253,827,018
Less: Allowance for expected credit losses on financial assets	(188,876)	(56,811)	(22,998,429)	(23,244,116)
	208,169,192	1,529,122	20,884,588	230,582,902
KHR'000 equivalent	857,032,563	6,295,395	85,981,849	949,309,807

	31 December 2021			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balances with the NBC - gross	44,305,706	-	-	44,305,706
Balances with other banks - gross	51,186,704	-	-	51,186,704
Loans to customer - gross	129,976,634	1,583,691	34,682,838	166,243,163
Other financial assets	266,697	-	-	266,697
	225,735,741	1,583,691	34,682,838	262,002,270
Less: Allowance for expected credit losses on financial assets	(274,656)	(119,618)	(22,086,805)	(22,481,079)
	225,461,085	1,464,073	12,596,033	239,521,191
KHR'000 equivalent	918,528,461	5,964,633	51,316,238	975,809,332

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.2 Operational risk

The operational risk losses which would result from inadequate or failed internal processes, people and systems or from external factors are 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.

The operational risk management entails the establishment of clear organizational 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. These are reviewed continually to address the operational risks of its business.

28.3 Market risk

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

(i) Foreign exchange risk

The Bank operates in the Kingdom of Cambodia and transacts in US\$, KHR and other currencies. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Bank's functional currency.

The balances in monetary assets and liabilities denominated in their respective currencies, expressed in US\$, are as follow:

	31 December 2022			
	US\$	KHR	Other currencies	Total
Financial assets				
Cash on hand	11,474,487	267,701	91,003	11,833,191
Balances with the NBC	26,795,863	1,053,208	-	27,849,071
Balances with other banks	23,952,347	2,823,703	422,959	27,199,009
Equity instruments at FVOCI	25,000	-	-	25,000
Loans to customers	161,130,464	14,130,086	-	175,260,550
Other assets	274,272	-	-	274,272
Total financial assets	223,652,433	18,274,698	513,962	242,441,093
Financial liabilities				
Deposits and loans from other banks and credit	1,441,769	-	490,851	1,932,620
Deposits from Customers	174,336,850	5,876,346	7,900	180,221,096
Lease liabilities	1,385,376	-	-	1,385,376
Total financial liabilities	177,163,995	5,876,346	498,751	183,539,092
Net foreign exchange gap	46,488,438	12,398,352	15,211	58,902,001

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.3 Market risk (continued)

(i) Foreign exchange risk (continued)

	31 December 2021			
	US\$	KHR	Other currencies	Total
Financial assets				
Cash on hand	6,717,710	210,837	973,336	7,901,883
Balances with the NBC	50,714,562	1,091,144	-	51,805,706
Balances with other banks	47,524,970	3,170,403	450,855	51,146,228
Equity instruments at FVOCI	25,000	-	-	25,000
Loans to customers	132,766,953	11,035,607	-	143,802,560
Other assets	266,697	-	-	266,697
Total financial assets	230,515,892	15,507,991	1,424,191	247,448,074
Financial liabilities				
Deposits and loans from other banks and credit	9,385,105	-	532,530	9,917,635
Deposits from Customers	180,520,593	2,862,845	8,426	183,391,864
Lease liabilities	1,222,699	-	-	1,222,699
Total financial liabilities	191,128,397	2,862,845	540,956	194,532,198
Net foreign exchange gap	39,387,495	12,645,146	883,235	52,915,876

(ii) Price risk

The Bank is not exposed to securities price risk because it does not hold any investment classified in the statement of financial position either as available for sale or at fair value through profit or loss.

(iii) Interest rate risk

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

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. The Bank manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.3 Market risk (continued)

(iii) Interest rate risk (continued)

	Overdue US\$	Non- interest bearing US\$	Up to 1 month US\$	From 1 to 3 months US\$	From 3 to 12 months US\$	From 1 to 5 years US\$	Over 5 years US\$	Total US\$
<i>31 December 2022</i>								
Financial assets								
Cash on hand	-	11,833,191	-	-	-	-	-	11,833,191
Balances with the NBC	-	25,351,351	2,497,720	-	-	-	-	27,849,071
Balances with other banks	-	22,206,763	-	2,979,137	2,013,109	-	-	27,199,009
Equity instruments at FVOCI	-	25,000	-	-	-	-	-	25,000
Loans to customers	9,648,985	-	5,892,102	5,689,560	154,029,903	-	-	175,260,550
Other assets	-	-	37,862	3,455	19,370	204,585	9,000	274,272
Total financial assets	9,648,985	59,416,305	8,427,684	8,672,152	156,062,382	204,585	9,000	242,441,093
Financial liabilities								
Deposits and loans from other banks and credit institutions	-	-	1,657,800	-	-	-	274,820	1,932,620
Deposits from customers	-	158,584	78,205,177	30,556,840	65,403,878	5,896,617	-	180,221,096
Lease liabilities	-	-	-	1,018	29,827	1,155,832	198,699	1,385,376
Total financial liabilities	-	158,584	79,862,977	30,557,858	65,433,705	7,052,449	473,519	183,539,092
Interest sensitive gap	9,648,985	59,257,721	(71,435,293)	(21,885,706)	90,628,677	(6,847,864)	(464,519)	58,902,001
KHR'000 equivalent	39,724,871	243,964,038	(294,099,101)	(90,103,452)	373,118,263	(28,192,656)	(1,912,425)	242,499,538

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.3 Market risk (continued)

(iii) Interest rate risk (continued)

	Overdue US\$	Non- interest bearing US\$	Up to 1 month US\$	From 1 to 3 months US\$	From 3 to 12 months US\$	From 1 to 5 years US\$	Over 5 years US\$	Total US\$
31 December 2021								
Financial assets								
Cash on hand	-	7,901,883	-	-	-	-	-	7,901,883
Balances with the NBC	-	41,487,774	-	2,817,932	-	-	-	44,305,706
Balances with other banks	-	28,527,630	1,016,027	10,037,678	11,564,893	-	-	51,146,228
Equity instruments at								
FVOCI	-	25,000	-	-	-	-	-	25,000
Loans to customers	5,221,412	-	2,730,200	5,397,700	130,453,248	-	-	143,802,560
Other assets	-	-	12,440	1,800	36,247	160,872	21,000	232,359
Total financial assets	5,221,412	77,942,287	3,758,667	18,255,110	142,054,388	160,872	21,000	247,413,736
Financial liabilities								
Deposits from other banks	-	-	9,917,635	-	-	-	-	9,917,635
Deposits from customers	-	559,675	83,871,221	40,247,881	52,322,587	6,390,500	-	183,391,864
Lease liabilities	-	-	-	2,831	71,648	684,760	463,460	1,222,699
Total financial liabilities	-	559,675	93,788,856	40,250,712	52,394,235	7,075,260	463,460	194,532,198
Interest sensitive gap	5,221,412	77,382,612	(90,030,189)	(21,995,602)	89,660,153	(6,914,388)	(442,460)	52,881,538
KHR'000 equivalent	21,272,034	315,256,761	(366,782,990)	(89,610,084)	365,275,463	(28,169,217)	(1,802,582)	215,439,385

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.4 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfill commitments to lend. Management monitors statement of financial position liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and projection for the next day, week and month, respectively, as these are key periods for liquidity management. Management monitors the movements of the main depositors and projection of their withdrawals.

The following tables present an analysis of the assets and liabilities of the Bank by relevant maturity based on the remaining period at the statement of financial position date to the contractual or estimated maturity dates.

	Overdue		Current					Total US\$
	Above 3 months US\$	Up to 3 months US\$	Up to 1 month US\$	From 1 to 3 months US\$	From 3 to 12 months US\$	From 1 to 5 years US\$	Over 5 years US\$	
<i>31 December 2022</i>								
Financial assets								
Cash on hand	-	-	11,833,191	-	-	-	-	11,833,191
Balances with the NBC	-	-	25,351,352	2,497,719	-	-	-	27,849,071
Balances with other banks	-	-	22,206,763	2,979,137	2,013,109	-	-	27,199,009
Equity instruments at FVOCI	-	-	-	-	-	-	25,000	25,000
Loans to customers	1,381,789	8,267,195	5,892,102	5,689,561	47,830,330	25,394,586	80,804,987	175,260,550
Other assets	-	-	37,862	3,455	19,370	204,585	9,000	274,272
Total financial assets	1,381,789	8,267,195	65,321,270	11,169,872	49,862,809	25,599,171	80,838,987	242,441,093
Financial liabilities								
Deposits from other banks	-	-	1,657,800	-	-	-	274,820	1,932,620
Deposits from Customers	-	-	78,363,761	30,556,840	65,403,878	5,896,617	-	180,221,096
Lease liabilities	-	-	-	1,018	29,827	1,155,832	198,699	1,385,376
Total financial liabilities	-	-	80,021,561	30,557,858	65,433,705	7,052,449	473,519	183,539,092
Net liquidity gap	1,381,789	8,267,195	(14,700,291)	(19,387,986)	(15,570,896)	18,546,722	80,365,468	58,902,001
KHR'000 equivalent	5,688,825	34,036,042	(60,521,098)	(79,820,338)	(64,105,379)	76,356,854	330,864,632	242,499,538

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.4 Liquidity risk (continued)

	Overdue		Current					Total US\$
	Above 3 months US\$	Up to 3 months US\$	Up to 1 month US\$	From 1 to 3 months US\$	From 3 to 12 months US\$	From 1 to 5 years US\$	Over 5 years US\$	
<i>31 December 2021</i>								
Financial assets								
Cash on hand	-	-	7,901,883	-	-	-	-	7,901,883
Balances with the NBC	-	-	41,487,774	2,817,932	-	-	-	44,305,706
Balances with other banks	-	-	29,543,657	10,037,678	11,564,893	-	-	51,146,228
Equity instruments at FVOCI	-	-	-	-	-	-	25,000	25,000
Loans to Customers	1,528,689	3,692,723	2,730,200	5,397,700	37,464,540	25,515,450	67,473,258	143,802,560
Other assets	-	-	46,778	1,800	36,247	160,872	21,000	266,697
Total financial assets	1,528,689	3,692,723	481,710,292	18,255,110	49,065,680	25,676,322	67,519,258	247,448,074
Financial liabilities								
Deposits from other banks	-	-	9,917,635	-	-	-	-	9,917,635
Deposits from Customers	-	-	84,430,896	40,247,881	52,322,587	6,390,500	-	183,391,864
Lease liabilities	-	-	-	2,831	71,648	684,760	463,460	1,222,699
Total financial liabilities	-	-	94,348,531	40,250,712	52,394,235	7,075,260	463,460	194,532,198
Net liquidity gap	1,528,689	3,692,723	(12,638,239)	(21,995,602)	(3,328,555)	18,601,062	67,055,798	52,915,876
KHR'000 equivalent	6,227,881	15,044,154	(51,488,186)	(89,610,084)	(13,560,534)	75,780,728	273,185,319	215,579,278

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.5 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 date. The information presented herein represents the estimates of fair values as at the financial position date.

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

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7, *Financial Instruments* Disclosures which requires the fair value information to be disclosed. These include investment in subsidiaries and property and equipment.

The fair value of the Bank's financial instruments such as cash and short-term funds, balances with NBC, balances with other financial institutions, deposits from customers and financial institutions, other assets, other liabilities and short-term borrowings are not materially sensitive to shifts in market profit 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.

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

- *Cash on hand, balances with the NBC and with other financial institutions*
The carrying amounts approximate the fair values due to the short-term nature of these accounts.
- *Loans to customers*
The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.
- *Due to other financial institutions and customers*
The estimated fair value of demand deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits from other financial institutions and customers without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.
- *Other assets and liabilities*
Due to their short duration, the carrying amounts of other liabilities in the statement of financial position are considered to be reasonable approximation of their fair values.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

28. FINANCIAL RISK MANAGEMENT (continued)

28.5 Fair value of financial assets and liabilities (continued)

Fair value hierarchy

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

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

Financial instruments not recognised at fair value

Fair value of financial instruments not measured at fair value is as below:

- Financial assets being balances with the NBC, balances with other financial institutions are short term (less than or equal to 3 months) with interest rates in line with the rates applied by other financial institutions and interbank rates. Therefore, their carrying amount approximates their fair value.
- Loans to customers: most of the Bank's loan portfolio earns interest at rates which are floating in line with the market rates and periodically reviewed. Hence, carrying amount of loans to customers which is carried at amortised cost are equivalent to estimated fair value based on discounted cash flows using prevailing money-market interest rates for similar financial instruments maturity.
- Deposits from customers, deposits from other banks: the majority of the deposits and other borrowed funds by the Bank bear interest at rates which are similar to prevailing market rates (which is the average interest rates of deposits issued in the current year). Hence, the carrying value of these financial liabilities shall be a reasonable approximation of the fair value.

28.6 Capital management

The main regulatory capital requirement of the Bank is for the banking operations to which the Bank's lead regulator, NBC, sets and monitors capital requirements for the banks as a whole.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain further development of the business. The Bank recognizes the impact of the level of capital on owner's return and the need to maintain a balance between the possible higher return with greater gearing, advantages and security afforded by a sound capital position.

The Bank has complied with all externally imposed capital requirement throughout the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

29. MATURITY PROFILE OF ASSETS AND LIABILITIES

Analysis of assets and liabilities expected date of recovery and settlement from the balance sheet date is as follows:

	31 December 2022		
	Within 12 months US\$	Over 12 months US\$	Total US\$
Financial assets			
Cash on hand	11,833,191	-	11,833,191
Balances with the NBC	27,849,071	-	27,849,071
Balances with other banks - gross	27,218,747	-	27,218,747
Equity instruments at FVOCI	-	25,000	25,000
Loans to customers - gross	74,397,354	124,087,574	198,484,928
Other assets	60,687	213,585	274,272
Non - financial assets			
Balances with the NBC	7,500,000	-	7,500,000
Property and equipment	48,361	1,238,555	1,286,916
Right-of-use assets	29,637	1,264,198	1,293,835
Intangible assets	-	916,467	916,467
Deferred tax assets	949,719	-	949,719
Income tax receivable	31,251	-	31,251
Other assets	1,343,742	-	1,343,742
Total assets	151,261,760	127,745,380	279,007,140
KHR'000 equivalent	622,744,666	520,434,678	1,143,179,344
<i>Allowance for ECL on:</i>			
<i>Balances with other banks</i>			<i>(19,738)</i>
<i>Loan to Customers</i>			<i>(23,224,378)</i>
Net			255,763,023
KHR'000 equivalent			1,052,976,365
Financial liabilities			
Deposits and loans from other banks and credit institutions	1,657,800	274,820	1,932,620
Deposits from customers	174,324,479	5,896,617	180,221,096
Lease liabilities	30,845	1,354,531	1,385,376
Non - financial liabilities			
Other liabilities	1,418,808	-	1,418,808
Total liabilities	177,431,932	7,525,968	184,957,900
KHR'000 equivalent	730,487,265	30,984,410	761,471,675

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

29. MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	31 December 2021		
	Within 12 months US\$	Over 12 months US\$	Total US\$
Financial assets			
Cash on hand	7,901,883	-	7,901,883
Balances with the NBC	44,305,706	-	44,305,706
Balances with other banks - gross	51,186,704	-	51,186,704
Equity instruments at FVOCI	-	25,000	25,000
Loans to customers - gross	61,055,483	105,187,680	166,243,163
Other assets	50,487	181,872	232,359
Non - financial assets			
Balances with the NBC	7,500,000	-	7,500,000
Property and equipment	72,570	1,002,422	1,074,992
Right-of-use assets	68,359	1,051,247	1,119,606
Intangible assets	28,223	577,611	605,834
Deferred tax assets	2,456,531	-	2,456,531
Income tax receivable	1,008,353	-	1,008,353
Other assets	175,634,299	108,025,832	283,660,131
Total assets	715,534,134	440,097,240	1,155,631,374
KHR'000 equivalent	622,744,666	520,434,678	1,143,179,344
<i>Allowance for ECL on:</i>			
<i>Balances with other banks</i>			(40,476)
<i>Loan to Customers</i>			(22,440,603)
Net			261,179,052
KHR'000 equivalent			1,064,043,457
Financial liabilities			
Deposits and loans from other banks and credit institutions	9,917,635	-	9,917,635
Deposits from customers	177,001,364	6,390,500	183,391,864
Lease liabilities	74,479	1,148,220	1,222,699
Non - financial liabilities			
Income tax payable	3,826	-	3,826
Other liabilities	1,420,730	-	1,420,730
Total liabilities	188,418,034	7,538,720	195,956,754
KHR'000 equivalent	767,615,070	30,712,745	798,327,815

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

30. TAX CONTINGENCY

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

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

31. SUBSEQUENT EVENTS

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

ATM NETWORK ADDRESS

Enjoy the convenience of having access to our ATM Network in provinces and towns of Cambodia.
We make it easier to access your money when you need it.

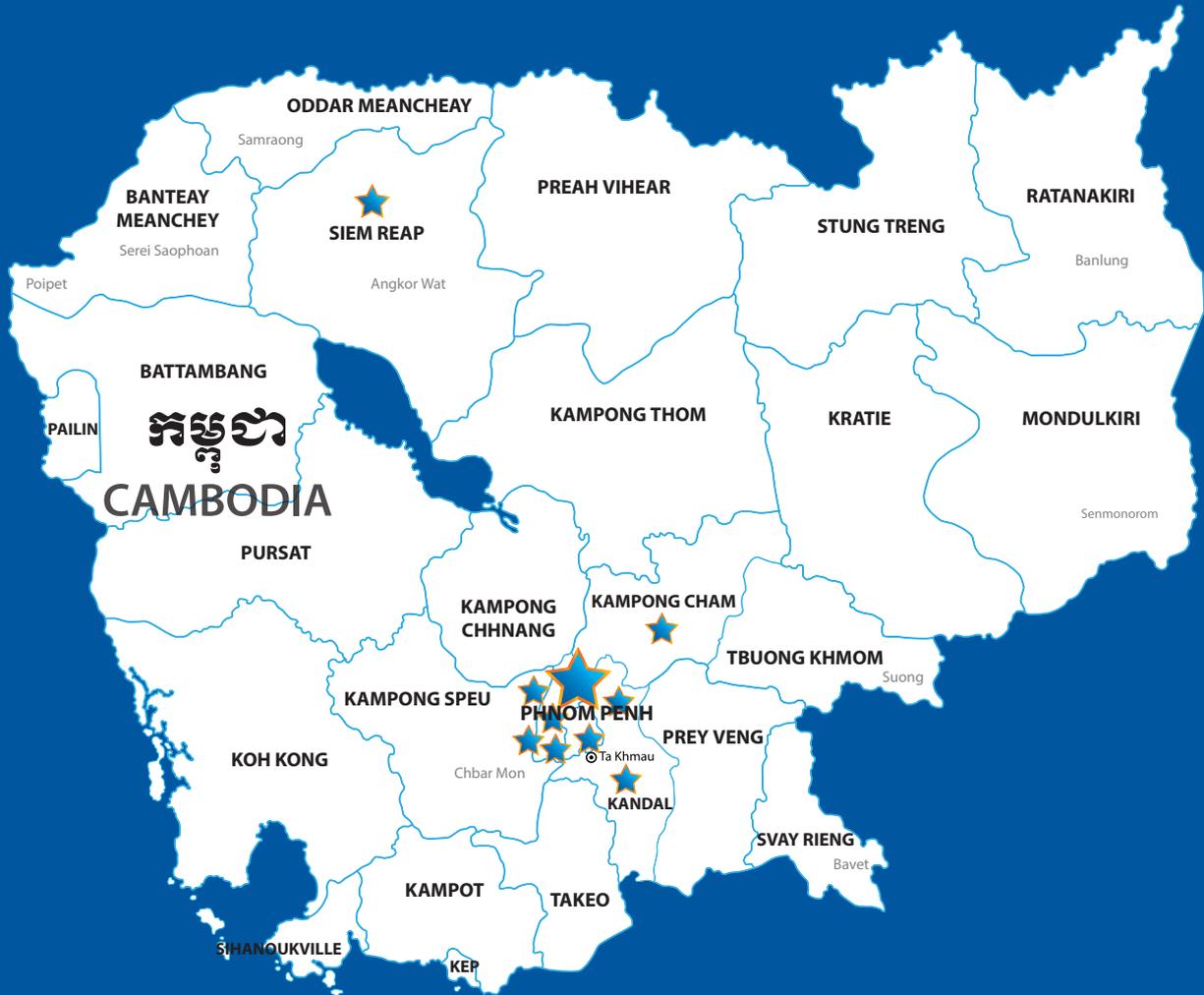
No.	City/Province	Location	Address
1	Phnom Penh City	Head Office	#60 Preah Norodom Boulevard, Chey Chumneas Ward, Daun Penh District, Phnom Penh City. Tel: 023 223 420 Call Center: 023 223 423
2	Phnom Penh City	Preah Norodom	#60 Preah Norodom Boulevard, Chey Chumneas Ward, Daun Penh District, Phnom Penh City. Tel: 023 223 422 Call Center: 023 223 423
3	Phnom Penh City	Olympic	No. 319-321, Sihanouk Boulevard (St.274), Veal Vong Ward, 7 Makara District, Phnom Penh City. Tel: 023 223 420 Call Center: 023 223 423
4	Phnom Penh City	Preah Monivong	No 537A–Preah Monivong Blvd, Beoung Keng Kang II Ward, Chamkamon District, Phnom Penh City. Tel: 023 223 421 Call Center: 023 223 423
5	Phnom Penh City	Chbar Ampeou	No. 577A–578B, National Road 1, Chbar Ampeou II Ward, Phnom Penh City. Tel: 023 223 418 Call Center: 023 223 423
6	Phnom Penh City	Phsar Heng Ly	#25-27A, Street 271, Toek Thla Ward, Sen Sok District, Phnom Penh City. Tel: 023 890 146 Call Center: 023 223 423
7	Phnom Penh City	Pochentong	No. 378-379, Russian Boulevard, Ka Kap Ward, Posenchey District, Phnom Penh City. Tel: 023 223 422 Call Center: 023 223 423
8	Phnom Penh City	Vsilk Travel	No. 221, Preah Sisowath Quay, Phsar Kandal 1 Ward, Daun Penh District, Phnom Penh City. Call Center: 023 223 423
9	Phnom Penh City	Himawari Hotel	#313, Preah Sisowath Quay, Chaktomuk Ward, Chamkarmorn District, Phnom Penh City. Call Center: 023 223 423
10	Phnom Penh City	Bak Tuk High School	Street 169, Veal Vong Ward, 7 Makara District, Phnom Penh City. Call Center: 023 223 423
11	Phnom Penh City	Circle K-Rule	#789E0E1, Preah Monivong Blvd, Boeng Trabek Ward, Chamkarmorn District, Phnom Penh City. Call Center: 023 223 423
12	Phnom Penh City	Borey Peng Huot Boeng Snor	Street Eco-Collection, Svay Ta Ork I Village, Veal Sbov Ward, Chbar Ampeou District, Phnom Penh City. Call Center: 023 223 423
13	Phnom Penh City	Phnom Penh Parking Center	Independent Monument, #9, Preah Sihanouk Blvd (274) , 3 Village, Tonle Bassac Ward, Chamkarmorn District, Phnom Penh City. Call Center: 023 223 423
14	Phnom Penh City	4 Rivers Hotel	#337, Preah Sisowath Quay, Chey Chumneas Ward, Duan Penh District, Phnom Penh City. Call Center: 023 223 423
15	Phnom Penh City	Circle K-Calmette	#36, Preah Monivong Blvd (93) Corner 84, Srahchak Ward, Daun Penh District, PhnomPenh City. Call Center: 023 223 423
16	Phnom Penh City	Family Kids Care Phnom Penh Thmey	#1084, Street 1986, Tomnob Village, Phnom Penh Thmei Ward, Sen Sok District, Phnom Penh City. Call Center: 023 223 423
17	Phnom Penh City	Norm Pharmacy TTP	Street 155 corner 476, Toul Tompong Ward, Chamkarmorn District, Phnom Penh City. Call Center: 023 223 423

ATM NETWORK ADDRESS (continued)

No.	City/Province	Location	Address
18	Phnom Penh City	Phnom Penh Kopitiam (Night Market)	#127, Sisowath Quay (108), Wat Phnom Ward, Daun Penh District, Phnom Penh City. Call Center: 023 223 423
19	Kandal Province	Takhmao	No.539, Street 21B, Takhmao Ward, Takhmao City, Kandal Province. Tel: 023 223 835 Call Center: 023 223 423
20	Kampong Cham Province	Kampong Cham	#43, National Road 07, Veal Vong Ward, Kampong Cham City, Kampong Cham Province. Tel: 042 942 800 Call Center: 023 223 423
21	Siem Reap Province	Siem Reap	#0665, National Road 6, Sla Kram Ward, Siem Reap City, Siem Reap Province. Tel: 063 766 463 Call Center: 023 223 423
22	Siem Reap Province	Reaksmev Chanras Hotel	#330, Sivutha Road, Stoeng Thmei Village, Svay Dongkum Ward, Siem Reap City, Siem Reap Province. Tel: 063 766 463 Call Center: 023 223 423
23	Siem Reap Province	Rachana Book Store	Sivutha Road, Mondol Muoy Village, Svay Dongkum Ward, Siem Reap City, Siem Reap Province. Tel: 063 766 463 Call Center: 023 223 423
24	Siem Reap Province	Pharmacie Beaute	Pokambor AVE, Mondol 1 Village, Svay Dongkum Ward, Siem Reap District, Siem Reap City. Tel: 063 766 463 Call Center: 023 223 423
25	Siem Reap Province	Sand Office Center	Building #503, Sivutha Road, Ta Phul Village, Svay Dongkum Ward, Siem Reap City. Tel: 063 766 463 Call Center: 023 223 423



NETWORK



Sacombank Cambodia

- ★ **HEAD OFFICE**
60, Preah Norodom Blvd., Phnom Penh
- ★ **PREAH NORODOM BRANCH**
60, Preah Norodom Blvd., Phnom Penh
- ★ **OLYMPIC BRANCH**
319-321, Preah Sihanouk Blvd., Phnom Penh
- ★ **PREAH MONIVONG BRANCH**
537A-B, Preah Monivong Blvd., Phnom Penh
- ★ **POCHENTONG BRANCH**
378-379, Russian Blvd., Phnom Penh
- ★ **KAMPONG CHAM BRANCH**
43, National Road 7 New, Kampong Cham
- ★ **CHBAR AMPEOU BRANCH**
577A-578B, National Road 1, Phnom Penh
- ★ **PHSAR HENG LY BRANCH**
25-27A, Street 271, Phnom Penh
- ★ **TA KHMAO BRANCH**
539, Street 21B, Kandal Province
- ★ **SIEM REAP BRANCH**
0665, National Road 6, Siem Reap